CORPORATE GOVERNANCE STANDARDS UNDER SEBI REGULATIONS

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ABSTRACT

Corporate governance has emerged as a cornerstone for ensuring transparency, accountability, ethical business conduct, and long-term sustainability in India's vibrant capital markets. This research paper offers a detailed and critical examination of the corporate governance standards prescribed by the Securities and Exchange Board of India (SEBI) primarily through Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). The study meticulously traces the historical evolution of India's corporate governance framework from the recommendations of the Kumar Mangalam Birla Committee in 1999 to the landmark LODR Regulations and the series of progressive amendments introduced between 2024 and 2026.

Key focus areas include board composition and diversity, role and independence of directors, functioning of mandatory board committees, stringent norms governing Related Party Transactions (with recent turnover-linked materiality thresholds introduced in November 2025 via new Schedule XII), enhanced disclosure and transparency requirements, whistle-blower mechanisms, and the integration of ESG parameters through the Business Responsibility and Sustainability Reporting (BRSR) and BRSR Core framework. The paper also analyses the evolving regulatory regime for High Value Debt Listed Entities (HVDLEs) following the restructuring and relaxations notified in January 2026, including the revised threshold of ₹5,000 crore for outstanding listed non-convertible debt securities and alignment of governance norms with equity-listed entities.

Adopting a doctrinal, analytical, and comparative research methodology, this study evaluates the effectiveness of SEBI's enforcement mechanisms, compliance trends among listed entities (BSE 100 vs. BSE 500), persistent challenges faced by family-run businesses, PSUs, SMEs, and smaller listed companies, as well as the alignment of Indian standards with global benchmarks such as the OECD Principles of Corporate Governance. It further incorporates recent case studies of governance failures and best practices to provide practical insights.

The paper concludes that while SEBI has significantly strengthened the corporate governance ecosystem through recent reforms such as integrated filings, secretarial audit enhancements, and BRSR Core assurance requirements (phased expansion to top 1,000 listed entities by FY 2026-27), a noticeable gap persists between regulatory prescriptions and actual boardroom practices. It offers targeted policy recommendations for SEBI, practical suggestions for listed companies, and potential regulatory reforms to foster a more robust, principle-based governance culture that can further enhance investor confidence and market integrity in India.

Keywords: Corporate Governance, SEBI LODR Regulations, Independent Directors, Board Committees, Related Party Transactions, Turnover-Linked Materiality, BRSR Core, ESG Disclosures, HVDLEs, Listed Entities, Regulatory Compliance, India.

1. INTRODUCTION

1.1 Background and Conceptual Overview of Corporate Governance

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It encompasses the mechanisms through which companies, and those in control, are held accountable to their stakeholders. ***The Cadbury Committee (1992) famously defined it as "the system by which businesses are directed and controlled," a definition that remains foundational***. At its core, corporate governance seeks to balance the interests of a company's many stakeholders—shareholders, management, customers, suppliers, financiers, government, and the community at large—while promoting transparency, accountability, ethical conduct, and long-term sustainability.

In an era of globalised capital markets, strong corporate governance is no longer a mere compliance exercise; it has become a strategic imperative that directly influences investor confidence, access to capital, firm valuation, and market integrity. Weak governance structures have repeatedly led to monumental corporate scandals (Enron, WorldCom, Satyam, IL&FS), eroding public trust and triggering systemic risks. Conversely, companies with robust governance practices consistently demonstrate superior financial performance, lower cost of capital, and greater resilience during economic downturns.

1.2 Historical Evolution of Corporate Governance Framework in India

India's journey in corporate governance began in earnest after the economic liberalisation of

1991. The first formal step was the constitution of the Kumar Mangalam Birla Committee in 1999, whose recommendations led to the ***insertion of Clause 49 in the Listing Agreement in 2000***. This was followed by the Naresh Chandra Committee (2002) on corporate audit and governance and the Narayan Murthy Committee (2003), which further strengthened independent director norms and audit processes.

The Companies Act, 2013, marked a paradigm shift by codifying several governance principles for all companies. However, for listed entities, the Securities and Exchange Board of India (SEBI) assumed the primary regulatory role. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) consolidated and replaced the earlier Listing Agreement, bringing all governance norms under a single, enforceable regulatory framework. Since 2015, SEBI has continuously refined these standards through more than two dozen amendments, with particularly significant changes occurring between 2024 and 2026.

1.3 Role of SEBI as the Primary Regulator for Listed Entities

Established in 1988 and granted statutory powers under the SEBI Act, 1992, SEBI is the apex regulator of the Indian securities market. For listed companies, SEBI's mandate under Section 11 of the SEBI Act includes protecting investors' interests, promoting the development of the securities market, and regulating the market. Chapter IV of the LODR Regulations exclusively deals with corporate governance obligations of listed entities. SEBI's regulatory philosophy has evolved from a ***"comply-or-explain"*** approach to a more principle-based yet strictly enforced regime, supplemented by detailed disclosure requirements and stringent penalties.

1.4 Statement of the Problem

Despite progressive regulatory reforms, a noticeable gap persists between regulatory prescriptions and actual boardroom practices in many Indian listed companies. Family-run enterprises, public sector undertakings (PSUs), and small and medium listed entities continue to face challenges in achieving genuine board independence, timely disclosures, and effective risk oversight. Recent high-profile governance lapses, coupled with increasing complexity in Related Party Transactions (RPTs), ESG expectations, and technology-driven disruptions, have raised concerns about the effectiveness of the existing framework***. Furthermore, while SEBI has introduced turnover-linked materiality thresholds for RPTs (November 2025) and restructured the High Value Debt Listed Entities (HVDLE) regime (January 2026),*** the

practical impact of these changes on compliance culture and investor protection remains under-studied.

1.5 Research Objectives

The present study is guided by the following objectives:

To critically examine the corporate governance standards prescribed under SEBI's LODR Regulations, with special reference to Chapter IV and recent amendments (2024–2026).

To analyse the compliance trends, enforcement mechanisms, and effectiveness of key governance institutions such as independent directors, board committees, and disclosure norms.

To identify implementation challenges faced by different categories of listed entities (BSE 100, BSE 500, SMEs, PSUs, and family-run companies).

To evaluate the alignment of Indian corporate governance standards with international benchmarks (OECD Principles, G20 recommendations).

To offer actionable policy recommendations for SEBI and practical suggestions for listed companies to bridge the gap between form and substance of governance.

1.6 Research Questions

The study seeks to answer the following research questions:

How have SEBI's corporate governance norms evolved since the LODR Regulations, 2015, and what has been the impact of the 2025–2026 amendments?

To what extent do mandatory board composition and committee requirements translate into effective oversight and decision-making?

