



2026

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Recommended Citation

Jain Swasti (2026) "Shifting the Governance Paradigm from Box Ticking Compliance to Ethical Leadership and Resilience," *Beyond Briefs Law Review: Vol. 03, Special Issue 01, Article 4*.

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SHIFTING THE GOVERNANCE PARADIGM FROM BOX TICKING COMPLIANCE TO ETHICAL LEADERSHIP AND RESILIENCE

Swasti Jain¹

ABSTRACT

This paper underscores the need to do more than compliance in consonance with the Indian Corporate legal framework and build the business in line with ethics and integrity. Despite the comprehensive company regulation frameworks that included the Companies Act 2013, SEBI (LODR) Regulations 2015, Kotak Committee reforms, and ESG-oriented reporting standards (BRSR, BRSR Core), the gap in leadership still persists. The study points out that the successful organizational strength is attained by the leaders who are concerned with integrity, stakeholder interests, and adaptive resilience instead of merely meeting the regulatory needs.

The discussion addresses the legal responsibilities of the directors, the independent nature of the board members, the fiduciary responsibilities, and the responsibilities of the board committees to ensure ethics. It also takes a reflection on how the ethics in the processes of international best practice (including OECD Principles and UK and Singapore governance codes) are integrated. Through case studies of ICICI Bank and PNB-Nirav Modi, the paper shows that only procedural compliance can work in situations where there is no leadership commitment towards transparency. Finally, the paper proposes certain reforms, such as statutory ethical leadership standards, increased governance of ESG, and ethics-based board evaluation.

Keywords: Ethical Leadership, Corporate Governance, Organizational Resilience, Stakeholder Trust, ESG Reporting.

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Introduction

The history of India over the past decade shows that even the presence of sophisticated institutions of governance is insufficient to prevent the downfall of a company; however, the presence of ethical governance that views compliance as a bottom but not a peak is what separates the strong and the weak companies. The IL&FS, ICICI Bank, PNB Nirav Modi, and Yes Bank cases are characterized by structural ineptitude in ethics, where compliance with the regulations is formal and co-existent with lax board and oversight, conflicted decision-making, and a permissive culture towards the issues of the same. In this paper, it is suggested that the governance paradigm that should be applied to India should not just be a set of boxes that are ticked but a model where leadership accountability, stakeholder-centred judgment, and organisational resilience are integrated as part of the steel framework of corporate decision-making.

The post-Kotak Committee reforms and Companies Act of 2013, the SEBI (LODR) Regulations of 2015, and business-level failures such as the PNB Nirav Modi scandal, the ICICI Bank governance crisis, and the Yes Bank woes all maintained a watchful eye on high-profile collapses such as the PNB Nirav Modi fraud, the ICICI Bank governance crisis, and the Yes Bank distress. In both instances, later examinations indicate underlying inadequacies of tone at the top, a lack of director independence challenge, and condoning related party benefits, which do not fit fiduciary stewardship, as well as breaches of internal controls and risk management. Collectively, these instances indicate that in cases where boards perceive governance as a documentation activity as opposed to a vibrant system of values, incentives, and accountability, formal compliance may cofactor with the occurrence of severe ethical violations.

The global mechanisms, such as the G20/OECD Principles of Corporate Governance, emphasize the use of risk management, sustainability, and stakeholder involvement in board responsibilities to link moral leadership with long-term value generation and market confidence (Organisation for Economic Co-operation and Development, n.d.) [1]. The increasing demands on good governance in India and on the global front are demands that go beyond legal provisions to requirements that boards and senior management possess the ability to anticipate the non-financial risks, solve the social and environmental externalities, and have confidence in the face of unpredictability. Ethical leadership is used as a resilience mechanism in this scenario: leaders who respect the interests of the

stakeholders, internalise fiduciary obligations, and encourage open dissent are in a better position to perceive faint signals of malfeasance, bounce back, and keep credibility in volatile markets.

Identification of the Statement of Research Problem

The implementation of major Kotak Committee recommendations, the enhanced LODR requirements, and the transition to BRSR and BRSR Core are all indicators of the current trend in regulatory direction of India, which has significantly increased the volume and density of compliance regulations for the listed entities. Nonetheless, several commentators note that most boards respond to such changes with a checklist approach, which focuses on form and not content and views committee structures, disclosures, and ESG reporting as external pressures to be addressed and not as internal instruments for the generation of ethical value.

