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STRATEGIC COMPLIANCE AND CORPORATE GOVERNANCE UNDER THE COMPANIES ACT, 2013

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ABSTRACT

Corporate governance and compliance have emerged as crucial pillars for the sustainable growth and ethical functioning of companies in India. In an evolving economic and regulatory landscape, businesses are increasingly expected to move beyond basic legal compliance and adopt a more strategic approach. This paper explores the concept of strategic compliance where adherence to laws is integrated with long-term corporate objectives and its interplay with corporate governance practices under the Companies Act, 2013.

The Companies Act, 2013 introduced significant reforms aimed at strengthening transparency, accountability, and board independence in Indian companies. This paper adopts a doctrinal research methodology, supported by relevant case law analysis, to examine key provisions such as those relating to independent directors, audit committees, and corporate social responsibility. It further discusses the role of Company Secretaries as governance professionals, highlighting their contribution to ensuring lawful, ethical, and effective board processes.

The analysis reveals that while the legal framework under the Companies Act is robust, challenges remain in practical enforcement and in transforming compliance from a procedural obligation to a strategic priority. The paper recommends greater board-level engagement, improved stakeholder disclosures, and enhanced professional training for governance officers. Strengthening these areas can significantly contribute to building a culture of responsible corporate conduct in India.

INTRODUCTION

Corporate governance refers to the system of rules, practices, and processes by which companies are directed and controlled. It involves balancing the interests of various stakeholders such as shareholders, management, customers, regulators, and the community. Globally, strong corporate

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governance is recognized as essential for building investor confidence, promoting transparency, and ensuring long-term sustainability. In the Indian context, corporate governance has gained increased attention following several high-profile corporate failures, which highlighted the need for a more accountable and ethical business environment.

Despite regulatory improvements, compliance in many Indian companies continues to be treated as a routine formality rather than a meaningful, strategic exercise. This undermines the spirit of corporate governance and limits its effectiveness. The Companies Act, 2013 was enacted to address these concerns by introducing reforms aimed at improving corporate accountability, board independence, and stakeholder engagement.

This research paper aims to explore the concept of **strategic compliance** and assess how the Companies Act, 2013 supports its implementation. The key legal questions examined include:

- What is the meaning and scope of strategic compliance in corporate governance?
- How does the Companies Act, 2013 facilitate a strategic approach to compliance?
- What is the role of professionals like Company Secretaries in ensuring governance effectiveness?

The study adopts a doctrinal legal research methodology, supported by relevant statutory provisions and case law analysis. The scope of the paper is limited to Indian corporate law, with a focus on select provisions of the Companies Act, 2013. Practical challenges in implementation and evolving governance practices are also discussed, though international comparative analysis is beyond the scope of this paper.

COMPREHENDING STRATEGIC COMPLIANCE

WHAT IS STRATEGIC COMPLIANCE?

Strategic compliance is a method in which compliance with laws, regulations, and company policy is not viewed as a compulsory task but as a means of promoting wider organizational objectives. This blends legal compliance with strategic planning for the long term, risk management, company values, and stakeholder needs.

As opposed to tick-box compliance or regulatory compliance, which emphasizes the bare minimum legal standards, ensuring minimum penalties or sanctions, strategic compliance is value-driven, active, and based on corporate governance criteria like transparency, accountability, and integrity. It influences board-level decision-making and aids sustainable corporate development.

This thinking transcends the law of enforcement; it operates based on a perspective of compliance as a competitive advantage and not merely an expense.

MAJOR DIFFERENCES: REGULATORY VS. STRATEGIC COMPLIANCE

Regulatory compliance refers to a company's adherence to the minimum legal and regulatory requirements necessary to operate lawfully, often carried out as a routine or checklist activity to avoid penalties. It is generally reactive and handled by specific departments like legal or compliance. In contrast, strategic compliance is a proactive, goal-oriented approach that integrates legal adherence with the company's long-term business strategy and ethical values. It involves active engagement from senior management and governance professionals, aiming not just to meet laws but to build trust, manage risks effectively, and enhance corporate reputation. While regulatory compliance ensures legal conformity, strategic compliance transforms compliance into a competitive advantage and a pillar of good corporate governance.

SIGNIFICANCE OF STRATEGIC COMPLIANCE FOR CONTEMPORARY BUSINESSES

In the contemporary dynamic legal and business environment, strategic compliance is critical for:

-**Investor Confidence:** Institutional and retail investors increasingly favor firms with robust governance track records and risk management systems.

-**Brand Reputation:** Ethical practices and legal adherence enhance brand reputation in the eyes of consumers, regulators, and business associates.

