CORPORATE GOVERNANCE REGULATIONS IN INDIA: FROM CLAUSE 49 TO THE CONTEMPORARY SEBI FRAMEWORK

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ABSTRACT

Corporate governance regulation in India has evolved from a largely listing-based framework under Clause 49 of the Equity Listing Agreement into a more integrated statutory and securities-regulatory architecture. This transformation reflects changing expectations concerning board independence, audit oversight, related-party transactions, disclosure, risk management, shareholder rights and accountability. The paper traces this development from the Kumar Mangalam Birla Committee and the original Clause 49 through the revised Clause 49, the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended in recent years. It argues that the principal achievement has been the conversion of corporate governance from a primarily compliance-oriented listing condition into a continuing system of disclosure, board oversight and market accountability. At the same time, overlapping requirements, differentiated applicability, compliance formalism and difficulties in enforcing governance norms against controlling shareholders continue to create gaps. Through doctrinal analysis, comparative assessment and contemporary Indian case studies, the paper proposes a risk-based and outcomes-oriented framework that strengthens board accountability, improves disclosure quality, coordinates company law with SEBI regulation, and uses technology to enhance monitoring without imposing disproportionate compliance costs.

Keywords: Corporate Governance; Clause 49; SEBI; LODR Regulations; Listed Companies; Board Accountability.

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Research Problem

The central research problem is whether India's corporate governance framework has successfully moved beyond formal compliance to produce substantive accountability in listed companies. Clause 49 was a major milestone because it introduced enforceable governance expectations through the stock-exchange listing mechanism. Yet the regulatory environment has subsequently become more complex. Governance obligations are now distributed across the Companies Act, 2013, SEBI regulations, stock-exchange requirements and sector-specific rules. The contemporary framework therefore raises questions of overlap, proportionality, enforcement and institutional coordination. The problem is especially significant in companies with concentrated ownership. Formal board independence may exist on paper while controlling shareholders continue to exercise substantial influence over strategy, related-party arrangements and appointments. Similarly, extensive disclosure requirements do not necessarily ensure that investors receive information that is timely, intelligible and decision-useful. Corporate governance can consequently become a checklist rather than a mechanism for preventing conflicts and protecting minority investors.

The study therefore asks whether the transition from Clause 49 to LODR has improved the legal quality of governance or mainly expanded the volume of compliance obligations. It also examines whether contemporary reforms adequately address related parties, board functioning, disclosure, digital dissemination and institutional investor participation. Governance is treated as a problem involving the allocation of power, information and accountability rather than merely the composition of a board.

Research Questions

- How did Clause 49 transform corporate governance requirements for Indian listed companies?
- How has the LODR framework changed the legal structure and enforcement of corporate governance?
- Do the Companies Act, 2013 and SEBI's listing regulations operate coherently or create regulatory overlap?
- To what extent do contemporary rules protect minority shareholders and improve board

accountability?

- What reforms can make Indian corporate governance more outcome-oriented without creating excessive compliance burdens?

Objectives of the Study

- To trace the historical and doctrinal evolution from Clause 49 to the contemporary SEBI framework.
- To examine the principal corporate governance obligations applicable to listed entities.
- To analyse the relationship between company law and securities regulation.
- To assess contemporary case studies and enforcement concerns involving governance and disclosure.
- To identify regulatory gaps and propose reforms directed towards substantive accountability.

Hypothesis

The paper hypothesises that India's shift from Clause 49 to LODR has substantially strengthened the formal architecture of corporate governance, but effectiveness remains limited where compliance is procedural, ownership is concentrated and enforcement does not sufficiently reach the individuals or controlling interests responsible for governance failures. A more effective model would combine clear rules with risk-based supervision, meaningful board evaluation, stronger related-party safeguards, better disclosure quality and coordinated enforcement between SEBI and company-law institutions.