Research Methodology

It is against this backdrop that the present paper adopts a doctrinal, analytical and comparative research methodology supplemented by several case-studies. It uses doctrinal and analytical methods to analyse various analyses of primary and secondary sources, including the Companies Act and SEBI regulations. A comparative analysis has been done using selected international corporate governance frameworks. It will look at how the corporate governance system in India can be improved to transcend compliance-based reforms in a gradual manner and how it can more coherently focus on ethical leadership and resiliency. It looks at the legal and fiduciary duty of directors, board design and practice of key committees and independent boards, and the inclusion of ESG and stakeholder norms, using both lessons learned in Indian banking scandals and global benchmarks such as the OECD Principles and major common law codes of governance.

Analysis & Findings of the Research

Conceptual Framework and Historical Evolution of Corporate Governance in India

The shift of India away, towards a more resilience-based model of governance, which has started to emerge within India, can be traced back to a series of policy and regulatory interventions that have started to take effect in India as early as the late 1990s. The earliest organized attempt by a business

association in a country to come up with a blueprint of voluntary governance was the Code on Desirable Corporate Governance that was issued by the Confederation of Indian Industry in 1998 and laid an emphasis on independent boards, audit committees, and improved disclosure to attract foreign investment. Based on this, SEBI started the Kumar Mangalam Birla Committee in 1999. Rebuilding on the recommendations of the committee, in 2001, Clause 49 was inserted in stock exchange listing agreements, and a number of these best practices were converted into listing obligations that are enforceable on the listed companies. (Sharma, 2010) [2].

Following a series of failures of corporations both locally and internationally, later committees refined and enhanced this architecture, slowly refocusing the lens to emphasize more of structural compliance than substantive effectiveness. Following the scandals such as the Enron case, the Naresh Chandra Committee (2002) focused on the independence of the auditors and financial disclosure, the Narayana Murthy Committee (2003) concentrated on the use of Clause 49 and proposed more stringent rules governing board independence, audit committee activities, and financial reporting; this led to a revision of Clause 49 in 2004. Though modern commentaries already observed that too many companies regarded these requirements as formalities, these reforms enhanced the significance of independent directors and board supervision, and acting in letter and not in spirit, which constrained their transformative ability. (Securities and Exchange Board of India, 2003) [3].

Following the adoption of the Companies Act 2013 and the shift of SEBI to the new listing obligations and disclosure requirements regulatory framework (SEBI (Listing Obligations and Disclosure Requirements)) 2015, standard elements of corporate governance, including independent directors, board committees, and heightened director obligations, were brought into the primary company law, representing a major statutory convergence. The codification of the directors' duties into the Act formally codified a stakeholder-based concept of stewardship in the Indian company law, giving the directors the responsibility to exercise good faith and the best interests of the company, its employees, shareholders, the community, and the environment. A vivid ethical and social responsibility element was introduced into the governance framework at the same time as the mandatory CSR spending rules were introduced and the gradual construction of ESG-related disclosure requirements was pursued.

The latest development in this chain is the Kotak Committee on Corporate Governance (2017) and consequent changes made by SEBI to the LODR Regulations that focus on the current market issues on related party transactions, quality of governance, and efficacy of the independent directors. The suggestions of the Committee were well-defined as the endeavors to enhance accountability, transparency, and safeguard minority shareholders. Such recommendations included issues such as enhanced reporting of related party transactions, enhanced control of subsidiaries, and separation of the roles of chairperson and managing director in certain companies. The present part of the paper demonstrates the Indian experience of corporate governance as an unfinished yet observable shift in the limited, rule-oriented concept of governance to a resiliency-based approach founded on moral leadership and stakeholder-aware custodianship, against this regulatory and historical background. The adoption of the ESG standards, the difference between compliance-based and resilience-focused strategies, the reconsideration of directors as ethical custodians, and the redefinition of the Indian framework as increasingly concerned with culture and conduct, and long term sustainability all demonstrate that the Indian framework gradually shifts towards a more holistic approach and less preoccupation with structural form (Bareja & Kashyap, 2025) [4].

