

Deloitte India Executive Performance and Rewards Survey

Key insights | 2024-25 |
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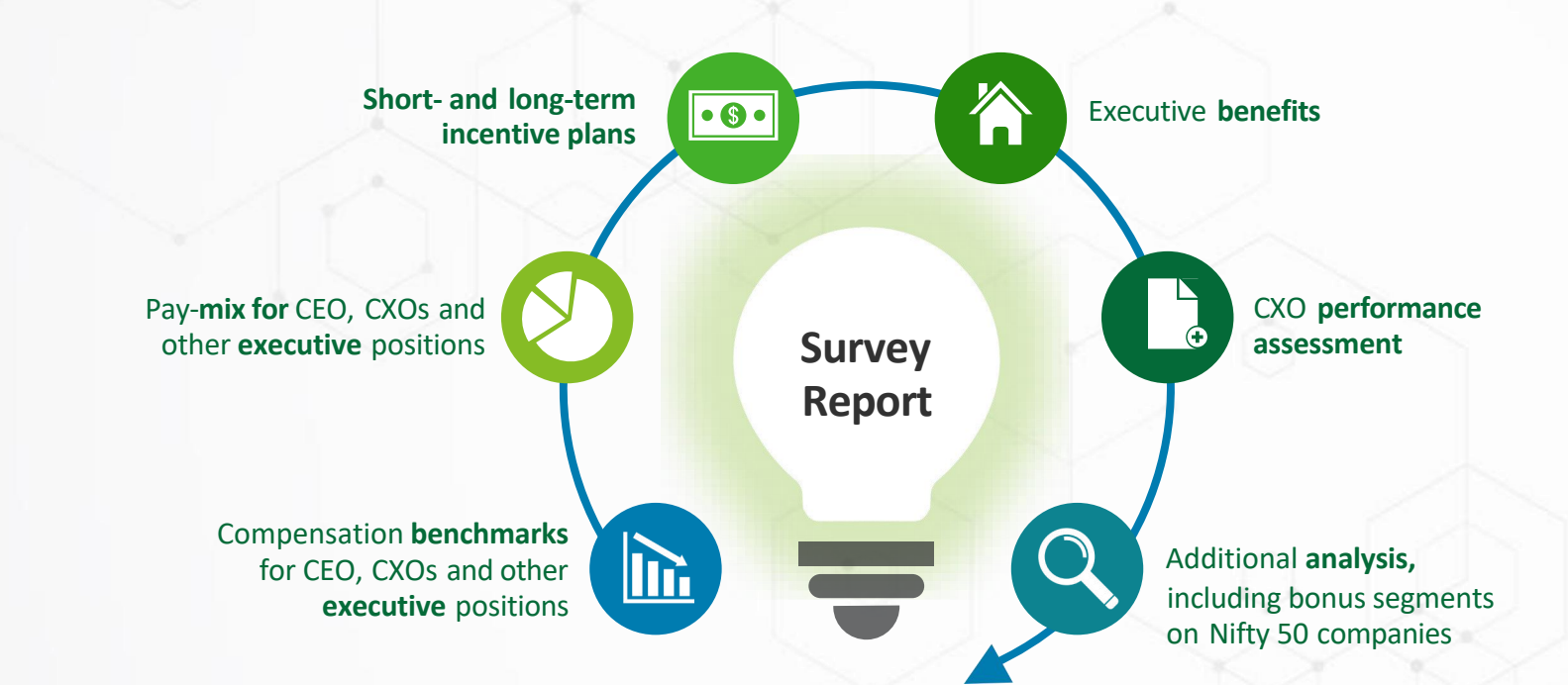
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About the executive performance and rewards survey 2025 and participant profile

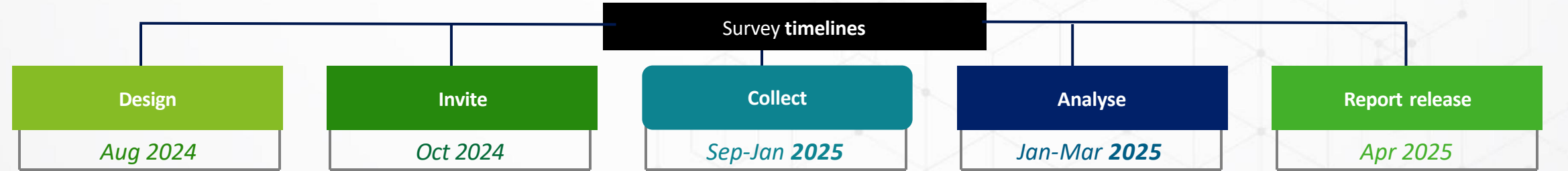
The 2025 executive performance and rewards survey captures **India-specific insights and market trends** covering:



Participant profile

Our survey covers information from over 400 companies **across major sectors**. Deloitte **used data** directly received from the participants, custom **projects and** publicly available data for specific analyses to ensure the most accurate representation of market trends.

