

India's top independent directors see a surge in compensation, with 151 in the crore-plus club in FY23

By Sreeradha Basu, ET Bureau Last Updated: Dec 15, 2023, 10:02:54 PM IST

Synopsis

In the financial year 2023, India witnessed a notable increase in the compensation of independent directors, with 151 individuals joining the crore-plus pay club compared to 67 in FY18. The data, based on Nifty-500 companies, revealed that the ten highest-paid independent directors earned between Rs 3.21 crore and Rs 6.74 crore.



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India's 10 highest-paid **independent directors**—four of them women -- earned anywhere between Rs 3.21 crore and Rs 6.74 crore in FY23, even as the number of independent **directors** in the crore-plus pay club rose to 151 compared to 67 in FY18.

Data on the highest-paid independent directors for FY23 at Nifty-500

companies, put together for ET by primeinfobase.com, showed that ex-SBI chairman Om Prakash Bhatt, on the boards of **Tata Consultancy Services**, Tata Steel, Tata Motors and Hindustan Unilever, was the highest paid at Rs 6.74 crore last financial year.

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In second position was **Adil Zainulbhai** at Rs 3.91 crore, followed by former Axis CEO & MD Shikha Sharma at Rs 3.8 crore.

Kosaraju Veerayya Chowdary (Rs 3.71 crore), Hanne Birgitte Breinbjerg Sorensen (Rs 3.65 crore); Pallavi Shardul Shroff (Rs 3.61 crore); Haigreave

Khaitan (Rs 3.32 crore); Deepak Kapoor (Rs 3.31 crore); Damodarannair Sundaram (Rs 3.24 crore) and Kiran Mazumdar Shaw (Rs 3.21 crore) were the others among the top 10 highest-paid independent directors in FY23.

The data is based on 492 of the NSE-listed Nifty 500 companies for which annual reports were available as on December 8, 2023. In case an independent director also held one or more wholtime directorship position, only the remuneration earned as an independent director was considered. The compensation includes commission and sitting fees.

Compensation for independent directors is higher at companies that are large, global in scale, have high profit margins and generate a lot of cash, said Shriram Subramanian, MD at corporate governance advisory firm InGovern.

“As companies become more professional-led and board-led, compensation to independent directors will increase. This is because at the end of the day, strategies, governance, even talent of the company will be led by the board. The competencies and insights of directors, how they steer the company, how they act as trustees and guide shareholders and the CEO will become critical for the performance of a company, added Subramanian.

Historically, independent directors at some prominent firms and groups, including [Tata Group](#) firms, Reliance Industries, and large IT companies like Infosys, have been among the best-paid. For instance, OP Bhatt received Rs 2.81 crore and Rs 2.48 crore from TCS and Tata Steel respectively; Adil Zainulbhai received Rs 2.32 crore from Reliance Industries and Kiran Mazumdar Shaw, Rs 2.5 crore from Infosys – she retired from their board in end-March 2023.

“Compensating high quality boards with market-leading remuneration not only appropriately rewards directors for the value they bring to the table, it also helps in directors not taking too many directorships and dividing their time and focus,” said Anubhav Gupta, managing director, Exec-Rem Advisors, a specialised executive compensation advisory firm.

Companies focused on good governance and ones that really want independent directors to add value do considerable diligence before nominating an independent director on the board, he added.

Monica Agrawal, managing director-financial services, Asia-Pacific at executive search firm Korn Ferry said that till a few years back, company boards were largely focused on a ‘perform agenda’ – helping meet quarterly business plans; ensuring there are no compliance breaches, doing risk management etc.

“Post Covid, boards are increasingly having to deliver on the transformation agenda -- preparing organisations for the future. This is a global phenomenon,”

said Agrawal. "Organisations are seeing the value a truly good board can add and are willing to pay top dollar."