What are the major compliance gaps and enforcement challenges in the Indian listed ecosystem?

How far have Indian standards converged with global best practices, particularly in areas of ESG disclosure and RPT regulation?

What regulatory and corporate-level reforms are required to foster a more robust, principle-based governance culture?

1.7 Scope and Limitations of the Study

The scope of the study is confined to corporate governance standards applicable to listed entities under SEBI regulations, with primary focus on equity-listed companies and HVDLEs. While references are made to the Companies Act, 2013, the research does not delve into governance norms for unlisted public or private companies. The study relies on secondary data and doctrinal analysis; primary empirical data collection (surveys/interviews) was beyond the scope due to time and resource constraints. The analysis reflects the regulatory position as on April 2026.

1.8 Research Methodology

The research adopts a doctrinal and analytical approach, supplemented by a comparative method. Primary sources include the SEBI Act, 1992, LODR Regulations, 2015 (as amended), Companies Act, 2013, relevant SEBI circulars, master circulars, and adjudication orders. Secondary sources comprise committee reports, academic journals, reports of industry bodies (CII, FICCI, ASSOCHAM), and empirical studies on governance and firm performance. Comparative analysis is undertaken with the UK Corporate Governance Code and OECD Principles. The study also incorporates case-study method for select governance failures and best practices.

1.9 Chapterisation Scheme

The research paper is organised into nine chapters. Chapter 1 provides the introduction. Chapter 2 discusses theoretical foundations and legal framework. Chapter 3 outlines SEBI's regulatory architecture. Chapter 4 analyses core governance standards. Chapter 5 examines compliance and enforcement mechanisms. Chapter 6 presents empirical analysis and case studies. Chapter 7 highlights challenges and recent developments. Chapter 8 offers recommendations, while Chapter 9 concludes the study.

2. THEORETICAL AND LEGAL FOUNDATIONS OF CORPORATE GOVERNANCE

2.1 Theories of Corporate Governance

Corporate governance is underpinned by several foundational theories that explain the

relationships between owners, managers, and other stakeholders. The most prominent is the **Agency Theory**, propounded by Jensen and Meckling (1976). It highlights the inherent conflict of interest arising from the separation of ownership (principals/shareholders) and control (agents/managers). Managers may pursue personal goals at the expense of shareholders, leading to agency costs. Corporate governance mechanisms—such as independent directors, board oversight, executive compensation, and disclosure norms—serve as tools to minimise these costs and align interests.

In contrast, ***Stewardship Theory*** (Davis, Schoorman & Donaldson, 1997) posits that managers are intrinsically motivated to act as stewards of the organisation's resources. It rejects the self-interested assumption of agency theory and emphasises trust, empowerment, and intrinsic motivation. This theory supports a less prescriptive, more collaborative board-management relationship.

Stakeholder Theory (Freeman, 1984) broadens the governance perspective beyond shareholders to include employees, customers, suppliers, communities, and the environment. It advocates that companies must create value for all stakeholders, a view that has gained traction with the rise of ESG (Environmental, Social and Governance) considerations. Other notable theories include ***Resource Dependence Theory*** (Pfeffer & Salancik, 1978), which focuses on the board's role in securing external resources, and ***Transaction Cost Theory***, which explains governance structures as mechanisms to reduce costs in economic exchanges.

These theories collectively inform the design of regulatory frameworks: agency theory drives mandatory independent directors and audit committees, while stakeholder theory underpins modern sustainability reporting obligations.

2.2 International Benchmarks

Globally, corporate governance standards have evolved through influential codes and statutes that serve as reference points for national regulators.

The ***G20/OECD Principles of Corporate Governance*** (revised in 2023) remain the globally accepted benchmark. The 2023 edition emphasizes the importance of high-quality governance for capital-market development, investor protection, and sustainable growth. Key pillars include ensuring a sound regulatory framework, protecting shareholder rights, equitable

treatment of shareholders, the role of institutional investors, disclosure and transparency, and board responsibilities. The OECD Corporate Governance Factbook 2025 further provides comparative data across 52 jurisdictions, highlighting trends in board independence, gender diversity, and ESG integration.

The ***UK Corporate Governance Code 2024*** (effective for financial years beginning on or after 1 January 2025, with Provision 29 on internal controls and risk management applicable from 1 January 2026) operates on a ***"comply-or-explain"*** basis. It places strong emphasis on board leadership, division of responsibilities, composition and succession planning, audit, risk and internal control, and remuneration. Provision 29 requires boards to make a statement on the effectiveness of the company's internal controls, reflecting lessons from past governance failures.

The ***Sarbanes-Oxley Act, 2002 (SOX***) of the United States was a landmark response to the Enron and WorldCom scandals. It introduced stringent requirements for financial reporting, internal controls (Section 404), CEO/CFO certification, independent audit committees, and whistle-blower protection. SOX significantly influenced global norms by elevating the role of independent directors, strengthening auditor independence, and imposing personal liability on top executives—principles later mirrored in many emerging markets, including India.

2.3 Corporate Governance in the Indian Context – Pre- and Post-Liberalizatio Era

Prior to economic liberalization in 1991, corporate governance in India was largely governed by the Companies Act, 1956, which focused on basic compliance, disclosure, and shareholder rights but lacked specific mechanisms for board independence or transparency. Family-owned businesses dominated, and the concept of professionalized governance was virtually absent. The Confederation of Indian Industry (CII) issued India's first voluntary code in 1998, marking the beginning of self-regulation.

The post-liberalization era witnessed a paradigm shift. In 1999, SEBI constituted the ***Kumar Mangalam Birla Committee***, whose recommendations led to the insertion of Clause 49 in the Equity Listing Agreement in 2000 (mandatory for listed companies from 2001). This was India's first formal corporate governance code for listed entities. Subsequent committees—the Naresh Chandra Committee (2002) on corporate audit and governance and the Narayan Murthy Committee (2003) on audit and corporate governance—further refined norms relating to

independent directors, audit committees, and disclosures.

Major corporate scandals (Satyam in 2009, IL&FS in 2018) accelerated reforms. The Companies Act, 2013, codified several governance principles for all companies, while the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) consolidated and strengthened listing norms exclusively for listed entities. The period 2015–2026 has seen continuous evolution through amendments focusing on board diversity, related-party transaction (RPT) oversight, ESG disclosures via Business Responsibility and Sustainability Reporting (BRSR), and enhanced enforcement.

2.4 Interface between Companies Act, 2013 and SEBI Regulations

The Companies Act, 2013, provides the foundational legal framework for all companies in India, while SEBI LODR Regulations, 2015, impose additional, stricter obligations on listed entities to protect public investors. Key areas of overlap and divergence include:

- **Board Composition and Independent Directors**: Both require independent directors, but LODR mandates higher thresholds (at least one-third independent directors for listed entities, with specific definitions and cooling-off periods stricter than Section 149 of the Companies Act).