Literature Review

Indian corporate-governance scholarship has generally approached the subject through agency problems between managers and shareholders, conflicts between controlling and minority shareholders, and the role of disclosure in reducing information asymmetry. The Kumar Mangalam Birla Committee established the foundations of a listing-based governance model, while the Narayana Murthy Committee sought stronger independence, audit functions and

disclosure. Later scholarship has emphasised that governance quality cannot be measured only by board structures because ownership concentration, institutional culture and enforcement influence outcomes.[2]

The literature also indicates that Indian governance regulation developed incrementally rather than through a single coherent code. This explains why corporate governance provisions appear across the Companies Act and SEBI instruments. The present study builds on that scholarship by focusing on the transition from Clause 49 to LODR and by connecting formal legal evolution with contemporary enforcement and regulatory gaps.[3]

Legal Framework

Kumar Mangalam Birla Committee and Clause 49

SEBI's corporate-governance project developed substantially after the Kumar Mangalam Birla Committee. Its recommendations resulted in Clause 49 of the Equity Listing Agreement. The basic regulatory insight was that companies accessing public capital should meet minimum governance standards concerning boards, audit committees, disclosure and shareholder interests. Clause 49 therefore used the listing relationship as a regulatory gateway: a company seeking access to the securities market accepted continuing governance obligations as a condition of listing.[4]

The framework evolved through amendments. The revised Clause 49 became effective in 2006 and contained mandatory and non-mandatory elements concerning board composition, independent directors, audit committees, codes of conduct and disclosures. SEBI subsequently revisited the framework after the Companies Act, 2013. Its 2014 amendments expressly sought to align listing requirements with the new statutory corporate-governance regime and adopt stronger governance practices.[5]

Companies Act, 2013

The Companies Act, 2013 gave corporate governance a broader statutory foundation. Its

[2] Kumar Mangalam Birla Committee, 2000; Securities and Exchange Board of India [SEBI], 2003; Companies Act, 2013
[3] SEBI, 2000, 2003, 2015; Companies Act, 2013
[4] Kumar Mangalam Birla Committee, 2000; SEBI, 2000
[5] SEBI, 2004, 2014; Companies Act, 2013

provisions address directors' duties, independent directors, audit committees, nomination and remuneration committees, vigil mechanisms, related-party transactions and financial reporting. Governance was therefore no longer solely a matter of stock-exchange listing conditions. The statutory framework applies according to prescribed thresholds and categories, while listed entities remain subject to SEBI requirements.[6]

The coexistence of company law and securities regulation is justified by different institutional purposes. Company law regulates internal organisation and legal responsibilities; securities regulation protects investors and market integrity. The difficulty arises where similar subjects are governed by both systems with different thresholds, procedures or consequences. Effective regulation requires coordination rather than simple duplication.[7]

LODR Regulations, 2015

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 consolidated continuing obligations of listed entities and replaced the fragmented approach of the listing agreement. LODR placed governance and disclosure requirements within a dedicated instrument and linked them to continuing listed status. The framework covers board composition, committees, related-party transactions, disclosures, shareholder rights, subsidiary governance and other obligations. SEBI's official consolidated text was amended as recently as October 15, 2026, showing that the framework continues to evolve.[8]

The significance of LODR lies in its architecture. Rather than treating governance as an isolated clause, it creates an integrated set of continuing obligations. Regulation 17 addresses board composition and functioning; Regulation 18 concerns the audit committee; Regulations 19 and 20 deal with nomination and remuneration and stakeholder relationship committees; Regulation 23 addresses related-party transactions; and Regulation 24 concerns governance of specified subsidiaries. Applicability varies according to the categories and thresholds in the regulations.[9]

Board Independence and Committees

Independent directors are intended to provide objective oversight against managerial and

[6] Companies Act, 2013, §§ 149, 166, 177, 178, 184, 188; SEBI, 2015
[7] Companies Act, 2013; SEBI Act, 1992; SEBI, 2015
[8] SEBI, 2015, regs. 17–24, 30, 34; SEBI, 2026
[9] SEBI, 2015, regs. 17–20, 23–24

controlling-shareholder influence. Their value depends on independence in substance rather than merely formal eligibility. The framework combines independence requirements with duties concerning board participation, committees and disclosures. Audit committees are especially important because financial reporting, internal controls, related-party transactions and auditor interactions are central to investor protection.[10]

A governance system based exclusively on numerical independence can be weakened by social, professional or economic relationships that do not fall within formal disqualifications. The framework should therefore be read with the Companies Act's eligibility rules and directors' duties. The objective is not to eliminate all relationships but to ensure that material conflicts are identified, disclosed and managed.[11]

