CORPORATE GOVERNANCE AND ESG COMPLIANCE IN INDIA: LEGAL CHALLENGES AND FUTURE PROSPECTS

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ABSTRACT

Corporate governance and environmental, social, and governance compliance have undergone a structural transformation in India over the decade since the enactment of the Companies Act, 2013. What began as a legislative effort to modernise company law following the corporate fraud revelations of the Satyam scandal has evolved into a comprehensive framework encompassing board composition and independence requirements, mandatory corporate social responsibility expenditure, related party transaction governance, auditor independence obligations, and most recently a detailed ESG disclosure architecture administered by the Securities and Exchange Board of India through the Business Responsibility and Sustainability Report regime. This paper offers a systematic legal analysis of this framework across its principal dimensions, examining the statutory foundations in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the role of the National Guidelines on Responsible Business Conduct, the BRSR Core assurance framework introduced in 2023, and the emerging regulatory treatment of ESG rating providers. It identifies the principal legal challenges that the framework presents: the tension between mandatory CSR and the legal character of corporate obligations, the structural limitations of independent director requirements in a promoter-dominated corporate landscape, the inconsistency between domestic disclosure standards and the ISSB framework toward which India is converging, the compliance burden that cascading ESG disclosure obligations place on value chain participants, and the enforcement gaps that persist in insider trading, related party transactions, and audit integrity. The paper then examines future prospects, including the likely domestic adoption of IFRS Sustainability Standards, the implications of the European Corporate Sustainability Due Diligence Directive for Indian companies with European operations or supply chain relationships, and the business and human rights dimension introduced by India's National Action Plan. It argues that the legal architecture of corporate governance and ESG compliance in India is substantially in place but requires deeper institutional capacity, more consistent enforcement, and a clearer resolution of the tension between prescriptive compliance and genuine governance quality.

Keywords: Corporate Governance; ESG Compliance; Companies Act 2013; SEBI LODR; BRSR; Independent Directors; CSR; Sustainability Reporting; India.

I. INTRODUCTION

The corporate governance failures that punctuated the first decade of the twenty-first century epitomised in India by the Satyam Computer Services fraud of 2009, in which the company's founder confessed to fabricating nearly four billion dollars in cash balances and inflating revenues over a period of years demonstrated with painful clarity the inadequacy of the legal and institutional framework then governing Indian companies. The regulatory response was legislative as well as supervisory: the Companies Act, 2013 replaced the colonial-era Companies Act, 1956 with a substantially recast statutory architecture that imposed new obligations on boards, introduced mandatory corporate social responsibility expenditure, tightened auditor appointment and rotation rules, and created new enforcement mechanisms designed to deter the self-dealing and audit capture that had made the Satyam fraud possible.

In the decade since its enactment, the Companies Act has been overlaid by a growing body of Securities and Exchange Board of India regulation addressing the governance of listed companies, culminating in the Business Responsibility and Sustainability Report framework that now requires the top one thousand listed companies by market capitalisation to disclose performance against environmental, social, and governance metrics and to obtain third-party assurance on core indicators. This trajectory reflects a global shift in the understanding of what corporate governance requires: from a focus on financial integrity and fiduciary duty toward a broader accountability for the company's environmental and social footprint, its treatment of workers and communities, and its contribution to sustainable development.

This paper examines the legal dimensions of this transformation. It analyses the statutory foundations of India's corporate governance framework, the ESG disclosure architecture that has been built upon them, the principal legal challenges that the current framework presents, and the future regulatory developments domestic and international that are likely to shape the field over the coming years. The argument advanced is that India has constructed a governance framework of considerable ambition, but that its effectiveness in producing genuine governance quality rather than mere formal compliance depends on institutional and enforcement improvements that the law has not yet fully delivered.

II. THE STATUTORY FRAMEWORK: COMPANIES ACT, 2013 AND SEBI REGULATIONS

A. The Companies Act, 2013

The Companies Act, 2013 provides the foundational legal architecture for corporate governance in India.[1] Its provisions on director duties framed in Section 166 as positive obligations to act in good faith in the best interests of the company, its employees, shareholders, and the community, and to promote objects conducive to the benefit of members as a whole represent a significant normative departure from the older framework, which framed director obligations primarily in negative terms as prohibitions on self-dealing and unauthorised action.[2] This reframing has doctrinal consequences: it positions the duty of directors as encompassing stakeholder interests rather than shareholder value alone, providing a statutory foundation for the ESG orientation that subsequent regulatory developments have built upon.