- **Board Committees**: Mandatory committees under the Companies Act (Audit Committee under Section 177, Nomination and Remuneration Committee and Stakeholders Relationship Committee under Section 178) are aligned with, but expanded by, LODR (additional Risk Management Committee for top 1,000 listed entities).

- **Related Party Transactions**: Section 188 of the Companies Act requires approvals, but LODR Regulation 23 imposes more stringent materiality thresholds, arm's-length pricing, and disclosure requirements (including the November 2025 turnover-linked materiality amendments).

- **Disclosures and Reporting**: LODR requires quarterly corporate governance compliance reports, CEO/CFO certifications, and secretarial audits, which go beyond the Companies Act's annual filing requirements.

In case of any conflict, SEBI regulations prevail for listed entities (as clarified in multiple SEBI

circulars and judicial pronouncements). This dual regulatory structure creates a layered compliance framework: the Companies Act sets the baseline, while SEBI ensures higher standards of transparency and accountability for entities accessing public capital.

The interplay reflects India's hybrid approach—rule-based (Companies Act) combined with market-driven, principle-based regulation (SEBI LODR)—aimed at fostering a robust governance ecosystem while remaining sensitive to the needs of a developing economy.

3. SEBI'S REGULATORY ARCHITECTURE FOR CORPORATE GOVERNANCE

3.1 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Chapter IV (Corporate Governance) – An Overview

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations), notified on 2 September 2015 and effective from 1 December 2015, represent a landmark consolidation of all listing-related obligations previously scattered across multiple agreements and circulars. Chapter IV of the LODR Regulations (Regulations 17 to 27, read with Regulation 46 and Schedule V) forms the cornerstone of corporate governance norms exclusively for listed entities.

Regulation 4(2) lays down the foundational principles that must guide the implementation of these provisions: rights of shareholders, timely information, equitable treatment, role of stakeholders, disclosure and transparency, and responsibilities of the board. Regulation 15(1) mandates that the provisions of Chapter IV apply to every listed entity that has listed its specified securities (equity shares, convertible securities, etc.) on any recognised stock exchange, whether on the Main Board, SME Exchange, or Innovators Growth Platform.

The core architecture under Chapter IV includes:

Board of Directors (Regulation 17): Optimum combination of executive and non-executive directors, at least one woman director, and minimum independent directors.

Board Committees (Regulations 18–22): Mandatory Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, and Risk Management Committee (for top 1,000 listed entities by market capitalisation).

Independent Directors (Regulation 16, 17, 25): Stringent definition, tenure, roles, and performance evaluation.

Related Party Transactions (RPTs) (Regulation 23): Prior approval mechanisms and disclosures.

Disclosures and Transparency (Regulation 46 and Schedule V): Corporate governance report, website disclosures, and CEO/CFO certification.

Code of Conduct and Vigil Mechanism (Regulation 26): Code for board and senior management, and whistle-blower policy.

Regulation 27(2) requires quarterly compliance reports on corporate governance (now integrated into the Integrated Filing (Governance) format pursuant to the December 2024 circular).

3.2 Key Amendments to LODR Regulations (2018–2025)

SEBI has adopted a dynamic approach, amending the LODR Regulations more than two dozen times between 2018 and 2025 to strengthen governance, ease compliance, and align with emerging needs.

Major milestones include:

2018–2020 Amendments: Introduction of minimum six directors for top 1,000 listed entities, enhanced role of independent directors, and stricter RPT norms.

2021–2023 Amendments: Mandatory Business Responsibility and Sustainability Reporting (BRSR) for top 1,000 listed entities; alignment with Companies Act, 2013; and introduction of corporate governance norms for High Value Debt Listed Entities (HVDLEs) on a "comply-or-explain" basis initially.

December 2024 Amendments (Third Amendment Regulations, 2024): Integrated Filing (Governance), mandatory peer-reviewed secretarial audits (effective April 2025), and simplified compliance for certain disclosures.

March 2025 Amendments: Introduction of a dedicated Chapter VA for corporate governance

norms applicable to entities that have listed only non-convertible debt securities (NCDs); initial threshold for HVDLE classification revised to ₹1,000 crore outstanding listed NCDs; and BRSR framework revamp with phased assurance requirements.

November 2025 Amendments: Landmark introduction of scale-based, turnover-linked materiality thresholds for Related Party Transactions under a new Schedule XII. This replaced the earlier fixed 10% turnover threshold with a slab-based system (e.g., lower thresholds for smaller entities), aiming to balance investor protection with operational flexibility for SMEs and mid-sized listed companies.

These amendments reflect SEBI's shift towards a more principle-based yet enforceable regime, with increased focus on ESG integration, digital filings, and reduction of compliance burden for smaller entities.

3.3 Applicability – Listed Entities, High-Value Debt Listed Entities, and Other Specified Entities

Equity-Listed Entities: Full Chapter IV (Regulations 17–27) applies mandatorily to all entities with listed specified securities, subject to size-based carve-outs for SMEs and certain debt-listed entities.

High Value Debt Listed Entities (HVDLEs): Originally introduced in 2021 with a ₹500 crore threshold for outstanding listed NCDs. Following the March 2025 amendments (Chapter VA introduced), the threshold was raised to ₹1,000 crore. The January 2026 LODR (Amendment) Regulations further restructured the framework by increasing the threshold to ₹5,000 crore outstanding listed non-convertible debt securities. Entities crossing this threshold must comply with harmonised governance norms (aligned with equity-listed entities) within six months. A sunset clause was also introduced: if the outstanding NCD value remains below the threshold for three consecutive financial years, the entity ceases to be classified as an HVDLE. Entities with both equity and debt listed continue to follow the standard Chapter IV regime.

SME and Innovators Growth Platform Entities: Partial exemptions from certain governance provisions (e.g., no mandatory Risk Management Committee) to ease compliance burden.

Other Specified Entities: Foreign-listed Indian companies (Regulation 72) must submit comparative governance analysis; debt-listed entities below HVDLE threshold follow basic

disclosure norms.

Regulation 15(2) and the Master Circular (updated January 2026) provide detailed guidance on applicability and transition timelines.

3.4 SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 – Governance Linkages

Corporate governance under LODR does not operate in isolation. It is interlinked with two other key SEBI regulations:

SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations): Regulation 9 of LODR requires listed entities to formulate a Code of Conduct for prevention of insider trading, aligned with PIT Regulations. Regulation 26 of LODR mandates that the board and senior management affirm compliance with this code. The PIT framework strengthens board oversight through structured digital disclosures (SDD), UPSI identification, and trading window restrictions—directly supporting the transparency objectives of Chapter IV.

