



2026

Building Resilient Leadership through Legal Accountability: Corporate Governance Lessons From the Adani – Hindenburg Controversy

**Harshita Parihar
Avadhi Jain**

Follow this and additional works at: www.beyondbriefslawreview.in

Published by Paperleaf International Media and Publications under the aegis of Dexon Global LLP

Recommended Citation

Joshi Medha (2026) "Building Resilient Leadership through Legal Accountability: Corporate Governance Lessons From The Adani – Hindenburg Controversy," *Beyond Briefs Law Review: Vol. 03, Special Issue 01, Article 11.*

This article has been brought to you for free and open access by Beyond Briefs Law Review. It has been accepted for inclusion in the Beyond Briefs Law Review by the Editorial Office of Beyond Briefs Law Review.



**BUILDING RESILIENT LEADERSHIP THROUGH LEGAL ACCOUNTABILITY:
CORPORATE GOVERNANCE LESSONS FROM THE ADANI–HINDENBURG
CONTROVERSY**

**Harshita Parihar ¹
Avadhi Jain ²**

ABSTRACT

Adani-Hindenburg controversy that took place in 2023, reignited the issue of good corporate governance in India (Hindenburg Research, 2023). It dealt with the problem of how companies function in India and how important it has become for the companies to be transparent and accountable for the decisions they make. The case showed that how important it is to have laws for companies and how implementation of these laws also plays a crucial role (Companies Act, 2013; SEBI, 2015). The results show that non-implementation of rules and regulations can certainly lead to such controversies. It also make us thrive deeper into a thought that how resilient leadership is essential in today's contemporary world. Leaders need to be hold accountable for their decisions they make and how ethically they handle such situations in times of crises (Healy & Palepu, 2003). The research study ends with certain suggestions that are certainly important for the good corporate governance in India and as well as for building resilient leadership.

Keywords: Adani–Hindenburg Controversy, Corporate Governance, Legal Accountability, Ethical Leadership, Leadership Resilience

¹ 4th Year Student, B.A. LL.B. (Hons.), Department of Law, Prestige Institute of Management & Research, Indore. You may contact the author at this email address: harshitaparihar23@gmail.com

² 4th Year Student, B.A. LL.B. (Hons.), Department of Law, Prestige Institute of Management & Research, Indore. You may contact the author at this email address: avadhi.aj1545@gmail.com

Introduction

India is a developing nation holding 5th position as a world's largest economy. Companies play a major role in the economy. Adani Group is an Indian multinational conglomerate founded by Gautam Adani in 1988. Today, Gautam Adani is one of the top richest person in world with a leading company in the national and international market. In 2023, Hindenburg research, a US based research firm published a report that alleged certain things against the Adani Group (Hindenburg Research, 2023). The allegations were regarding the stock price manipulations, undisclosed debts, offshore structures and many more. These claims swiftly led to chaos in both Indian and International financial markets, resulting in significant valuation declines and drawing regulatory attention following them (Reuters, 2023).

In the world we live in today, everyone is watching what companies do, which means that leaders need to be more accountable for their work and be strong enough to handle all kind of situations. This is what meant by leadership. A leadership is resilient when the leaders can see the problems beforehand and do the necessary things to resolve it. A resilient leadership is very important for the companies that want to stay longer in the market. A resilient leader is the one who handles the crises while being honest and following the rules and laws. Adani-Hindenburg case is not the first time when such corporate failure occurred, there were other scandals before such as Satyam and IL&FS (CBI v. B. Ramalinga Raju & Ors., 2015). These scandals show that when leaders of a company do not do a job and when there is no one to hold them responsible it can cause a lot of problems. Corporate scandals can lead to financial losses and damage to the company's reputation. (Healy & Palepu, 2003; Kölbel, 2020)

It is crucial to understand the present controversy because it helps us understand how corporate governance, legal frameworks and ethical leadership are interconnected. India already has strong laws such as the Companies act, 2013 and the SEBI regulations that include provisions regarding auditing, disclosures and fiduciary duties. Although we do have legal framework, but still such scandals keep , which raises question whether these laws are actually getting enforced (Companies Act, 2013; Securities and Exchange Board of India [SEBI], 2015). This research study is focused to examine how legal systems of different countries that hold people accountable can help leaders be stronger and make sure that corporate leader like those in India work ethically and keep the trust of

people who have a stake in the company even in critical situations. It is essential for any company to have leaders that work ethically while following the rules and regulations.