Existing Legal Framework That Shapes Ethical Leadership in India

By embedding duties of care, loyalty, transparency, and stakeholder sensitivity into numerous statutes and regulations, the current Indian legal architecture creates a normative template for ethical leadership in addition to prescribing governance procedures. When combined, the Companies Act 2013, SEBI's LODR framework, ESG-linked disclosure regimes like BRSR and BRSR Core, and related statutes like the Competition Act, the Prevention of Corruption Act, and the IBC create an ecosystem where ethical leadership is a legal requirement supported by liability, disclosure, and enforcement mechanisms rather than just aspirational rhetoric. These domestic instruments may be complemented by reading the G20/OECD Principles of Corporate Governance 2023, which have placed emphasis on sustainability, risk management, and stakeholder interests to provide a comparative yardstick against which to assess India on its way to resilient, ethically-based governance.

The Companies Act 2013 has made ethical leadership embedded into the law of companies by conducting a thorough codification of the duty of directors and boards. Section 166 broadens

fiduciary duty to deal other than with narrow shareholder primacy, by directing such duty to act in good faith in the interest of the company, its employees, shareholders, the community, and the environment, and by requiring directors to exercise due care and independent judgment, avoid conflict of interest, and undue gain. Whereas audit and nomination/remuneration committees indirectly empowered by Section 177 and 178 have the powers to oversee auditing and nomination, as well as remuneration, clearly, having the required integrity, transparency, and fair compensation structures, Section 149 establishes the position of an independent director as an internal ethics watchdog, specifying that the individual is expected to be objective, neutral, and remedial when it comes to conflicts between management and shareholder interests.

Section 134 links the ethical leadership to financial reporting integrity, where the board is jointly responsible for ensuring the accuracy and completeness of financial statements and reports by the board. Even though it is expressly stipulated as a spending and reporting provision of eligible companies, Section 135 regarding corporate social responsibility suggests a statutory requirement that boards should include social and environmental aspects in strategic decisions.

The main regulatory framework, which involves linking access to the market and quality of governance amongst listed entities, is the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The universal principles of corporate governance provided in Regulation 4 are fairness, transparency, ethical conduct, and responsible disclosure. These values are applied in the understanding of more detailed responsibilities across the LODR framework. Regulations 17 to 21 are concerned with risk management, the important committee roles, and the composition of the board. Based on the National Guidelines on Responsible Business Conduct, the introduction of Business Responsibility and Sustainability Reporting (BRSR) and BRSR Core by the top 1000 listed companies by SEBI means that boards disclose governance, environmental, and social indicators, including anti-corruption policies, value chain integrity standards, and leadership behaviour.

Besides the company and securities law, various special statutes promote more responsible actions of the leaders. The Insolvency and Bankruptcy Code of 2016 deters irresponsible decisions that may harm creditors and other interested parties by making directors responsible for fraudulent or wrongful trade. The amendments of the Prevention of Corruption Act in 2018 provide corporate liability in cases of bribery, which puts boards and top management in a position to adopt powerful anti-bribery and compliance strategies. In the same manner, the Competition Act of 2002 does not

allow cartels and abuses of dominance, meaning that the exclusionary practices and collusion cannot be considered the elements of legitimate business and may impose severe punishment on an individual and a company.

Lastly, the new set of G20/OECD Principles of Corporate Governance (2023) has a valuable soft law standard to increase the domestic framework in India, as they emphasize sustainability, stakeholder engagement, and board accountability towards risk and resilience. The Principles ask governments to ensure directors consider material environmental and social risks, institutional investors to be agents of the public good, and policies on disclosure to enable a market to assess standards of sustainability and good governance, as well as financial performance. In comparison to this norm, the complex legal system of India can be viewed as slowly aligning formal governance duties with a wider notion of moral, resilient leadership, despite the continuing presence of cultural norms and gaps in enforcement between which some of these norms are translated into boardroom action.