-**Risk Mitigation:** Strategic management enables firms to spot, evaluate, and mitigate legal and reputational risks prior to their aggravation.

-**Global Expansion:** Multinationals and Indian corporates venturing overseas need to conform to international standards of governance.

-**Sustainability Goals:** Sustainable long-term business is closely intertwined with transparent governance and compliance behaviour.

COMPLIANCE'S ROLE IN RISK MANAGEMENT AND GOVERNANCE

Compliance is an essential layer of the corporate risk management framework. An effective compliance management system:

-Reduces the risk of exposure to legal sanctions or disruptions in business.

-Encourages ethical behaviour based on internal policies.

-Facilitates improved internal control and reporting mechanisms.

-Strategic compliance also assists in board performance, director evaluation, committee operations (e.g audit and nomination committees), and non-financial disclosures.

EXAMPLES OF STRATEGIC COMPLIANCE IN THE REAL WORLD

1. TATA GROUP

The Tata Group is commonly referred to as a benchmark for Indian corporate governance. The Group's voluntary compliance with enhanced standards of disclosure, independent boards, and a robust ethical system speaks to its strategic compliance. The Tata Code of Conduct (TCoC) is more than a policy; it is a values system ingrained across all Tata companies.[2]

2. INFOSYS

Infosys Limited has exhibited high compliance maturity, frequently exceeding the Companies Act, 2013 and SEBI LODR Regulations requirements. Its organized board committees, elaborate disclosures in annual reports, and voluntary adoption of ESG frameworks reflect strategic alignment between compliance and corporate strategy.

3. MAHINDRA & MAHINDRA

The firm incorporates sustainability and governance through mapping its CSR efforts with business strategy. It boasts a robust internal compliance framework and governance structure, including stakeholder inclusiveness and transparency.[3][4][5]

CORPORATE GOVERNANCE - AN OVERVIEW

Meaning and Definitions: Corporate governance is the system of rules, practices, and procedures by which a company is governed and directed. It insures that the interest of all stakeholders is served through ethical, transparent, and accountable behaviour at all organizational levels.

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[2] Tata Group, Tata Code of Conduct 2023
[3] SEBI, Report of the Committee on Corporate Governance
[4] Companies Act, 2013, ss 135, 149, 177, 178.
[5] SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI Definition: The Securities and Exchange Board of India (SEBI) defines corporate governance as "the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders."[6]

OECD Definition: Corporate governance, as defined by the Organisation for Economic Co-operation and Development (OECD), is "a set of relationships between a company's management, its board, its shareholders and other stakeholders. It provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined."[7]

These definitions underscore that governance is not a sole compliance role, but an ethics-based framework that ensures fairness and performance in business firms.

PILLARS OF CORPORATE GOVERNANCE

Corporate governance is founded on four pillars that address the ethical and responsible operation of a company:

-Transparency: Providing clear, honest, and prompt revelation of relevant financial and operational details to stakeholders.

-Accountability: Accounting to the board and the management for their choices and actions to the shareholders and other stakeholders.

-Responsibility: Compliance with legal, ethical, and professional requirements in decision-making, to safeguard all stakeholder interests.

-Fairness: Equal treatment of all the shareholders, such as minority and overseas shareholders, and absence of conflict of interest in governance practices.

These principles are embedded in Indian corporate law and SEBI guidelines, especially after the enactment of the Companies Act, 2013 and SEBI's LODR Regulations. [8][9]

STAKEHOLDERS IN CORPORATE GOVERNANCE

A sound corporate governance framework recognises the roles and interests of multiple stakeholders:

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[6] SEBI, Report of the Committee on Corporate Governance (2017)
[7] OECD, Principles of Corporate Governance (2015)
[8] SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
[9] Ministry of Corporate Affairs, Corporate Governance Voluntary Guidelines, 2009.

-Shareholders- Owners of the company whose capital is at risk and who expect return and transparency.

-Board of Directors- Strategic decision-makers responsible for company oversight, particularly independent directors.

-Management- Carries out day-to-day operations and puts through board decisions.

-Company Secretary- Performs governance professional role, ensures board compliance, gives advice on legal requirements.

-Regulators- SEBI, MCA, RBI, and so on impose corporate governance and disclosure standards.

-Employees- Bear responsibility for ethical culture and are directly impacted by company practices.

-Customers, Creditors, and Public- External stakeholders impacted by corporate behavior and disclosures.