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations): Open offer obligations, disclosure of shareholding patterns (Regulation 30 of LODR), and special rights granted to shareholders (amended disclosure norms) are integral to governance. Regulation 26 of LODR further requires promoters and promoter groups to ensure compliance with SAST and PIT provisions. These linkages prevent abusive self-dealing and protect minority shareholders during control changes.

The interplay ensures that governance norms are not merely procedural but form a cohesive ecosystem protecting market integrity and investor interests.

In essence, SEBI's regulatory architecture under the LODR Regulations has evolved into a robust, multi-layered framework that balances mandatory rules with principle-based flexibility, while continuously adapting to market realities through targeted amendments.

CORE CORPORATE GOVERNANCE STANDARDS UNDER SEBI REGULATIONS

4.1 Board of Directors – Composition, Independence and Board Diversity

Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015 (LODR) constitutes the bedrock of board-level governance for listed entities. The board must comprise an optimum combination of executive and non-executive directors with at least one woman director (Regulation 17(1)(a)). For entities where the chairperson is non-executive, at least one-third of the board must comprise independent directors; where the chairperson is executive, at least half the board must be independent directors. Top 1,000 listed entities (by market capitalisation) are additionally required to have a minimum of six directors (Regulation 17(1)(c)).

Board diversity has been elevated beyond gender. Listed entities must disclose a skills/expertise/competencies matrix in the corporate governance report (Schedule V, Part C), mapping directors' qualifications against strategic areas such as finance, technology, ESG, and risk management. The January 2026 amendments further strengthened diversity expectations by requiring progressive disclosure of board diversity policy parameters (including age, ethnicity, and professional background) in the annual report.

4.2 Independent Directors – Appointment, Qualifications, Tenure, and Role

The definition of an Independent Director under Regulation 16(1)(b) is stringent and excludes any material pecuniary relationship (beyond sitting fees), relationship with promoters, or conflict of interest. Regulation 17(1A) mandates specific shareholder approval by special resolution for the appointment or continuation of any independent director who has attained the age of 75 years.

Appointment and re-appointment are governed by a maximum tenure of two consecutive terms of five years each, followed by a mandatory three-year cooling-off period (Regulation 25(1) & 25(2)). Independent directors must undertake a formal induction programme and are required to hold at least one separate meeting every financial year without non-independent directors or management present (Regulation 25(3)) to evaluate the performance of non-independent directors, the board as a whole, and the chairperson.

Their role is fiduciary and advisory. They must safeguard the interests of all stakeholders, particularly minority shareholders, and provide objective judgement on matters of strategy, performance, risk management, and conflicts of interest (Regulation 25(4) read with Schedule IV of the Companies Act, 2013, which is also applicable).

4.3 Board Committees (Mandatory & Discretionary)

SEBI has mandated four core committees while allowing discretionary ones based on business needs.

4.3.1 Audit Committee

Regulation 18 requires every listed entity to constitute an Audit Committee with a minimum of three directors, of which two-thirds must be independent directors and the chairperson must be an independent director (who is also financially literate). The committee's role includes oversight of financial reporting, recommendation of appointment of auditors, review of quarterly and annual financial statements, approval of related party transactions, evaluation of internal financial controls, and review of whistle-blower mechanisms. The committee must meet at least four times a year with a gap of not more than 120 days between meetings.

4.3.2 Nomination and Remuneration Committee (NRC)

Under Regulation 19, the NRC must comprise at least three non-executive directors, the majority of whom (including the chairperson) must be independent. The committee formulates criteria for determining qualifications, positive attributes and independence of directors, recommends a remuneration policy for directors, key managerial personnel and senior management, and carries out performance evaluation of the board and individual directors.

4.3.3 Stakeholders Relationship Committee (SRC)

Regulation 20 mandates the SRC for entities with more than 1,000 shareholders, debenture-holders, deposit-holders, or any other security holders. It comprises at least three directors, with at least one being independent. The committee resolves grievances of security holders, reviews measures taken for effective exercise of voting rights, and oversees adherence to service standards adopted by the listed entity and the Registrar & Share Transfer Agent.

4.3.4 Risk Management Committee (RMC)

Regulation 21 applies mandatorily to the top 1,000 listed entities by market capitalization (and voluntarily to others). The committee must have a minimum of three members, with at least half being board members (including at least one independent director). Its role encompasses

framing, implementing, and monitoring the risk management plan, cyber security, and assessment of ESG-related risks.

4.3.5 Corporate Social Responsibility Committee (overlap with Companies Act)

While the CSR Committee is primarily mandated under Section 135 of the Companies Act, 2013 for eligible companies, listed entities align its functioning with LODR disclosure requirements. The committee formulates and recommends the CSR policy, monitors implementation, and reports annually. SEBI has integrated ESG elements of CSR into the BRSR framework, creating a seamless overlap.

4.4 Related Party Transactions (RPTs) – Approval, Disclosure and Arm's Length Pricing

Regulation 23 is one of the most dynamic provisions. All RPTs require prior approval of the Audit Committee. Material RPTs (those exceeding prescribed thresholds) additionally require shareholder approval by ordinary resolution, with related parties abstaining from voting.

The November 2025 amendments introduced a new Schedule XII containing scale-based, turnover-linked materiality thresholds, replacing the earlier uniform 10% of turnover or ₹10 crore criterion. The new slabs provide graduated thresholds (lower for smaller entities), aiming to reduce compliance burden on SMEs while maintaining investor protection. All RPTs must be at arm's length and in the ordinary course of business. Omnibus approvals are permitted subject to conditions. Detailed disclosures are required in Form AOC-2 (Companies Act) as well as in the corporate governance report and annual report.

4.5 Disclosure and Transparency Requirements (Financial & Non-Financial)

Regulation 46 and Part C of Schedule V mandate comprehensive disclosures. Listed entities must publish a detailed Corporate Governance Report as part of the annual report, containing information on board composition, committee memberships, attendance, remuneration paid, and governance philosophy.

Quarterly compliance reports (now integrated via the Integrated Filing (Governance) system since December 2024) are submitted to stock exchanges. Non-financial disclosures have been significantly strengthened through the Business Responsibility and Sustainability Reporting (BRSR) framework. Top 1,000 listed entities must file BRSR annually, with BRSR Core

(limited assurance on key ESG metrics) being phased in from FY 2025-26 onwards as per the March 2025 and subsequent circulars. Website disclosures (Regulation 46(2)) include terms of appointment of independent directors, familiarization programs, and policies on materiality of RPTs, among others.

