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**IMPORTANCE OF CORPORATE GOVERNANCE AND COMPLIANCES**

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**ABSTRACT:**

Corporate governance in India encompasses processes, principles, and values that guide company management. High-profile scandals prompted the Securities and Exchange Board of India (SEBI) to implement regulations for transparency, strong boards, preventing insider trading, and protecting minority shareholders. SEBI emphasizes independent boards with at least one-third of independent directors and regulates substantial share acquisitions. These efforts have fostered economic growth, stability, and trust. Cross-border mergers pose challenges, requiring companies to navigate legal frameworks, conduct due diligence, address cultural differences, and ensure effective communication. India has witnessed governance lapses like IL&FS and Yes Bank scandals, emphasizing the need for transparency, accountability, ethics, and stakeholder protection to maintain trust.

**CORPORATE GOVERNANCE IN INDIA:**

Corporate governance in India refers to the set of processes, principles, and values that guide the way a company is managed and controlled. It encompasses the relationship between a company's management, board of directors, shareholders, and other stakeholders.

In India, corporate governance has become a hot topic in Board rooms today. It has become an increasingly important issue in recent years, especially in the wake of several high-profile corporate scandals. The Securities and Exchange Board of India (SEBI) has implemented several regulations and guidelines to improve corporate governance practices in the country. The SEBI Listing and Disclosure Requirements (LODR) Regulations 2015 amended Clause 49 of the Listing Agreement in order to align it with corporate governance specified under the Companies Act 2013<sup>1</sup>. The SEBI plays a crucial role in improving corporate governance in India. SEBI is the regulatory body responsible for overseeing the securities markets in India and has developed several regulations and guidelines to promote good corporate governance practices among listed companies in India.

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<sup>1</sup> ICSI, "Revised Clause 49 Of Listing Agreement" (*ICSI*) accessed May 2, 2023, 9:PM,

<https://icsi.edu/media/portals/70/gp1.pdf>.

The following are some of the ways in which SEBI has been working to improve corporate governance in India:

1. Promoting Transparency<sup>2</sup>: SEBI has been working to increase transparency and disclosure requirements for listed companies in India. The Listing Obligations and Disclosure Requirements (LODR) Regulations require companies to disclose information related to board composition, related party transactions, and other important matters that could impact shareholder interests.
2. Strengthening Board Composition: SEBI has been working to ensure that boards of directors are independent and diverse. The LODR Regulations mandate that at least one-third of the board should comprise independent directors<sup>3</sup>, and listed companies are required to provide detailed disclosures on the qualifications and experience of directors.
3. Preventing Insider Trading: SEBI has taken several steps to prevent insider trading, which can undermine investor confidence and erode trust in the markets. The Prohibition of Insider Trading Regulations prohibits insider trading and requires companies to maintain a digital database of all persons who have access to unpublished price-sensitive information.<sup>4</sup>
4. Protecting Minority Shareholders: SEBI has developed regulations to protect the interests of minority shareholders.<sup>5</sup> The Substantial Acquisition of Shares and Takeovers (SAST) Regulations require companies to make public disclosures of any substantial

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<sup>2</sup> SEBI, "Consultation Paper on Certain Amendments to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, with the Objective of Increasing Transparency and Streamlining Certain Processes" (*Securities Exchange Board of India* February 22, 2023) accessed May 2, 2023, 9:PM, <[https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-certain-amendments-to-securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-with-the-objective-of-increasing-transparency-and-s-\\_68336.html](https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-certain-amendments-to-securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-with-the-objective-of-increasing-transparency-and-s-_68336.html)>

<sup>3</sup> SEBI, "Annexure Clause 49 - SEBI" accessed May 2, 2023, 9:PM, <[https://www.sebi.gov.in/sebi\\_data/commndocs/cir2803an1\\_p.pdf](https://www.sebi.gov.in/sebi_data/commndocs/cir2803an1_p.pdf)>

<sup>4</sup> S S, "Structured Digital Database under SEBI (PIT) Regulations, 2015" (*TaxGuru* October 3, 2022), accessed May 2, 2023, 9:PM, <<https://taxguru.in/sebi/structured-digital-database-sebi-pit-regulations-2015.html>>

<sup>5</sup> Ministry of Corporate Affairs, "Minority Interest" (*MCA*) accessed May 3, 2023, 9:00PM, <<https://www.mca.gov.in/content/mca/global/en/data-and-reports/reports/other-reports/report-company-law/minority-interest.html>>



acquisition of shares or change in control and set out rules governing the acquisition of shares in listed companies.

