

More Million Dollar CXOs Walk Out of Indian Factory Gates

Manufacturing tops the list of highly paid execs in FY23, followed by financial services: Study

**Sreeradha D Basu
& Saumya Bhattacharya**

Bengaluru | New Delhi: CXOs from the industrial/manufacturing sector ruled the million-dollar compensation club in FY23 with as many as 35 from BSE 200 companies earning ₹8.2 crore-plus, compared to 31 in FY22. Top bosses in the financial services sector came in second, followed by those in automotive and pharma, respectively, showed a study conducted for ET by executive search firm EMA Partners India.

Experts said the number of highly paid executives in the industrial/manufacturing space is partly a function of the size and scale of these organisations. Some of these companies are like conglomerates in themselves and over time, gaps in leadership pipelines have driven up compensation. Financial services, on its part, has been heavy on equity compensation over the years.

For the purpose of the study, the compensation includes exercised stock options, and the data has been sourced from the annual reports of BSE 200 companies. The study looked into the number of CEOs and CXOs earning over a million-dollar

salary (over ₹8.2 crore with the rupee pegged at 82 a dollar). A total of 179 CXOs made it to the list, as reported by ET earlier.

"The industrial and manufacturing sector over the years has gained significant scale but at the same time has been severely constrained for good talent at the entry level. The sector has also seen erosion of talent in the middle layer. This has over time created gaps in the leadership pipelines across the board and has resulted in increased compensation as talent pools have narrowed down at the top, said K Sudarshan, managing director, EMA Partners India.

There is a clear challenge at the top in industrial and manufacturing in terms of supply. Plus, since there isn't regulatory oversight on compensation in the manufacturing and industrial sector, the number of million-dollar CXOs will only go up faster in the sector, he added.

For financial services and phar-

Big League

Million-dollar CXOs:
Sectoral spread

	Professional CXOs	Promoter CXOs	Total CXOs
Manufacturing/Industrial	15	20	35
Financial Services	23	4	27
Auto	10	10	20
Pharma	6	13	19
IT, ITeS, Software Services	17	0	17
FMCG, Consumer, QSR & Food Services	14	0	14
Real Estate/Infrastructure	13	1	14

Source: EMA Partners India report
VIJAY P

ma, factors such as high Esops and a limited talent pool are playing a part in the high salaries CXOs in these sectors command.

"Financial services and more specifically, banking have been heavy on equity compensation over the years so perquisite income will show up in compensation upon exercise of options. That's the reason you see more millionaires in financial services under the professionals' category," said Anubhav Gupta, managing director, Exec-Rem, a specialist executive compensation advisory firm.

In case of pharma, said Gupta, considerable revenue comes in from outside India and senior ta-

lent availability to manage global operations is limited. "This also results in compensation at the higher end of the spectrum," he added.

Amit Tandon, managing director of proxy-advisory firm Institutional Investor Advisory Service India (IIAS) says that the highest number of million-dollar CXOs in the industrial/manufacturing sector companies is also a function of the distribution of these large companies in the BSE-200. Otherwise, in general, people from knowledge-based companies tend to be paid higher than people in manufacturing businesses.