4.6 Code of Conduct, Vigil Mechanism (Whistle-Blower Policy) and Insider Trading Code

Regulation 26(3) requires the board to lay down a Code of Conduct for all board members and senior management, with affirmation of compliance obtained annually. Regulation 22 mandates a vigil mechanism (Whistle-Blower Policy) for directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud, or violation of the code. The policy must provide for direct access to the chairperson of the Audit Committee in exceptional cases and prohibit victimization.

The entity must also formulate a Code of Conduct to Regulate, Monitor and Report Trading by Insiders, aligned with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (Regulation 9 of LODR read with PIT Regulations).

4.7 CEO/CFO Certification, Annual Compliance Certificate and Secretarial Audit

Regulation 17(8) requires the Chief Executive Officer and Chief Financial Officer to jointly certify to the board (in the format prescribed in Part B of Schedule II) that the financial statements present a true and fair view, there are no fraudulent transactions, and internal controls are adequate.

A Practising Company Secretary issues an Annual Compliance Certificate (Regulation 24A) confirming compliance with corporate governance conditions, which forms part of the annual report. Secretarial Audit (mandatory for all listed entities under Section 204 of the Companies Act read with LODR) and the Peer Review requirements introduced in December 2024 further strengthen the assurance framework.

These core standards collectively create a robust, multi-layered governance architecture that balances compliance with substantive board effectiveness and stakeholder protection.

5. COMPLIANCE, MONITORING AND ENFORCEMENT MECHANISM

5.1 Corporate Governance Compliance Reporting (Quarterly, Annual)

Effective compliance monitoring under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) is facilitated through structured, periodic reporting obligations that enable stock exchanges and SEBI to oversee adherence to Chapter IV provisions in real time. Regulation 27(2) mandates that every listed entity submit a quarterly compliance report on corporate governance to the recognised stock exchange(s) in the format specified by SEBI from time to time.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 and the consequential Master Circular dated 3 February 2026 (updating the earlier Master Circular of 11 November 2024), the quarterly corporate governance compliance report has been subsumed into the Integrated Filing (Governance) system introduced vide Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated 31 December 2024. This integrated filing, to be submitted within 30 days from the end of each quarter, consolidates multiple governance-related disclosures (including board composition, committee details, related party transactions, investor grievance redressal, and compliance affirmations) into a single, streamlined digital format. Annual compliance reporting continues through the detailed Corporate Governance Report forming part of the Annual Report (Part C of Schedule V), which must be submitted within the timelines prescribed under Regulation 34.

Entities not covered under full Chapter IV applicability (e.g., certain SME or debt-listed entities below the HVDLE threshold) are required to file a simple declaration of non-applicability at the beginning of every financial year, duly certified by the Compliance Officer or CEO along with a certificate from a Practising Company Secretary (PCS) or Practising Chartered Accountant.

5.2 Role of Practising Company Secretaries and Statutory Auditors

Practising Company Secretaries (PCS) and Statutory Auditors play a pivotal role in the external assurance and monitoring ecosystem established under LODR.

Practising Company Secretaries: Regulation 24A mandates that every listed entity annex a Secretarial Audit Report (issued by a PCS) to its Annual Report. The Secretarial Audit covers

compliance with the Companies Act, 2013, LODR Regulations, and other applicable SEBI regulations. Pursuant to the December 2024 amendments, secretarial audits for listed entities and their material subsidiaries must be conducted by peer-reviewed PCS (effective from April 2025). Additionally, PCS issue the Annual Compliance Certificate confirming adherence to corporate governance conditions, which forms an integral part of the Annual Report. PCS also certify the Integrated Filing (Governance) submissions where required.

Statutory Auditors: While primarily responsible for financial statement audit under the Companies Act, 2013 and LODR, statutory auditors play an enhanced monitoring role through review of internal financial controls (Regulation 18), quarterly limited reviews, and certification of CEO/CFO statements under Regulation 17(8). Auditors are required to report on compliance with corporate governance requirements in the Auditors' Report (under Section 143(3) of the Companies Act read with Schedule VI of LODR). The independence of statutory auditors is further safeguarded through rotation norms and restrictions on non-audit services.

This dual assurance mechanism—PCS for secretarial and governance compliance, auditors for financial integrity—creates a robust third-party oversight layer.

5.3 SEBI's Enforcement Powers and Penalties under LODR and SEBI Act, 1992

SEBI derives its enforcement powers from the SEBI Act, 1992 and the LODR Regulations. Under Section 11 and 11B of the SEBI Act, SEBI can issue directions, conduct inquiries, and impose penalties for violations. Specific monetary penalties for LODR contraventions are prescribed under Sections 15A to 15HB of the SEBI Act. Violations of corporate governance norms (e.g., board composition under Regulation 17, RPT approvals under Regulation 23, or disclosure failures under Regulation 30/46) typically attract penalties under Section 15HB (residual penalty provision) of up to ₹1 crore per violation, in addition to exchange-imposed fines under the Standard Operating Procedure (SOP) for non-compliance.

Stock exchanges also impose structured fines under SEBI's SOP framework (updated in the 2026 Master Circular) for delayed or non-submission of reports, board composition lapses, or committee non-constitution. Repeated violations may lead to suspension of trading or other market sanctions.

5.4 Adjudication, Settlement and Appeal Process

Adjudication proceedings are governed by the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995. Upon detection of violation (through exchange reports, whistle-blower complaints, or SEBI's surveillance), a Show Cause Notice is issued. The Adjudicating Officer (usually a Whole Time Member or designated officer) grants an opportunity of hearing before passing a reasoned order imposing penalty or other directions.

Listed entities may opt for settlement under the SEBI (Settlement Proceedings) Regulations, 2018 (as amended). Settlement is available for non-serious violations upon payment of a settlement amount and undertaking remedial measures, subject to approval by the High-Powered Advisory Committee and SEBI's Panel of Whole Time Members.

Aggrieved parties may appeal the adjudication order to the Securities Appellate Tribunal (SAT) within 45 days under Section 15T of the SEBI Act. Further appeals lie to the Supreme Court of India on questions of law.

5.5 Recent Trends in SEBI Adjudication Orders and Penalties (2020–2025)

The period 2020–2025 has witnessed a marked increase in enforcement actions, reflecting SEBI's shift towards stricter deterrence. Adjudication orders and exchange-imposed fines have focused on board composition deficiencies, RPT non-compliance, delayed disclosures, and failure to maintain independent directors.

Notable trends include:

Board Composition and Independent Director Violations: In March 2026, multiple listed entities including State Trading Corporation of India, NTPC Limited, and Gujarat State Petronet Limited were penalised by BSE and NSE (₹10–24 lakh each) for failing to maintain the minimum number of independent directors as required under Regulations 17, 18, 19 and 20. Similar penalties were imposed on several PSUs and mid-cap companies for prolonged vacancies.

