

# India Inc scouts for independent directors with 2,000 nearing exit

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NEW DELHI

India Inc. has been preparing to replace over 2,000 independent directors, as they complete their tenures in 2024. The hunt is on for managing directors and chief executives across sectors, industry executives said. While search firms and consultants are wooing independent directors from overseas to join Indian firms, some companies are looking at right the candidate who will fit into the cultural aspects of the organization, and will be able to lead the environmental, social, and governance (ESG),

sustainability and digitization initiatives. "Demand for independent directors will increase during this year due to the upcoming cliff. Companies are applying a strategic lens to board composition and asking for directors with experience in digitization, sustainability, etc.," said Pankaj Arora, the managing director of search firm Russell Reynolds Associates. "Now the challenge is getting directors with these experiences, along with governance credentials." Arora, and head hunters like him, are struggling to attract independent directors due to a regulatory clause introduced in 2014. "Inde-

pendent directors shall hold office for a term of up to five consecutive years on the board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing a special resolution by the company," the Securities and Exchange Board of India had said in a circular in 2014. According to data collated by primeinfobase.com, terms of 2,024 independent directors are expiring by the end of December 2024. The directors are from 961 firms listed on the National Stock Exchange. Search firms said mandates include looking for directors who are in a position to scrutinize the companies with more



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intent. "The role of independent board directors in India has been evolving rapidly over the last couple of years. It is no more a tea and snack gather-

ing of friends and family," Amit Agarwal, managing director, Singapore and India, Stanton Chase, said. Agarwal's team is running

three searches for independent directors, while another three are in discussion stage. "We are scanning Indians with relevant experience and capability in both domestic and offshore markets, especially markets of Singapore, Hong Kong and London." The firms are looking for directors who can not only help with strategic decisions but are also experts in latest technologies and needs of the Indian industry.

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tions on sustainability, governance and performance, besides finding out how they can contribute to the develop-

### IDEAL CANDIDATE

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ing strategy over the long-term, and whether they have the required knowledge and the expertise. The companies are looking to learn from other sectors. According to Monica Agrawal, managing director, financial services, Asia-Pacific, India lead board services for Korn Ferry said cross-pollination is happening across sectors and

chief experience officers of companies are being encouraged to join the board of a company from a different sector so that they can learn from each other.

"There are many successful CEOs and CXOs in their late 50s and 60s who are wondering what they should do next. Now they are in demand to be on the boards," Agrawal said.

The talent pool is extensive and retired regulators as well as public servants are in the fray, she added.

Professionals are now getting board-ready, and that's a welcome sign, Agrawal said. "2024 will be a watershed year when India Inc. has to make the change."