

# CEO Compensation - 2025

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Sample

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## CEO Compensation: FY 2024



7.2c

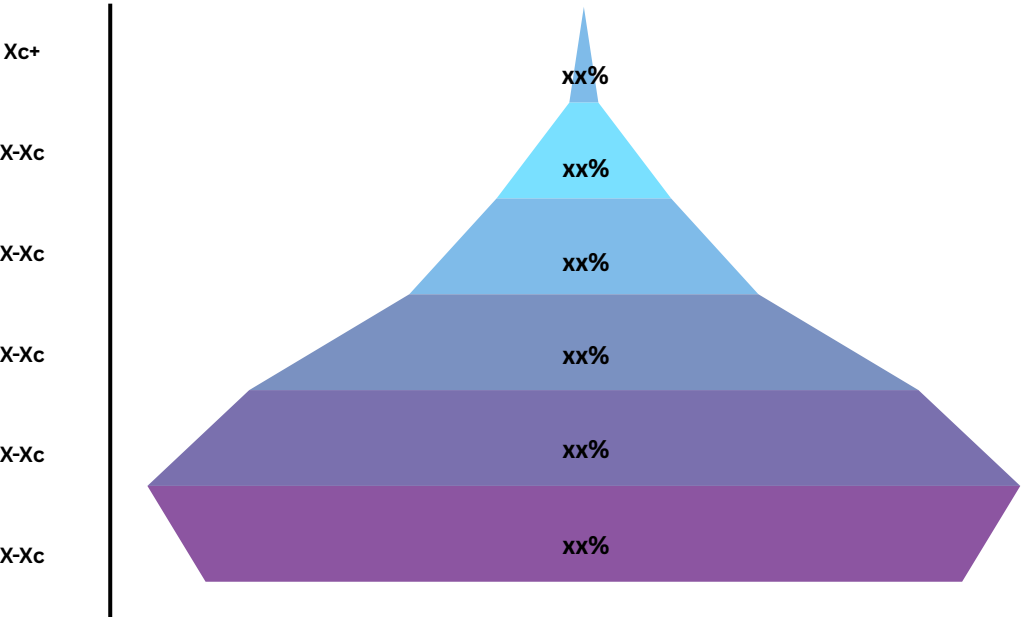
**FY24 Average CEO  
Compensation**

- In FY24, the CEOs, on average, were paid ₹7.2 crore. This is average across 936 companies.
- In FY24, 1 in every 5 CEOs earned ₹10 crore or more, highlighting the growing prevalence of high-end executive packages.