Where the Framework Fails: Existing Gaps in Ethical Leadership in India

When challenged in comparison to continuous moral lapses and institutions of flaws in leadership responsibility, the apparently sound governance system in India reveals grave weaknesses. Nomination manipulation usually compromises the independence of directors to act as a real check on executive overreach, as the nomination process should not be influenced by the promoters or the management, even though the Companies Act and the regulations of SEBI stipulate. The most practical example involving board-management collusion refers to the ICICI Bank/Videocon scandal, where independent directors gave loans without reporting any conflicts of interest involving the family of the CEO, and loyalty was given priority over investigation and exposure of how apparent independence covers substance manipulation (Press Trust of India, 2018) [5]. Additionally, ESG accountability under BRSR and BRSR Core is undermined by greenwashing risks, where firms issue unsubstantiated claims on sustainability metrics without verifiable value-chain integration or third-party assurance, diluting disclosures into marketing exercises (Das & Kapai, 2025) [6]. On the same note, the CSR requirements of Section 135 CSR obligations have degraded into vanity: firms use formula projects to hit their spending quotas, without any actual board-level deliberation of how the activities affect society, or how they fit in with the ethical strategy. These loopholes are indicative of a bigger problem: even obligatory reporting does not contribute to the development of resilient and stakeholder-oriented leadership under the increased pressure of investor scrutiny without stringent enforcement and cultural changes.

Illustrative Governance failures through case studies

The failures of corporate governance in India cannot be seen as abstract, as major decisions of the court and governmental actions point to the inability of moral leadership to prevail over formal compliance. Among the well-known cases are *Tata Sons v. Cyrus Mistry*, *Sahara India v. SEBI*, the ICICI bank -Chanda Kochhar scandal, the IL&FS debacle, and the PNB -Nirav Modi scam all demonstrate that boards, independent directors and vigilance systems fail because of promoter influence, conflicts of interest, lack of transparency and blindness in risk taking often with negative result to stakeholders.

- ***Tata Sons v. Cyrus Mistry (2021 Supreme Court)***: The Supreme Court affirmed the ousting of Cyrus Mistry as the chairman in the 2021 *Tata Sons v. Mistry* case, which pointed out that nominee directors should serve the company rather than the person who appointed them and that the court seldom intervenes in board decisions unless they are illegal. Mistry alleged that the promoter-sponsored nominees were oppressing as they were ignoring their duties as stipulated in Section 166 of the Companies Act. The ruling has not touched on how promoter power is also often damaging to the actual independence and how it can easily result in governance being susceptible to insider capture, as it maintains board autonomy (Varottil, 2021) [7].
- ***Sahara India v. SEBI***: In *Sahara India Real Estate Corp. Ltd. v. SEBI*, the Supreme Court, by lifting the veil of private placement, demanded over 24,000 crore in the form of refunds on the ground of opaqueness of investments, causing investor misconceptions and ineffectiveness of the regulatory authorities. The Court held that they were public offers under SEBI regulations under the SEBI Act 1992, despite Sahara purporting to be exempt under the provisions of Section 55A of the Companies Act 1956. Sahara had raised millions of dollars without listing or disclosing. The decision sealed gaps that enabled free flows of capital and also supported the wide jurisdiction of SEBI to protect the retail investors from fraudulent schemes in the guise of fundraising. This precedent foreshadows the necessity of more strict rules on the private placement standards with the 2013 Act because it sheds light on the moral gray area of self-regulated transparency, where companies exploit the formalities to pursue growth at the expense of accountability.