Disclosure and Transparency

Disclosure is the foundation of securities-market governance because investors ordinarily cannot observe internal corporate conduct directly. LODR therefore requires listed entities to provide timely information concerning material events, financial information and governance matters. Disclosure obligations reduce information asymmetry, but their effectiveness depends on quality. Excessive technical disclosure can obscure rather than illuminate important risks. The regulatory objective should consequently be materiality, accuracy, timeliness and accessibility rather than volume alone.[12]

Governance information should allow shareholders to evaluate management decisions. Board processes, related-party transactions and material developments matter not merely because regulation requires publication, but because they permit the market to assess whether management is acting consistently with corporate and investor interests.[13]

Related-Party Transactions

Related-party transactions present a difficult governance problem in concentrated ownership structures. A transaction may be commercially legitimate but still create a conflict because the beneficiary may influence the company making the payment. LODR and the Companies Act

[10] Companies Act, 2013, §§ 149, 177; SEBI, 2015, regs. 17–18
[11] Companies Act, 2013, §§ 149, 166, 184; SEBI, 2015, regs. 17–18, 23
[12] Companies Act, 2013, §§ 92, 129, 134; SEBI, 2015, regs. 30, 33–34
[13] Companies Act, 2013, §§ 166, 177, 188; SEBI, 2015, regs. 23, 30, 34

impose approval and disclosure mechanisms for specified transactions. The challenge is to distinguish genuine commercial arrangements from value extraction disguised as ordinary business.[14]

The effectiveness of related-party regulation depends on information available to the audit committee and shareholders. Approval is weak if the committee receives incomplete valuation data or if transactions are routed through layers of subsidiaries. Supervision should therefore focus on beneficial ownership, economic substance and patterns of transactions rather than formal documentation alone.[15]

Directors' Duties and Accountability

Section 166 of the Companies Act imposes statutory duties on directors, including good faith, due care, skill, diligence and independent judgment. These duties provide an important bridge between structural governance rules and individual responsibility. LODR complements them by prescribing board-level processes and disclosure obligations for listed entities. A director's role is therefore not exhausted by attending meetings or signing documents; it includes reasonable oversight of material corporate risks and compliance systems.[16]

Comparative Analysis

United Kingdom

The United Kingdom combines company law, listing rules and a corporate-governance code. The UK Corporate Governance Code uses a comply-or-explain approach, allowing flexibility while requiring companies to explain departures. India's framework has generally relied more heavily on prescriptive rules. The comparative lesson is not that India should copy the UK, but that carefully designed flexibility can encourage boards to explain governance choices rather than mechanically satisfy numerical requirements.[17]

United States

The United States relies on federal securities law, stock-exchange rules and state corporate law.

[14] Companies Act, 2013, §§ 177, 188; SEBI, 2015, reg. 23
[15] Companies Act, 2013, §§ 177, 188; SEBI, 2015, reg. 23
[16] Companies Act, 2013, § 166; SEBI, 2015, regs. 17–18; *N. Narayanan v. Adjudicating Officer, SEBI*, 2013
[17] Financial Reporting Council [FRC], 2024; Companies Act, 2013; SEBI, 2015

Following corporate scandals, the Sarbanes-Oxley Act strengthened audit and internal-control requirements, while later reforms increased attention to disclosure and executive accountability. The American experience demonstrates that governance failures cannot be solved by board composition alone. Internal controls, audit independence, executive responsibility and enforcement are equally important.[18]

Singapore

Singapore combines a corporate-governance code with listing requirements and statutory duties. Its framework emphasises board effectiveness, independence, remuneration and disclosure. The Singaporean experience illustrates the value of calibrated regulation in a market seeking both investor confidence and international capital. For India, the useful lesson is proportionality: governance requirements should be sufficiently strong to protect investors while recognising differences in company size, ownership and complexity.[19]

Contemporary Case Studies

Sahara India Real Estate Corp. Ltd. v. SEBI

The Supreme Court's decision in Sahara India Real Estate Corporation Ltd. v. SEBI demonstrated the breadth of securities regulation where fundraising and investor protection intersect. The Court upheld SEBI's regulatory authority in relation to securities-market regulation and emphasised investor protection where arrangements sought to operate outside the ordinary regulatory framework. The case is significant because it shows that formal corporate structures cannot be used to defeat substantive securities regulation (Sahara India Real Estate Corp. Ltd. v. SEBI, 2012).[20]