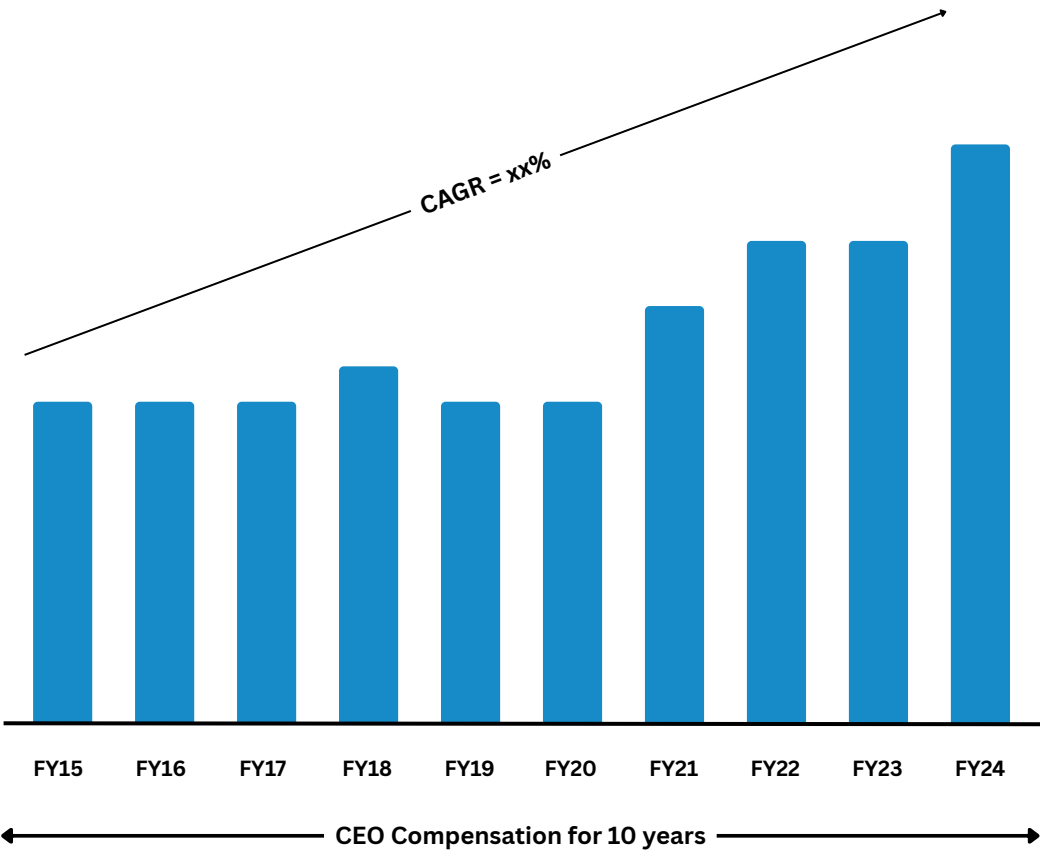
2

# Distribution of CEO Compensation in FY24

Distribution of CEOs across pay brackets



Commentary

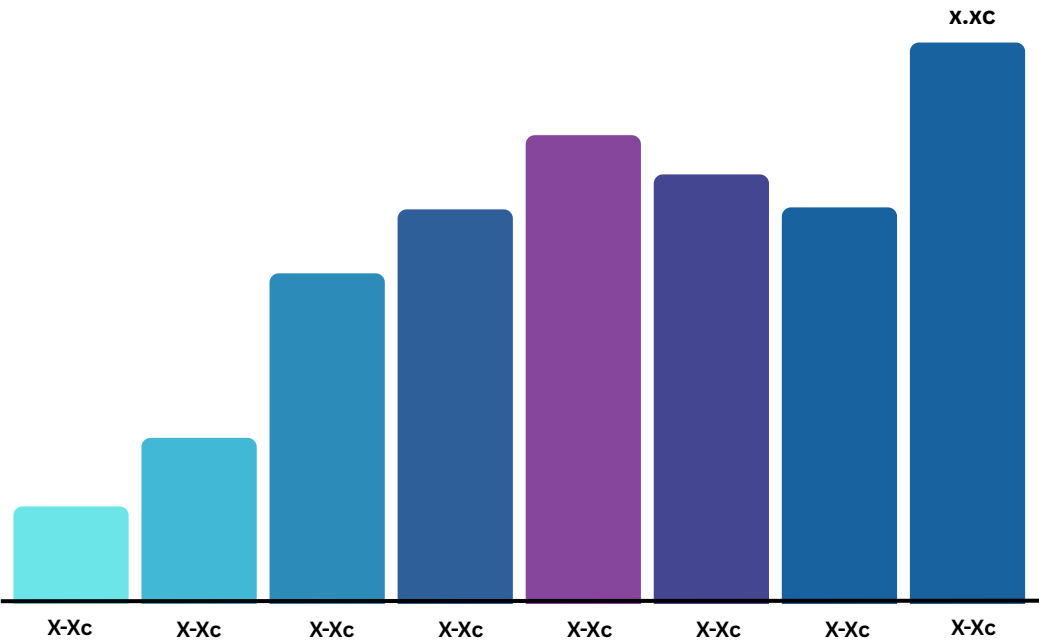


Commentary

4

# FY24 CEO Compensation - distribution by turnover class

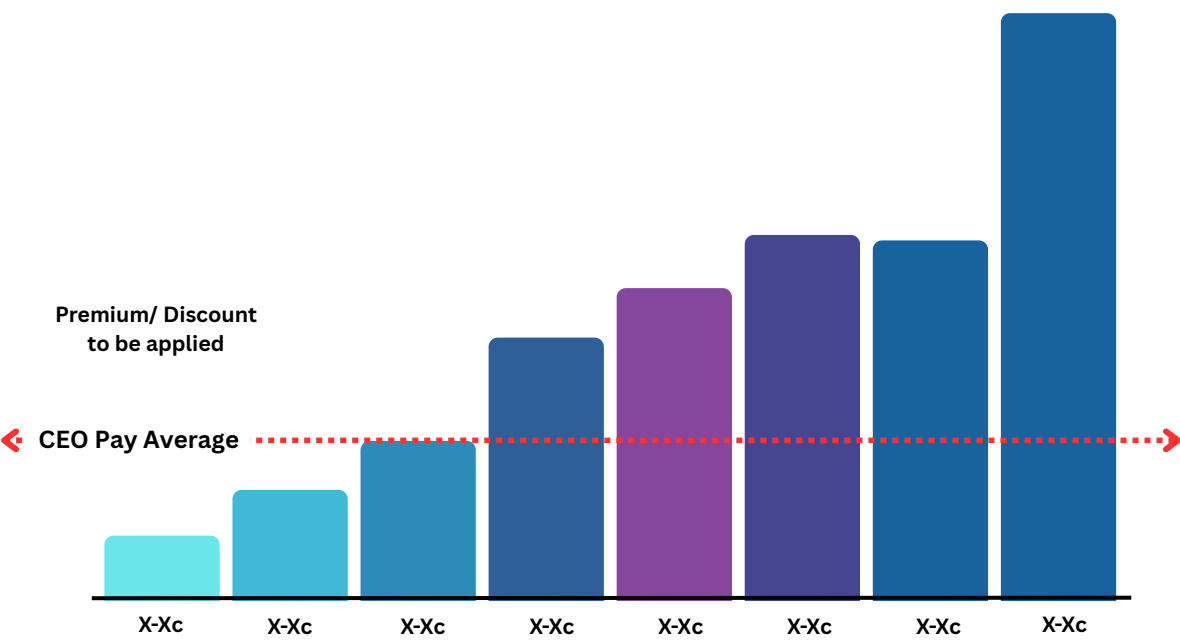
How CEO pay varies by company size



Commentary

4.1

FY24 CEO Compensation - distribution by turnover class

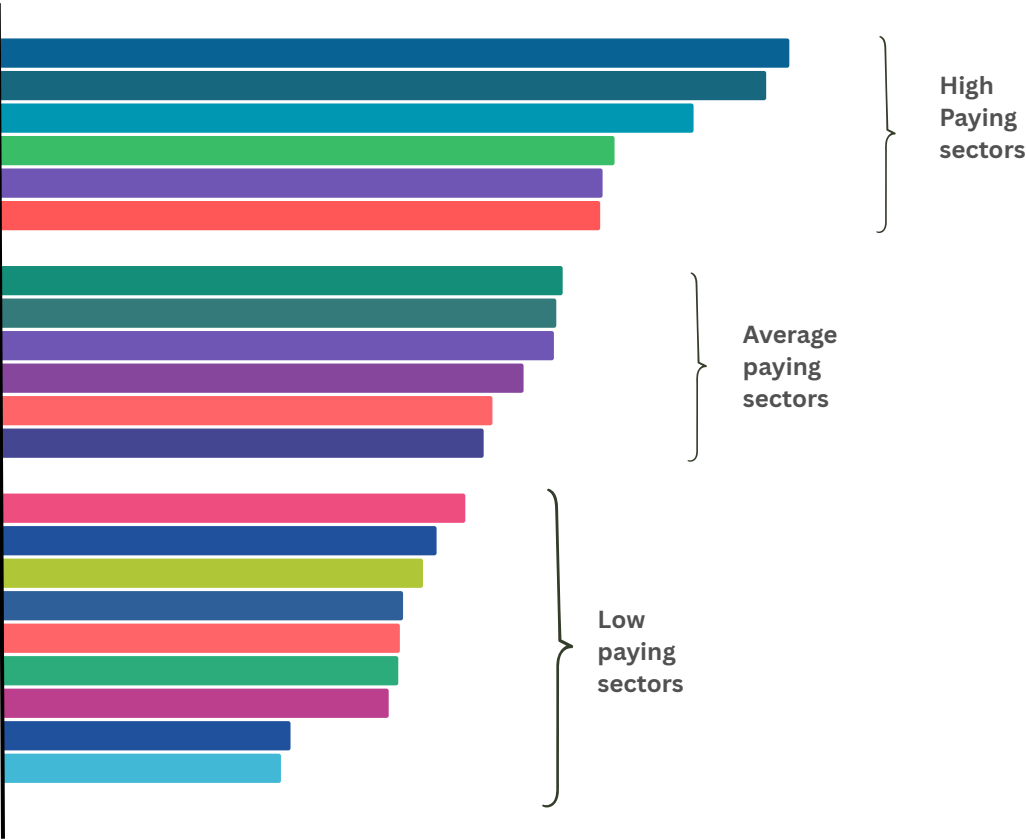


For use in the table in Chart 20