- ***ICICI Bank -Chanda Kochhar***: The controversy of the ICICI Bank was founded on alleged quid pro quo loans to the Videocon Group by the bank CEO, known as Chanda Kochhar, who had links to the commercial activities of her husband. In 2023, Kochhar was found guilty of misconduct and bribery by a tribunal. The related-party transactions in the bank were contravened through the bank code of conduct and fiduciary as well as LODR regulations, wherein the independent directors sanctioned 3,250 crore of credit despite the unreported conflicts. Lapse of vigilance and board collusion was revealed by SEBI and internal inquiry; the example of non-recusal by Kochhar is a demonstration of how personal profit is put above institutional integrity. The case indicates the inadequacy of board oversight and conflict disclosure, which were unethical and showed that the role of stewardship should be followed to the letter to ensure that nominal independence can be achieved.
- ***PNB Nirav Modi fraud and IL&FS crisis***: The governance explosion that caused the 2018 IL&FS downfall, which resulted in 91000 crore in defaults, was due to aggressive borrowing facilitated through evergreening, lax board management, and manipulated reporting, which triggered a liquidity contagion through NBFCs. The government intervention in the form of NCLT unveiled the executive overreach and collusion of rating agencies, highlighting the vulnerability in the resilience of risk committees and audit functions. Like this, the PNB Nirav Modi fraud case included 14,000 crore in fraudulent Letters of Undertaking that were created through insider collusion, SWIFT-core banking disconnections, and failure to pay attention to telltale signs of fraud, a symptom of systemic regulatory and internal control failures. The whistleblower protection and accountability of directors should be reformed because both crises indicate how ethical complacency, as a tolerance to the lack of transparency and conflict, increases vulnerability.

Comparative Insights with the UK and Singapore

The UK, Singapore, and OECD / G20 legal systems provide valuable comparisons to India to the extent that they have more explicitly linked directors' responsibilities and board practice to ethical judgment, stakeholder interests, and longer-term board competence. These parallel models illuminate how the principles-based codes, culture of enforcement, and language of statute can alter ethical leadership from an ideal to a practical necessity.

- **United Kingdom:** The Section 172 of the UK Companies Act of 2006 formalises the duty of the director to act in the good faith of the success of the company, but (in contrast to the Section 174) specifically specifies that they must consider the long-term impacts, the interests of the employees, the relationship between the company and its suppliers and customers, the community and environmental impact, reputation of high standards of conduct, and consideration of long-term treatment of the members. This definition of enlightened shareholder value gives a legal basis to hold directors liable when they disregard the sustainability or broader impact by including an ethical and stakeholder-conscious element in the basic fiduciary duty. In the United Kingdom, the codes of corporate governance were revised in 2024 by the Financial Reporting Council. It has a methodology that is ultimately based on principles and is a comply or explain approach, but emphasizes internal control, culture, values, and purpose in both financial and non-financial (including ESG) reporting. The most crucial board responsibilities include ethical culture and risk oversight since the boards should establish the purpose of the company, align culture with values, provide effective speak-up channels, and provide a clear declaration on the effectiveness of the internal controls. Unlike the more regulation-oriented approach of India, the UK model relies on narrative reporting and market discipline in order to force boards to go beyond mere formal compliance in making ethics and sustainability part of their approach.
- **Singapore:** The 2012 and 2018 editions of the Singaporean Code of Corporate Governance are a mix of guidelines that are prescriptive and promote board professionalism, continual training, and transparent accountability structures. The Code further stresses that individual persons or groups of persons should not dominate the board decisions, demand a majority of independent directors in particular cases, and that induction, orientation, and further training programs provided to directors should be fully reported in annual reports. In line with a continued emphasis on board challenge and ethical judgment quality, in place of directorship being regarded as a purely honorary post, this deliberate targeting of director competence and growth is meant to enhance the quality of board challenge and ethical judgment. The environment of enforcing the expectations is strengthened by the fact that Singapore has an active Monetary Authority of Singapore and Singapore Exchange that support its enforcement. These can include delisting, public reprimands, and fit and proper assessment of directors and key officers. As a matter of fact, such a combination of clear codes, mandatory training, and plausible enforcement has contributed to the creation of a culture where boards are anticipating internalizing ethics, risk management, and stakeholder

sensibility as part of professional responsibility and not the soft add-ons. The systematic board training and disclosure in Singapore provides a viable example to improve ethical leadership capacity in India, where the independent directors often do not experience systematic induction and assessment.