Services	Manufacturing
Consumer	Financial services
Life sciences	IT and ITeS



Key highlights from Deloitte India's 2025 executive performance and rewards survey

CEO compensation and pay-mix

The median CEO compensation in India stands at INR10 crore, up 13 percent from the previous year. About 40 percent of the overall CEO compensation is fixed and 60 percent is at-risk (short-term and long-term incentives).

CXO compensation

The pay for COOs, CFOs, CHROs, CMOs and CSOs has increased 7-11 percent over the last year. COOs and CFOs are the next highest paid executive positions after the CEO, with total compensation nearing INR4 crore.

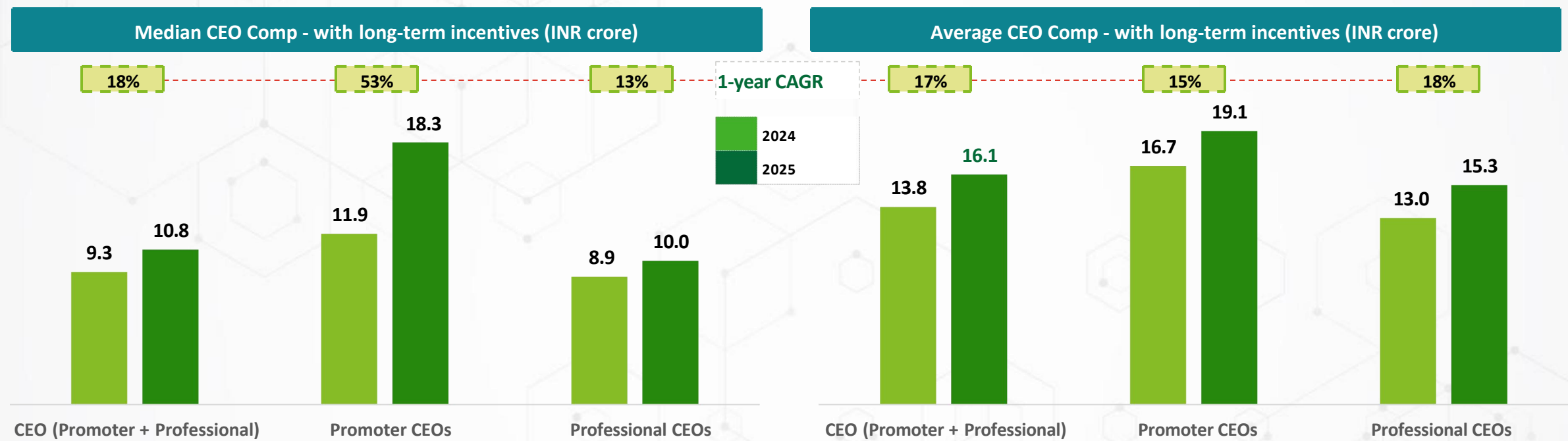
Performance assessment and Short-Term Incentives (STI)

There is an increased focus on holistic business and functional performance assessment at CXO levels, beyond financial metrics. Performance thresholds are becoming more stringent. India Inc. is now paying lesser bonuses to CXOs for missing financial and strategic targets compared with the year before.

Long-Term Incentives (LTI)

The prevalence of stock-based long-term incentives is increasing in India Inc. with growth in the adoption of performance shares and multiple plans. The increase in the quantum of pay linked to stock awards is also leading to a consistent increase in the cost incurred by companies on these plans (as a proportion of total employee cost).