To understand the importance of a leader who is resilient, we need to look at the major scandals around the world such as the Enron scandal (2001) and the Lehman brothers (2008). The Enron scandal was one of the biggest corporate frauds in history of United States which occurred due to accounting malpractice that led to the bankruptcy (Healy & Palepu, 2003; U.S. Senate Permanent Subcommittee on Investigations, 2002). After this scandal, the U.S. Congress passed the landmark legislation known as Sarbanes-Oxley Act (2002) to improve corporate transparency, protect whistleblowers, and impose harsher penalties for financial record manipulation (Sarbanes–Oxley Act, 2002). The Lehman Brothers crisis in 2008 was another major scandal that led to the collapse of the major U.S. investment bank on September 15, leading to the largest bankruptcy in U.S. history (Valukas, 2010). These crises highlight the importance of having laws and legal accountability for building resilient leadership in the corporate world (Valukas, 2010; OECD, 2015). In India, Satyam scandal that took place in 2009 led to the changes in the Companies act. The Companies Act of 2013 was also updated to make companies share information and be transparent (Companies Act, 2013; SEBI, 2015). New rules were added to the SEBI's LODR Regulations. The goal is to make sure everything is clear and fair for all shareholders. However, with the current case it can be understood that having laws on paper is not enough, their implementation is the key to good corporate governance.

This research study is not focused at finding the problems that have happened or finding the guilt of the Adani Group or Hindenburg Research. It is about leadership can handle such crises and how a leadership when resilient can prevent such situations that may happen in future. The research is focused on making things better in two ways. First, that it wants to help us understand things better and also make changes. The research puts together ideas about how companies run, what makes a good leader and how laws work to show how leaders can make their companies stronger. This will help people who make rules, boards of companies and top executives make better systems to watch over things be more open and make choices that are fair and right for their companies. Second, the research is really about leadership i.e., how it can be made stronger.

Identification of the research problem

The main problem in the present research study is how legal accountability and corporate governance structures and leadership resilience are all interconnected in big Indian companies. With the current controversy, it can be understood that having laws on paper is not enough for the good corporate governance, it need to be enforced as well. In India we lack legal accountability of the leaders of big corporate structures. This is important for the current legal framework in India to be effective and to ensure that executives are responsible, for their financial choices and decisions.

In India, when companies grow faster and bigger into complex structures, it lacks the oversight and scrutiny. They do not have plans to deal with risks and they do not always act in a fair and honest way. This creates problems that people notice when things go wrong. When that happen people start to lose trust, in the companies and the leaders of these companies have a lot of stress. Indian companies and their corporate governance have these weaknesses. The Adani–Hindenburg controversy illustrates that even with statutory protections in the Companies Act, 2013 (India) and SEBI's LODR Regulations, weaknesses in disclosure, related-party dealings, debt disclosures, and board operations can still arise because of inadequate enforcement and cultural or behavioral limitations within corporate entities (Companies Act, 2013; SEBI, 2015).

The research questions listed below, within this wider framework, steer the investigation of this study:

- In what ways did the Adani Group's structural and procedural shortcomings in corporate governance lead to the governance failures pointed out in the Hindenburg report (Hindenburg Research, 2023)?
- How effectively do the current legal accountability frameworks in India, such as the Companies Act, 2013 and the SEBI LODR Regulations, promote transparency, board supervision, and accountable leadership in large corporations?
- How does legal accountability enhance resilient leadership within corporate organizations, particularly during crises such as the Adani–Hindenburg situation?
- What insights does the Adani-Hindenburg incident offer for enhancing corporate governance and leadership responsibility in Indian conglomerates?