HISTORICAL CONTEXT AND THE NEED FOR REFORM

India's corporate governance evolution has been influenced, in large part, by scandals and failed governance that exposed systemic vulnerabilities. Perhaps the most significant of these were the Satyam Computer Services scandal (2009), in which the chairperson of the company admitted to artificially inflating profits and fiddling with accounts over a number of years. The incident resulted not only in investor losses and loss of confidence but also in exposing loopholes in regulation audit and board oversight machinery.

The Satyam crisis was a watershed that led to the government tightening the regulatory framework under the Companies Act, 2013 and more stringent SEBI regulations. These reforms focused on board independence, compulsory committees, audit rotation, whistleblowers, and higher penalties for default.

Now corporate governance is no longer a choice but a necessary framework for risk management, investor protection, and sustainable long-term corporate existence in India's expanding economy.[10][11]

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[10] Companies Act, 2013, ss 134, 149–177; SEBI (LODR) Regulations, 2015.
[11] SEBI, Narayana Murthy Committee Report on Corporate Governance (2003).

LEGAL FRAMEWORK IN INDIA FOR CORPORATE GOVERNANCE

Corporate governance in India is governed by a combination of statutory law, regulatory guidelines, and professional standards. The Companies Act, 2013, along with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and standards issued by the Institute of Company Secretaries of India (ICSI), forms the backbone of the legal and regulatory framework that governs the conduct of companies, especially listed entities.

THE COMPANIES ACT, 2013 - KEY GOVERNANCE PROVISIONS

The **Companies Act, 2013** was a significant reform introduced to improve corporate accountability and transparency. It provides a statutory framework for governance, particularly in Sections 134-178, and promotes ethical boardroom conduct through mandatory structures and disclosures.

-SECTION 149 -BOARD COMPOSITION AND INDEPENDENT DIRECTORS

This section mandates that every listed public company must have at least one-third independent directors. Their role is to bring objectivity in board decisions and safeguard the interest of minority shareholders.

-SECTION 135 - CORPORATE SOCIAL RESPONSIBILITY (CSR)

This section introduced mandatory CSR for companies meeting certain financial thresholds. It ensures that companies contribute towards social development and operate responsibly beyond profit-making.

-SECTION 177 -AUDIT COMMITTEE

Every listed and certain public companies must constitute an Audit Committee, which oversees financial reporting and audit processes. It acts as a key internal control mechanism.

-SECTION 178 - NOMINATION AND REMUNERATION COMMITTEE

This section requires companies to establish a committee to ensure that appointments and remuneration of directors and senior management are fair and based on merit.

-SCHEDULE IV - CODE FOR INDEPENDENT DIRECTORS

Schedule IV outlines the duties, roles, and responsibilities of independent directors, promoting integrity, objectivity, and balanced decision-making.

These provisions align corporate functioning with principles of **transparency, accountability, and fairness**, and are directly aimed at strengthening internal governance systems.[12]

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The **SEBI (LODR) Regulations, 2015** consolidate and streamline the governance obligations of listed entities in India. These regulations go beyond the Companies Act in areas such as:

- Composition of board and committees (Regulations 17–19)
- Role of independent directors (Regulation 25)
- Obligations related to related-party transactions, disclosures, and audit (Regulations 23, 33)
- Vigil mechanism and whistleblower protection (Regulation 22)[13]

They ensure **real-time disclosures**, robust audit practices, and shareholder protection. These are binding on all listed companies.

SECRETARIAL STANDARDS BY ICSI

The **Institute of Company Secretaries of India (ICSI)** issues Secretarial Standards to improve governance in board and general meetings:

- **SS–1**: Meetings of the Board of Directors
- **SS–2**: General Meetings

These are mandatory under Section 118(10) of the Companies Act, 2013, and help ensure that meeting procedures are standardised, fair, and legally compliant.[14]

CLAUSE 49 OF THE LISTING AGREEMENT - A PRECURSOR TO SEBI (LODR)

Before LODR, **Clause 49** of the Listing Agreement laid the foundation for corporate governance in listed companies in India. Introduced in 2000 and revised in 2004 and 2014, it covered:

- Board composition

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12 Companies Act, 2013, s 149. Companies Act, 2013, s 135. Companies Act, 2013, s 177. Companies Act, 2013, s 178. Companies Act, 2013, Sch IV.
13 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
14 Companies Act, 2013, s 118(10); ICSI, Secretarial Standards (2023).

- Disclosure norms
- Responsibilities of audit committees
- CEO/CFO certifications

Though now repealed, it played a pivotal role in shaping SEBI's governance regime.[15]

Together, these legal instruments offer a **multi-layered governance structure** with statutes (Companies Act), regulations (SEBI LODR), and standards (ICSI) ensuring that Indian companies follow ethical, transparent, and accountable practices. They also empower directors and company secretaries to uphold governance integrity, which is essential for investor confidence and long-term business sustainability.