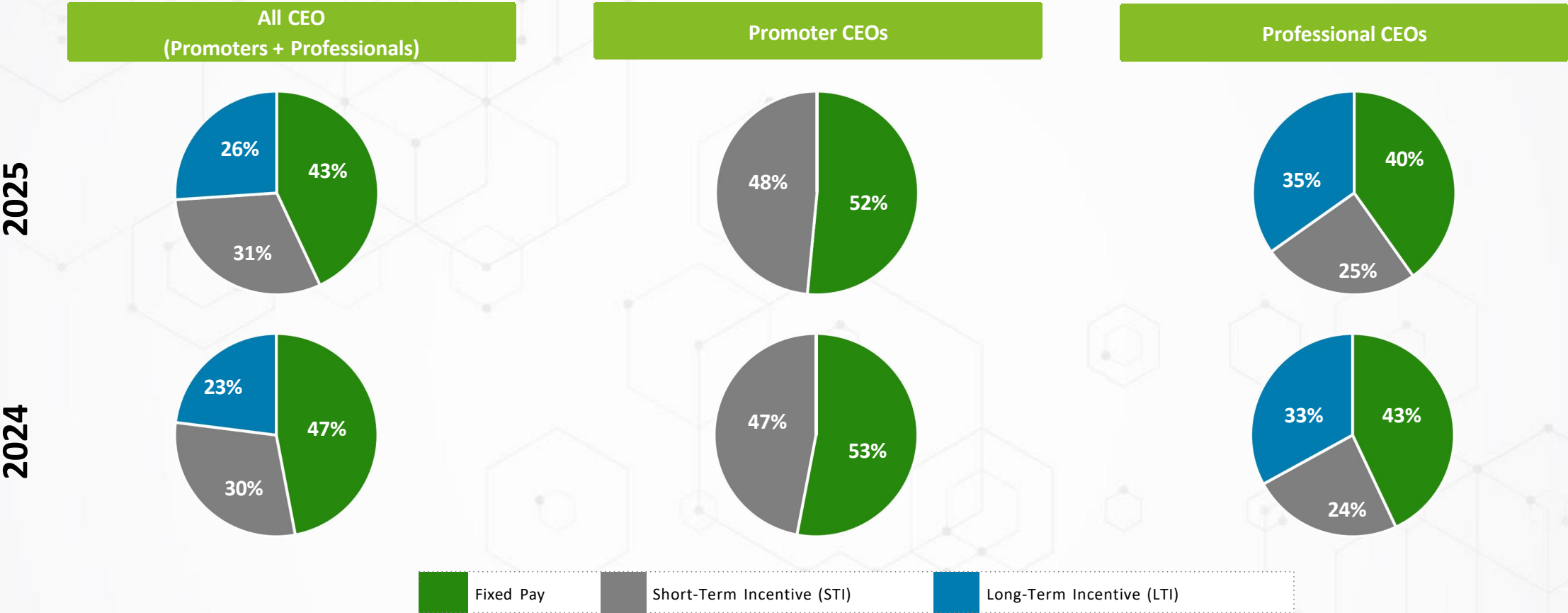
Professional CEO compensation stands at INR10 crore, up 13 percent YoY



- The 53 percent rise in promoter CEO compensation is primarily driven by **market corrections at the lower end of the pay range** and a higher **increase in commission** compared with fixed pay.
- The **wide gap observed between median and average overall CEO compensation** (INR10.8 crore vs INR16.1 crore) indicates the **wide range of compensation numbers** and some outliers on the higher end.

Note: Promoter CEO compensation is as per FY 2024 annual disclosures made by companies

More than 50 percent of overall CEO compensation is linked to short- and long-term incentives

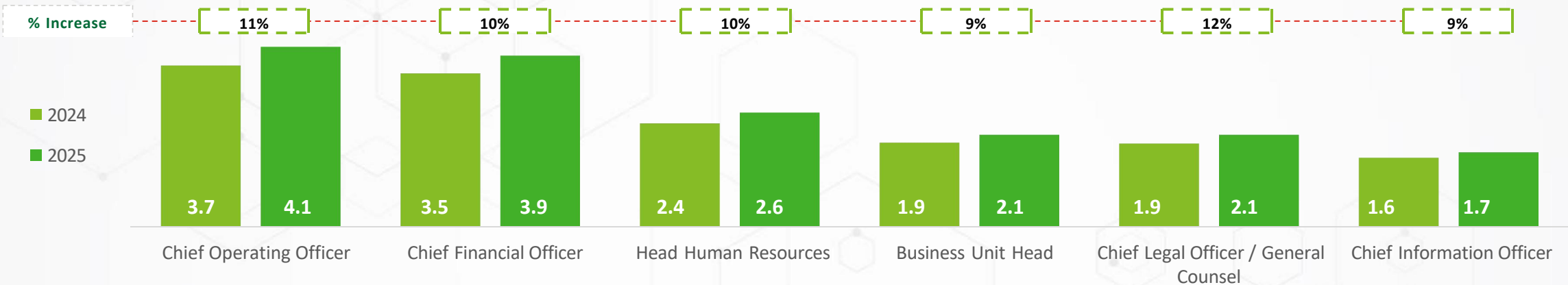


- Fixed pay for promoter CEOs constitutes over 50 percent of total pay.
- For promoter and professional CEOs, the **pay-at-risk component** of the total pay **has increased** over the past year.
- Long-term incentives constitute **35 percent of the total professional CEO compensation** compared with 33 percent in 2024.