Research methodology

This study is based on doctrinal research, i.e., what the law says and what people think about it. It will carefully look at the laws, what the courts have decided, how companies are and what experts have written. By looking at the laws we can see what the Companies Act of 2013 in India and the rules made by SEBI say about what directors are supposed to do and how they can be held responsible for doing their job (Companies Act, 2013; SEBI, 2015). The study primarily relies on Companies act, 2013 and SEBI LODR along with certain judicial decisions. The research study also referred secondary sources such as the journals, articles and reports. We have also studied and compared the legislation of other countries such as that of US, to find out what may work more beneficially for India (OECD, 2015; Financial Reporting Council [FRC], 2018; Sarbanes–Oxley Act, 2002).

One problem with this study is that we can only use information that's available to the public. This means we do not have access to what people are talking about inside the company or, to secret corporate information. Nonetheless, the approach facilitates a comprehensive case study analysis of governance failures, leadership dynamics, and legal accountability mechanisms as examined through the Adani–Hindenburg controversy perspective.

Analysis and Findings of the Research

Factual Background of the Adani–Hindenburg Controversy

In January 2023 Hindenburg Research came out with a report that alleged certain things about the Adani Group (Hindenburg Research, 2023). They alleged that the Adani Group was messing with stock prices and using way much borrowed money through complicated companies in other countries. The Adani Group was also not telling people about all the deals they were making with companies they own. Hindenburg Research claimed that they made this report after speaking with dozens of individuals, including former senior executives of the Adani Group, reviewing thousands of documents, and conducting diligence site visits in almost half a dozen countries (Hindenburg Research, 2023). When this report came out the value of the Adani Group companies on the market went down a lot. This made a lot of people including investors in India and other countries take a look at the Adani Group. Now, the Securities and Exchange Board of India, which is like a watchdog for the stock market is also looking into the Adani Group (SEBI, 2023).

The dispute was regarding three main things:

- i. accusations that the company was not organized well and had too much debt
- ii. people saying the company did not tell everyone everything they needed to know about securities
- iii. panic among the stakeholders after the report came out.

The study is focused on learning how Indian corporate governance and leadership react in such crises. It helps us realize how crucial it is to have legal accountability for the resilient leadership that will eventually lead to sustainable growth. This research study is a stress test on governance and not about finding guilt.

Corporate Governance Failures: A Legal Evaluation

Hindenburg Research alleged Adani Group of the governance concerns, so it is important to understand what exactly went wrong in the current legal framework. India already has strong laws such as the Companies act, 2013 and the SEBI regulations which deal with transparency, board independence, audit committees and disclosures. Despite having strong legal framework, happening of such scandals raises question on their enforcement. Mere formal compliance is not enough in today's time. The controversy gives us a lesson that just because a company has directors on paper it does not mean they are really independent when it comes to making decisions. This happens especially in big companies where one person or family has a lot of control. Moreover, claims regarding transactions between related parties bring up issues under Section 188 of the Companies Act and Regulation 23 of the SEBI LODR Regulations (Companies Act, 2013, S 188; SEBI, 2015, Reg. 23). This indicates a fundamental flaw in governance structure when utilized in complex corporate groups.

The current controversy is similar to what happened in the Satyam case back in 2009. The issue in the Satyam case was not the rules it was that nobody was really checking to make sure everything was okay. They trusted the people in charge too much. The Supreme Court said that the people on the board who are supposed to be need to really pay attention and make sure everything is fair not just go along with what the management wants the independent directors, in Satyam Computer case need to be more careful (CBI v. B. Ramalinga Raju & Ors., 2015).

There was another court case between Tata Consultancy Services Ltd. and Cyrus Investments Pvt. Ltd (Tata Sons Ltd. v. Cyrus Investments Pvt. Ltd., 2021). The Supreme Court made a decision in 2021. They said that just because someone is in control of a company it does not mean it is against the law. The people in charge of the company and the big shareholders have to make sure they are making decisions that are good for the company not just to help the people in charge get more power.

