

# PUTTING A NUMBER ON IT

## INDEPENDENT DIRECTOR REMUNERATION IN INDIA

INDEPENDENT DIRECTORS PLAY A CRUCIAL ROLE IN CORPORATE GOVERNANCE, BRINGING OVERSIGHT, ACCOUNTABILITY, AND STRATEGIC INSIGHT TO BOARDROOMS. BUT HOW WELL ARE THEY COMPENSATED FOR THEIR RESPONSIBILITIES? **AVI AGGARWAL**, MANAGING CONSULTANT AT VAHURA ONBOARD, ALONG WITH CO-AUTHOR **YATIN SHAH**, MARKETING HEAD OF VAHURA ONBOARD HIGHLIGHTS REMUNERATION TRENDS ACROSS 2,259 NSE-LISTED COMPANIES, UNCOVERING DISPARITIES BETWEEN NIFTY100 FIRMS AND SMALLER PLAYERS. THEY EXPLORE FIXED VS. VARIABLE PAY STRUCTURES, SECTORAL DIFFERENCES, GENDER GAPS, AND THE IMPACT OF REGULATORY RISKS. WITH INSIGHTS DRAWN FROM PUBLICLY AVAILABLE DATA, THIS ANALYSIS SHEDS LIGHT ON WHETHER INDEPENDENT DIRECTORS ARE TRULY BEING PAID IN LINE WITH THE VALUE THEY CONTRIBUTE.

In the Boardrooms of corporate India, the role of Independent Directors has gone from strength to strength. As companies contend with the opportunities and challenges of a VUCA world, the demand for these guardians of good governance has only increased.

Boardrooms are high-stakes zones. It's where billion-dollar decisions are made, issues around shareholder accountability are raised and complex ethical landscapes are navigated. That's why it's critical to address some questions: what price is being placed on the responsibility of the Independent Director? Is the remuneration of Independent Directors commensurate with the value they add? How do market forces and regulatory considerations affect compensation?

These questions were the starting point of our data-based study into Independent Director remuneration. We've put together some data points, insights and perspectives based on publicly available remuneration figures of the 2259 companies listed on the National Stock Exchange.

For a comparative perspective, we've filtered our findings into two groups of companies: the Nifty100 and the other 2159 companies that form part of the NSE universe (NSE ex-100) for FY 2023-24.

*Let's unravel this story.*



COVER  
STORY

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We thank our Knowledge Partner, **Vahura**—India's leading executive search firm specialising in legal, compliance, and governance—for providing content and data for this story. Vahura OnBoard has been at the forefront of professionalising Non-Executive Board searches, with a strong focus on the appointment of Independent Directors.

## A Tale of Two Market Caps

The primary reason for the creation of two categories in the presentation of our data is the stark contrast, across various parameters, between the giants of the Nifty100 and all the other NSE ex-100 companies.

### Sample size

Nifty100 vs. all other NSE ex-100 companies

### Total Board Independent Director seats

539 in Nifty100 vs. 8312 across NSE - ex 100

### Median total remuneration

**Nifty100:** Rs37.85 lakhs p.a  
**All NSE ex-100:** Rs5.67 lakhs p.a

The median pay for Independent Directors in the Nifty100 eclipses that of their counterparts in smaller firms by a factor of six or more. Large-cap companies, buoyed by significant market capitalisation, often compensate their Directors handsomely while mid-cap and small-cap firms show a more restrained approach.

## The Fixed Vs Variable Conundrum

The remuneration of Independent Directors can be divided into two main categories: sitting and variable fees.