5. Promoting Shareholder Democracy: SEBI has been working to promote shareholder democracy and participation in corporate decision-making.<sup>6</sup> The LODR Regulations require companies to provide electronic voting facilities to shareholders, and companies are required to seek shareholder approval for related party transactions and other important matters.

SEBI has been instrumental in improving corporate governance practices in India. The regulations and guidelines developed by SEBI have helped to establish a framework for good corporate governance that can help to promote economic growth and stability in India.

### WHAT IS CORPORATE GOVERNANCE?

Corporate governance is a system of conduct for the people within an organization and is different from the daily operational management activities that are executed by the management of the organization. Corporate governance must steer the direction of an organization within such important dimensions within the organization such as :<sup>7</sup>

1. Risk management- Good corporate governance helps in identifying and mitigating the risks such as strategic, operational, and financial risks within an organization.
2. Strategic planning- Good planning is about identifying and capturing opportunities that come along the way in order to attain and endure competitive advantages for the future.
3. Adequate Disclosure- The function of corporate governance is to adequately report the public stakeholder reporting including such financial statements according to the SEBI disclosure norms etc.
4. Human Resource- This helps the managers to improve the human capital within the organization and to have better labor contracts with the help of the Indian Contract Act, of 1872 in order to retain and improve their quality of human capital.

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<sup>6</sup> Deb S and Shreyashi T, "SEBI Empowers Shareholders to Strengthen Corporate Governance" (*Deccan Herald* March 2, 2023) accessed May 3, 2023, 9:00PM, <<https://www.deccanherald.com/opinion/sebi-empowers-shareholders-to-strengthen-corporate-governance-1196481.html>

<sup>7</sup> Peterdy K, "Corporate Governance" (Noah Miller ed. *Corporate Finance Institute*), accessed May 3, 2023, 9:00PM, <<https://corporatefinanceinstitute.com/resources/esg/corporate-governance/>

Moreover, environmental social governance (ESG) puts pressure on the organization in order to consider its stakeholder primacy.

## **CORPORATE GOVERNANCE IN INDIA**

Some of the key corporate governance and compliance principles in India include:

1. **Board of Directors:** The board of directors is responsible for setting the overall strategy and direction of the company. It should be comprised of a mix of executive and non-executive directors, with at least one-third of the board being independent directors.
2. **Transparency and Disclosure:** Companies should provide accurate and timely information to shareholders and other stakeholders about their financial performance, management policies, and other key aspects of the business.
3. **Accountability:** Companies should be accountable to their shareholders and other stakeholders for their performance, and should have systems in place to monitor and evaluate their performance.
4. **Shareholder Rights:** Shareholders should have the right to participate in important decisions, such as the election of directors and major corporate transactions.
5. **Code of Conduct:** Companies should have a code of conduct in place that outlines ethical standards and behavior for employees, directors, and other stakeholders.

### **Corporate Governance during Cross-Border Mergers:**

Cross-border mergers can pose unique challenges for corporate governance. These transactions involve companies from different legal and regulatory systems, which can create complexities and uncertainties in terms of governance practices and requirements. As such, it is important for companies involved in cross-border mergers to pay close attention to corporate governance issues to ensure a smooth and successful transaction.

The following are some key considerations related to corporate governance during cross-border mergers:<sup>8</sup>

1. **Legal and Regulatory Framework:** Companies involved in cross-border mergers need to be aware of the legal and regulatory frameworks in the countries where they operate. This includes understanding the rules and regulations related to corporate governance,

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<sup>8</sup> OECD, "Corporate Governance Principles - OECD" (*OECD2015*), accessed May 2, 2023, 9:00PM.

<<https://www.oecd.org/daf/ca/corporategovernanceprinciples/33655111.pdf>>

such as the composition of the board of directors, shareholder rights, and disclosure requirements.