Related Party Transactions: Cases such as Karma Energy Ltd. (July 2025) saw penalties of ₹2 lakh for material RPTs without shareholder approval. SEBI has increasingly emphasised aggregation of transactions for materiality testing (as upheld by SAT in Linde India Limited v.

SEBI, December 2025).

Disclosure and Filing Lapses: Adjudication orders in 2025 (e.g., LCC Infotech Ltd. – ₹1 lakh for incorrect shareholding disclosure under Regulation 31; Rama Vision Ltd. – ₹2 lakh for delayed financial results) demonstrate consistent enforcement of the Integrated Filing regime.

Overall Statistics: Between 2020 and 2025, SEBI and exchanges imposed penalties running into hundreds of crores under LODR violations, with a noticeable rise in cases involving governance lapses in family-run and PSU entities. Settlement proceedings have also increased for first-time or technical violations, allowing entities to avoid prolonged litigation while undertaking corrective actions.

These trends indicate SEBI's preference for swift, proportionate penalties combined with technology-enabled monitoring (Integrated Filing and digital surveillance), aiming to move from a "comply-or-explain" to a "comply-and-substantiate" culture.

In summary, the compliance, monitoring, and enforcement mechanism under SEBI regulations has evolved into a multi-layered, technology-driven framework that combines self-reporting, third-party assurance, exchange-level oversight, and SEBI adjudication to ensure substantive governance rather than mere procedural adherence.

CORPORATE GOVERNANCE FAILURES UNDER SEBI REGIME (ILLUSTRATIVE CASES)

Despite the robust regulatory architecture under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), several high-profile governance lapses have occurred between 2023 and 2026, underscoring persistent gaps between regulatory prescriptions and actual implementation.

A prominent recent case is ***Gensol Engineering Limited (2025).*** In April 2025, SEBI issued an interim order highlighting a complete breakdown of internal controls, with promoters allegedly treating the listed entity as a ***"proprietary firm"*** and diverting bank loans through related-party entities for personal use (including luxury purchases). The case involved opaque related-party transactions (RPTs) and fund siphoning estimated at over ***₹148 crore to group entities such as BluSmart, exposing weaknesses in Audit Committee oversight and RPT approval processes***

under Regulation 23. SEBI's action led to significant market value erosion and highlighted the challenges of enforcing arm's-length pricing in promoter-driven companies.

Another illustrative set of cases involves board composition violations in Public Sector Undertakings (PSUs). In March 2026, BSE and NSE imposed penalties ranging from ₹10 lakh to ₹24 lakh on entities such as State Trading Corporation of India (STC), NTPC Limited, and Gujarat State Petronet Limited for failing to maintain the minimum number of independent directors as mandated under Regulations 17, 18, 19, and 20. Prolonged vacancies in independent director positions—often due to delays in government appointments—resulted in non-constitution of mandatory committees, triggering automatic fines and threats of Z-group transfer or trading suspension under SEBI's Standard Operating Procedure.

Additional enforcement actions in 2025–2026 targeted disclosure lapses (Regulation 30) and insider trading code violations, with cases such as Onward Technologies Ltd. facing scrutiny for delayed material event disclosures. These instances demonstrate that while SEBI's Integrated Filing (Governance) system and peer-reviewed secretarial audits have improved detection, enforcement remains reactive in many promoter-controlled or PSU entities.

6.2 Success Stories and Best Practices among Indian Listed Companies

On the positive side, several companies have demonstrated exemplary governance practices, earning recognition through institutional assessments and awards.

The Indian Corporate Governance Scorecard 2025 released by Institutional Investor Advisory Services (IiAS) for BSE 100 constituents showed marked improvement: the median score remained "GOOD" at 61, with the highest score reaching 82. Notably, for the first time in nine years, no company fell into the 'Basic' category (score below 50), reflecting stronger board independence, RPT oversight, and ESG integration. Companies such as Tata Consultancy Services (TCS), HDFC Bank, and ITC Limited consistently feature in the "Leadership" category for transparent disclosures, robust whistle-blower mechanisms, and proactive board evaluations.

The Institute of Company Secretaries of India (ICSI) National Awards for Excellence in Corporate Governance (2025) recognised Indian Hotels Company Ltd. (Large Category), Uno Minda (Medium Category), and Greaves Cotton (Emerging Category) for best practices in

stakeholder engagement, board diversity, and BRSR Core assurance. These firms exemplify effective implementation of the November 2025 turnover-linked RPT materiality thresholds and phased BRSR Core reporting, converting regulatory compliance into competitive advantage through enhanced investor confidence and lower cost of capital.

6.3 Comparative Study: Governance Standards – BSE 100 vs. BSE 500 Companies (Secondary Data Analysis)

Secondary data from IiAS, Russell Reynolds Associates' Board Monitor India 2025, and SEBI's compliance reports reveal a clear size-based disparity in governance quality.

BSE 100 companies (large-caps) exhibit superior compliance: average board size stabilised at 10.2 directors in 2025 (up from 9.8 in 2024), with higher independent director ratios (typically >50% where chairperson is executive) and near-complete gender diversity. Board diversity policies now routinely disclose skills matrices covering ESG and technology competencies. Integrated Filing (Governance) adherence is near 100%, and BRSR Core limited assurance is fully implemented ahead of the FY 2026-27 deadline for top 1,000 entities.

In contrast, BSE 500 companies (including mid-caps) show moderate gaps: board composition compliance stands at ~85–90%, with higher incidence of independent director vacancies and committee non-constitution. Promoter ownership remains elevated (~50.4% as of December 2025), often correlating with weaker minority shareholder protections. RPT disclosures and whistle-blower policy effectiveness are comparatively lower, leading to more frequent exchange-imposed fines.

Russell Reynolds' 2025 analysis confirms that larger entities benefit from greater institutional investor scrutiny and professional board refreshment post the 10-year independent director term limit, while mid-caps lag in strategic board engagement and ESG integration.

6.4 Impact of Corporate Governance on Firm Performance – Evidence from Indian Capital Market

Empirical literature consistently demonstrates a positive relationship between corporate governance quality and firm performance in the Indian context, though the strength varies by ownership structure and firm size.

Recent studies on BSE 500/Nifty 500 companies (2023–2025) using panel data regressions show that higher governance scores (board independence, separation of CEO-chair roles, and audit committee effectiveness) are associated with improved Return on Equity (ROE), Tobin's Q, and stock returns. For instance, firms with stronger independent director presence and lower promoter dominance report 8–12% higher valuation multiples, lower cost of debt, and greater resilience during market downturns. Board network centrality and gender diversity further enhance resource access and risk management, positively impacting performance metrics.

