



By FORTUNE INDIA

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How We Did It

Fortune India-EY survey incorporates an extensive quantitative as well as qualitative assessment of the financial and strategic performance of India's best-performing CEOs.



From left: Dr. Sanjiv Goenka, chairman, RP-Sanjiv Goenka Group; Mr. Harish Bhat, brand custodian, Tata Sons; Mr. Hemendra Kothari, non-executive chairman, DSP Investment Managers; Ms. Zia Mody, founder and managing partner, AZB & Partners; Mr. Prashant Jain, former CIO, HDFC Mutual Fund; Mr. Niraj Bajaj, CMD Mukand Ltd. and chairman, Bajaj Auto; Mr. R. Gandhi, former deputy governor, Reserve Bank of India and Mr. Vishesh Chandiok, CEO, Grant Thornton India

Image: Photograph of Prashant Jain by Narendra Bisht; Harish Bhat, Niraj Bajaj, R. Gandhi, Vishesh Chandiok by Sanjay Rawat; Zia Mody by Padmini B

FORTUNE INDIA brings you the most definitive ranking of India's Best CEOs. The methodology devised in collaboration with our research and knowledge partner EY incorporates an extensive quantitative as well as qualitative assessment of the financial and strategic performance of India's best-performing CEOs.

The process kicks off months in advance with extraction of data on companies in the BSE500 and NSE500 over the past four fiscals – FY19-FY22 in this case – to arrive at their performance over the past three fiscals. A CEO's performance can be gauged to a large extent by how the company performed on various financial metrics. But then there are other vital aspects of a CEO's role that can't be gauged from just the numbers. Hence, the quantitative findings are presented before an esteemed jury. The jury comprised of Mr. Harish Bhat, brand custodian, Tata Sons; Mr. Hemendra Kothari, non-executive chairman, DSP Investment Managers; Mr. Niraj Bajaj, CMD, Mukand Ltd. and chairman, Bajaj Auto; Mr. Prashant Jain, former CIO, HDFC Mutual Fund; Mr. R. Gandhi, former deputy governor, Reserve Bank of India; Mr. Vishesh Chandiok, CEO, Grant Thornton India and Ms. Zia Mody, founder and managing partner, AZB & Partners. Dr. Sanjiv Goenka, chairman, RP-Sanjiv Goenka Group, was the chairman of the jury.

To identify the best performers, we took the initial numbers through a series of filters. First, we considered only companies with net sales of ₹1,000 crore, or higher. Any company that incurred a loss in any of the three fiscals could not be included. Next, the CEO had to be in place for the entire three-year period. Companies that went public during the study period could not be considered. Also companies whose latest audited financial numbers were not available had to be excluded. Only companies with accounting periods between 9-15 months were considered. In the case of public sector undertakings (PSUs), since CEOs usually have shorter stints, we considered all CEOs who have completed at least a year in the role.

After applying all the filters, a total of 254 companies qualified for the study, of which 227 were non-BFSI companies.

Based on consultation with EY, we considered four parameters – net sales, PAT, total shareholder return (TSR) and return on capital employed (ROCE) – each of which has a 25% weightage. Both net sales and PAT have two elements – absolute change and three-year CAGR. Companies are scored on average of year-on-year absolute change in net sales and PAT and three-year CAGR for the study period. Both absolute change and three-year CAGR in net sales and PAT have a 12.5% weightage each.

We first rank companies by net sales. There are four categories: Super - large (net sales of over ₹100,000 crore); Large (net sales between ₹50,000 crore and ₹100,000 crore), Mid-size (net sales between ₹10,000 crore and ₹50,000 crore) and Emerging (net sales between ₹1,000 crore and ₹10,000 crore). The jury also identified a winner for Super CEO 2022.

In addition, we identified winners in 13 sectors – Auto Ancillaries, Automobiles, Banking, Capital Goods, Chemicals, Consumer Durables & Ancillaries, FMCG, Infrastructure, IT, Oil & Gas, Pharma, PSU, and Steel.

The jury was presented with financial data and company details that included the strategic initiatives by the CEO during the study period; major moves to focus on growth and steps to enhance profitability. The jury was provided details on the top three companies in each of the categories and sectors to decide the best performer. After an intense 75-minute discussion, the esteemed jury identified the outstanding CEOs for 2022.

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