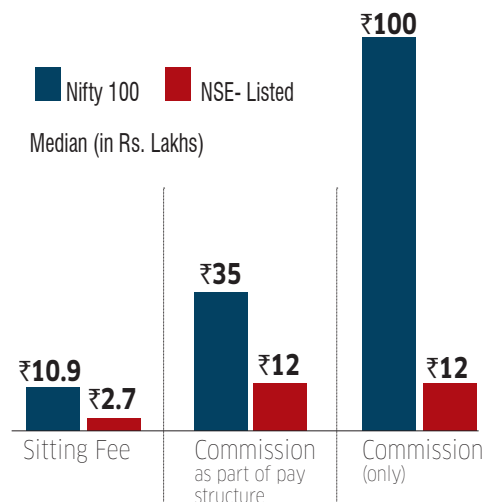
Sitting fees form the fixed component of pay for attending Board meetings and meetings of Board committees (such as the Nomination and Remuneration Committee). Our experience suggests that fees for committee meetings are typically higher than for Board meetings. Chairman of committees are often paid more than the other members.

Variable pay, on the other hand, is the dynamic component, and includes performance-based incentives and profit-linked commissions.

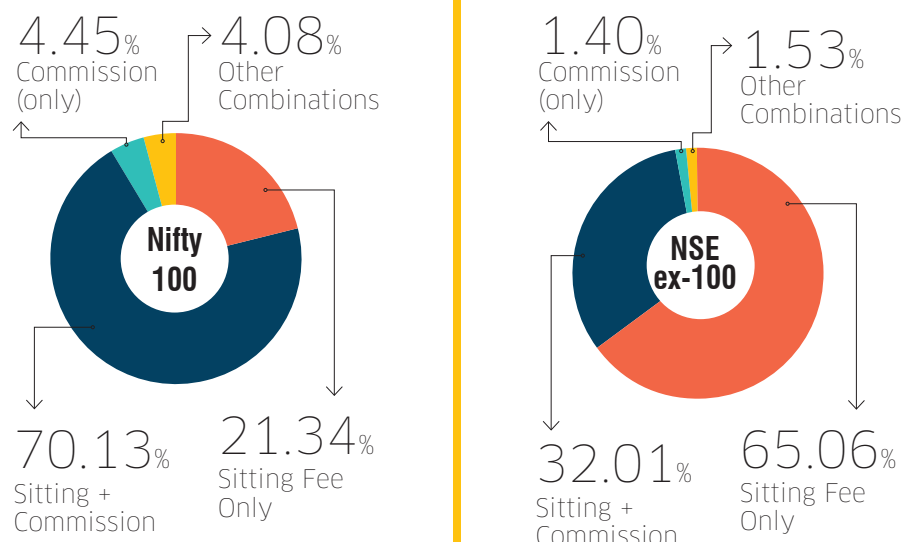
Another striking difference between Nifty100 and the rest of the companies in

the NSE universe (NSE ex 100 companies) is the prevalence of variable pay structures among the former. This is explained by the healthy representation of companies from high-growth sectors like Banking and IT in the Nifty100. Higher variable pay as a model works for these sectors because profitability metrics can be more easily tracked. In contrast, companies in sectors with stable but moderate growth, such as FMCG, lean more towards fixed structures.

Further, among the Nifty100 companies, the median annual remuneration in 'commission only' arrangements (Rs 1 crore) far outpaces the medians of the 'sitting fee only' (Rs 10.9 lakh) and 'sitting fee + commission' (Rs 35 lakh) structures.



## Pay Structure Comparison



### Nifty100 Companies

70.13%

utilise a hybrid Sitting + Commission structure, suggesting a balanced approach to compensating both participation and outcomes

21.34%  
rely solely on sitting fees

4.45%  
use commission-only structures.

4.08%  
adopt other combinations, often incorporating annual lump-sum payments as part of the remuneration strategyw

### NSE ex-100

65.06%

rely on Sitting Fee Only, reflecting a traditional attendance-based approach.

32.01%  
use Sitting + Commission,

1.53%  
or other combinations

1.40%  
with limited adoption of Commission Only

## Disparity in Pay: From Unpaid to Lucrative

Remuneration patterns across Nifty100 and other NSE ex-100 companies reveal stark contrasts, reflecting differences in governance priorities, financial capacities and the legal risks assumed by Independent Directors.

In the Nifty100, 16.14 percent of Directors earn over Rs1 crore annually. In comparison, only 0.25 percent of Independent Directors in the broader NSE ex-100 universe are paid more than Rs1 crore. Nearly 16 percent of NSE ex-100 Directors earn Rs1 lakh or less annually.