5

# FY24 CEO Compensation by Industry/Sector

Pay levels across different industries

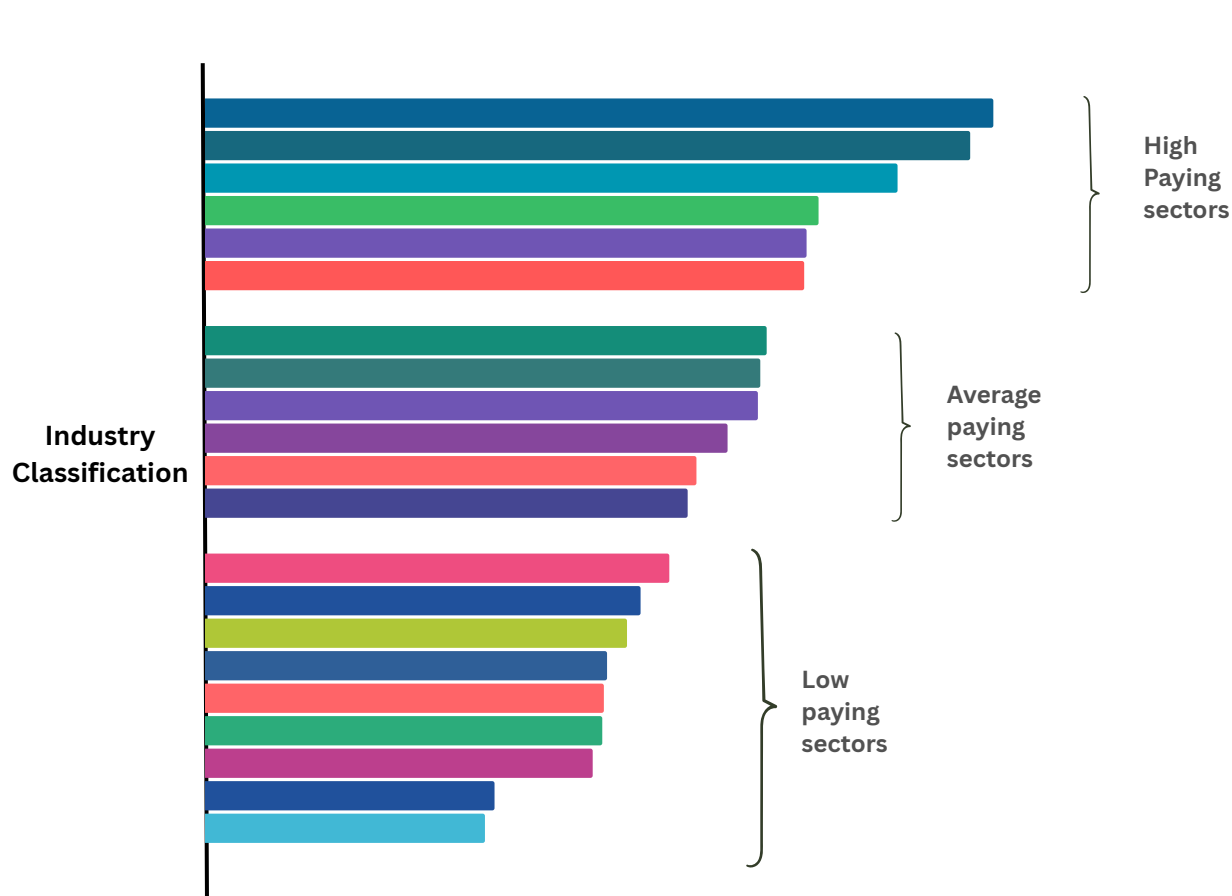


Commentary

# 5.1

## FY24 CEO Compensation by Industry/Sector

Pay levels across different industries

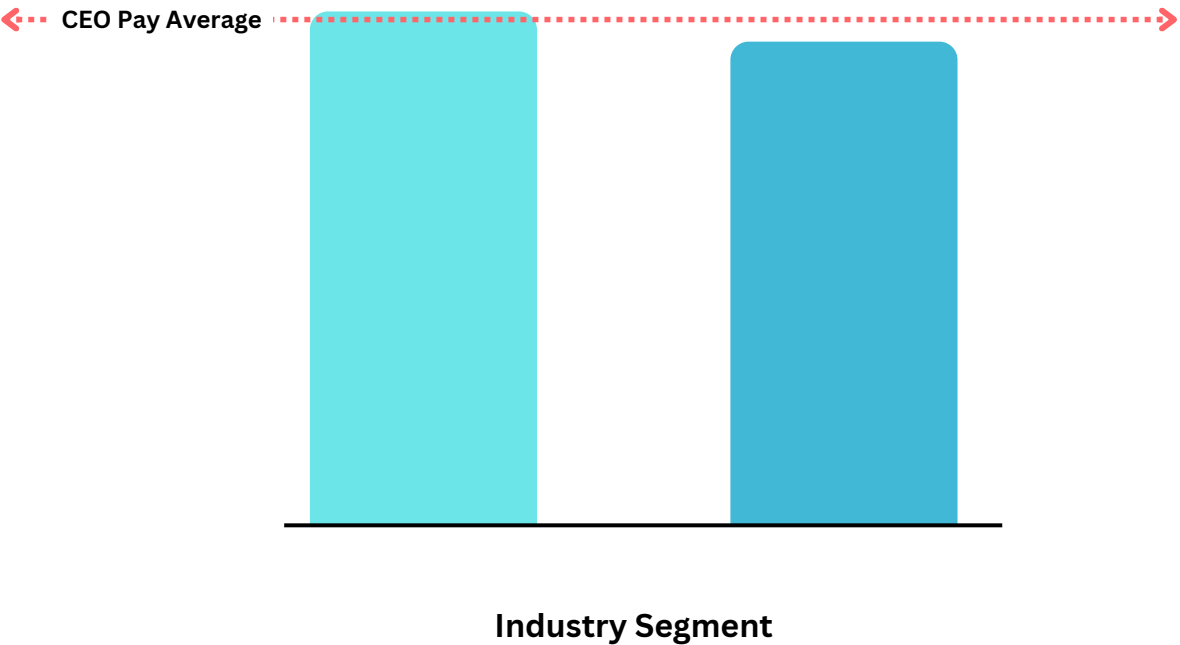


For use in the table in Chart 20



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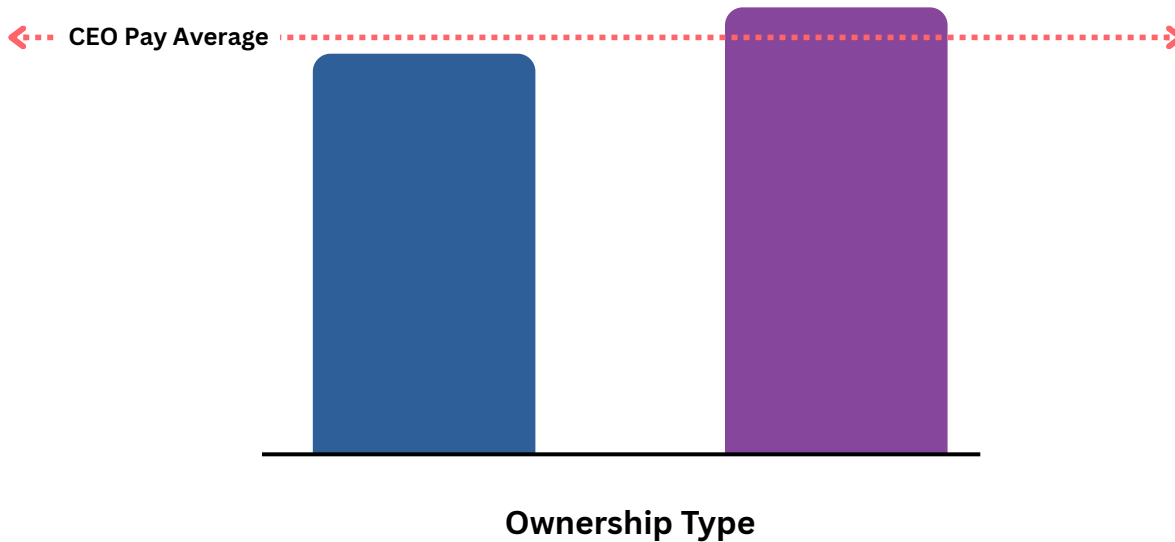
# FY24 CEO Compensation - Manufacturing vs Services