2. **Due Diligence:** Companies should conduct thorough due diligence on potential merger partners to ensure that there are no red flags related to corporate governance. This includes reviewing the composition of the board, the quality of internal controls, and any history of legal or regulatory issues.
3. **Cultural Differences:** Cross-border mergers can bring together companies with different corporate cultures, which can create challenges in terms of governance practices and expectations. Companies should work to understand and bridge any cultural differences to ensure smooth integration.
4. **Communication:** Effective communication is key to successful cross-border mergers. Companies should communicate clearly with all stakeholders, including employees, shareholders, and regulators, to ensure that governance practices are well understood and accepted.
5. **Post-merger Integration:** After the merger is complete, companies should work to integrate their governance practices and processes to ensure a seamless transition. This includes developing a clear governance structure and establishing processes for decision-making, reporting, and monitoring.

Cross-border mergers require careful attention to corporate governance issues to ensure that the transaction is successful and sustainable over the long term. Companies should work closely with legal and regulatory experts to ensure that they are complying with all relevant rules and regulations and should prioritize effective communication and integration to build trust and ensure a smooth transition.

### **Corporate Governance Failures**

There have been several recent examples of corporate governance mishaps that have made headlines in various parts of the world. Some notable examples are:

1. **Wirecard<sup>9</sup>** : The German payment processing company Wirecard was involved in a major corporate governance scandal in 2020. The company was accused of inflating its revenue

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<sup>9</sup> Poltz J, "Wirecard Bosses' Fraud Trial Begins after Scandal That Rocked Germany" (*Reuters* December 8, 2022), accessed May 2, 2023, 9:00PM. <<https://www.reuters.com/business/finance/former-wirecard-boss-goes-trial-fraud-scandal-that-rocked-germany-2022-12-08/>.



and misleading investors. The scandal resulted in the collapse of the company, with several executives being arrested and charged with fraud.

2. Nissan<sup>10</sup> : In 2018, Carlos Ghosn, the former chairman of Nissan, was arrested in Japan for financial misconduct. Ghosn was accused of underreporting his salary and using company assets for personal gain. The scandal resulted in the ousting of Ghosn and raised questions about the governance practices at Nissan.
3. Wells Fargo<sup>11</sup>: In 2016, it was discovered that employees at Wells Fargo had opened millions of fake accounts in order to meet sales targets. The scandal resulted in fines and penalties for the bank and raised questions about the governance practices and culture at the company.
4. Boeing<sup>12</sup>: Following two fatal crashes of its 737 Max planes, Boeing was accused of prioritizing profits over safety. The scandal resulted in the grounding of the planes and raised questions about the governance practices and oversight at the company.
5. Facebook<sup>13</sup>: In 2018, it was revealed that Cambridge Analytica had accessed the data of millions of Facebook users without their consent. The scandal raised questions about the governance practices at Facebook, including its handling of user data and its relationship with third-party developers.

These examples highlight the importance of strong corporate governance practices and oversight to prevent misconduct and protect the interests of stakeholders. Companies need to ensure transparency and accountability in their decision-making processes and foster a culture of ethical behavior to avoid such mishaps.

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<sup>10</sup>“Factbox: Financial Wrongdoing Allegations against Carlos Ghosn” (*Reuters*) accessed May 2, 2023, 9:00PM, <<https://www.reuters.com/article/us-nissan-ghosn-allegations-factbox-idUSKBN1Z71QI>>

<sup>11</sup> Kelly J, “Wells Fargo Forced to Pay \$3 Billion for the Bank's Fake Account Scandal” (*Forbes*) accessed May 2, 2023, 9:00PM, <<https://www.forbes.com/sites/jackkelly/2020/02/24/wells-fargo-forced-to-pay-3-billion-for-the-banks-fake-account-scandal/?sh=33448a0842d2>>

<sup>12</sup> Sucher SJ and Gupta S, “What Corporate Boards Can Learn from Boeing's Mistakes” (*Harvard Business Review*), accessed May 2, 2023, 9:00PM, <<https://hbr.org/2021/06/what-corporate-boards-can-learn-from-boeings-mistakes>>

<sup>13</sup> Cadwalladr C and Graham-Harrison E, “Revealed: 50 Million Facebook Profiles Harvested for Cambridge Analytica in Major Data Breach”, accessed May 2, 2023, 9:00PM, (*The Guardian*)(March 17, 2018) <<https://www.theguardian.com/news/2018/mar/17/cambridge-analytica-facebook-influence-us-election>.