Note: Promoter CEO compensation is as per FY 2024 annual disclosures made by companies

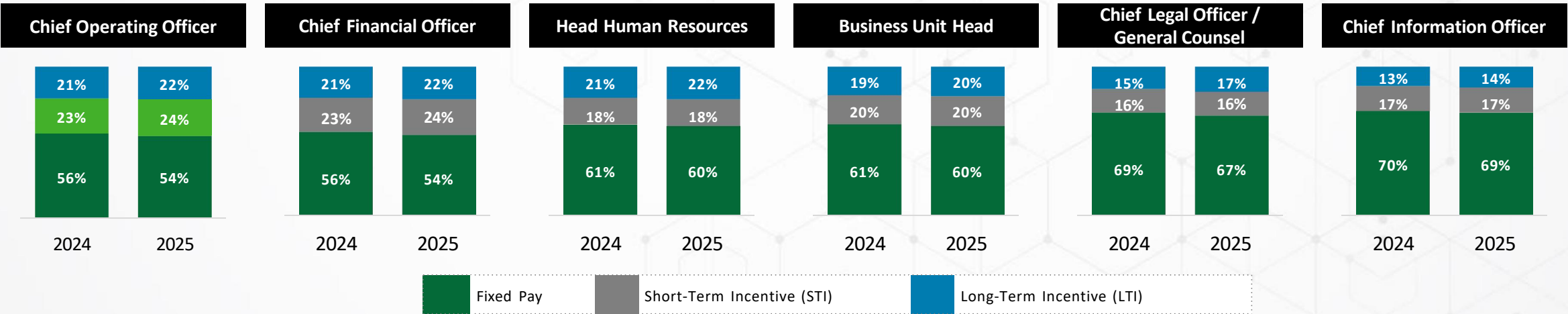
Among CXO roles, chief legal officer compensation has risen the highest in the last year

Median CXO compensation levels (TCC with LTI) - 2025



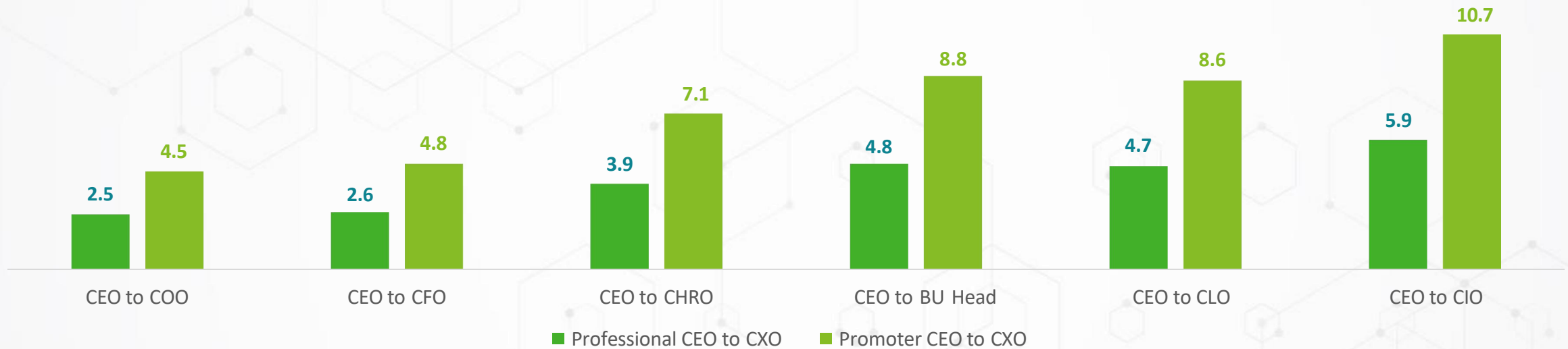
All values in INR Cr.

Average CXO pay-mix - 2025 (% of Total)



CEO to CXO compensation ratios are higher for promoters CEOs compared with professional CEOs

CEO to CXO compensation ratios
(at median on total compensation with long-term incentives)



CEO - Chief Executive Officer; COO - Chief Operating Officer; CFO - Chief Financial Officer; CHRO - Chief Human Resource Officer; BU Head - Business Unit Head; CLO - Chief Legal Officer; CIO - Chief Information Officer

- While there are context and incumbent-specific nuances, COOs and CFOs are the highest-paid executive positions after the CEO, followed by CHROs, BU Heads, Legal Heads and CIOs.
- BU head compensation varies by the size of the business managed.