Commentary

Footnotes & Legends

- All data have been normalized (i.e., adjusted for size distribution differences) wherever required, to make comparisons meaningful and easier.



Commentary

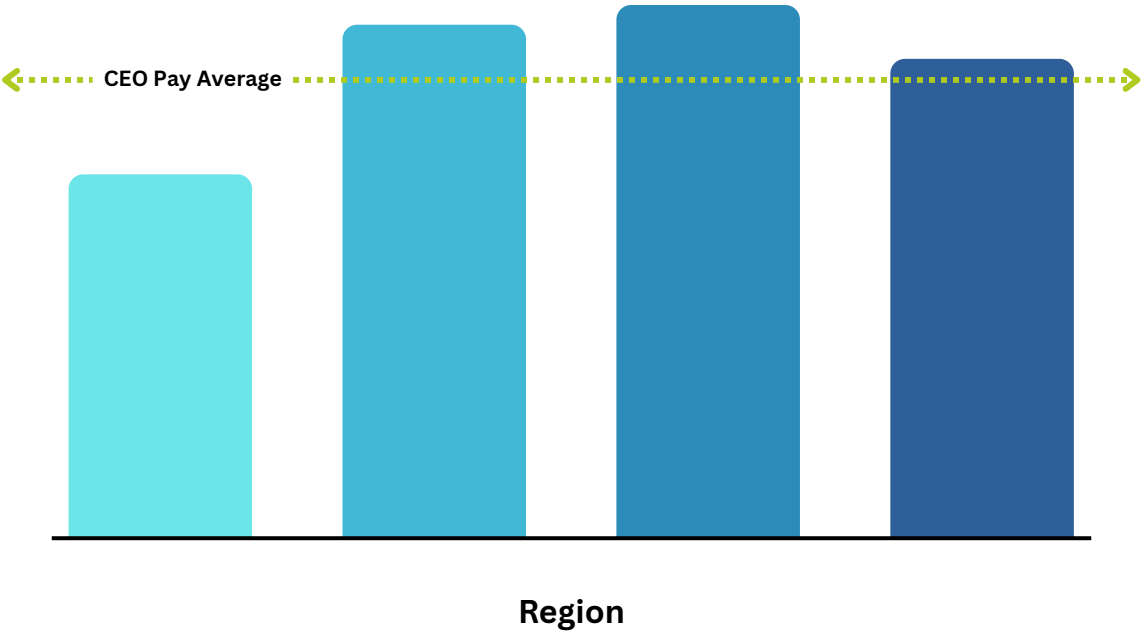
#### Footnotes & Legends

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# FY24 CEO Compensation - by Geographic Region