However, the relationship is contingent: in high family-ownership firms (common in BSE 500), excessive board independence can sometimes dilute decision-making speed without commensurate gains. Post-2025 LODR amendments (RPT thresholds and BRSR Core), early evidence indicates that compliant firms experienced positive abnormal returns around announcement dates, suggesting market reward for substantive governance.

Overall, the empirical evidence validates SEBI's regulatory thrust: superior governance correlates with better financial outcomes, reduced agency costs, and enhanced market integrity, though the translation from "form" to "substance" remains an ongoing challenge, particularly outside the BSE 100 universe.

CHALLENGES, EMERGING ISSUES AND RECENT DEVELOPMENTS

7.1 Implementation Challenges for SMEs, PSUs and Family-Run Companies

Despite the progressive strengthening of SEBI's corporate governance framework, implementation remains uneven across different categories of listed entities. Small and Medium Enterprises (SMEs) listed on the SME Exchange or Innovators Growth Platform face significant compliance cost burdens. The mandatory requirements for independent directors, board committees, peer-reviewed secretarial audits (effective April 2025), and BRSR Core filings impose fixed costs that are disproportionately high relative to their turnover and market capitalisation. Many SMEs lack in-house governance professionals, leading to reliance on external consultants and frequent delays in quarterly Integrated Filing (Governance) submissions.

Public Sector Undertakings (PSUs) encounter a unique set of structural challenges. Government nomination processes for independent directors and board positions are often delayed, resulting

in prolonged vacancies. As evidenced by the March 2026 penalties imposed by BSE and NSE on multiple PSUs (including STC, NTPC, and Gujarat State Petronet), non-compliance with board composition norms under Regulations 17–20 continues to attract fines despite repeated SEBI relaxations and reminders. Promoter (government) dominance further dilutes the effectiveness of independent oversight.

Family-run companies, which still constitute a large segment of the BSE 500, struggle with genuine board independence. Promoters often retain significant control through executive chairpersons and related-party networks, making it difficult to achieve substantive arm's-length decision-making even after the November 2025 turnover-linked RPT materiality thresholds under Schedule XII. The 10-year tenure limit for independent directors has helped board refreshment in larger entities but has had limited impact in family-dominated boards where social and relational ties persist.

7.2 Board Effectiveness vs. Compliance Culture

A recurring criticism of the Indian corporate governance regime is the predominance of a "compliance culture" over genuine board effectiveness. Many listed entities treat governance as a box-ticking exercise—filing reports, constituting committees, and obtaining certifications—without fostering meaningful strategic oversight or risk deliberation. Annual board performance evaluations (Regulation 25(4)) are often conducted internally or through group companies, resulting in self-serving assessments rather than objective feedback.

The separation of the roles of Chairperson and Managing Director/CEO (encouraged under Regulation 17(1)(b)) has improved in the top 1,000 listed entities, yet independent directors frequently cite inadequate information flow and time constraints as barriers to effective contribution. Post-pandemic hybrid board meetings have further diluted interpersonal dynamics, leading to what governance experts term "performative compliance." Empirical evidence from the Indian Corporate Governance Scorecard 2025 (IiAS) shows that while structural compliance scores have risen, qualitative indicators of board engagement (strategy sessions, succession planning depth) lag behind.

7.3 Technology, ESG Integration and Climate-Related Disclosures

Technological disruption and ESG expectations have emerged as dual-edged developments. On

the positive side, SEBI's Integrated Filing (Governance) system and mandatory electronic modes of submission have enhanced transparency and reduced paperwork. However, smaller listed entities face challenges in adopting advanced compliance technology (e.g., AI-driven RPT monitoring tools or cybersecurity risk dashboards required under the Risk Management Committee).

ESG integration through the Business Responsibility and Sustainability Reporting (BRSR) framework remains a work-in-progress. While top 1,000 listed entities have transitioned to BRSR Core with limited assurance (phased implementation completed for FY 2025-26), climate-related disclosures are still largely qualitative. Many companies struggle with data collection on Scope 3 emissions, transition risk assessment, and alignment with global standards such as the ISSB or TCFD. The absence of mandatory assurance on full BRSR metrics (beyond BRSR Core) and varying industry preparedness have created uneven reporting quality, raising concerns about greenwashing and investor decision-usefulness.

7.4 Recent SEBI Initiatives (2023–2026) – LODR Amendments, BRSR Core, etc.

SEBI has maintained a reformist momentum between 2023 and 2026. Key initiatives include:

2023–2024: Introduction and refinement of BRSR Core framework; mandatory peer-reviewed secretarial audits; and launch of the Integrated Filing (Governance) system (December 2024).

March 2025: Insertion of Chapter VA for debt-listed entities and initial restructuring of the High Value Debt Listed Entities (HVDLE) regime.

November 2025: Landmark amendment introducing scale-based, turnover-linked materiality thresholds for Related Party Transactions under new Schedule XII, providing graduated relief to smaller entities while tightening scrutiny for larger ones.

January 2026: Final restructuring of HVDLE norms—raising the threshold to ₹5,000 crore outstanding listed non-convertible debt securities, harmonising governance requirements with equity-listed entities, and introducing a three-year sunset clause for de-classification. Additional circulars promoted board diversity disclosures and digital annual reports.

These measures reflect SEBI's twin objectives of easing compliance for smaller entities and enhancing substantive governance and ESG accountability for larger market participants.

7.5 Global Convergence and G20/OECD Alignment

Indian corporate governance standards have progressively converged with global benchmarks. The G20/OECD Principles of Corporate Governance (2023) and the OECD Corporate Governance Factbook 2025 have served as guiding references. SEBI’s emphasis on board independence, shareholder rights, and ESG disclosures closely mirrors the OECD pillars. The BRSR Core framework draws inspiration from international sustainability standards, while the UK Corporate Governance Code 2024’s focus on internal controls (Provision 29) finds resonance in India’s enhanced Risk Management Committee mandate and CEO/CFO certifications.

However, gaps remain in areas such as mandatory climate scenario analysis and greater institutional investor stewardship. India’s hybrid rule-based and principle-based approach continues to evolve, balancing the needs of a developing market with global investor expectations. Full alignment with G20 recommendations on sustainability assurance and board diversity metrics is expected to remain a priority in SEBI’s 2026–27 agenda.

In conclusion, while recent regulatory initiatives have addressed several structural weaknesses, the transition from compliance-driven governance to a culture of board effectiveness and stakeholder-centric decision-making remains the central emerging challenge for Indian listed entities.

8. RECOMMENDATIONS AND WAY FORWARD

8.1 Policy Recommendations for SEBI

To bridge the persistent gap between regulatory intent and substantive governance outcomes, SEBI should adopt a more nuanced, tiered, and principle-oriented approach in future amendments to the LODR Regulations.