## Corporate Governance Lapses in India

India has seen several instances of corporate governance lapses in recent years. Some notable examples include:

1. IL&FS<sup>14</sup>: In 2018, Infrastructure Leasing & Financial Services (IL&FS), a major infrastructure financing company, defaulted on its debt obligations. The default triggered a liquidity crisis in the Indian financial system and raised questions about the governance practices at the company. The subsequent investigation revealed multiple instances of fraud, mismanagement, and conflicts of interest.
2. Yes Bank<sup>15</sup>: In 2020, Yes Bank, a private sector bank, was placed under a moratorium by the Reserve Bank of India due to its deteriorating financial position. The bank was accused of poor governance practices, including lending to risky borrowers and failure to disclose its exposure to stressed sectors.
3. Satyam Computers<sup>16</sup>: In 2009, Satyam Computers, a leading software services company, was involved in a major accounting fraud. The company's founder and chairman, Ramalinga Raju, admitted to inflating profits and assets for several years. The scandal resulted in a loss of investor confidence and raised questions about the quality of corporate governance in India.
4. Kingfisher Airlines: In 2012, Kingfisher Airlines, a leading private-sector airline, ceased operations due to financial difficulties. The airline was accused of poor governance practices, including high debt levels, non-payment of salaries, and failure to meet regulatory requirements.

<sup>14</sup>“ IL&FS: The Crisis That Has India in Panic Mode: What Is Infrastructure Leasing & Finance Services?” (*The Economic Times*) accessed May 2, 2023, 9:00PM,

<<https://economictimes.indiatimes.com/industry/banking/finance/banking/everything-about-the-ilfs-crisis-that-has-india-in-panic-mode/articleshow/66026024.cms?from=mdr>>

<sup>15</sup>“ Timeline-India Central Bank Takes Control of Bad Loan-Burdened Yes Bank” (*Reuters*) accessed May 2, 2023, 9:00PM, <<https://www.reuters.com/article/yes-bank-india-idUSL4N2AY2V7>>.

<sup>16</sup> Bhasin ML, “Creative Accounting Scam at Satyam Computer Limited: How the Fraud Story Unfolded?” (*Open Journal of Accounting*) (September 26, 2016)

<<https://www.scirp.org/journal/paperinformation.aspx?paperid=70827>>



5. CG Power and Industrial Solutions<sup>17</sup>: In 2019, CG Power and Industrial Solutions, a leading power equipment manufacturer, was involved in a major financial fraud. The company's former chairman was accused of siphoning off funds and inflating profits. The scandal resulted in a loss of investor confidence and raised questions about the effectiveness of corporate governance practices in India.

These examples highlight the need for stronger governance practices and regulatory oversight to prevent misconduct and protect the interests of stakeholders in India. Companies need to ensure transparency and accountability in their decision-making processes and foster a culture of ethical behavior to avoid such lapses.

### **WHAT IS CORPORATE COMPLIANCE?**

Compliance means “the act of obeying an order, rule or request” or “meeting rules or particular standards”. In the corporate world, it simply means adhering to the applicable laws, regulations, standards, and ethical practices. Therefore, corporate compliance means adherence to organizational rules, policies, and regulatory and secretarial compliances. This helps the organization prevent any kind of violation and non-compliance with various applicable laws by the organization.<sup>18</sup>

### **AGENCY PROBLEMS INCORPORATE BETWEEN MANAGERS AND SHAREHOLDERS** <sup>19</sup>

The concept of corporate governance evolved as a measure to mitigate the agency problems between the managers of a company (being the agents) and the shareholders of the con (being

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<sup>17</sup>“ CG Power Discloses Serious Financial Irregularities as Probe Reveals Fraudulent Related-Party Transactions” (*Business Today*) accessed May 2, 2023, 9:00PM, <<https://www.businesstoday.in/latest/corporate/story/cg-power-discloses-serious-financial-irregularities-225617-2019-08-21>>