Legal Accountability and Enforcement Gaps

India's legal framework is well structured; however, it lacks the enforcement as we have discussed earlier. The Companies Act, 2013 states that it is the duty of the director to do what is right for the company while being honest and making truthful disclosures. These sections, together with the SEBI (LODR) Regulations, make a complete regulatory framework that ensures transparency, investor protection, and ethical corporate governance. The Companies Act, 2013 and the SEBI LODR Regulations are important for making sure that companies in India are run in an honest and ethical way (Companies Act, 2013; SEBI, 2015).

However, after analysing the Adani-Hindenburg controversy, it can be understood that there is a significant gap between the established legal framework and its enforcement. Another setback that India has is that there is reactive regulation rather than preventive. Along with these setbacks, complexity created by large conglomerates causes challenges in investigation and accountability. Judicial decision also shapes the accountability and regulatory framework. In Sahara India Real Estate Corp. Ltd. case the Supreme Court affirmed SEBI's regulatory authority and emphasized the importance of institutional independence (Sahara India Real Estate Corp. Ltd. v. SEBI, 2013). This decision by the Supreme Court of India shows that regulators should be independent while being accountable in a transparent way.

Investigation in such corporate controversies takes years which lead to the lack of trust among the investors and stakeholders. Overlapping of various regulatory authorities like SEBI, Ministry of Corporate Affairs may also lead to shattered accountability. Thus, the controversy brings out the absence of effective enforcement rather than the absence of corporate governance laws. Legal accountability not only encompasses mere statutory laws but also effective implementation of the same. In the absence of effective implementation, the governance laws become symbolic rather than transformative.

Fiduciary Duties and Leadership Resilience

The link between responsibilities and leadership resilience is very significant. Leadership resilience and fiduciary responsibilities are interlinked. Under Section 166 of the Companies Act, it is stated that the directors should be honest and hardworking. They should also not indulge in activities that are not in the interest of the company (Companies Act, 2013, s.166). These responsibilities are not only limited to the legal requirements but also include the moral performance of the leaders during times of crises.

Resilient leadership refers to the capacity of the leaders to foresee risk before it happens and ensure transparency and the trust of the stakeholders during times of crises. Resilient leadership is not only confined to the management of crisis situations. Fiduciary-driven leadership encourages foresight, institutional accountability, and organizational stability.

Accountability is an important element in the development of resilient leadership. Resilient leadership is strengthened when the people in charge, or the leaders, are made accountable for their actions. When leaders work within strong accountability structures, they are likely to work in an ethical manner and will also ensure that there is transparency. However, if the leaders are not made accountable, they are likely to be reckless and will only work towards making money, which might prove to be detrimental to the organization in the long run.

The Tata Sons Ltd. Case of 2021 of the Supreme Court explains this feature (Tata Sons Ltd. v. Cyrus Investments Pvt. Ltd., 2021). The Court has recognized the autonomy of corporate decision-making but has also clarified that this autonomy is not unlimited but is governed by the fiduciary duty of fairness, transparency, and good faith. The most important thing that can be learned from this decision is that the persons in charge of a company such as Tata Sons Ltd. have autonomy to make their own decisions but only if they comply with the rules that are formulated to protect the company. If one examines the US law such as the Sarbanes-Oxley Act, which makes executives personally liable, one can understand how legal liability increases accountability (Sarbanes-Oxley Act, 2002). The Indian law system, although similar, requires stronger enforcement to achieve similar outcomes. Hence, the need for stronger fiduciary accountability will serve as a preventive tool that is presently absent in the Indian system.

Lessons for Indian Corporate Governance

The most valuable lesson that can be derived from the Adani-Hindenburg controversy is that effective corporate governance is not just a function of effective laws, but also effective enforcement. Thus, in order to enhance corporate governance in India, there is a need to shift from compliance regulation to more active forms of regulation. “Regulatory bodies must employ technology-enabled surveillance systems and risk-oriented monitoring approaches, particularly in the case of large conglomerates whose activities have systemically significant market impacts.” (OECD, 2015; FRC, 2018)

We need to look at the level of independence the board has. The board members who are not part of the company should be able to make their own decisions, and there should be no influence from anyone. We would like to see companies pay attention to the content and not just the compliance. It would be a big help if there was an explanation of what is going on at the top of the company.