Less than 1 percent of Independent Directors in the Nifty100 cohort receive zero compensation, compared to 7.04 percent in other NSE ex-100 companies. This raises questions about the alignment between compensation and risks borne by Independent Directors, including regulatory scrutiny and potential liabilities in cases of non-compliance.

The commission component often forms the lion's share of remuneration in Nifty100 companies. Almost three-fourths of the Nifty100 companies include commission as part of their pay structure, compared to only one-third of the other NSE ex-100 companies. The median commission of an Independent Director in a Nifty100 company is Rs1 crore—a massive difference from the Rs12 lakh median commission for a Director in the other NSE ex-100 companies. This bears testimony to the culture of performance-linked pay in the Nifty100 companies.

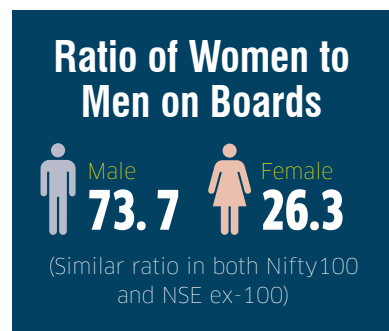
The remuneration gap between Nifty100 and NSE ex-100 companies is likely due to the heavier regulatory burdens on Nifty100 firms, where Independent Directors are compensated more for their expertise and greater legal and compliance risks.

This pay disparity likely arises from differences in financial capacity, regulatory demands, and the associated risks.

## Gender Parity: Progress or Plateau?

In a country making strides towards gender equality in corporate leadership, disparities in the representation and pay of male and female Independent Directors remains a critical talking point. While there has been a rise in the number of women on Boards—partly due to the mandate in the Companies Act 2013—the data suggests that there is still a long way to go: nearly three-fourths of all Independent Directors in Nifty 100 and NSE ex-100 companies are male. Six percent of Nifty100 companies and almost 18 percent of other NSE ex-100 companies do not have a single woman Independent Director on their Boards.

Looking at the data at a more granular level, we find a few encouraging trends.



There is a high level of compliance with the mandate of having at least one woman Independent Director—94 percent of Nifty100 and 82.12 percent of other NSE ex-100 companies check this box. It's particularly heartening to note that 40 of the other NSE ex-100 companies have only women as Independent Directors (ranging from 1-4 seats). Further, women comprise 50 to 75 percent of Independent Directors in 362 of the 2159 other NSE ex-100 companies.

These figures suggest that some

companies are moving beyond mere compliance and adopting more gender-agnostic approaches to Board composition. This could serve as a model for other companies to improve representation.

### No. of Women Independent Directors

	NSE ex-100 (%)	Nifty100 (%)
0	17.88%	6.00%
1	65.31%	59.00%
2	15.15%	26.00%
3	1.39%	5.00%
4	0.28%	4.00%

All Women IDs	<b>1.85%</b>	<b>0.00%</b>
50-75% Women IDs	<b>16.77%</b>	<b>12%</b>

The numbers are also rather encouraging on the remuneration front. In both groups, the median remuneration of women Independent Directors is higher than that of men—by Rs6 lakh in the Nifty100 group and by Rs50,000 in the other NSE ex-100 companies cohort.



### Nifty100

	Average Total Remuneration	Median Total Remuneration
Female	57.76	42.05
Male	54.86	36.1

### NSE ex-100

	Average Total Remuneration	Median Total Remuneration
Female	11.96	6.00
Male	11.89	5.50

## Sectoral splits: a game of margins

It's clear from the data that certain industries are able to pay their Independent Directors better than others. Within the Nifty100 cohort, companies operating in the IT, Telecommunication and Healthcare sectors lead the pack in compensating Independent Directors. It is no coincidence that they are driven by high profitability and global exposure. Among the other NSE ex-100 companies, the highest-paying sectors are Financial Services, Telecommunication and Diversified. The lowest-paid Independent Directors are in sectors known to be constrained by tighter margins due to various factors like fluctuating prices of raw materials or high competition. In the Nifty100 group, the three lowest-paying sectors are Capital Goods, Power and Consumer Services. In the other NSE ex-100 companies group, the lowest-paying sectors include Commodity Chemicals, Textiles and Metals & Mining.