<sup>18</sup> Kohli G, “Why Is Corporate Compliance Important for Businesses? - Corporate and Company Law - India” (*Why Is Corporate Compliance Important For Businesses? - Corporate and Company Law - India*) December accessed May 2, 2023, 9:00PM, <<https://www.mondaq.com/india/corporate-and-company-law/1265238/why-is-corporate-compliance-important-for-businesses>>

<sup>19</sup> Omolaja O, “Comparative Analysis of the Laws of Delaware and U.K Company Law on Enforcement of Pre-Incorporation Contracts” accessed May 2, 2023, 9:00PM, <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3117638](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3117638)>

the principal). Therefore, the corporate governance regime establishes a series of measures to monitor the actions of managers who may take decisions against the interest of the shareholders being the principal of the company. This includes the appointment of independent directors on the board of the company and the requirement of a CEO and CFO in a company. Usually, the companies have concentrated shareholding where the majority stake in a company is held by a single shareholder or a group of shareholders, usually Being business families or the state. State-owned enterprises. (SOEs) remain closely, controlled by either the central government or the state government. Therefore, they are in a position to nominate the senior members of the management. This can lead to certain agency problems between the two where the minority requires protection from the actions of the promoters and their managerial actions as it lacks true separation of ownership and management. The new Era of corporate governance in India began with the establishment of SEBI in 1992, thereby appointing a committee that recommended certain corporate governance norms as a mandate such as the introduction of clause 49 into the listing agreement that was made applicable to all such listed companies. Agency problems arise in corporations when there is a conflict of interest between the managers (agents) and shareholders (principals). Managers are hired by the shareholders to run the company on their behalf, but they may not always act in the best interest of the shareholders. Instead, managers may prioritize their own interests or the interests of other stakeholders over the interests of the shareholders.

There are several agency problems that can occur between managers and shareholders:

1. Principal-agent problem: This occurs when the interests of the managers and shareholders are not aligned. Managers may focus on short-term goals or personal gain, rather than long-term shareholder value.
2. Moral hazard: This occurs when managers take excessive risks with company resources, knowing that they will not bear the full cost of those risks. For example, managers may take on risky projects that have a high potential payoff, but also a high potential for failure.
3. Adverse selection: This occurs when managers may not be the best candidates for the job but are hired anyway due to information asymmetry between the shareholders and the managers. For example, a manager may not have the necessary skills or experience to run the company effectively but may be hired because the shareholders do not have access to that information.

4. Agency costs: This refers to the costs associated with monitoring and controlling managers to ensure that they are acting in the best interest of the shareholders. Shareholders may incur costs to monitor the actions of managers, such as hiring auditors or consultants.

To mitigate agency problems, corporations can implement several strategies, such as aligning the interests of managers and shareholders through stock options and performance-based compensation, setting clear goals and incentives for managers, and increasing transparency and accountability through regular reporting and disclosure requirements.

There have been several recent examples of agency problems incorporated between managers and shareholders in India. Here are a few:

1. Yes Bank: In 2020, Yes Bank, one of India's largest private sector banks, was placed under a moratorium by the Reserve Bank of India (RBI) due to a deterioration in its financial position. Investigations found that the bank's former CEO, Rana Kapoor, had engaged in fraud and financial misconduct, including underreporting of bad loans and irregularities in lending practices. This was an example of the principal-agent problem, as the CEO prioritized short-term financial gains over long-term shareholder value.
2. IL&FS: In 2018, Infrastructure Leasing & Financial Services (IL&FS), a major infrastructure financing and development company in India, defaulted on several of its debt obligations, leading to a crisis in the country's financial sector. Investigations found that the company's board and management had engaged in financial irregularities, including misrepresenting its financial position and approving loans without adequate due diligence. This was an example of agency costs, as the company's board and investors failed to adequately monitor and control the actions of the management.
3. Satyam Computers: In 2009, Satyam Computers, one of India's leading IT services companies, was embroiled in a massive accounting scandal, in which its founder and former CEO, Ramalinga Raju, admitted to falsifying the company's accounts to the tune of \$1.47 billion. This was an example of moral hazard, as the management prioritised short-term financial gains over long-term shareholder value, and engaged in unethical and illegal practices.