THE ROLE OF A COMPANY SECRETARY IN CORPORATE GOVERNANCE AND COMPLIANCE

The Company Secretary (CS) plays a important part in corporate governance in India. While it was once mainly about handling compliance and filing paperwork, today, the role has become much broader. A modern CS is seen as a governance expert and strategic advisor to the Board of Directors. This shift was officially recognized in the Companies Act, 2013, especially under Section 205, which clearly defines what a Company Secretary should do.

LEGAL RESPONSIBILITIES

According to the Companies Act, 2013 Under Section 205(1) of the Companies Act, the main duties of a Company Secretary include:

- Making sure the company follows the rules of the Companies Act and other laws that apply
- Assisting the Board of Directors in their responsibilities
- Promoting good corporate governance practices
- Representing the company when dealing with regulators
- Helping organise and run board meetings and general meetings
- Keeping minutes and maintaining official records and registers.

Note: These duties are backed up by Rule 10 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which requires certain companies to have a full-time CS.

[15] SEBI, Clause 49 of the Listing Agreement, 2004 (rev. 2014).

A STRATEGIC PARTNER IN CORPORATE GOVERNANCE

A qualified CS acts as a link between the Board and the company's management, guaranteeing that the decisions made by the Board are legally correct and carried out properly. Their presence at meetings adds value by providing advice on new laws, spotting governance risks, and suggesting ways to manage those risks. For instance, in publicly listed companies, the CS often coordinates important board committees like the Audit Committee or the Stakeholders Relationship Committee. They also make sure that disclosures required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations are made accurately and on time.

OVERSEEING COMPLIANCE AND ETHICS

The CS is also designated as the Compliance Officer in listed companies. This role involves:

- Making sure internal systems support legal compliance
- Certifying quarterly and annual regulatory filings
- Managing insider trading disclosures
- Maintaining whistleblower policies and vigilance mechanisms
- Providing governance certifications under SEBI's LODR framework.

By taking on this role, the CS helps ensure the company not only follows the law but also upholds ethical standards, promoting a culture of integrity.

REAL-WORLD CONTRIBUTIONS TO GOVERNANCE

In everyday practice, the CS:

- Organizes meetings properly, with clear agendas and accurate minutes
- Acts as the keeper of governance-related documents and records
- Offers legal advice on mergers, restructures, and important board decisions
- Coordinates with regulators such as the MCA, SEBI, ROC, NCLT, and others
- Plays an active role in educating directors about their legal duties.

Bringing together legal knowledge, procedural understanding, and communication skills, a Company Secretary helps make sure governance runs smoothly and effectively.

Beyond a Compliance Person While handling legal filings is still part of the job, today's CS is expected to be proactive and strategic. This includes offering advice on ESG (Environmental, Social, and Governance) issues, conducting governance audits, and helping the organization become more responsible and comprehensive of stakeholders.[16][17]

REAL-LIFE EXAMPLES AND CASE STUDIES

Case studies are a great way to see how corporate governance works, or sometimes doesn't, in real situations. They show why strong internal controls, ethical leadership, and clear compliance are so important. Below, you'll find some notable examples from Indian company history that emphasise both successful governance and notable failures.

INFOSYS - SETTING THE STANDARD FOR GOOD GOVERNANCE

Background: Infosys Limited is one of India's top IT service companies and has been known for its high standards of corporate governance from the very beginning.

HOW THEY MANAGED GOVERNANCE

- Built a strong, independent board early on, even before the law required it.
- Led the way in voluntary financial disclosures like quarterly earnings, management comments, and annual reports following global best practices.
- Set up a transparent whistleblower policy and an ethics committee.
- Followed Clause 49 of the Listing Agreement, ahead of regulatory deadlines.

What We Learn: Infosys proved that when corporate governance is seen as a core business value rather than just a compliance task, it boosts trust, enhances brand value, and builds investor confidence. [18]

TATA GROUP - LEADING WITH ETHICS AND STRONG LEADERSHIP

Background: The Tata Group, India's largest conglomerate, has long been admired as a symbol of trust and responsible business.

APPROACH TO GOVERNANCE

- Enforced a comprehensive Tata Code of Conduct that applies across all companies in the group.
- Ensured board diversity and independence with transparency at the decision-making level.

[16] Companies Act, 2013, s 205(1); Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, r 10.
[17] SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regs 6, 24A.
[18] Securities and Exchange Board of India, Order in the Matter of Infosys Ltd, WT/MPB/IVD/21/2020, 10 February 2020.