N. Narayanan v. Adjudicating Officer, SEBI

In N. Narayanan v. Adjudicating Officer, SEBI, the Supreme Court stressed the importance of corporate governance and disclosure in maintaining investor confidence. The Court treated disclosure duties as substantive components of securities regulation rather than technical formalities. The decision supports an accountability-oriented understanding in which persons

[18] Sarbanes–Oxley Act of 2002; Securities Exchange Act of 1934
[19] Monetary Authority of Singapore [MAS], 2018; Singapore Exchange Regulation, 2023
[20] *Sahara India Real Estate Corp. Ltd. v. SEBI*, 2012

responsible for management must respect the informational foundations of the securities market (N. Narayanan v. Adjudicating Officer, SEBI, 2013).[21]

SEBI v. Rakhi Trading Pvt. Ltd.

SEBI v. Rakhi Trading Pvt. Ltd. concerned manipulative trading and the interpretation of prohibited market conduct. Although not a Clause 49 case, it illustrates the broader principle that securities regulation examines the substance and effect of conduct rather than formal contractual appearance. The decision reinforces the importance of surveillance and enforcement capable of identifying transactions that distort market integrity.[22]

Recent Regulatory Developments

SEBI's continuing amendments to LODR show that corporate governance is not a static code. SEBI issued several amendments during 2025 and 2026 and a January 2026 master circular for LODR compliance. The current framework should therefore be understood as an evolving regulatory system rather than a final replacement for Clause 49.[23]

Regulatory Gaps

Compliance Formalism

The first gap is compliance formalism. Companies may satisfy numerical requirements while failing to create an internal culture in which directors challenge management, committees receive adequate information and material conflicts are escalated. Law can prescribe structures, but it cannot automatically generate independence or ethical judgment. Regulators should therefore complement rule-based supervision with assessment of outcomes and risk indicators.[24]

Controlling-Shareholder Influence

Concentrated ownership remains a distinctive governance challenge. Independent directors may face practical difficulty when a controlling shareholder has decisive influence over

[21] *N. Narayanan v. Adjudicating Officer, SEBI, 2013*
[22] *Securities and Exchange Board of India v. Rakhi Trading Pvt. Ltd., 2018*
[23] SEBI, 2015, as amended October 15, 2026; SEBI, 2026
[24] Companies Act, 2013, §§ 149, 177; SEBI, 2015, regs. 17–18; OECD, 2023

appointments and corporate strategy. Strengthening nomination procedures, requiring better disclosure of significant relationships and improving minority participation can reduce this risk. The objective should be to make independence operational rather than merely formal.[25]

Regulatory Overlap

The Companies Act and SEBI framework regulate several similar governance subjects through different institutional routes. Overlap is not necessarily undesirable because the institutions serve different objectives, but inconsistent thresholds or procedures can create uncertainty. A coordinated regulatory matrix should identify which obligation applies, how approvals interact and which authority has primary enforcement responsibility.[26]

Related-Party and Beneficial-Ownership Risks

Sophisticated group structures can make it difficult to identify the economic beneficiary of a transaction. Rules focusing only on named parties may therefore miss indirect conflicts. Governance supervision should increasingly use beneficial-ownership information, transaction networks and data analytics to identify recurring counterparties, unusual pricing and circular arrangements.[27]

Board Accountability

A further gap concerns individual accountability. Corporate penalties may be insufficient where governance failures result from deliberate conduct by particular directors or executives. At the same time, automatic liability for every director can discourage qualified professionals from serving on boards. Responsibility should be differentiated according to role, knowledge, involvement, oversight failures and the materiality of the breach.[28]

Recommendations

Risk-Based Governance

SEBI should progressively supplement prescriptive governance requirements with risk-based supervisory indicators. High-risk listed entities, including companies with complex group

[25] Companies Act, 2013, §§ 149, 166; SEBI, 2015, regs. 17–18, 23; OECD, 2023
[26] Companies Act, 2013, §§ 149, 177, 188; SEBI, 2015, regs. 17–24
[27] Companies Act, 2013, §§ 89, 90, 177, 188; SEBI, 2015, reg. 23
[28] Companies Act, 2013, §§ 166, 447; SEBI Act, 1992, §§ 11, 11B; SEBI, 2015

structures, concentrated ownership or repeated related-party concerns, could receive enhanced scrutiny. Lower-risk entities should not face identical procedural burdens when the regulatory benefit is marginal. This would preserve investor protection while reducing compliance that produces little informational or governance value.[29]