Section 135 of the Act introduced mandatory corporate social responsibility expenditure, requiring companies meeting prescribed thresholds of net worth, turnover, or net profit to constitute a CSR Committee of the Board and to spend at least two percent of average net profits of the preceding three financial years on activities specified in Schedule VII of the Act.[34] The 2019 amendment to Section 135 converted what had been a comply-or-explain regime into a harder obligation: companies unable to spend the required amount in a financial year must transfer unspent funds to a specified government fund within defined time limits, and failure to do so exposes both the company and its officers to penalties.[5] The transformation of CSR from a voluntary norm into a quasi-fiscal obligation backed by sanctions has attracted comment from both governance scholars and industry representatives, who have questioned whether mandated expenditure produces the genuine engagement with social and environmental outcomes that the provision's objectives presuppose.

The Act's board composition requirements mandating independent directors constituting at

[1]Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).
[2]Companies Act, 2013, s. 166 (duties of directors including duty to act in good faith, to avoid conflicts of interest, and to promote the objects of the company for the benefit of its members as a whole).
[3]Companies Act, 2013, s. 135 (corporate social responsibility obligations applicable to companies meeting prescribed thresholds of net worth, turnover, or net profit).
[4]Companies Act, 2013, s. 135(5) (requiring companies to spend at least two percent of average net profits of the preceding three financial years on CSR activities specified in Schedule VII).
[5]Companies (Amendment) Act, 2019, No. 22, Acts of Parliament, 2019 (India), s. 14 (amending s. 135 to make unspent CSR funds transferable to specified funds and introducing penal provisions for non-compliance).

least one-third of the board of every listed public company, with prescribed criteria of independence that exclude persons with material pecuniary relationships with the company or its promoters are examined more fully below.[6][7] Its provisions on audit committees, nomination and remuneration committees, and stakeholder relationship committees[8][9] create the committee architecture through which the board's oversight functions are operationalised, and its auditor appointment and rotation requirements[10] are designed to prevent the capture of the external audit function by management that characterised the Satyam failure.[11]

B. SEBI's Listing Regulations and the Governance of Listed Companies

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which replaced the Listing Agreement's Clause 49 as the primary governance instrument for listed companies, translate and extend the Companies Act framework into a more detailed and continuously updated set of obligations applicable to the estimated five thousand companies listed on Indian stock exchanges.[12] Regulation 17 governs the composition and functioning of the board of directors of listed entities, requiring independence of at least one-third of the board and imposing obligations regarding board evaluation, information entitlements, and the conduct of meetings.[13] Regulation 21 requires the top one thousand listed companies to constitute a Risk Management Committee charged with overseeing the company's risk management framework, a requirement whose ESG implications have grown as climate and sustainability risks have come to be recognised as material financial risks.[14]

[6]Companies Act, 2013, s. 149(4) (requirement that at least one-third of the board of a listed public company consist of independent directors).

[7]Companies Act, 2013, s. 149(6) (criteria for independence of directors, including absence of material pecuniary relationship with the company and its promoters).

[8]Companies Act, 2013, s. 177 (constitution and functions of the Audit Committee, including review of financial statements and adequacy of internal financial controls).

[9]Companies Act, 2013, s. 178 (constitution and functions of the Nomination and Remuneration Committee and Stakeholders Relationship Committee).

[10]Companies Act, 2013, s. 139 (appointment of auditors, including mandatory rotation of statutory auditors of listed and certain other companies every ten years).

[11]Satyam Computer Services Scandal: Ministry of Corporate Affairs, Government of India, Report of the Serious Fraud Investigation Office (2009); see also Securities and Exchange Board of India, Final Order in the matter of Satyam Computer Services Ltd. (2014).

[12]Securities and Exchange Board of India, Circular No. SEBI/LAD-NRO/GN/2015-16/013 (Sept. 2, 2015) (replacing Clause 49 of the Listing Agreement with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

[13]SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 17 (composition and role of the board of directors of listed entities).

