

India Inc revamp: 900 NSE-listed firms to recruit 2,000 independent directors in 2024

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INDIA INC is all set to refresh its boards with 900 NSE-listed companies looking to recruit nearly 2,000 independent directors in 2024. As many as 23 Nifty-50 companies will need to recruit 47 independent directors between them. They include Hindustan Unilever, ITC, Ultratech Cement, L&T and Tata Consultancy Services. This high turnover is a fallout of the regulatory guidelines imposed in 2013 after the

Satyam Computers scam. All independent directors appointed prior to 2014 were reappointed in 2014 as per the new act. The new Companies Act mandates that independent directors can hold up to two consecutive five-year terms – a maximum of 10 years – in a firm.

Hetal Dalal, President & COO of Institutional Investor Advisory Services (IIAS) noted companies have been steadily refreshing their boards to meet the 2024 deadline when previous tenures of independent directors stop being grandfathered.

“Nevertheless, the pace of this board refresh has slowed down in 2023, which is possibly why a larger churn for independent directors is on the anvil,” Dalal said. Even so, Dalal believes extent of the problem is limited. On December 31, 2023, the S&P BSE 100 companies had, in all, 1,065 directors, of which 582 were independent directors, of which only 74 had a board tenure in excess of 10 years. “Therefore, when looked at in its entirety, the churn is a relatively small share of total board directorships,” she added.

Shriram Subramanian,

founder and MD, InGovern, believes the challenges to recruit qualified independent directors are more to do with companies planning ahead of time and initiating the search process, rather than dearth of suitable candidates. “It is not difficult to recruit 20,000-25,000 independent directors in such a populous country,” Subramanian said.

Among the top 200 NSE companies, the term of six independent directors at MRF and five each of Dabur India and GMR Airports Infrastructure will expire in 2024. **FE**