

# IT companies take pole position on CEO pay front in India

By Rica Bhattacharyya & Rajesh Mascarenhas, ET Bureau | Last Updated: Dec 10, 2023, 06:11:00 AM IST

## Synopsis

C Vijayakumar, managing director and CEO of HCL Technologies, India's third-largest IT services company by market cap, was the eleventh-highest paid, taking home \$3.46 million, or about Rs 28 crore, (he is based out of the US) in FY23.



The IT services industry continues to be the top CEO paymaster in India despite business headwinds in the past two years, going by FY23 numbers when seven out of the 10 highest earning CEOs in the country were from this sector.

Their salaries ranged from Rs 29 crore to Rs 82 crore, an ET analysis of data from BSE 500 companies showed.

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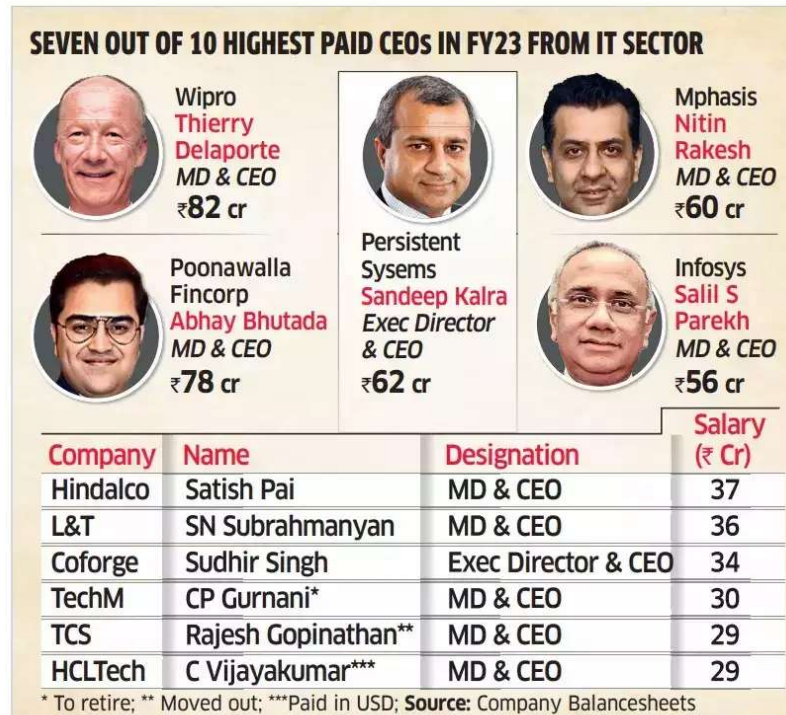
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[Thierry Delaporte](#) of Wipro, [Sandeep Kalra](#) of Persistent Systems, Nitin Rakesh of Mphasis, [Salil Parekh](#) of Infosys, Sudhir Singh of Coforge, [CP Gurnani](#), outgoing CEO of [Tech Mahindra](#), and [Rajesh Gopinathan](#), former CEO of TCS, were among the 10 highest-paid MDs and CEOs last financial year, along with Abhay Bhutada of Poonawalla Fincorp, Satish Pai of Hindalco, and SN Subrahmanyam of L&T.

The data include salary, bonus, allowances, commission, and other benefits.

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So, why do Indian IT companies in general pay more to their top executives than even bigger companies in other sectors? Because they compete in the global market, experts said.

"Most Indian IT services companies are global in nature and compete with other global companies headquartered in the West. The challenges for the CEO are alike and hence the pay needs to be globally competitive," said Anubhav Gupta, managing director of Exec-Rem Advisors, a specialised executive compensation advisory firm.

Anandrup Ghose, partner at Deloitte India, pointed out that CEOs of Indian

IT services companies are often based abroad or operate out of multiple locations globally even if they are based in India as they primarily serve customers outside of the country.

“We have to also account for the fact that many Indian IT services firms are global industry leaders. Hence, given the size, geographical reach, and complexity of businesses, it is natural to have a lot of these CEOs be at the higher end of the pay ranges,” Ghose said.

“A lot of these companies are also listed on global exchanges leading to shareholders/boards evaluating CEO compensation in line with other peers listed on those exchanges,” he added.

Rishi Jhunjhunwala, senior vice president at IIFL Securities, said, “Employee is the only key cost in IT services and, hence, they should be paid more.”

Recent times have seen a much stronger focus from company boards on linking CEO pay to the company’s performance, financials, and valuation (market cap growth for listed companies).

The [average pay increase of professional CEOs/MDs in FY23 was 6%](#), ET had earlier reported. This compares with the pre-Covid average hike of 7.5% in FY20. In FY23, the average pay of MDs and CEOs was Rs 10.3 crore, versus Rs 9.71 crore the year before and Rs 9.33 crore in FY21.