### TOP PAYING IN

#### NSE ex-100 Companies

FINANCIAL SERVICES	19.59
TELECOMMUNICATION	20.46
DIVERSIFIED	20.99

#### Nifty100

HEALTHCARE	71.84
TELECOMMUNICATION	80.57
INFORMATION TECHNOLOGY	140.50



### LOWEST PAYING IN

#### NSE ex-100 Companies

COMMODITY CHEMICALS	0.77
TEXTILES	4.87
METALS & MINING	5.57

#### Nifty100

CAPITAL GOODS	8.45
POWER	28.21
CONSUMER SERVICES	30.14

## AGE IS NOT JUST A NUMBER

### Nifty100

Average Age

63

Youngest Independent Director

37

Oldest Independent Director

89

### NSE ex-100

Average Age

60

Youngest Independent Director

23

Oldest Independent Director

95

## CHART-TOPPERS THE HIGHEST-PAID INDEPENDENT DIRECTORS

### Nifty100

Company	Full Name	Total (Rs.Lacs)
UNITED SPIRITS LTD.	SIVANANDHAN DHANUSHKODI	448.00
INFOSYS LTD.	MICHAEL NELSON GIBBS	307.00
TATA CONSULTANCY SERVICES LTD.	OM PRAKASH BHATT	289.80
TATA CONSULTANCY SERVICES LTD.	KEKI MINOO MISTRY	289.80
INFOSYS LTD.	SUNDARAM DAMODARAN NAIR	279.00
INFOSYS LTD.	CHITRA NAYAK	269.00
RELIANCE INDUSTRIES LTD.	VEERAYYA CHOWDARY KOSARAJU	266.00
TATA CONSULTANCY SERVICES LTD.	HANNE BIRGITTE BREINBJERG SORENSEN	263.90
TATA CONSULTANCY SERVICES LTD.	PRADEEP KUMAR KHOSLA	263.60
RELIANCE INDUSTRIES LTD.	RAMINDER SINGH GUJRAL	255.00

### NSE ex-100

Company	Full Name	Total (Rs.Lacs)
TATA ELXSI LTD.	SHYAMALA GOPINATH	230.80
TATA ELXSI LTD.	SUDHAKAR RAMA RAO	216.40
SILGO RETAIL LTD.	TARUN KUMAR RATHI	216.00
SAMMAAN CAPITAL LTD.	SUBHASH SHEORATAN MUNDRA	212.00
ONE 97 COMMUNICATIONS LTD.	PALLAVI SHARDUL SHROFF	207.50
ONE 97 COMMUNICATIONS LTD.	GOPALASAMUDRAM	207.50
	SRINIVASARAGHAVAN SUNDARARAJAN	207.50
COFORGE LTD.	BASAB PRADHAN	193.22
TATA ELXSI LTD.	ANURAG KUMAR	180.00
ONE 97 COMMUNICATIONS LTD.	NEERAJ ARORA	165.90
ONE 97 COMMUNICATIONS LTD.	ASHIT RANJIT LILANI	165.90



## INSIGHTS FROM THE EXPERTS

### THE EVOLVING COMPENSATION FRAMEWORK FOR INDEPENDENT DIRECTORS



Independent Directors are the sentinels of governance, shaping the future readiness of enterprises. Beyond fiduciary duty lies the joy of impact-driven by expertise, technology, and sustainability. Fair remuneration, blending fees, and profit-linked commission, now reflect their pivotal role. This timely study unveils evolving patterns, reinforcing their indispensable contribution

#### Shailesh Haribhakti

*Chartered and Cost Accountant, an Internal Auditor and a Certified Financial Planner & Fraud Examiner. He is a Board Chairman, Audit Committee Chair and Independent Director at some of the country's most preeminent organisations. A thought leader on the Indian Economy and Public Policy.*



Independent Directors play a crucial role and contribute significantly to protecting the interests of Stakeholders. They ensure good Governance and Compliance by actively participating and taking due Risks. Remuneration to Independent Directors has to be commensurate with their Contribution and Guidance and has to be revised periodically.