Strengthen Independent-Director Effectiveness

Independence should be supported through transparent nomination processes, meaningful access to information, professional training and protected channels for dissent. Board minutes should accurately record significant disagreements where they affect governance decisions. Independent directors should have access to external professional advice when conflicts or complex transactions make internal advice inadequate, subject to reasonable safeguards.[30]

Improve Related-Party Transaction Oversight

Approval mechanisms should focus on economic substance. Audit committees should receive independent valuation information, conflict disclosures and details of alternatives where material. For complex group structures, regulators should consider consolidated transaction patterns rather than examining each contract in isolation. Shareholder voting should ensure that conflicted shareholders cannot effectively determine the outcome of transactions designed to benefit them.[31]

Harmonise Companies Act and SEBI Requirements

A joint regulatory review mechanism involving the Ministry of Corporate Affairs and SEBI could periodically map overlapping governance provisions. The purpose would be to remove duplication, clarify thresholds and establish a coherent compliance sequence without weakening substantive protection. Harmonisation would reduce costs while allowing each regulator to retain its statutory mandate.[32]

Improve Disclosure Quality

SEBI should place greater emphasis on decision-useful disclosure. Digital reporting formats, machine-readable data and standardised governance indicators can allow investors and

[29] SEBI Act, 1992, §§ 11, 11B; SEBI, 2015, regs. 17–24; OECD, 2023
[30] Companies Act, 2013, §§ 149, 166, 177, 178; SEBI, 2015, regs. 17–18
[31] Companies Act, 2013, §§ 177, 188; SEBI, 2015, reg. 23
[32] Companies Act, 2013; SEBI Act, 1992; SEBI, 2015

regulators to compare listed entities more efficiently. Technology should be used to detect inconsistencies between financial statements, related-party disclosures, shareholding data and market activity. This would move supervision from reactive review towards earlier detection of governance risks.[33]

Strengthen Shareholder Participation

Institutional investors and minority shareholders can serve as an additional governance check. Electronic voting has improved participation, but meaningful participation requires understandable explanatory statements and timely information before meetings. Material transactions should be accompanied by detailed explanations of commercial rationale, valuation and conflicts. Shareholder rights are most effective when information is supplied early enough to influence decisions rather than merely record approval.[34]

Calibrate Penalties and Individual Liability

Enforcement should distinguish inadvertent procedural breaches from conduct involving concealment, personal benefit or repeated non-compliance. Penalties should be proportionate but sufficiently deterrent. Where individual responsibility is established, sanctions should be directed towards persons whose decisions or omissions caused the breach. This approach improves deterrence without creating indiscriminate liability for directors who lacked knowledge or meaningful control.[35]

ESG and Emerging Risks

Contemporary governance increasingly includes environmental, social and technological risks. Boards of listed companies may face material risks arising from climate exposure, cybersecurity, data governance, artificial intelligence and supply-chain disruption. The regulatory framework should not prescribe every emerging risk, but should require boards to establish processes for identifying, assessing and disclosing material risks. This keeps governance technology-neutral while ensuring that new risks are not ignored simply because older rules did not name them.[36]

[33] SEBI, 2015, regs. 30, 33–34; SEBI Act, 1992, §§ 11, 11B; OECD, 2023
[34] Companies Act, 2013, §§ 108, 110, 188; SEBI, 2015, regs. 23, 44
[35] Companies Act, 2013, §§ 166, 447; SEBI Act, 1992, §§ 11, 11B, 15A–15HB
[36] SEBI, 2015, regs. 17, 30; SEBI, 2021; OECD, 2023

Technology-Enabled Supervision

SEBI's supervisory architecture can increasingly rely on data analytics to identify unusual trading, repeated related-party transactions, abrupt changes in disclosures and governance anomalies. Automated monitoring should support, not replace, legal judgment. Companies should likewise maintain auditable governance records, including committee materials, conflict disclosures and approval trails. Such records strengthen accountability when regulatory or judicial review becomes necessary.[37]

