

Independent Directors' Pay Climbs 22% in FY25

By Sreeradha Basu, ET Bureau Last Updated: Jan 22, 2026, 05:49:00 AM IST

Synopsis

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Median pay for independent directors in the top 50 companies by market capitalisation climbed 22% to ₹69.8 lakh in FY25 from ₹57.18 lakh in FY24, per an analysis shared with ET by specialised executive compensation advisory firm Exec-Rem Advisors. The robust increase reflects companies' willingness to reward time-intensive efforts.

The analysis grouped the top 200 companies separately by market capitalisation and revenue, respectively.

Even in the second and third quartiles of these 200 firms by market cap, median pay rose by 20% to ₹46.5 lakh in FY25 from ₹38.87 lakhs in FY24 in the former, and 15% in the latter to ₹30.44 lakh from ₹26.39 lakh. Compensation, however, remained largely flat in the bottom quartile, rising barely 2% to ₹30 lakh in FY25 from ₹29.43 lakh in the previous fiscal.

A similar skew played out when the top 200 corporates were grouped by revenue. Independent directors at the top 50 companies by revenue earned ₹76 lakh in median pay in FY25, up 19% from ₹63.7 lakh in the year before, fuelled by growth in commissions.

Median pay for independent directors in the second quartile by revenue rose 31% to ₹46.09 lakh in FY25 from ₹35.14 lakh; while for those in the third quartile, it grew by 10% to ₹35.18 lakh in FY25 from ₹31.93 lakh in FY24.

Experts said the robust pay hike underscores how the role of independent directors is increasingly becoming more demanding.

"Independent directors are spending significantly more time in the wake of elevated geopolitical risks, macro headwinds, and technological advances that

are challenging the traditional business structures," said Anubhav Gupta, managing director, Exec-Rem Advisors. "Companies want to ensure that they are adequately compensated for their guidance to CEO and management to navigate a complex and dynamic business environment."

Competitive compensation also helps ensure that independent directors don't spread themselves thin by taking on more directorships, given time commitment involved in each, he added.

Amit Tandon, managing director of proxy advisory firm Institutional Investor Advisory Service India said pay spike can also be explained by the fact that independent director compensation has been relatively low in the past.

Among sectors, IT firms offer the highest payouts to independent directors, the Exec-Rem survey found, with a median compensation of ₹81.15 lakh in FY25; followed by banking and insurance (₹55.75 lakh), automobile and auto components (₹55.63 lakh) and FMCG (₹50.48 lakh) in FY25. The highest year-on-year jump has been in the FMCG sector (53%), followed by consumer services by 49% to ₹44.75 lakh median pay.

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