#### Y Vishwanatha Gowd

*He served as the Managing Director and CEO of LIC Housing Finance Limited and was also a Director on the boards of LIC Mutual Fund AMC, LIC HFL Financial Services Limited, LIC HFL AMC Limited, and LIC Care Homes Limited*

### KEY FACTORS SHAPING INDEPENDENT DIRECTORS' REMUNERATION



Remuneration for Independent Directors is influenced by a combination of technical and domain expertise, access to key stakeholders relevant to the enterprise, personal brand value, and the ability to significantly enhance Corporate Governance standards.

#### Nanda Rackanchath

*Former CHRO with Tata companies & Advisor & Mentor on HR & Business Ethics. He is currently an Independent Director with an IPO-bound company - Dorf Ketel*



Remuneration for Independent Directors (IDs) is influenced by several factors and may include company size and reputation, financial performance, how long it has been in existence, multinational or promoter ownership, risk connected with board responsibilities, expertise required, time spent by individual Directors on board work, regulatory framework, industry/peer comparison, and evaluation of an ID's contribution.

#### Sree Patel

*Executive Director - Mondelez International (India); Vice President & Chief Counsel, AMEA at Mondelez International; Independent Director - Greaves Cotton Limited; Hyundai Motors India Limited.*

Note that the highest-paid IDs in the table above reflect the individual fees they received in this financial year from the specific company listed, not a cumulative fee across all companies for which they serve as IDs.

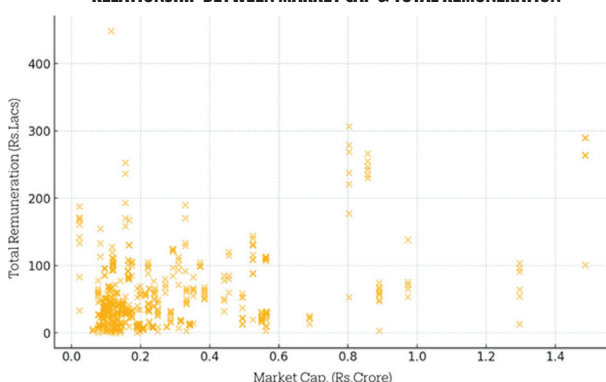
We found that there was a commission component in the remuneration structure of many of the highest-paid Directors in the

country. It is evident that the names on this list command a premium for their stellar track records (key roles in renowned Indian and global companies), deep professional expertise (lawyers, bankers), and specialized knowledge, particularly policy-level expertise and a strong understanding of regulatory frameworks, often seen in former bureaucrats and regulators.

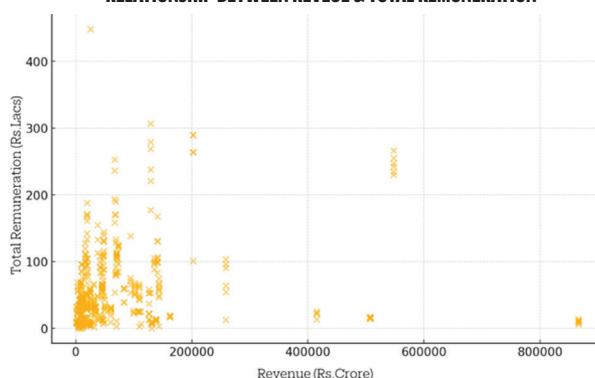
### Pay Consistency: Myths and Realities

A mixed trend emerged when we looked at whether Directors serving on multiple Boards are compensated similarly across the companies. While some individuals had similar packages from all the Boards they served on, there were wide disparities in the compensation structures of other individuals.

RELATIONSHIP BETWEEN MARKET CAP & TOTAL REMUNERATION



RELATIONSHIP BETWEEN REVEUE & TOTAL REMUNERATION



These gaps are likely the result of differences in the level of involvement, time commitment or size and profitability of the companies.