4. Punjab National Bank<sup>20</sup>: In 2018, Punjab National Bank (PNB), one of India's largest public sector banks, uncovered a \$1.8 billion fraud, involving two of its employees and several other individuals, including Nirav Modi, a jeweller and businessman. Investigations found that the employees had issued unauthorized letters of credit to Modi's companies, without adequate collateral. This was an example of adverse selection, as the employees were not the best candidates for the job, and engaged in unethical and illegal practices, harming the bank and its shareholders.

Company law has been the source for all corporate governance norms with a primary statute being the Companies Act 1956. Hence, the corporate governance provisions in Indian companies have been strengthened being in their initial stages of implementation.<sup>21</sup>

Board Composition- The Companies Act 2013 provides that every public company shall have a minimum of three directors while a private company can have a minimum of two. In total a company shall have a maximum of fifteen directors which can vary by the way of special resolution of the shareholders. At least one director is required to be a resident in India which means he has stayed in India for at least 182 days in the previous calendar year. The composition requires specific

#### **Types of directors:**

- A. Executive and Non-Executive- A company shall have a combination of executive directors (full-time) and non-executive directors (professionals with expertise) who are involved in the company on a part-time basis. Listed companies are required to have not less than half of the board comprising non-executive directors.
- B. Independent directors- Both listed and unlisted companies are required to have independent directors in India.
- C. Woman Director - Gender diversity on Indian corporate boards has been introduced by the statute. Certain companies with a paid-up capital of 100 crores or turnover over 300 Crores shall have at least one woman director. This gender diversity requirement needs to be complied with by the company within six months of its incorporation and any such vacancy

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<sup>20</sup>“Punjab National Bank Scam” (Wikipedia) accessed May 2, 2023, 9:00PM

,[https://en.wikipedia.org/wiki/Punjab\\_National\\_Bank\\_Scam](https://en.wikipedia.org/wiki/Punjab_National_Bank_Scam)

<sup>21</sup> Spedding LS, “Corporate Governance,” *India - The Business Opportunity* (Eastern Book Company 2016), (last visited July. 6, 2023).

shall be filled by the later date of a subsequent board meeting or three months of such vacancy.

D. Small shareholder Directors- They are ones who hold shares of a nominal value not exceeding Rs. 20,000/-. They have a right to appoint a director in the company by themselves.

At least 2/3 of directors must be liable to retirement by rotation while the others can be appointed as specified by the AoA of the company or by the shareholder majority. 1/3 of the board should comprise the independent directors whereas the chairperson of the board is a non-executive director. If the non-executive chairperson is the promoter or related to a promoter, then at least half of the board should comprise independent directors.

Any unlisted public company having a paid-up capital of Rs. 10 crore or more or a turnover of Rs. 100 crore or more or any outstanding loans/debentures and deposits of Rs. 50 crore and more shall have at least two independent directors. An independent director can serve a company only for a term of 5 consecutive years, although such a director may be eligible for reappointment by way of a special resolution, i.e., 75% majority of the shareholders. Independent directors help to safeguard the interests of all stakeholders, particularly the minority, thereby balancing the conflicts among various stakeholders.