[14]SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 21 (requirement to constitute a Risk Management Committee for top listed entities).

The Kotak Committee, constituted by SEBI in 2017 to examine the adequacy of the corporate governance framework for listed companies, produced a comprehensive report that identified structural weaknesses in board independence, the governance of related party transactions, and the accountability mechanisms applicable to auditors and accounting professionals.[15] SEBI's partial implementation of the Committee's recommendations in 2018 accepting some proposals, deferring others, and declining to implement the recommendation of mandatory separation of the roles of Chairperson and Managing Director in all listed companies illustrated the resistance that structural governance reform encounters when it conflicts with the operational preferences of promoter-controlled groups that dominate the listed company landscape.[16]

III. THE ESG DISCLOSURE ARCHITECTURE: BRSR AND BEYOND

A. From BRR to BRSR: The Evolution of Sustainability Reporting

India's journey toward mandatory sustainability disclosure predates the global ESG movement by nearly a decade. SEBI introduced the Business Responsibility Report requirement for the top one hundred listed companies in 2012, framed around the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business. The framework was updated and substantially expanded in May 2021, when SEBI replaced the BRR with the Business Responsibility and Sustainability Report, structured around nine principles drawn from the National Guidelines on Responsible Business Conduct published by the Ministry of Corporate Affairs in 2019.[17] [18]

The BRSR framework requires the top one thousand listed companies by market capitalisation to disclose performance against a detailed set of indicators covering environmental metrics energy consumption, water withdrawal, greenhouse gas emissions, waste generation and management social indicators including workforce composition, health and safety statistics,

[15]Securities and Exchange Board of India, Report of the Committee on Corporate Governance (Kotak Committee Report) (Oct. 5, 2017).
[16]SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (implementing select recommendations of the Kotak Committee, including separation of the roles of Chairperson and Managing Director/CEO).
[17]Securities and Exchange Board of India, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 (May 10, 2021) (introducing the Business Responsibility and Sustainability Report framework, replacing the earlier Business Responsibility Report).
[18]National Guidelines on Responsible Business Conduct, Ministry of Corporate Affairs, Government of India (2019) (updating the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business of 2011).

supply chain practices, and community engagement, and governance disclosures addressing board composition, ethics and transparency mechanisms, and regulatory compliance. The framework is structured around essential and leadership indicators, with essential disclosures carrying a mandatory character and leadership disclosures serving as aspirational benchmarks for more advanced reporters.

B. BRSR Core and Third-Party Assurance

The most significant recent development in India's ESG disclosure framework is the introduction of the BRSR Core in 2023. SEBI identified a subset of key performance indicators from across the nine BRSR principles covering greenhouse gas emissions, energy and water intensity, waste management, gender and social inclusion metrics, and governance indicators and mandated third-party assurance on these core metrics for the top one thousand listed entities with effect from financial year 2023-24.[19] The requirement of independent assurance is a structurally important step: it converts sustainability disclosure from a self-reported narrative into a verifiable and comparable set of metrics, and it creates accountability mechanisms that the unassured BRR and early BRSR frameworks lacked.

The BRSR Core framework also introduces a value chain dimension, extending disclosure obligations to significant value chain partners of the reporting company defined as partners accounting for more than two percent of the company's purchases or sales and requiring companies to report on the ESG performance of those partners using a simplified set of indicators. This cascade of disclosure obligations presents substantial compliance challenges, particularly for large companies with complex, multi-tiered supply chains spanning formal and informal sector participants, and raises legal questions about the enforceability of ESG reporting obligations against entities that are not themselves subject to SEBI jurisdiction.

C. ESG Rating Providers

A further dimension of India's evolving ESG architecture is the regulatory treatment of ESG rating providers, whose assessments have become increasingly influential in shaping investor perceptions of companies' sustainability performance. SEBI identified the absence of a

[19]Securities and Exchange Board of India, BRSR Core: Framework for Assurance and ESG Disclosures for Value Chain (July 12, 2023) (mandating assurance on BRSR Core metrics for the top one thousand listed entities by market capitalisation from financial year 2023-24 onwards).

regulatory framework for these providers as a structural gap given that ESG ratings, unlike credit ratings, were entirely unregulated despite carrying material influence over capital allocation and in 2023 brought ESG Rating Providers within the regulatory perimeter through amendments to the Credit Rating Agencies Regulations.[20] The new framework imposes registration, disclosure, and governance requirements on ESG Rating Providers, addressing concerns about conflicts of interest, methodological opacity, and the divergence between ratings produced by different providers that had undermined confidence in ESG assessments as a reliable signal of sustainability performance.