Finally, the building of leadership should encompass an understanding of the law and accountability. Things can go wrong with the running of the company because of the people who are in charge, not because of the structure of the company.

Conclusion

The Adani-Hindenburg scandal is the major case study that helps in understanding the relationship between resilient leadership, legal accountability, and good corporate governance (Hindenburg Research, 2023). From this study, it is clear that resilient leadership cannot be effective without being made accountable by the law. The leaders have to take care of the money and resources they have to tell people what is going on and there have to be systems in place to make sure they are doing things right. These things are not about following the rules they are also important for leaders to make good decisions and do the right thing. When the law is not enforced or it is enforced in a way the leaders usually just react to problems and that can cause big problems for everyone. Resilient leadership needs to have these systems in place to work properly and, without them resilient leadership will not be effective.

Relying on public reports and media sources has its limitations. We need to separate accusations from facts that have been proven. The information we gather should be shown as a way to improve governance and not as a way to place blame. This shows that it is an idea to use a method that looks at specific cases and laws which allow us to critically evaluate things without confusing legal

responsibility with problems in the way things are governed. This method is useful for governance like the kind of governance that the government uses. It helps us to make good decisions about governance and the law.

In the end, the debate acts as both a caution and a chance to make changes. Corporate resilience can be enhanced by boosting enforcement, improving board effectiveness, and integrating fiduciary duty into leadership culture. Subsequent studies ought to investigate sector-focused enforcement strategies and the changing significance of ESG adherence in influencing leadership responsibility in Indian corporate governance.

References

1. Central Bureau of Investigation. (2015). *CBI v. B. Ramalinga Raju & others* (Judgment of the Special CBI Court, Hyderabad).
2. Coffee, J. C. (2009). What went wrong? An initial inquiry into the causes of the 2008 financial crisis. *Journal of Corporate Law Studies*, 9(1), 1–22. https://www.researchgate.net/publication/233596821_What_Went_Wrong_An_Initial_Inquiry_Into_the_Causes_of_the_2008_Financial_Crisis
3. Companies Act, No. 18 of 2013 (India).
4. Financial Reporting Council. (2018). *UK Corporate Governance Code*. <https://www.frc.org.uk>
5. Healy, P. M., & Palepu, K. G. (2003). The fall of Enron. *Journal of Economic Perspectives*, 17(2), 3–26. <https://www.aeaweb.org/articles?id=10.1257/089533003765888403>
6. Valukas, A. R. (2010). *Report of Anton R. Valukas, examiner*. In re Lehman Brothers Holdings Inc., Chapter 11 Case No. 08-13555 (Bankr. S.D.N.Y.). <https://www.nysb.uscourts.gov>
7. U.S. Senate Permanent Subcommittee on Investigations. (2002). *The role of the board of directors in Enron's collapse*. U.S. Government Printing Office. <https://www.govinfo.gov>
8. Hindenburg Research. (2023). *Adani Group: How the world's 3rd richest man is pulling the largest con in corporate history*. <https://hindenburgresearch.com/adani/>
9. Ministry of Corporate Affairs. (2009). *Report of the Naresh Chandra Committee on corporate governance*. Government of India.
10. Organisation for Economic Co-operation and Development. (2015). *G20/OECD principles of corporate governance*. OECD Publishing.

https://www.oecd.org/content/dam/oecd/en/publications/reports/2015/11/g20-oecd-principles-of-corporate-governance_g1g56c3d/9789264236882-en.pdf

11. Reuters. (2023). Adani shares slide after Hindenburg allegations. *Reuters*.
<https://www.reuters.com>
12. Sahara India Real Estate Corp. Ltd. v. Securities and Exchange Board of India, AIR 2012 SUPREME COURT 3829
13. Sarbanes–Oxley Act of 2002, Pub. L. No. 107–204, 116 Stat. 745 (United States).
14. Securities and Exchange Board of India. (2015). *SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*. <https://www.sebi.gov.in>
15. Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd., M.A. No. 849 of 2021 In Civil Appeal Nos. 440-441 of 2020