First, SEBI may introduce a “comply-or-explain-plus” framework for top 1,000 listed entities, requiring companies that opt for “explain” to submit a detailed remediation roadmap and independent board evaluation report within six months. This would discourage superficial explanations while rewarding genuine efforts.

Second, in light of the successful rollout of turnover-linked RPT materiality thresholds under

Schedule XII (November 2025), SEBI could extend similar graduated thresholds to other compliance areas such as board committee meeting frequency and secretarial audit scope for SMEs and mid-cap entities. This would reduce disproportionate compliance costs without diluting investor protection.

Third, SEBI should accelerate the integration of technology-driven oversight by mandating the use of AI-assisted RPT monitoring tools and blockchain-based disclosure platforms for entities above a certain market capitalisation threshold by FY 2028-29. Additionally, the BRSR Core assurance framework could be expanded with sector-specific climate scenario analysis guidelines aligned with ISSB and TCFD standards, with mandatory limited assurance on Scope 3 emissions for top 500 listed entities from FY 2027-28.

Finally, SEBI may consider creating a dedicated Corporate Governance Advisory Panel comprising independent experts, institutional investors, and company secretaries to periodically review enforcement trends and suggest dynamic policy adjustments.

8.2 Suggestions for Listed Companies

Listed entities must shift from a compliance-centric mindset to a culture of proactive governance excellence.

Board leadership should prioritise genuine independence by implementing structured induction programmes, external board evaluations every three years, and clear succession plans for key positions. Family-run companies, in particular, should adopt a formal Family Constitution or Shareholders' Agreement that codifies promoter-board protocols and minority protection mechanisms.

Companies are encouraged to leverage the flexibility offered by the November 2025 RPT amendments by establishing robust internal RPT policies that go beyond regulatory minima—such as pre-approval by an independent RPT subcommittee and real-time digital tracking. For ESG integration, entities should treat BRSR Core not as a reporting burden but as a strategic tool: early adopters of full BRSR assurance have already witnessed improved ESG ratings and lower borrowing costs.

SMEs and PSUs should invest in capacity building—hiring professional company secretaries, adopting ready-to-use Integrated Filing (Governance) software, and participating in governance

mentorship programmes offered by ICSI and industry associations. Regular stakeholder engagement forums and transparent whistle-blower outcome disclosures can further build long-term trust.

8.3 Proposed Legislative/Regulatory Reforms

A forward-looking reform agenda should focus on legislative harmonization and institutional strengthening.

The most pressing need is a comprehensive review of the interface between the Companies Act, 2013 and LODR Regulations to eliminate overlapping or conflicting provisions. A joint SEBI–MCA Task Force could be constituted to propose amendments to the Companies Act (possibly through the next Companies (Amendment) Bill) that recognise SEBI's overriding authority on governance matters for listed entities.

Further, SEBI may explore the introduction of Class Action Suits and enhanced Derivative Action mechanisms specifically for governance violations, empowering minority shareholders to seek remedies without relying solely on SEBI enforcement.

To address board effectiveness, a regulatory nudge towards mandatory separation of Chairperson and CEO roles for all entities above ₹5,000 crore market capitalisation (with a two-year transition) could be considered, drawing from international best practices.

Finally, the establishment of a National Corporate Governance Institute under SEBI's aegis—modelled on the lines of the Institute of Directors—could provide continuous professional development, certification programmes for independent directors, and research support for evidence-based policy making.

These recommendations, if implemented, would transform India's corporate governance ecosystem from a predominantly rule-based compliance regime into a mature, principle-driven, and globally competitive framework. The ultimate goal is to foster boards that not only meet regulatory standards but also drive sustainable value creation, ethical decision-making, and long-term stakeholder prosperity.

CONCLUSION

Corporate governance in India has traversed a remarkable journey from the voluntary

recommendations of the Kumar Mangalam Birla Committee in 1999 to a mature, enforceable regulatory framework anchored in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This research paper has critically examined the evolution, architecture, core standards, compliance mechanisms, empirical outcomes, persistent challenges, and future pathways of SEBI-mandated corporate governance standards for listed entities.

The doctrinal and analytical study reveals that SEBI has consistently strengthened the governance ecosystem through targeted amendments between 2018 and 2026. Landmark reforms—such as the November 2025 introduction of turnover-linked materiality thresholds for Related Party Transactions under Schedule XII, the January 2026 restructuring of the High Value Debt Listed Entities (HVDLE) regime with a ₹5,000 crore threshold and sunset clause, the phased implementation of BRSR Core with limited assurance, and the Integrated Filing (Governance) system—have collectively enhanced transparency, board accountability, and ESG integration. These measures have narrowed the regulatory gap between listed entities and global benchmarks such as the G20/OECD Principles of Corporate Governance (2023) and the UK Corporate Governance Code 2024.

Empirical evidence presented in Chapter 6 demonstrates a clear positive correlation between superior governance practices and firm performance metrics (higher ROE, Tobin's Q, and valuation multiples), particularly among BSE 100 companies. Success stories from award-winning entities such as TCS, ITC, and Indian Hotels Company Ltd. illustrate that substantive governance translates into competitive advantage and enhanced investor confidence. Conversely, the illustrative cases of governance lapses (Gensol Engineering, PSU board-composition violations in March 2026) and the comparative analysis of BSE 100 versus BSE 500 companies underline that challenges of "compliance culture," promoter dominance, implementation burdens on SMEs and PSUs, and uneven ESG data quality continue to persist.

The enforcement mechanism, bolstered by peer-reviewed secretarial audits, integrated digital filings, and proportionate penalties, has moved India closer to a "comply-and-substantiate" regime. Yet, as highlighted in Chapter 7, a noticeable disconnect remains between regulatory form and boardroom substance, especially in family-run enterprises and smaller listed entities.

This study affirms that while SEBI's regulatory architecture is robust and dynamic, the ultimate success of corporate governance hinges on a cultural shift within corporate India—from

procedural adherence to ethical leadership, stakeholder-centric decision-making, and long-term value creation. The recommendations articulated in Chapter 8—ranging from a "comply-or-explain-plus" framework and technology-enabled oversight for SEBI, to proactive board refreshment and Family Constitution adoption by companies—provide a pragmatic roadmap for bridging this gap.

In conclusion, SEBI's corporate governance standards have significantly elevated the integrity and resilience of India's capital markets. As India aspires to become a global economic powerhouse, the continued refinement of these standards, coupled with sincere implementation by listed entities, will be instrumental in fostering sustainable growth, protecting minority investors, and reinforcing trust in the securities market. The next decade will test whether Indian corporates can transform regulatory compliance into a genuine governance ethos—one that not only meets SEBI's expectations but also sets new benchmarks for emerging markets worldwide.