There is an increased focus on holistic CXO performance assessment, beyond financial metrics

1

Most companies use a well-defined scorecard for CEO and CXO performance assessment.

2

In most companies, the performance ratings of CEOs/CXOs are determined based on Board/NRC discretion, while considering scorecard achievement scores.

3

Over 50% of companies have a separate scorecard for CEO and CXOs.

4

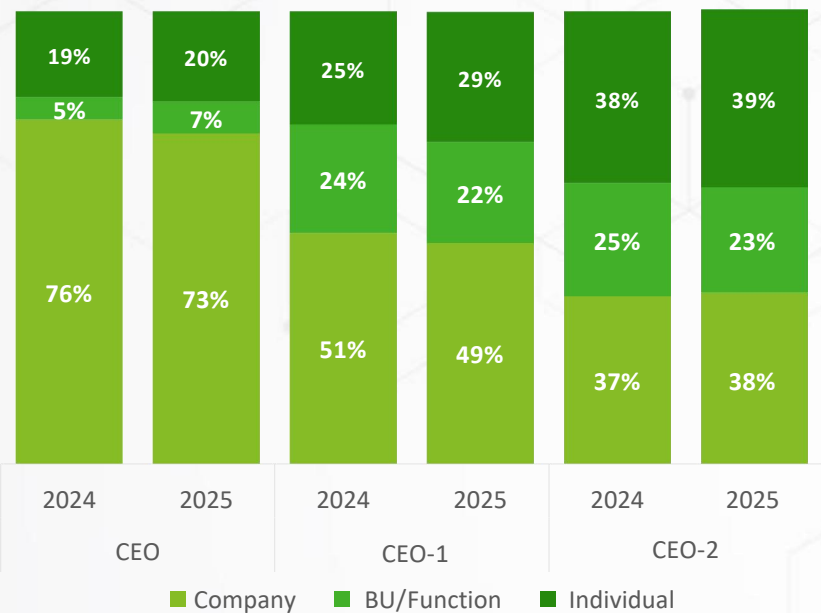
Where the company and CEO scorecards are different, the company scorecard tends to contain only financial performance metrics.

5

In the CEO scorecard, while the majority of weight is given to financial performance, at least one-third of the weight is given to other metrics - operating performance, people, process, strategic metrics.

Short-Term Incentive (STI) trends - (1/2)

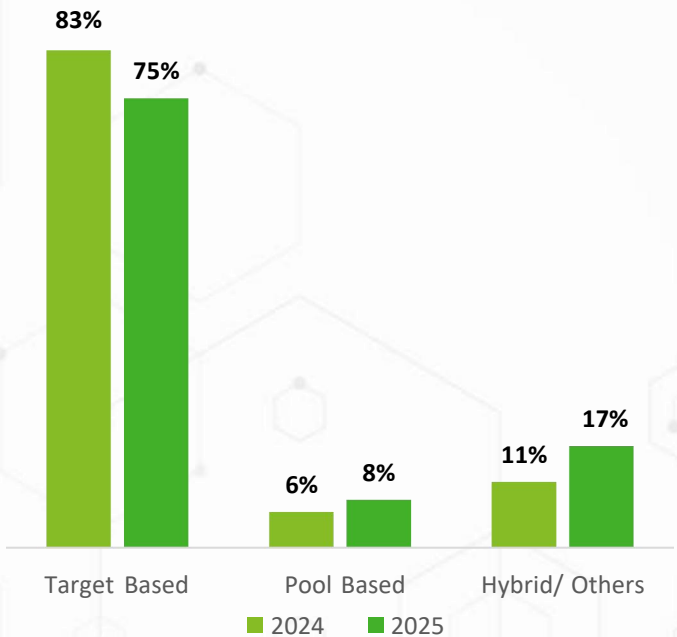
STI Plan Architecture (Weightage)



While most CEOs’ bonuses are computed based on company performance, in some cases, the bonuses are paid based on a combination of company, business unit and individual performance.

Over time, the **weightage** assigned to **individual performance** has increased across levels. Individual performance is usually linked to ratings, which are derived from a scorecard comprising financial and strategic metrics. This indicates the growing importance of strategic goals in overall CXO performance assessment.