The chapter on sustainability and resilience is specified in line with the 2023 revision of the G20/OECD Principles of Corporate Governance, which also elaborates on past proposals concerning the role of the stakeholders and institutional investors. The Principles call governments to establish mechanisms in which institutional investors should adopt stewardship codes, boards assess sustainability risks and opportunities, and stakeholders are incorporated in a manner that enhances long-term value generation and the robustness of businesses and the economy in general. Ethical stewardship is therefore viewed as a systemic expectation of boards, investors, and even the regulators, instead of a company virtue. In a comparative perspective,

The aspects of the stakeholder-sensitive nature of the duty in the UK and the focus on sustainability in the OECD are already embodied in the statutory responsibilities of directors and the LODR/BRSR regimes of the SEBI, but their normative force is lower due to the flaws in enforcement and the existence of a more checklist-oriented culture. India might be able to enhance its ethical leadership agenda by: (i) clarifying the inclusive responsibilities of stakeholders through practice (as in Section 172 guidance and the required narrative statements); (ii) institutionalizing required and disclosed board education and review on ethics and ESG; and (iii) bringing the stewardship, culture and transparency failures identified in the OECD/G20 framework more into consistency with market and regulatory sanctions.

Proposals for Reforms

The present system of governance in India requires a conscious change in norms: it is necessary to stop viewing ethics as a tacit expectation and to consider it as an official, enforced responsibility of leadership. The reforms below aim at operationalizing ethical leadership by redefining board structures, reinforcing internal voice, enhancing accountability in ESG-related areas, and defining the responsibilities of directors.

To start with, company law should extend beyond general fiduciary language to come up with a form, notwithstanding developments in ESG jurisprudence and governance that focus on stakeholders, to formally acknowledge the existence of an ethical leadership obligation to be exercised by directors. An amended Section 166 can indicate how international regimes, encompassing ethics into the role of directors, include, as an example, a scenario in which the directors, in making a decision, promote an organizational culture of integrity, ensure the successful implementation of codes of conduct, and consider long-term environmental and social implications of their decision. In case of misconduct, the codification would provide the regulators and judicial bodies with a doctrinal point of reference to determine not only the outcomes but also the ethical nature of board practices.

Second, boards of publicly traded companies should be made to have a separate Ethics and Integrity Committee other than the Audit Committee. The mandate that this committee should implement is clear on conflicts of interest, the breach of the code of conduct, related party governance, and the risks that are related to culture. The necessity to oversee non-financial risks at the board level is already indicated by the emerging ESG rules; offering such supervision an institutional residence would ensure the focus and special reporting channels. Periodic ethical climate surveys, integrity risk evaluations, and board-level remediation plans could also be under the committee, as this is a way of putting ethics at the board level into the annual work programme of the board, as opposed to taking it as a one-off issue. To incorporate ethics into the annual board work program, as opposed to seeing it as an ad hoc matter, the committee might also oversee regular surveys of the ethics climate, independent evaluation of ethics risks, and remediation plans at the board level.

Third, protection of whistleblowers should be revised to align with the international best practice through a combination of monetary rewards, the absence of retaliation guarantees, and anonymity. Comparative analysis shows that the system in India is still fragile and disorganized: there is no reward system as to the one of the U.S. SEC whistleblower program, the dispossessed of the Indian private sector are not sufficiently safeguarded, and the anonymity of the reporting is not strongly supported by the law. The reforms must require safe, anonymous reporting of all large corporations, offer criminal protection to the whistleblowers in the private sector, as well as provide incentives based on performance in instances where a discovery leads to a large recovery or penalty, and discouragements (Dhivya, 2025) [8].

Fourth, Principle 1 (integrity, ethics, transparency, accountability) ought to be turned into a more focused instrument of market discipline through the BRSR and BRSR Core frameworks of SEBI, which require even more detailed disclosures of integrity by the leadership. Current leadership requests information about anti-corruption policies, conflicts of interest complaints, bribery disciplinary actions, and training cover of main managerial personnel, and can be expanded to include board-level violations, settlements, and reason behind corrective culture reforms. In the case of listed entities and major unlisted public companies, the periodic training of directors as required on ESG and ethics, and the emerging regulatory expectations should be shifted into hard law. Professional associations such as ICSI and ICAI have begun to design and develop structured ESG and governance training programs, with risk management, sustainability, and stakeholder engagement as the competencies at the board level. Going on this, there might be a requirement that all directors have documented induction and hours of continuing education in ethics and ESG, and this should be disclosed in annual reports and BRSR submissions, like board training is more commonly expected in other jurisdictions such as Singapore (Jha, 2023) [9].