IV. LEGAL CHALLENGES IN CORPORATE GOVERNANCE AND ESG COMPLIANCE

A. The Independent Director Problem in a Promoter-Dominated Landscape

The requirement that at least one-third of the board of every listed public company consist of independent directors was central to the governance reform agenda of the Companies Act, 2013 and the SEBI Listing Regulations. The legal logic is straightforward: independent oversight of management decisions, particularly on executive remuneration, related party transactions, and audit integrity, requires directors who are genuinely free of financial dependence on the promoter group.

In practice, the effectiveness of independent director requirements is significantly attenuated in the promoter-dominated corporate structures that characterise the majority of large Indian listed companies. Where a promoter group controls fifty to seventy percent of a company's equity a common configuration in India's listed corporate sector the independent directors, however formally qualified, are nominated with the acquiescence of the promoter and serve at the pleasure of the shareholder majority that the promoter controls. The legal standard of independence, defined by reference to the absence of pecuniary relationships, does not capture the social, reputational, and network dependencies that may inhibit genuinely independent judgment in practice. The phenomenon of directors who are legally independent but behaviourally compliant with promoter preferences has been identified as a persistent gap

[20]Securities and Exchange Board of India, Consultation Paper on ESG Rating Providers (Jan. 2022); SEBI (Credit Rating Agencies) (Amendment) Regulations, 2023 (bringing ESG Rating Providers within the regulatory perimeter of SEBI).

between the formal requirements of the governance framework and its practical operation.

B. Related Party Transactions: Governance Risk and Legal Response

Related party transactions present the single most significant governance risk in the Indian corporate context, and the regulatory framework has evolved substantially in response. The Companies Act, 2013 requires audit committee and shareholder approval for material related party transactions and prohibits interested directors and shareholders from voting on transactions in which they have an interest.[21] SEBI's 2021 circular on related party transactions substantially tightened the listed company framework by expanding the definition of related parties to capture entities through which promoters exercise indirect influence, lowering materiality thresholds for shareholder approval, and extending the audit committee's responsibility to encompass the monitoring of ongoing related party arrangements.[22]

Despite these reforms, related party transactions continue to serve as a primary vehicle for the transfer of value from listed companies to promoter-controlled private entities. The structural challenge is that the governance mechanisms designed to prevent such transfers audit committee review and minority shareholder approval are themselves susceptible to the same promoter influence that the transactions they are meant to police reflect. Audit committees whose independent members have been selected by the promoter, and shareholder votes in which the promoter's equity stake is excluded but the remaining minority is dispersed and disorganised, provide limited protection against sophisticated related party value extraction.

C. The Legal Character of Mandatory CSR

The mandatory nature of CSR expenditure under Section 135, as reinforced by the 2019 amendments, raises a set of legal questions that the statute does not fully resolve. The requirement to spend a prescribed proportion of profits on activities listed in Schedule VII is best understood as a quasi-fiscal obligation rather than a genuine exercise of corporate discretion, and it sits uneasily with both the traditional understanding of corporate purpose and the concept of CSR as an expression of voluntary commitment to social and environmental

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[21]Companies Act, 2013, s. 188 (approval requirements for related party transactions, including ordinary resolution requirements and prohibition on interested directors from voting).

[22]Securities and Exchange Board of India, Circular on Related Party Transactions (Nov. 9, 2021) (tightening the regulatory framework applicable to related party transactions of listed entities, including expansion of the definition of related parties and lowering of materiality thresholds).

objectives.

The activities eligible for CSR expenditure under Schedule VII are defined at a level of generality that creates significant scope for activities of dubious social value to be characterised as qualifying expenditure, and the monitoring mechanisms annual reporting to the board and disclosure in annual reports depend on the integrity of the board process rather than independent verification. The absence of a systematic impact assessment framework means that the law measures input compliance the quantum of expenditure rather than outcome quality, leaving open the possibility that substantial sums are cycled through formal CSR processes without generating commensurate social benefit.