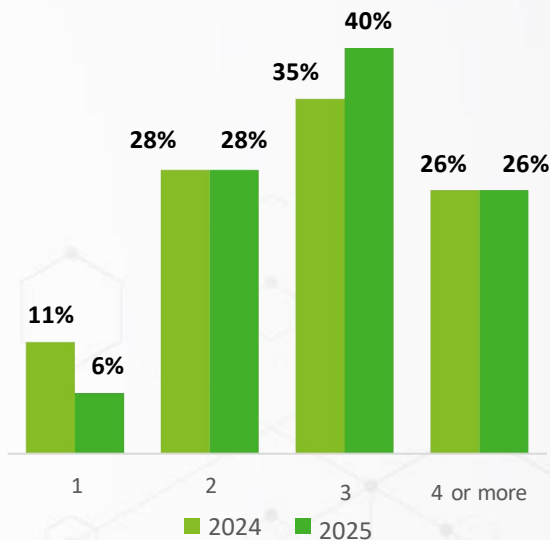
Type of STI Plan



More companies have moved away from **target-based approach** to a **pool or hybrid-based approach** for variable pay i.e., The plan funding involves defining a bonus pool in terms of a direct formulaic linkage to a financial metric (e.g., % of Profits before bonus and taxes)

Companies that use a hybrid plan, generally use a profitability parameter to determine the pool size while quantum is set at start of the year.

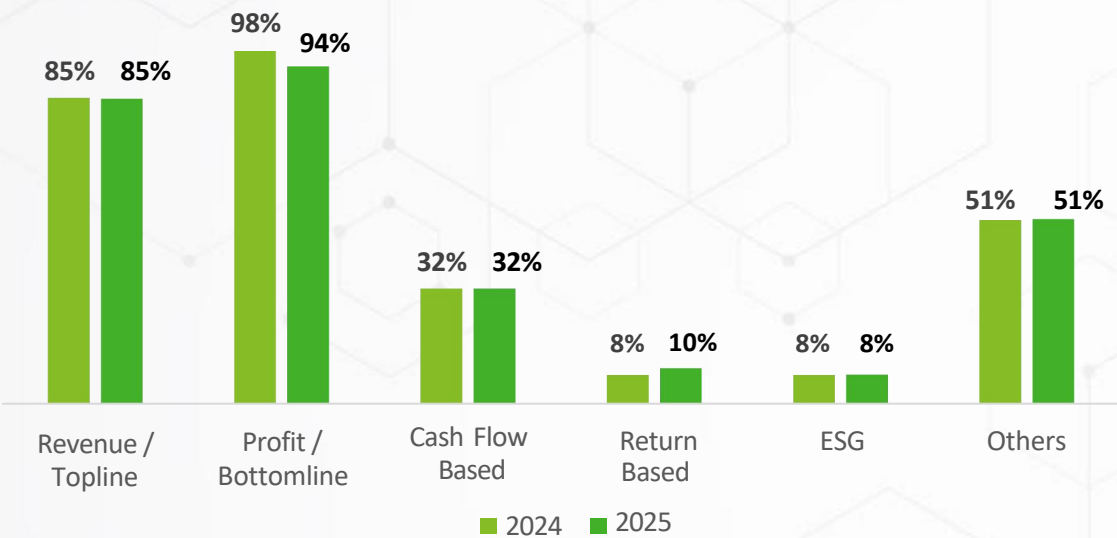
Number of metrics (company performance)



More than 60 percent of companies now use three or more metrics, implying that **Boards/NRCs are evaluating performance on multiple variables in the short term** compared with the past when mostly two metrics were used.

Short-Term Incentive (STI) trends - (2/2)

Prevalence of STI metrics for computing company performance



Bottomline metrics are the most prevalent metrics used for evaluating company performance.

On average, **40-45 percent** weightage is provided to the above metric, wherever used, thereby giving it the desired focus.

Others include metrics such as GNPA, product launches, production volume, safety, productivity, customer acquisition/retention metrics, quality and capital efficiency.

Performance and payout relationship (company performance)

	Threshold performance	Threshold payout	Maximum performance	Maximum payout
10 th Percentile	50%	25%	108%	120%
Average	76%	55%	130%	159%
90 th Percentile	91%	80%	190%	200%

Companies are **raising the bar** on both ends of the performance spectrum. **Performance thresholds** have become **more stringent**, indicating tighter eligibility criteria for payouts.

At the same time, **maximum performance** levels have also **moved higher**, offering **significant upside** potential for exceptional performance. While target performance remains the anchor, there is a growing focus on **affordability** — with companies showing discipline when thresholds are not met but being generous when performance exceeds expectations.

