

# Independent Directors Depart as Cos Run into Rough Weather

There have been 154 resignations until Apr 22 this year due to personal reasons

**Kala Vijayraghavan & Lijee Philip**

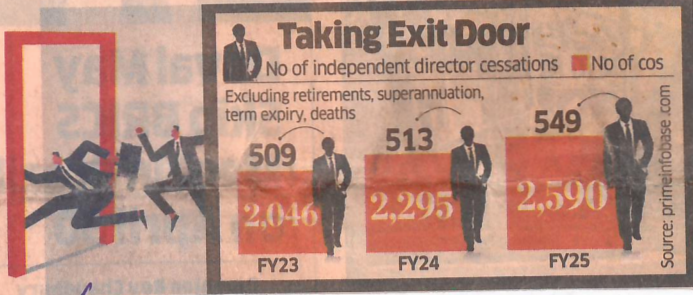
**Mumbai:** An increasing number of independent directors (IDs) are stepping out from corporate boards, as mounting regulatory pressure and the looming spectre of promoter misconduct prompt a re-evaluation of their roles and responsibilities.

Some of those who exited boards of companies facing allegations of fraud have faced criticism for abandoning a sinking ship rather than steering it through turbulent waters.

Recent data from Prime Database reveal a sharp rise in the resignation of independent directors, particularly in technology companies.

As many as a dozen independent directors resigned from technology companies in the financial year ended March 2025, compared with just one in the previous year and two in fiscal year 2023.

**Burden of Expectations** ▶ 7



## Burden of Expectations

▶▶ From Page 1

The last fiscal year saw 549 voluntary cessations of independent directors, excluding cases where their terms ended or they retired, show the data.

Since January this year, there have been 154 resignations until April 22, said Prime Database Group managing director Pranav Haldea. "The most commonly cited reasons, as always, are 'preoccupation' and 'personal reasons'," he said.

Behind these standard explanations, often lies a deeper narrative. "There's a growing sense of caution among board members. With legal and compliance risks intensifying, IDs are realising they can no longer be passive participants," said a corporate governance analyst.

"A watchdog has its limits," said Milind Sarwate, founder of Increate and an advisor and ESG contributor currently on the boards of Asian Paints, Mahindra Finance, CEAT, Nykaa

and Hexaware. "Independent directors, who provide oversight without executive authority, often face expectations that exceed their remit. When failures arise — whether due to promoter actions or audit gaps — IDs can be unfairly singled out for primary blame, leading to a climate of fear and, at times, premature resignations," he added.

### BIG RESPONSIBILITY

"The independent director's role today demands serious diligence, independence, and specific competencies. It is no longer a comfortable post-retirement position but a challenging, ongoing responsibility. Familiar networks alone may not be sufficient to meet the governance needs of modern boards," he added.

"The heat is now falling on them," said Shriram Subramanian, founder and managing director of InGovern Research. "They need to upskill,

ask tough questions, and spend real time understanding company operations — not just show up for board meetings to approve pre-decided agendas." "If promoters are unresponsive or complicit in wrongdoing, it is the duty of independent directors to blow the whistle," he added.

Only a handful resign due to disagreements; most exits are opportunistic or vaguely attributed to personal reasons, according to experts.

The recent development at Gensol Engineering is a case in point. Three independent directors — Arun Menon, Harsh Singh and Kuljit Singh Popli — resigned, all citing "personal reasons", after the market regulator took action against the company and its promoters over alleged financial irregularities.

The timing of their departure has raised questions about their oversight and the board's overall effectiveness.