Take the example of an Independent Director who features in the highest-paid list. This person is on the Boards of five NSE ex-100 companies, including one which is in the Nifty100. The remuneration from these companies ranges from Rs7.5 lakhs from a company in the hospitality business to Rs2.07 crore from a fintech organisation. [Also paid Rs82 lakh by an aviation company in the Nifty100, Rs64.3 lakh by a tyre company and Rs20 lakh by an entertainment business.]

The other question we explored was parity among Directors within the same company. Here, we observed significant variation in remuneration. Based on our experience, this is common and often attributed to differences in roles, expectations, and contribution levels.

Remuneration is also influenced by seniority and the professional profile of the Independent Director. When the talent pool is limited—such as when a company seeks individuals with deep regulatory insight or extensive experience navigating policy frameworks—these Directors are often able to command higher compensation.

## Correlation Insights: Market Cap, Revenue and Remuneration

To study the relationship between market capitalisation and remuneration, we calculated correlation coefficient. Interestingly, it came out to a modest 0.39 (with 1 being the perfect correlation). In simple terms, there is only a weak connection between the



financial muscle and performance of a company (in terms of topline and market cap) and its remuneration package for Independent Directors. We found an even weaker relationship between revenue and remuneration with a correlation coefficient of 0.13.

This finding suggests that there may be factors other than financial metrics that cause companies to compensate their Independent Directors handsomely. These could include the complexity of governance in the sector, industry standards and individual expertise.

## Mid-Size and Growth Companies: Our Experience

Drawing from our experience (Vahura OnBoard) of working with numerous companies over the last decade, we wanted to share some insights on remuneration trends in unlisted and private companies. Unlike listed entities, these companies are not constrained by strict regulatory mandates, leading to significant variation in how Independent Directors are compensated. In high-performing sectors, Directors typically earn between Rs20-35 lakhs, reflecting the growing emphasis on governance even among mid-sized, growth-stage firms.

While these companies may not always seek industry veterans or

prominent figures in business, law, or policy, professionals with specialized expertise or unique experience often command higher compensation due to their distinct value.

## The Big Picture

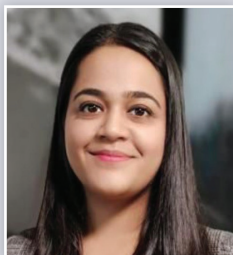
As we decode the remuneration of Independent Directors in India, the narrative that emerges is layered and compelling. The wide disparity in compensation packages between the top companies and others raises some questions about Corporate Governance standards.

Remuneration data can also serve as a mirror to profitability, market maturity and societal progress. With India's economy poised for further growth, the stakes and rewards for those guiding its corporate giants are only expected to rise.

Of course, remuneration is not the only driving factor influencing Independent Directors. The opportunities for peer learning, curiosity about a sunrise sector and embarking on a second innings are also important reasons for experts to choose to sit in the Boardroom. But, as businesses across the country continue to professionalise and dilute promoter-led models, remuneration could often be the touchstone on which top professionals decide which Boards to associate with.

This study goes beyond the numbers to reflect the shifting priorities of India's corporate landscape. As businesses navigate an environment defined by rapid change, uncertainty, and complexity, the compensation of Independent Directors serves as a vital indicator of what we prioritize in our Boardrooms—balancing fairness, accountability, and value creation

### AUTHOR



**Avi Aggarwal** is a managing Consultant at Vahura OnBoard. She is an LLM graduate from the National University of Singapore (NUS), is the operational backbone of OnBoard, specialising in data-driven insights. Avi's deep expertise in headhunting is defined by a relentless pursuit of excellence.

### CO-AUTHOR



**Yatin Shah**, Head of Marketing & Brand Communications at Vahura OnBoard, specialises in management and growth consulting for law firms. A MICA and Mumbai University alumnus, he blends creativity with data-driven strategies to drive business growth.

**Note:** All the comparative numbers are of those Independent Directors whose pay is anything other than Nil.

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