It must be noted that threshold and maximum levels vary significantly depending on the **metrics** and the **level of stretch in targets**.

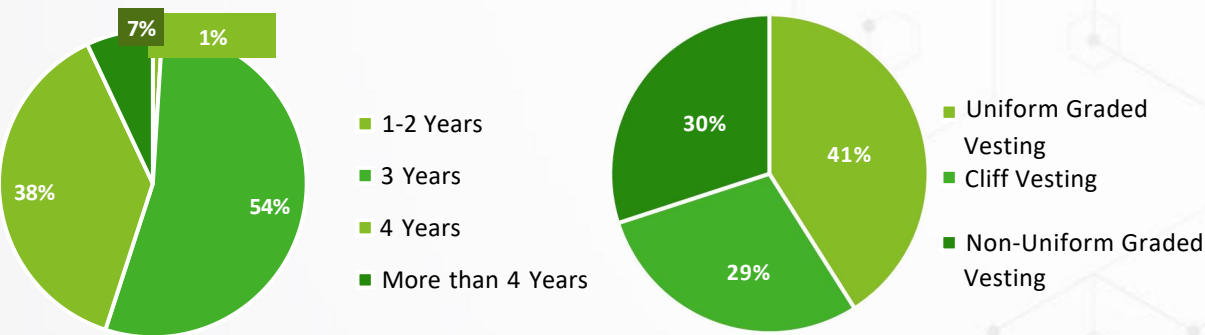
Long-Term Incentive (LTI) trends - India

Prevalence and number of LTI plan(s)



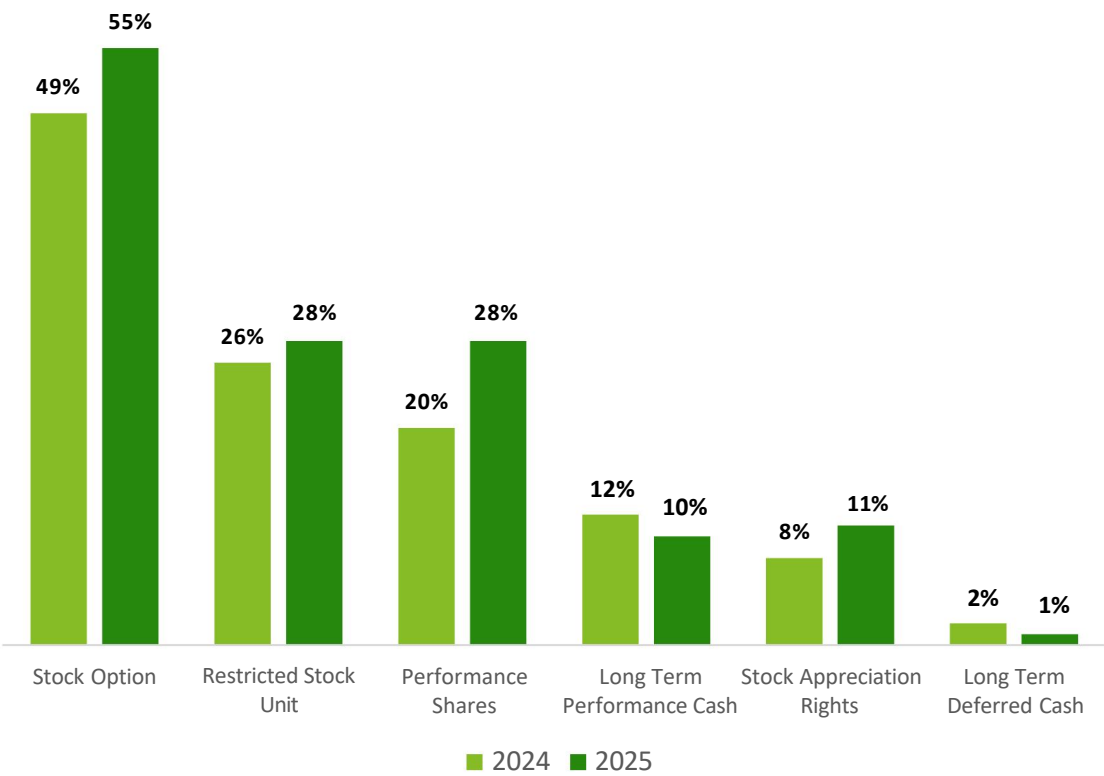
The usage of an LTI plan is gradually increasing in India Inc. (more than three out of four companies). Although 71 percent of these companies use only a single LTI plan instrument, there has been a gradual movement towards the usage of multiple LTI plans.