Proportionate Self-Assessment

Listed entities should periodically undertake documented governance self-assessments covering board effectiveness, committee performance, related-party risks, disclosure quality and whistle-blower mechanisms. The exercise should be substantive rather than a certification form. Material weaknesses should generate remedial plans, with board-level oversight of implementation. Internal controls can reduce dependence on external enforcement after a failure has already harmed investors.[38]

Contemporary Regulatory Direction

The contemporary SEBI framework is characterised by continuing amendment rather than regulatory finality. SEBI's official materials record amendments to LODR in 2025 and 2026 and a January 2026 master circular consolidating compliance requirements. This reflects changing securities markets, but frequent amendments can also increase compliance complexity. Significant reforms should therefore be accompanied by clear implementation guidance, consolidated interpretive materials and adequate transition periods.[39]

The evolution from Clause 49 to LODR should be understood as a movement from a discrete governance clause to a continuous regulatory ecosystem. The next stage should not simply add further obligations. It should improve the quality, coherence and enforceability of existing ones.[40]

[37] SEBI Act, 1992, §§ 11, 11B; SEBI, 2015; OECD, 2023
[38] Companies Act, 2013, §§ 177, 178; SEBI, 2015, regs. 17–18, 22; FRC, 2024
[39] SEBI, 2015, as amended October 15, 2026; SEBI, 2026
[40] Kumar Mangalam Birla Committee, 2000; SEBI, 2000, 2015; OECD, 2023

Limitations of the Study

This study is primarily doctrinal and does not statistically measure whether particular Clause 49 or LODR provisions have changed firm performance, valuation or investor outcomes. It concentrates on listed companies and therefore does not examine the full governance regime applicable to unlisted companies. Comparative references are selective and intended to identify regulatory principles rather than establish that another jurisdiction's model can be transplanted directly into India. Contemporary SEBI requirements are subject to continuing amendment; legal analysis must therefore be updated against the latest consolidated regulations, circulars and interpretive guidance. These limitations provide scope for future empirical research using enforcement orders, governance disclosures, shareholder voting records and board-performance data.[41]

Regulatory Impact Assessment

Corporate governance rules affect thousands of listed entities and their investors, so significant regulatory changes should be supported by transparent impact assessment. Before imposing a new obligation, SEBI should identify the governance failure it seeks to correct, estimate compliance costs, assess interaction with the Companies Act and consider whether existing disclosure or enforcement tools can achieve the same objective. Consultation should consider smaller listed entities as well as large companies. Periodic post-implementation review would allow SEBI to remove provisions that generate substantial cost without measurable improvement in investor protection.[42]

Clarifying Board Oversight

Indian law should more clearly distinguish a director's oversight responsibility from liability for every operational failure. Directors should be expected to establish reasonable systems, inquire into material red flags and act when credible information indicates a serious risk. They should not, however, become guarantors of every employee decision. A clearer oversight standard would support principled enforcement by asking whether the director had relevant information, whether the risk was reasonably foreseeable, what response was available and whether the director acted in good faith and with appropriate diligence. This protects investors

[41] Hutchinson & Duncan, 2012; McConville & Chui, 2017
[42] SEBI Act, 1992, §§ 11, 11B; OECD, 2023

without making board service unduly hazardous.Governance of Subsidiaries and Group Structures.[43]

Corporate governance risks frequently arise through subsidiaries, joint ventures and layered holding arrangements. A listed parent may appear compliant while economically significant decisions occur elsewhere in the group. LODR's subsidiary-related requirements should therefore be understood as an extension of investor protection rather than a purely formal reporting obligation. Boards should identify material subsidiaries, map significant transactions across the group and assess whether the parent has adequate information and control over risks that can materially affect the listed entity. Enhanced consolidated disclosure would also help investors understand where value and risk are actually located.[44]

Strengthen Whistle-Blower and Vigil Mechanisms

Whistle-blower mechanisms are an important bridge between formal governance rules and early detection of misconduct. A system is credible only when employees and other stakeholders can report concerns without fear of retaliation and when complaints are independently assessed. Listed entities should ensure that the audit committee has effective oversight of material complaints, while the board should receive periodic information about unresolved or recurring concerns. The purpose is not to encourage indiscriminate reporting but to create a channel through which information unavailable to ordinary monitoring systems can reach an independent governance body.[45]

