BoardMatters Forum

11 September 2025, Mumbai

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Introduction

On 11 September 2025, EY India organized the BoardMatters Forum (BMF) in Mumbai, following the previous meeting in Delhi in February 2025. The forum witnessed the presence of 24 independent directors and a host of distinguished industry speakers. The forum brought to light several trending issues, while the speakers and independent directors engaged in insightful discussions.

The discussions commenced with a conversation on "AI for boards: Balancing innovation, risk, and responsibility," exploring how directors can balance innovation and responsibility while making sure that growth is pursued without compromising trust or governance. It was followed by a session on "Board excellence through a PE/VC lens: Key expectations and performance drivers" to emphasize the board's role in private equity and venture capital firms. The forum closed with a session on "Decoding recent GST amendments", where not only was the policy update discussed but also how it is expected to impact various sectors and the Indian economy.

While the three sessions had diverse themes, the underlying message was clear: independent directors have a critical role to play, and an effective board is key to success for any business.

AI for boards: Balancing innovation, risk and responsibility

Panelists

Vishal Dhupar
MD (South Asia), NVIDIA

Manish Gupta
Group CIO, Aditya Birla Group

Moderator

Mahesh Makhija
Partner and Technology Consulting Leader, EY India

The evolution of artificial intelligence (AI) has witnessed three distinct waves, each reshaping how businesses think about AI. In 2023, the chatbot revolution introduced ChatGPT, marking a moment when computers demonstrated genuine creativity for the first time. The following year, 2024, brought advances in information retrieval and document processing capabilities. While not yet fully functional, AI systems began to handle bundles of documents and extract meaningful insights from unstructured data. Now, in 2025, it is the era of Agentic AI, where systems can move beyond answering questions to taking autonomous actions. These AI agents represent a fundamental shift in capability, built on four essential pillars: clear goals, sophisticated intelligence, structured processes and comprehensive orchestration.

Three strategic imperatives are driving the current AI transformation, which enterprises must balance: enhancing business competitiveness, achieving sustainability goals and creating societal value. These objectives are no longer contradictory but mutually reinforcing when properly implemented. Companies are witnessing dramatic shifts across their entire value chain, from product development where 50% to 60% of designs are now AI-generated in many cases, a capability that did not exist before, to customer engagement through advanced personalization technologies.

However, as organizations move beyond traditional machine learning to embrace GenAI and now Agentic technologies, they face an unprecedented challenge: managing software systems that possess IQ levels potentially reaching 1,000, far exceeding human cognitive capabilities in certain domains.

This evolution from reactive to proactive AI agents represents a fundamental shift where enterprises must collaborate with intelligent systems that can make autonomous decisions, requiring boards and senior leadership to develop comprehensive strategic frameworks for transformation rather than treating AI as isolated point solutions. The success of this transition depends on creating enterprise-wide collaboration strategies that harness AI's superior analytical capabilities while maintaining human oversight and enabling conditions where the benefits cascade across all stakeholders in the ecosystem.

Boards can evaluate AI projects using three critical criteria: modularity (avoiding monolithic systems due to rapid technological change), enterprise-wide collaboration (enabling agents across departments can communicate through unified platforms) and cost-effectiveness (operational costs should not exceed human equivalents despite 24/7 capabilities). Also, AI will fundamentally reshape employment rather than eliminate it.

While some jobs will be completely replaced and all jobs will change, the shift creates new specialist roles in AI factory operations built on re-architected systems. The key lies in recognizing intelligence as a tradeable unit of value and developing unique capabilities that can be exchanged in new economic models. There is a unique opportunity for India, which can stem from democratizing computer programming, where previously 1% of the population created global impact through coding; now 99% can teach computers in their native languages.

But the country faces an urgent imperative: current productivity levels remain suboptimal, and if other nations gain AI-driven productivity advantages, it could be a major challenge. The country must accelerate AI adoption to remain competitive while simultaneously promoting innovation that will create entirely new business models and establish India as the global capital of intelligence.

From left to right: Mahesh Makhija, Vishal Dhupar and Manish Gupta

Board excellence through a PE/VC lens: Key expectations and performance drivers

Panelists

Manish Kejriwal
Founder and Managing Partner, Kedaara Capital

Abhay Pandey
General Partner, A91 Partners

Moderator

Vivek Soni
Partner and Private Equity Leader, EY India

Private equity and venture capital investors face unique challenges in evaluating board effectiveness due to their inherent exit pressures and timeline constraints. Unlike permanent shareholders with long horizons, these investors operate within 5- to 10-year windows, creating fundamental alignment issues with management and independent directors.