Lastly, in order to keep up with the increasing importance of sustainability disclosures, regulatory sanctions for greenwashing and false ESG claims need to be strengthened [10]. Explicit Provisions that consider materially false or misleading sustainability representations to be violations of the securities law can be introduced into the present BRSR and ESG debt structures. These would have the same result, including penalties equal to financial misstatements (monetary fines, disqualification of directors, and, where not otherwise, criminal liabilities under fraud provisions). To bring ethical leadership and legal risk into alignment, an independent audit of key BRSR indicators and SEBI actions against egregious cases of misreporting would suggest that ESG stories are held to the same truthfulness requirements as financial reporting.

Conclusion

The Companies Act 2013, LODR rules, and BRSR rules of the SEBI, and supporting regulations of India provide a fine set of rules, director responsibilities, and reporting standards, all designed to keep boards on track and accountable. However, this framework is still incomplete: its elements exist in silos, and the law of companies focuses on the fiduciary obligations, the securities law focuses on the disclosures to the market, and the ESG requirements overlay the sustainability expectations, with no central enforcement or ethical implementation. Substantive ethical problems and procedural incompetence seem to go hand in hand, and the downfall of IL&FS to ICICI is a prime example of boards looking at compliance as a ritual and not as a foundation of sound decision-making. Amid such gaps, the principal

normative assertion of the present paper, that the true organizational strength requires the presence of ethical leaders embedded in the culture, trust of stakeholders, and responsiveness to the changing environment, has not been met.

Since Clause 49 to Kotak reforms and BRSR Core, the regulatory trend of India shows that there is an increasing realization of governance as multidimensional, which entails not just financial integrity, but also social license and environmental pro-sightedness. The independent director mandates, committee forms, and statutory responsibilities in Section 166 give the company the tools to establish accountability doctrines; the mandates on insider excesses are discouraged by the RPT standard and whistleblower provisions.

Internationally standardized elements, such as OECD-based sustainability control, show the proper ambition, but practice shows a lack of integration between implementing the culture of prevention and adaptation to green washing through creating only superficial narratives of ESG disclosures. This messiness promotes a box-ticking culture where companies respond with the bare minimum to fulfill the criteria without embedding ethics as a rule at the board of the company, leaving companies disposed to shocks that cannot be managed with compliance checklists. In addition to regulatory minimums, a strong company will come up with leadership that would view integrity as a strategic resource and not a limitation, and it would build trust with creditors, employees, investors, and communities during volatility. Examples of comparative experience in board training requirements in Singapore, enlightened shareholder value duty in the UK, and OECD stewardship principles demonstrate that explicit ethical framing, coupled with plausible sanctions, will shift the governance process out of its defensive and into its proactive role.

A strong firm will create a leadership that cherishes integrity and goes beyond the minimum set by the regulations, but this is not a constraint but a strategic asset, as it attains trust in the presence of volatility among creditors, workers, investors, and communities. The results of comparative observations between the board training needs in Singapore, the UK enlightened shareholder value duty, and the OECD stewardship principles demonstrate that effective ethical framing coupled with effective sanctions can change the position of governance into a proactive one. Indian law shows landmark cases like Tata-Mistry and PNB-Modi, where ethical complacency and not questioning leads to the disintegration of the board, and the collapse of the system and the confidence of the market. Instead, resilient governance, predicting ethical risks, empowering dissent, and aligning their incentives to long-term societal value require leaders to create anti-fragile organizations that are likely to thrive in times of crisis.

Therefore, a proactive management approach, which accommodates corporate ethics in its DNA, ought to be utilized instead of the reactive compliance strategy, which attempts to detect violations after they occur. Statutory identification of ethical leadership positions, board ethics committees, stronger whistleblower protections and incentives, obligatory disclosure of integrity under BRSR, director ESG training, and fines on green washing would be operationalized in this change. Such measures would attract international precedents and would address the issue of the heavy ownership by the promoter in India. These reforms would make governance a driver of values by refocusing the boards off their overburdened responsibilities in an effort to encourage culture, decision-making, and responsibility to the stakeholders. In the long run, robust Indian companies will be created by leaders who take ethical management as their ultimate fiduciary responsibility, and not owing to heightened regulation, and restore the long-term confidence in a market economy that continues to evolve towards international standards.

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