D. Auditor Independence and Enforcement Gaps

Auditor rotation requirements under Section 139 of the Companies Act, 2013 address one dimension of the capture risk that the Satyam fraud illustrated the risk that long-tenured auditors develop financial dependence on the client and become reluctant to challenge management representations. The duty to report suspected fraud to the Central Government under Section 143 imposes a positive whistleblowing obligation on auditors.[23] These provisions represent meaningful reforms, but their effectiveness depends on institutional capacity in the audit oversight and enforcement function that has not always been adequate to the task. The National Financial Reporting Authority, constituted under the Act as an independent audit regulator, has expanded its enforcement activity but faces resource constraints and jurisdictional questions about the extent of its authority that have taken time to resolve.

Insider trading regulation under the SEBI (Prohibition of Insider Trading) Regulations, 2015 has been progressively tightened, with structured digital database requirements for unpublished price-sensitive information and an expanded definition of connected persons.[24] SEBI's enforcement record in insider trading cases has improved, but the detection of sophisticated insider trading in a market with limited forensic surveillance infrastructure remains a structural

[23]Companies Act, 2013, s. 143(12)-(13) (duty of auditor to report to the Central Government where the auditor has reason to believe that an offence involving fraud is being or has been committed in the company).
[24]SEBI (Prohibition of Insider Trading) Regulations, 2015, Regulation 4 (prohibiting trading by insiders on the basis of unpublished price-sensitive information and imposing structured digital database maintenance obligations).

challenge, and the penalties imposed in settled cases have not always served as a credible deterrent to well-resourced market participants.

V. FUTURE PROSPECTS: CONVERGENCE, GLOBALISATION, AND GOVERNANCE REFORM

A. Adoption of IFRS Sustainability Standards

The International Sustainability Standards Board published IFRS S1 and IFRS S2 in June 2023, establishing global baseline standards for general sustainability disclosures and climate-related financial disclosures respectively, drawing substantially on the framework of the Task Force on Climate-related Financial Disclosures.[25] SEBI's consultation paper of September 2023 on the adoption of ISSB Standards in India signals the likely trajectory of Indian sustainability disclosure requirements: a progressive convergence of the BRSR framework with the IFRS S1 and S2 standards, providing the international comparability that Indian companies with global investor bases and cross-border listings increasingly require.[26]

The convergence of the BRSR with IFRS sustainability standards raises implementation questions of genuine complexity. IFRS S2's requirements for scenario analysis, transition planning disclosure, and Scope 3 emissions reporting go substantially beyond the current BRSR Core indicators in their sophistication and data demands. Indian companies, including those in the top thousand by market capitalisation, vary enormously in the maturity of their internal data systems, environmental management capabilities, and access to third-party expertise. A phased adoption approach beginning with climate-related disclosures aligned with IFRS S2 before extending to the full IFRS S1 framework is the most likely path, but even a phased approach will require substantial investment in data infrastructure and assurance capacity.

B. The European CSRD and CS3D: Implications for Indian Companies

The extraterritorial reach of European sustainability regulation represents one of the most

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[25]Task Force on Climate-related Financial Disclosures, Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017); International Sustainability Standards Board, IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures (June 2023).

[26]Securities and Exchange Board of India, Consultation Paper on Adoption of IFRS Sustainability Disclosure Standards (ISSB Standards) in India (Sept. 2023).

significant external drivers of ESG compliance for Indian companies operating in global value chains. The European Corporate Sustainability Reporting Directive, in force since January 2023, requires large and listed companies operating in the EU to disclose sustainability information against the European Sustainability Reporting Standards, and its value chain provisions require reporting companies to collect and disclose information about the sustainability performance of their suppliers.[27] The Corporate Sustainability Due Diligence Directive, adopted in 2024, goes further, requiring in-scope companies to conduct due diligence on the actual and potential adverse impacts on human rights and the environment of their own operations and those of their supply chain partners, including entities in third countries.