Vesting period and schedule



Companies are moving towards a shorter vesting schedule of three years. Furthermore, over 70 percent of companies use a graded vesting schedule allowing employees to reap the benefits of the award sooner.

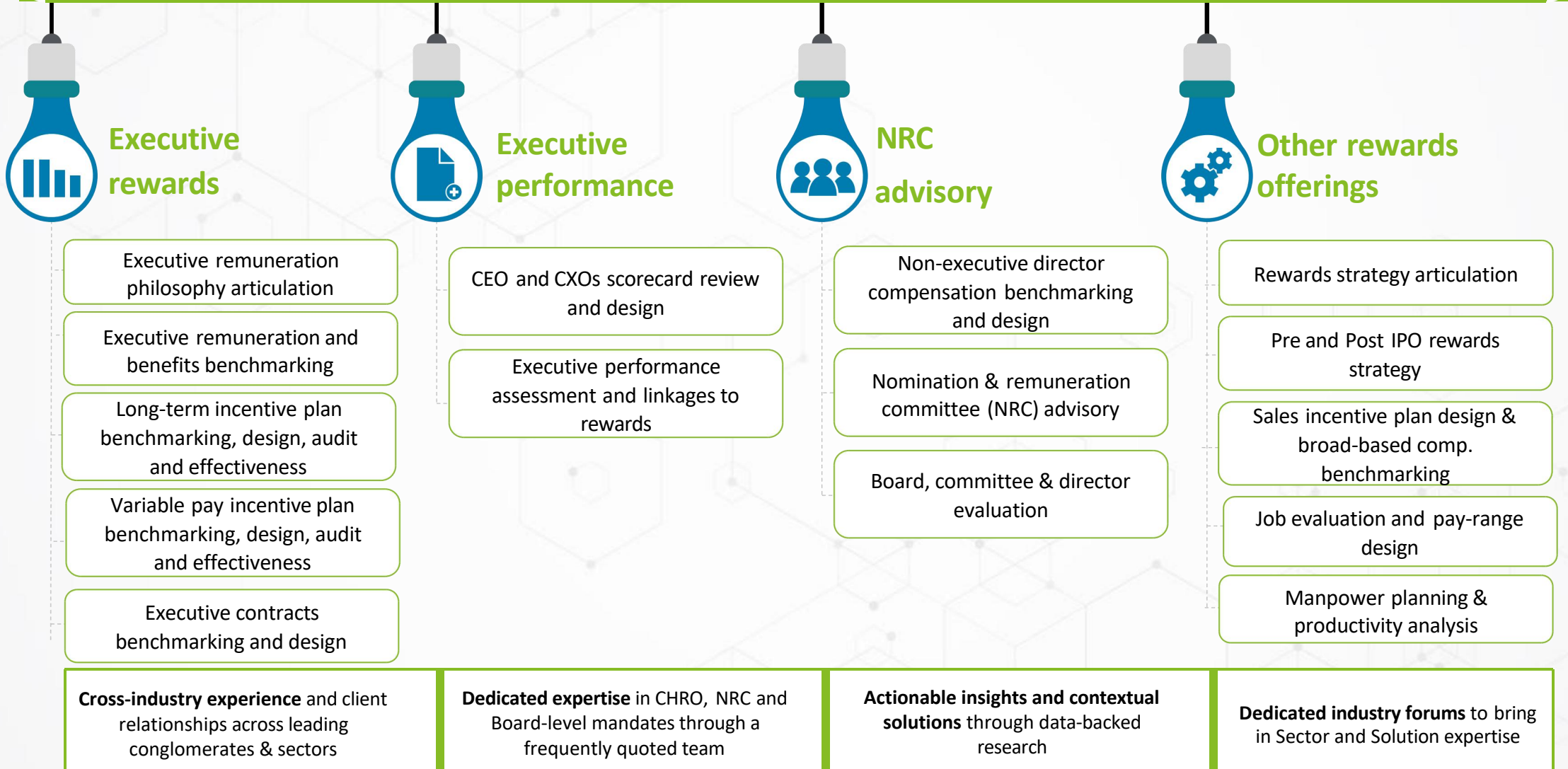
Type of LTI instrument used (% companies)



The prevalence of stock-based LTI is increasing in India Inc., with significant growth in the usage of stock options (ESOPs) and performance shares. While stock options continue to be the most prevalent vehicle, companies that use multiple instruments, tend to use a combination of tenure-linked and performance-linked instruments to drive retention along with share price growth.

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