Region is based on where the company’s HQ is



Commentary

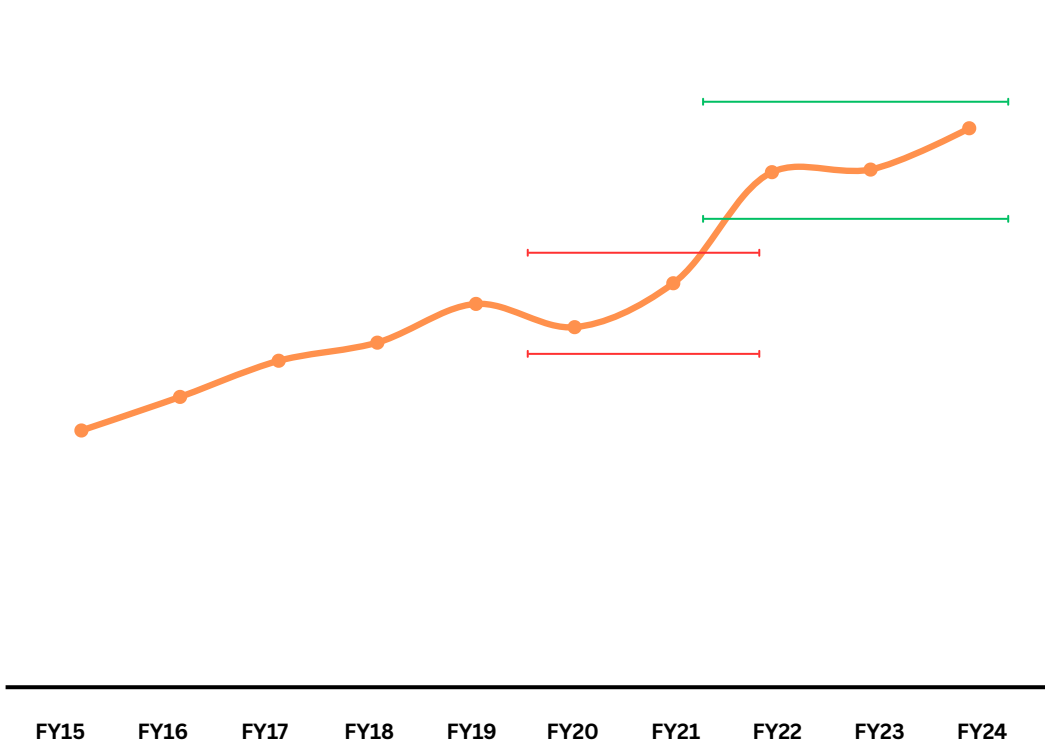
Footnotes & Legends

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# CEO Compensation Index

Relative growth pattern over the decade

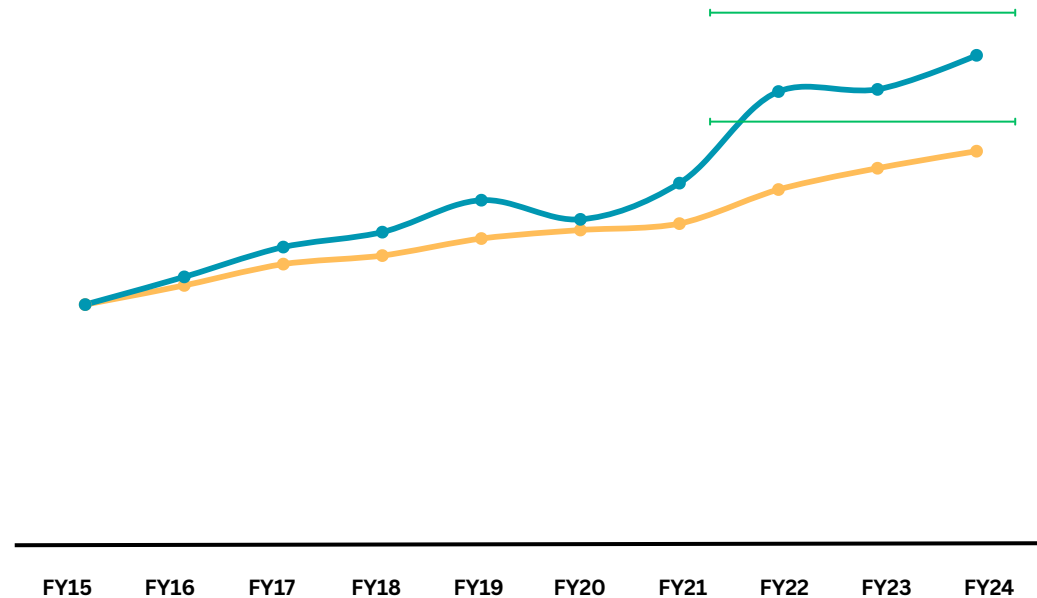


Commentary

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## CEO vs Employee Comp Index

Pay gap between CEOs and average employees

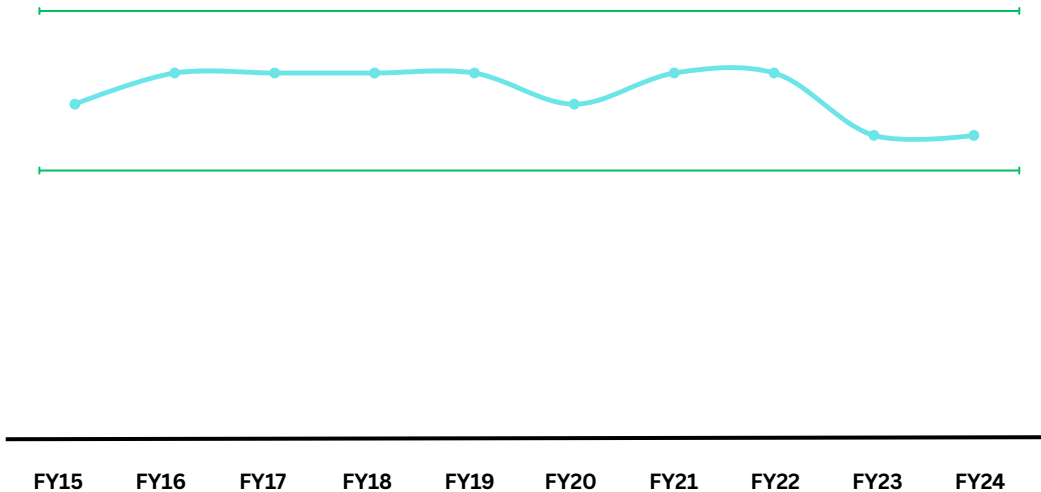


Commentary

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# CEO Compensation as % of Revenue

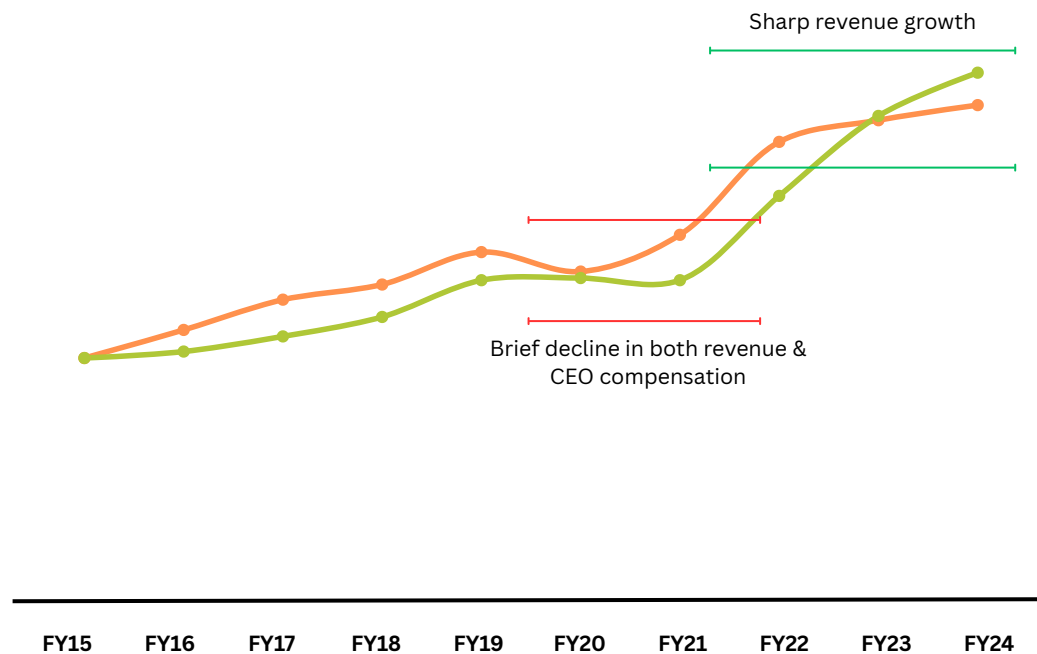
CEO pay as proportion of company revenue over time