For Indian companies that are direct suppliers to European groups, or that supply Indian subsidiaries of European companies, these requirements effectively impose CSRD and CS3D compliance obligations as a condition of commercial relationship. The legal basis for these requirements in Indian domestic law is indirect they operate through contract rather than statute but their practical effect on Indian corporate governance and sustainability practices may be more immediate than the domestic ESG framework itself. The Ministry of Corporate Affairs' engagement with the business and human rights agenda through India's National Action Plan of 2023 represents a domestic policy response to the same pressures, framing responsible business conduct in the supply chain as a national policy objective as well as an external commercial requirement.

C. Strengthening Board Governance and Institutional Investor Engagement

The Company Law Committee's 2022 report identified a range of structural improvements to the board governance framework that have not yet been enacted into law, including enhanced accountability mechanisms for independent directors, improved disclosures on board evaluation processes, and more rigorous requirements for the conduct of annual general meetings in an era of digital participation.[28] SEBI's ongoing programme of consultation on governance reforms including proposals on director compensation structures, enhanced related party transaction disclosures, and the governance of material subsidiaries reflects a recognition

[27]European Parliament and Council, Corporate Sustainability Reporting Directive (CSRD), Directive 2022/2464/EU (Dec. 14, 2022); European Parliament and Council, Corporate Sustainability Due Diligence Directive (CS3D), Directive 2024/1760/EU (July 13, 2024).
[28]Ministry of Corporate Affairs, Government of India, Report of the Company Law Committee (2022) (recommending amendments to strengthen director accountability, related party transaction governance, and digital filing requirements).

that the 2013-2015 legislative and regulatory framework, however substantial at the time of its enactment, requires continuous updating to remain adequate to the governance challenges of a larger and more complex corporate sector.

Institutional investor engagement with portfolio company governance remains structurally underdeveloped in India. The SEBI stewardship code, which encourages institutional investors to disclose and implement stewardship policies and to engage actively with investee companies on governance matters, is a voluntary framework whose adoption has been uneven.[29] The activation of institutional investor voice as a counterweight to promoter influence the mechanism through which shareholder primacy models of governance are meant to discipline management in markets with dispersed ownership requires a level of investor organisation and willingness to incur the costs of engagement that the Indian institutional investment community has not yet consistently demonstrated. The development of this counterweight is perhaps the most important single determinant of whether the formal governance improvements of the last decade translate into durable improvements in governance quality.

VI. CONCLUSION

The trajectory of corporate governance and ESG compliance in India over the decade since the Companies Act, 2013 is one of legislative ambition progressively deepened by regulatory elaboration, with the BRSR Core framework and the emerging convergence with IFRS Sustainability Standards representing the current frontier. The legal architecture that has been constructed is, in its formal dimensions, sophisticated and comprehensive: it addresses board composition, director duties, auditor independence, mandatory CSR, related party transaction governance, insider trading prevention, sustainability disclosure, and the emerging field of ESG rating regulation. In each of these dimensions, the framework compares favourably with international benchmarks.

The legal challenges identified in this paper are, however, real and structural rather than incidental. Independent director requirements that operate in a promoter-dominated equity landscape produce formal compliance without necessarily delivering the substantive independence the framework presupposes. Mandatory CSR that measures expenditure rather than impact generates input compliance without ensuring social value. Auditor independence

[29]Securities and Exchange Board of India, Annual Report 2024-25 (2025) (reporting on ESG regulatory enforcement, BRSR compliance statistics, and regulatory priorities for the forthcoming year).

obligations that depend on regulatory capacity for enforcement are only as strong as the institutions charged with that enforcement. Related party transaction controls that can be navigated by sophisticated corporate groups provide imperfect protection against the value extraction they are meant to prevent. And an ESG disclosure framework whose value chain ambitions outrun the data infrastructure and assurance capacity of India's corporate sector risks generating disclosure volume without the informational substance that makes disclosure meaningful.

The future prospects are, on balance, positive. The convergence of Indian sustainability disclosure standards with the IFRS framework, the extraterritorial pressure of European due diligence requirements, the progressive development of SEBI's enforcement capabilities, and the gradual activation of institutional investor voice as a governance counterweight all create conditions in which the gap between formal compliance and substantive governance quality can be progressively narrowed. Whether that narrowing happens at a pace adequate to the governance demands of an economy of India's scale and ambition is the central question that the legal and regulatory framework for corporate governance and ESG compliance must ultimately be judged against.

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