### **Board Proceedings:**

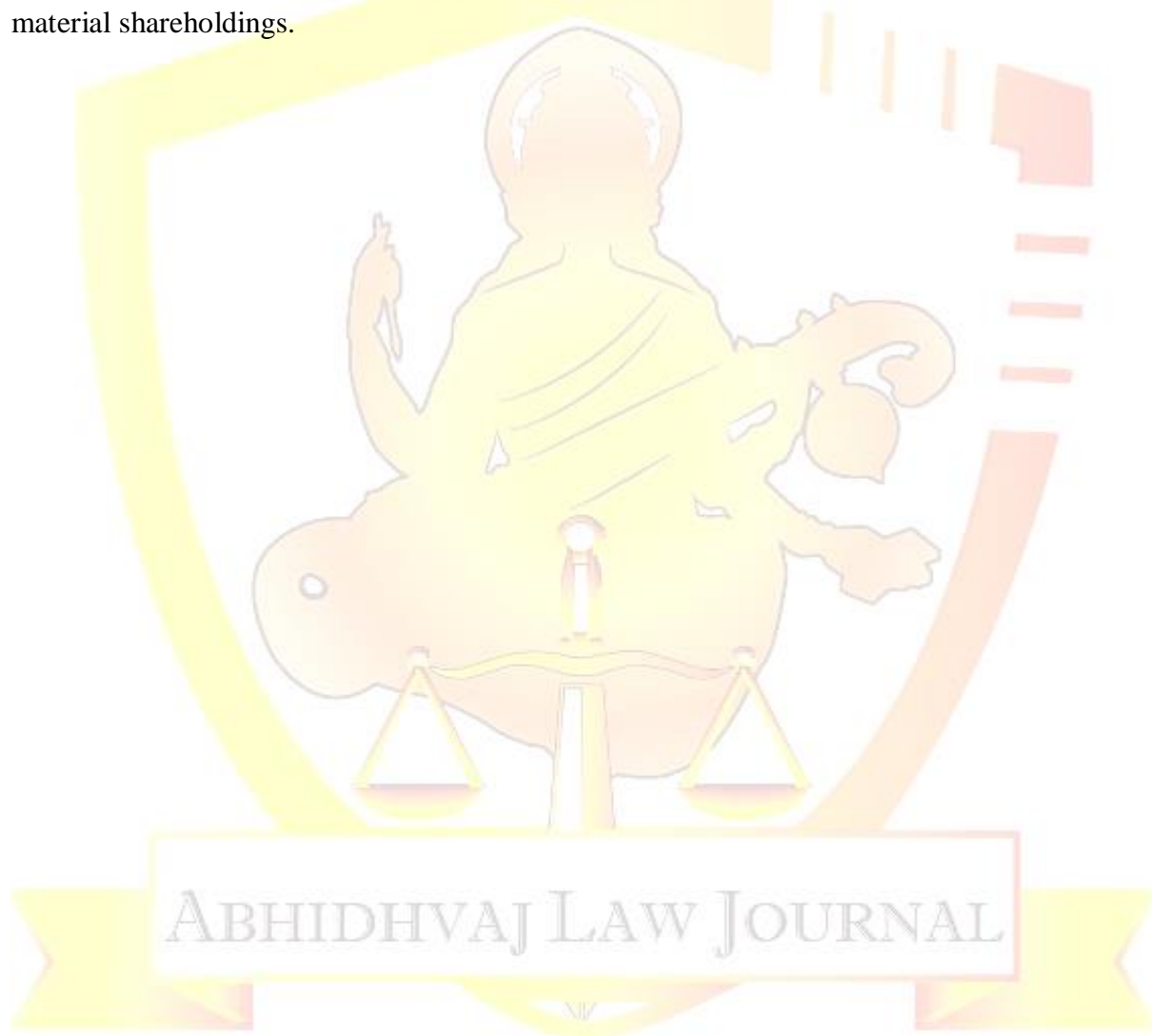
Every company is liable to hold a meeting with the BOD within 30 days of its incorporation. The Board of Directors shall have four meetings in a year with a gap of not less than 120 days between the two meetings.

Whereas, the independent directors can meet once a year without the presence of non-independent directors.

Nevertheless, it is hard to conclude that the regime is yet satisfactory. Despite rapid enhancements of corporate governance norms, the Indian industry has not been devoid of governance failures, with Satyam being the prime example. These instances have revived a whole new wave of reforms that have culminated with the enactment of the Companies Act, 2013 and the LODR Regulations, which can be expected to significantly impact the Indian industry in the near future.

### **CONCLUSION:**

We can therefore summarise that for healthy corporate governance, it requires a clear separation of duties between the management and the Board of Directors. It requires a healthy relationship between the Board of Directors and the CEO.<sup>22</sup> Similarly, having independent directors in companies can help resolve conflicts between the shareholders and management and steer the organization with more executive considerations which are material to the business.<sup>23</sup> A director can only be said to be independent when they don't have any business relationship with the company or any of its subsidiaries including any cash compensation or material shareholdings.



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<sup>22</sup> Kyle Peterdy, Corporate Governance A system of direction and control within an organization, corporatefinanceinstitute, (July. 01, 2023, 9:29 PM),

<https://corporatefinanceinstitute.com/resources/esg/corporate-governance/>

<sup>23</sup> *Id.*, at 12.