Commentary

# CEO Compensation Index vs Revenue Index

How CEO pay compares to company revenue growth

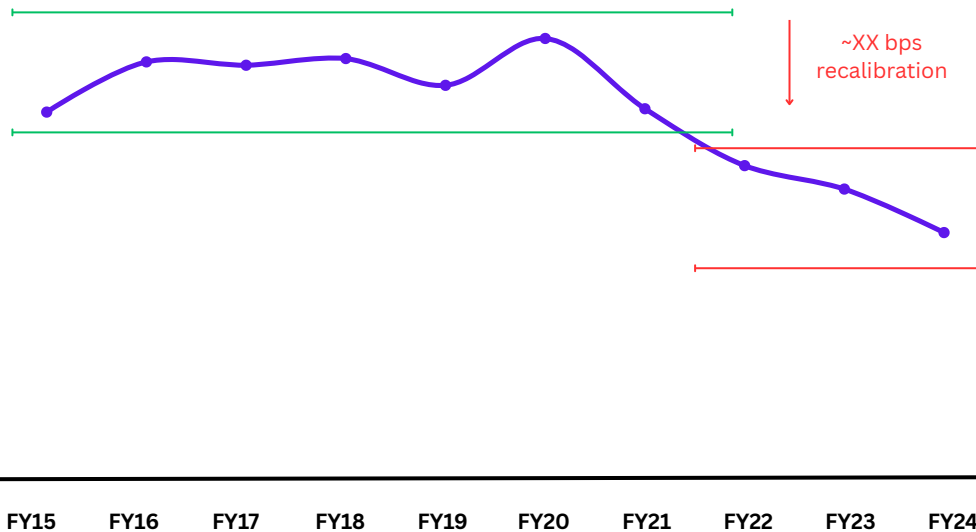


Commentary

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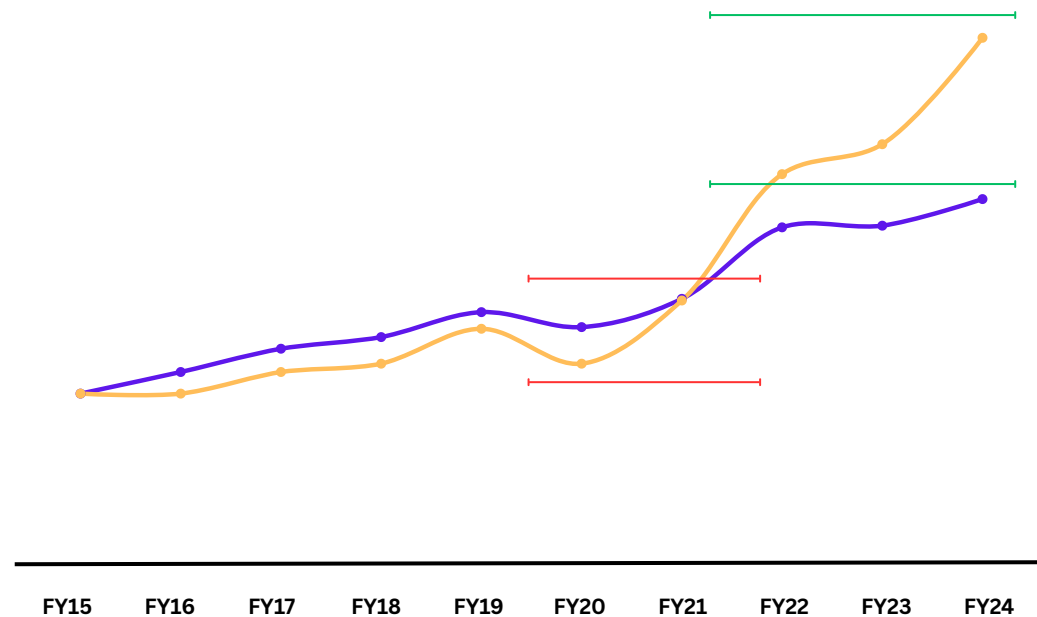
# CEO Compensation as % of Profit After Tax

CEO pay as share of company profits over time



Commentary





Commentary

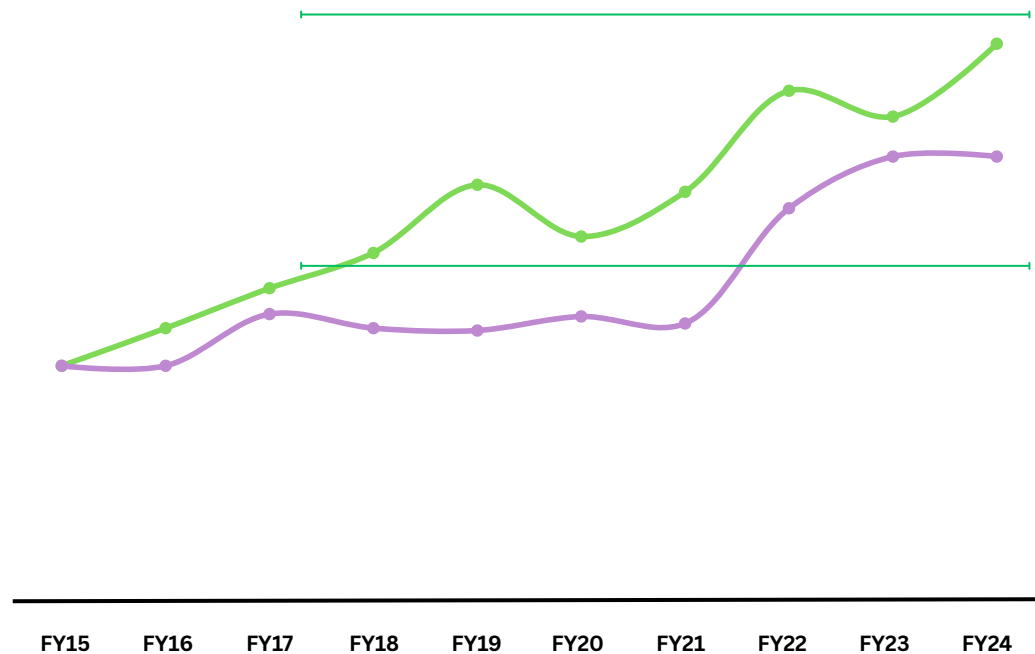
#### Footnotes & Legends

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# CEO Compensation Index by Industry Segment