The most effective boards evolve strategically based on company needs rather than following rigid templates. During the first 100 to 200 days post-investment, investment teams drive board compositions to establish long-term plans and gain management alignment. However, thoughtful companies build boards proactively to address specific business challenges rather than waiting for mandatory requirements.

The approach should involve sequential, purpose-driven appointments. The greatest underappreciated value of board members is often their functional expertise apart from the more widely acknowledged industry knowledge. Companies benefit most from directors with specialized skills in HR, technology and go-to-market strategies. Successful boards continuously adapt their composition as business needs evolve, replacing members whose expertise becomes less relevant with those who can address emerging challenges, whether in new markets, digital transformation or other strategic priorities.

Board members create transformative value through strategic guidance and industry expertise. Additionally, the most impactful contribution often involves operational mentorship, such as a board member functioning as interim CFO, personally engaging major lenders to secure critical financing.

This hands-on approach transcends traditional advisory roles, demonstrating how board engagement can determine company survival and success at pivotal moments.

Independent directors tend to be more effective in strategic matters like mergers and acquisitions. They can provide valuable objective viewpoints because different shareholders often have conflicting perspectives on growth strategies, acquisition targets and value creation. However, regarding exit matters, independent directors often struggle to influence outcomes, particularly when dealing with complex shareholder dynamics and competing interests between early investors seeking exits and founders who may want to continue building the business.

The role of independent directors emerges as especially critical during transition periods. Senior independent directors' soft power approach often proves more effective than formal governance mechanisms in resolving disputes and guiding strategic decisions. They can add value to private equity-backed companies by not focusing solely on governance compliance or financial oversight but as counselors who can help navigate complex stakeholder relationships and provide perspective during challenging strategic decisions. Their value lies not just in their expertise but also in their ability to maintain objectivity and represent the interests of all shareholders, particularly when different investor groups have conflicting priorities and timelines.

Independent directors must navigate complex relationships, be able to engage in high-conflict boardroom discussions while maintaining personal relationships outside. Their primary value lies in providing different perspectives from management and investors. The aim should ultimately be to do what is right for the company.

From left to right: Vivek Soni, Manish Kejriwal and Abhay Pandey

Decoding recent GST amendments

Panelists

Uday Pimprikar

Partner and Indirect Tax Leader, EY India

Discussing the major Goods and Services Tax (GST) rate rationalization in India, the speaker described it as "genuinely massive." The reform represents the second significant rate restructuring, far exceeding the scope of the previous 2017 changes that affected only 200 tariff lines. This time, the government has addressed approximately 420 to 425 tariff lines, with all food products being moved to a 5% tax rate. The revenue implications are substantial, with the government estimating an annual revenue loss of INR48,000 crore, indicating a significant fiscal sacrifice by the government to achieve rate rationalization.

The changes have created mixed impacts across different sectors. The FMCG sector stands to benefit from the rate reduction from 18% to 5%, with CEOs expressing optimism about a net benefit of 9% to 10% that should spur growth. The automobile sector is also expected to benefit in the long run, despite some immediate compensation-related issues. However, the services sector faces challenges, with logistics and hospitality experiencing tax rate increases that could negatively impact these industries.

Uday Pimprikar sharing insights with independent directors

A major structural issue has emerged around tax credit inversions, where companies now face situations in which their input tax credits exceed their output tax liabilities. This particularly affects government incentive schemes that are linked to GST payments, as many of these programs calculate benefits based on net GST paid. It is anticipated that a major rework will be needed to realign raw material tax rates with output taxes and renegotiate incentive structures, particularly at the state government level, to address these inversion problems.

Regarding the incentives issue, it will require separate negotiations outside the GST Council's purview. Companies need to discuss individually with relevant ministries, state industries departments for state incentives and central agencies for federal programs.

Also, the anti-profiteering provisions create an interesting dynamic. While GST law mandates that rate reduction benefits must be passed to consumers, the government suspended anti-profiteering investigations from April 2025. Officials cite the limited impact of previous investigations, suggesting they do not plan to reinstate these measures. However, some left-leaning states are pushing for reinstatement, creating uncertainty for businesses.

The GST rate rationalization represents a bold fiscal reform that prioritizes long-term economic growth over immediate revenue. While creating significant benefits for FMCG and automobile sectors, it introduces complex challenges around credit inversions, incentive restructuring and sectoral disparities that will require careful management and ongoing adjustments to realize its full potential.

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