A further reform priority is to make governance information more comparable across listed entities. Standardised digital formats can permit investors to compare board attendance, committee composition, related-party transactions, auditor changes, regulatory actions and material risk disclosures without relying entirely on narrative annual-report statements. Comparable information would also strengthen SEBI's supervisory capacity because unusual patterns could be identified across companies and groups. At the same time, standardisation should not become another disclosure burden without purpose. Each data field should be linked to a defined investor-protection or supervisory objective, and obsolete requirements should be withdrawn when their value declines. The ultimate measure of reform should therefore be

[43] Companies Act, 2013, §§ 166, 177; *N. Narayanan v. Adjudicating Officer, SEBI*, 2013
[44] Companies Act, 2013, §§ 129, 134, 177, 188; SEBI, 2015, reg. 24
[45] Companies Act, 2013, § 177(9)–(10); SEBI, 2015, reg. 22

whether regulation improves the quality of corporate decision-making and investor information. Clause 49 established the architecture; LODR has expanded and refined it; the next phase should make the architecture intelligent, proportionate and enforceable. This approach would preserve the advantages of detailed securities regulation while reducing duplication and encouraging boards to treat governance as a continuing responsibility. It would also strengthen confidence in Indian capital markets by ensuring that transparency, independence and accountability operate as connected principles rather than isolated compliance exercises.[46]

In that sense, effective corporate governance is ultimately measured by conduct, not paperwork, and by investor confidence rather than regulatory volume.[47]

It should remain a living framework, responsive to market innovation, ownership structures, technological change and evolving expectations of investors and other stakeholders.

The framework must therefore remain adaptive, coherent, proportionate and enforceable.

Conclusion

The evolution of Indian corporate governance from Clause 49 to the contemporary SEBI framework represents a substantial change in the legal relationship between listed companies, investors and the securities regulator. Clause 49 established that access to public markets carries governance responsibilities. The Companies Act, 2013 supplied a broader statutory foundation, while LODR consolidated continuing listing obligations and expanded attention to disclosure, board functioning, committees, related-party transactions and investor protection.[48]

The principal achievement of this evolution is a structured accountability framework. Its principal weakness is that formal compliance can still coexist with weak substantive governance. Concentrated ownership, indirect conflicts, information asymmetry, regulatory overlap and uneven individual accountability remain significant concerns. Recent amendments demonstrate SEBI's willingness to refine the framework, but the answer to every governance failure cannot be another procedural requirement.[49]

[46] Companies Act, 2013, §§ 92, 129, 134; SEBI, 2015, regs. 30, 33–34; OECD, 2023
[47] Companies Act, 2013, § 166; SEBI, 2015; OECD, 2023
[48] Kumar Mangalam Birla Committee, 2000; Companies Act, 2013; SEBI, 2000, 2015
[49] Companies Act, 2013, §§ 149, 166, 177, 188; SEBI, 2015; *N. Narayanan v. Adjudicating Officer, SEBI*, 2013

India should therefore pursue a risk-based, outcomes-oriented model. Independent directors need practical independence; audit and other committees need adequate information; related-party transactions require scrutiny based on economic substance; disclosures should be concise, timely and decision-useful; and enforcement should distinguish technical error from culpable misconduct. Coordination between SEBI and the Ministry of Corporate Affairs should reduce duplication while preserving securities-market and company-law objectives.[50]

The journey from Clause 49 to LODR is therefore not complete. The contemporary task is to transform an extensive body of governance rules into effective institutional behaviour. Corporate governance succeeds when boards exercise independent judgment, controlling shareholders respect minority interests, management provides reliable information, and regulators can intervene proportionately before governance failures become market-wide losses. A mature framework should measure itself not by the number of clauses a company can tick, but by whether investors can reasonably trust the processes through which corporate power is exercised.[51]

[50] Companies Act, 2013, §§ 149, 166, 177, 188; SEBI, 2015; OECD, 2023

[51] Kumar Mangalam Birla Committee, 2000; SEBI, 2000, 2015; *Sahara India Real Estate Corp. Ltd. v. SEBI, 2012; N. Narayanan v. Adjudicating Officer, SEBI*, 2013.

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