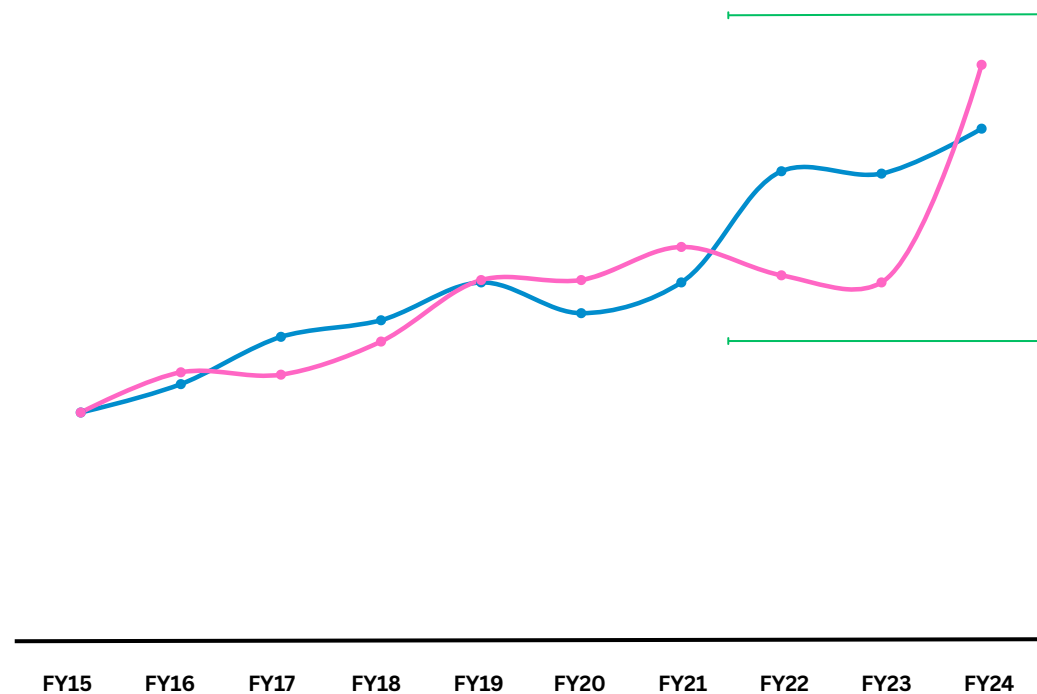
Sector-wise growth trends over time



Commentary

## Footnotes & Legends

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Commentary

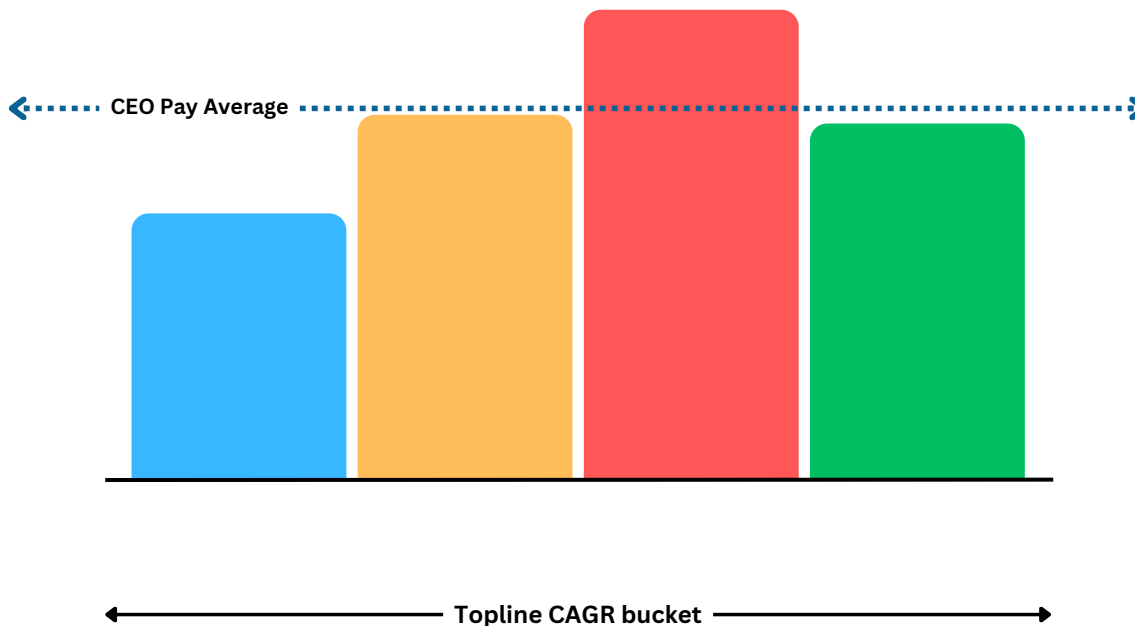
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# How high growth was rewarded vs low growth

## Pay variation based on company performance



Commentary

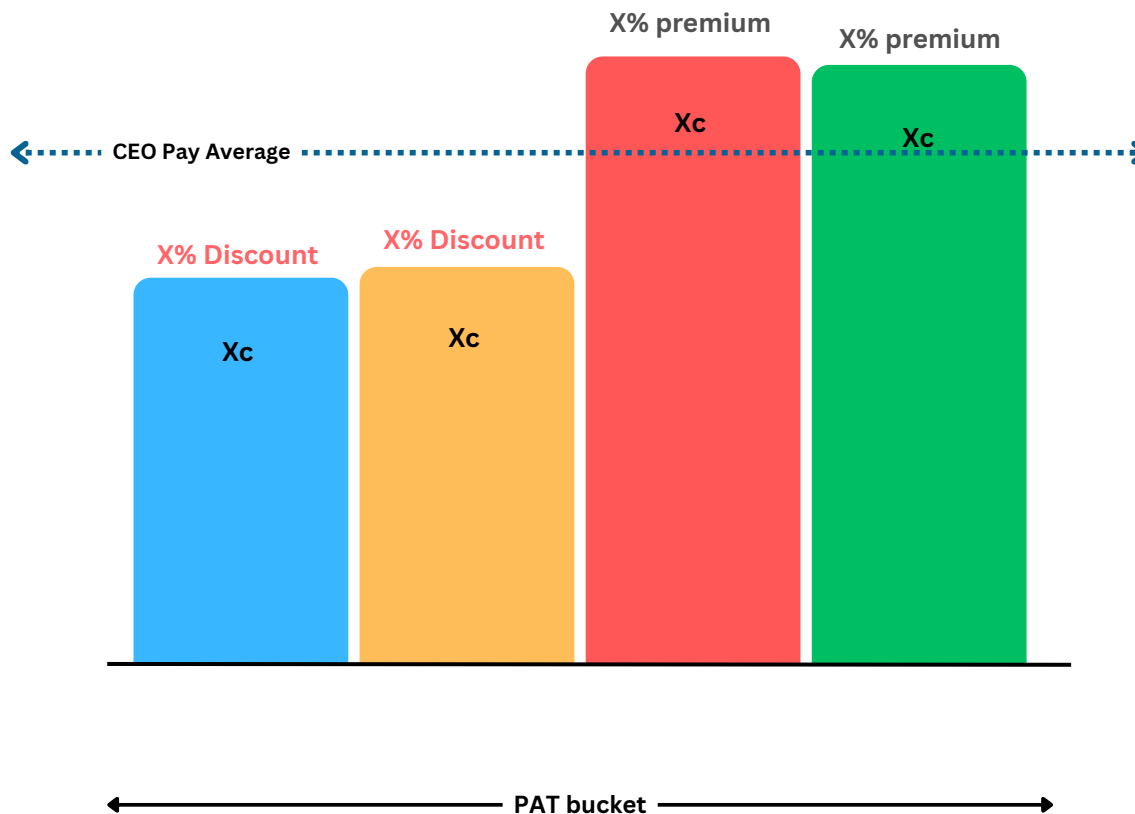
### Footnotes & Legends

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# How CEO compensation changes with PAT growth

Pay variation based on company performance



Commentary

## Footnotes & Legends

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# How CEO compensation changes with PAT and Topline

## Pay variation based on company performance



		PAT % Bucket			
Topline CAGR Bucket	Topline/PAT CAGR Bucket	Loss making PAT% <0y	Low PAT PAT% 0-5	Avg PAT PAT% 5-8	High PAT PAT% >8%
	Declining ≤ 2%				
	Low growth 2 - 9%				
	Avg growth 9-14%			8.43	9.39
	High growth ≥14%				

Commentary

### Footnotes & Legends

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# 19.1

## How CEO compensation changes with PAT and Topline Pay variation based on company performance



PAT % Bucket

For use in the table in Chart 20

Topline  
CAGR  
Bucket

Topline/PAT CAGR Bucket	Loss making	Low PAT	Avg PAT PAT% 5-8	High PAT PAT% >8%
Declining				
Low growth				
Avg growth			- (baseline)	11%
High growth				

### Scenario 1

At 'current' performance, CEO Compensation ought to be in the 7.25-8.25c range

### Scenario 2

At 'desired' performance, CEO Compensation ought to be in the 8.0-9.0c range

Thus, the right compensation is somewhere in the 7.25 - 9.0c range

#### Footnotes & Legends

- All data have been normalized (i.e., adjusted for size distribution differences) wherever required, to make comparisons meaningful and easier..



What should be the CEO paid for a Rs 2000c (1000-2500c turnover bucket) Indian company in Pharma, with 7.5% PAT (150c PAT, “High PAT”) and a 12% CAGR top-line growth (“Average Growth”), based out of South?

Average CEO Compensation across Companies - Rs 7.2 Crores

Adjustment Factors		Premium	Discount	Chart to Use
Turnover	1000 - 2500c	-----	<b>-31%</b>	Chart 4.1 / Slide 6
Industry/ Sectors	Pharma	<b>+37%</b>	-----	Chart 5.1/ Slide 8
MNC vs Indian	Indian	<b>+0%</b>	-----	Chart 7/ Slide 10
Geographic Region	South	<b>+1.5%</b>	-----	Chart 8/ Slide 11
PAT + Topline	Average Growth (12% CAGR) + High PAT (9%)	<b>+0%</b>	-----	Chart 19
<b>Total Premium / Discount</b>		<b>(a) +38.5%</b>	<b>(b) -31%</b>	<b>X (1 + a + b) x 7.20c = 7.74 crores</b>

**The CEO could be paid somewhere in the vicinity of Rs 7.7c (say, broadly in the range of Rs 7.25-8.25c).**

Note that this is a broad and rough approximation as a good starting point. Compensation is driven by other factors such as the role ask, competitive pressure on compensation internally and externally, brand value and several others. Do NOT use only this to finalize.

**Total Comp = 7.74C**

**RANGE 7.25 - 8.25c**

**NOTE:** Use this chart twice - once with ‘current’ performance of the company and once again with the ‘desired’ performance of the company. You will get two compensation values, providing an useful range to think of where the ‘right’ CEO Compensation could be. Even then, these are only starting points. Use with caution and discretion.





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MNC vs Indian	_____	_____	_____	Chart 7/ Slide 10
Geographic Region	_____	_____	_____	Chart 8/ Slide 11
PAT + Topline	_____	_____	_____	Chart 19
<b>Total Premium / Discount</b>		<b>(a)</b>	<b>(b)</b>	<b><math>\times</math> (1 + a + b) x 7.20c</b>

The CEO could be paid somewhere in the vicinity of Rs \_\_\_\_c (say, broadly in the range of Rs \_\_\_\_ to \_\_\_\_c).

Note that this is a broad and rough approximation as a good starting point. Compensation is driven by other factors such as the role ask, competitive pressure on compensation internally and externally, brand value and several others. Do NOT use only this to finalize.

**Total Comp = C**  
**RANGE -**

**NOTE:** Use this chart twice - once with ‘current’ performance of the company and once again with the ‘desired’ performance of the company. You will get two compensation values, providing an useful range to think of where the ‘right’ CEO Compensation could be. Even then, these are only starting points. Use with caution and discretion.



## Methodology

This report is based on an in-depth analysis of compensation data from 936 listed companies over a ten-year period, spanning FY2015 to FY2024. All data was sourced primarily from CMIE Prowess, and cross-verified manually through publicly available annual reports and annual returns of the respective companies.

### Coverage

The dataset includes listed companies across sectors and geographies.

Only individuals formally designated as Key Managerial Personnel (KMP) and holding titles such as CMD, MD, MD & CEO, or CEO have been considered as CEOs in this analysis.

### What the Compensation Includes

Reported compensation reflects the actual amount received during the financial year, including:

- Fixed salary
- Perquisites (as disclosed)
- Commission received
- Other disclosed financial components
- Where necessary, compensation has been annualized to reflect full-year equivalents (e.g., those joining or leaving in the middle of the year), through a painstaking analysis.

### Excluded

- ESOPs that have not vested/accrued
- Non-cash benefits (e.g., club memberships) that are not consistently reported across filings

### Normalization & Adjustments

To allow for apples-to-apples comparisons, data has been normalized wherever required.

For instance, larger companies tend to offer significantly higher compensation. Therefore, adjustments have been made to control for size distribution differences, particularly when comparing across regions, sectors or ownership categories.

This ensures that conclusions drawn from sectoral or structural comparisons are not biased by company size.

### Data Integrity

All reported figures have been manually validated against original company disclosures.

Discrepancies and inconsistencies were flagged and resolved, ensuring a high degree of data quality.





## Important Points to Remember

**While every care has been taken to check the data, it is important to keep in mind the following limitations inherent in such a study:**

- Analysis and Insights are only as good as the data reported by the companies. Very often, non-monetary perks are not included in the declared CEO Compensation, but we know these to be meaningful and significant. Similarly, annual reports and annual returns do not capture the value of ESOPs and stock-based compensation that have been granted but not yet vested, especially when the stocks are granted at market value. However, the inherent value of these stock grants could be large.
- While we have adjusted for turnover-size effect while making comparisons, we know that compensation is driven by more than just turnover-size. Ideal analysis would adjust for all such important factors - in this context, this study should be considered as an important first step.
- Just who is a “CEO” is always a difficult-to-define issue. In this report, we have considered anyone who is a KMP and who is titled a CMD, MD & CEO, JMD or CEO as a “CEO”. In cases where there are more than 1 KMP who is titled such (e.g., there is a CMD and then a CEO), there would be two CEOs for this and the average of these two CEOs is considered for this study.
- The compensation estimates, especially in Charts 20 and 21, should be considered as initial approximations of what a CEO ought to be paid. We know that compensation is driven by many other factors not considered explicitly in this study and also that competitive pressure plays a large role and unique to each company. However, Charts 20 and 21 provide a useful way to convert the raw data and insights from this study to arrive at a meaningful starting point for a CEO Compensation discussion. Use Charts 20 and 21 in two ways - basis current performance and again, basis where you would want the company to be, in 3 years. These two compensation points could provide a useful range to start thinking about the ‘right’ compensation. Some real life situations arising from our mandates where this has been tested:
  - a. A company may now be trending low PAT and low top-line growth rates but the CEO is precisely hired to redress this - in this case, the Charts would predict a lower CEO Compensation basis current performance, but the right way would be to look at the performance 3 years out and use that in Charts 20 and 21, to calibrate the compensation.
  - b. Another company may already be very profitable and growing reasonably well, but want to accelerate top-line and ROCE growth. Two different compensations basis ‘current’ and ‘desired’ performance can be obtained, to derive a meaningful range.

Pl use with caution and discretion.



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