- Was proactive in sharing key information and adopted sustainability and CSR activities even before they were legally required.

Key Takeaway: Tata's focus on ethical leadership and stakeholder-oriented governance has helped it stay credible, even during leadership changes like the well-known Cyrus Mistry-Ratan Tata episode. [19]

THE SATYAM SCANDAL - A WAKE-UP CALL FOR CORPORATE GOVERNANCE

Background: In 2009, Satyam Computer Services was caught up in one of India's biggest corporate frauds. Ramalinga Raju, the company's chairman, admitted to fudging accounts worth ₹7,000 crore.

WHAT WENT WRONG

- The board's oversight was weak independent directors didn't question the financial statements.
- Auditors failed to spot irregularities.
- There was no effective whistleblower mechanism or checks within the company.
- Promoters had unchecked control over board decisions.

Impact & Changes: This scandal led to reforms like strengthening Clause 49 and the introduction of the Companies Act, 2013 with stricter rules on governance. Roles of independent directors, auditors, and CSR responsibilities were redefined.

Lesson Learned: The case showed that superficial compliance without genuine ethical effort can bring down even the most respected companies. It underlined the importance of effective oversight and accountability at the board level. [20]

IL&FS CRISIS - WIDESPREAD GAPS IN GOVERNANCE

Background: In 2018, Infrastructure Leasing & Financial Services (IL&FS), a large NBFC, defaulted on its debts due to mismanagement and overleveraging, sparking a financial crisis.

WHAT WENT WRONG

- Poor risk assessment and financial disclosures.
- Lack of accountability and oversight over heavy borrowing. - Conflict of interest issues within group subsidiaries.

[19] Cyrus Investments Pvt Ltd v Tata Sons Ltd, (2021) SCC OnLine SC 283.

[20] Securities and Exchange Board of India, Order against Ramalinga Raju and Others in Satyam Case, WT/DS/2020/59, 15 July 2014.

- The board didn't question or check the company's debt practices.

RESULTS & REFORMS

- The government stepped in to restructure IL&FS.
- It prompted regulators like the RBI and SEBI to scrutinise other NBFCs.
- Higher standards for governance in financial firms were put in place.

What We Can Learn: This situation emphasised the importance of comprehensive enterprise-wide governance and risk management, especially for financial institutions. [21]

HDFC BANK - STRONG INTERNAL GOVERNANCE AND RISK CONTROLS

Background: HDFC Bank, one of India's leading private sector banks, has consistently been rated highly for its risk management and governance structures.

GOVERNANCE PRACTICES

- Adopted robust risk management systems, with a well-structured internal control mechanism.
- Maintained a highly qualified and independent board, with regular training and evaluation.
- Transparent disclosure practices and strong investor communication.
- Early adoption of technology for compliance and cybersecurity governance.

Learnings: HDFC Bank demonstrates that strong internal governance and a compliance culture embedded in daily operations can sustain long-term investor and customer trust.

NSE Co-location Scam - Governance Failure in Regulatory Transparency

Background: The NSE Co-location scam (2010–2014) involved allegations that certain brokers received preferential access to NSE's trading servers through co-location services, giving them unfair advantages.

GOVERNANCE FAILURES

- Lack of transparency in operations by senior officials.
- Failure of internal controls and board oversight.
- SEBI found that certain employees had too much undocumented discretionary power.

[21] Ministry of Corporate Affairs, Report of the Serious Fraud Investigation Office on IL&FS Group, October 2019.

CONSEQUENCES AND REFORMS

- SEBI penalised top officials and recommended stricter oversight mechanisms.
- Brought attention to technology governance in stock exchanges.
- Encouraged reforms in algorithmic trading and server access norms.

Learnings: This case highlighted how technological advantage without oversight can lead to regulatory lapses and ethical questions even in well-regarded institutions.[22]

CORPORATE GOVERNANCE IMPLEMENTATION CHALLENGES IN INDIA

There are still many systemic and practical obstacles to corporate governance implementation in India, even with major legal reforms and guidelines. The realisation of efficient, open, and moral corporate operations is hampered by these problems.

- **Box-ticking or superficial compliance**: Instead of embracing the spirit of corporate governance, many businesses view it as a formality that is primarily concerned with meeting legal requirements on paper. Board meetings can occasionally be robotic and lack strategic dialogue. Without actually increasing transparency, disclosures are made to comply with the law. For instance, many businesses only post whistleblower guidelines without putting in place a reliable system to safeguard informants.
- **Independent Directors Weak Role:** Although independent directors are supposed to offer unbiased supervision, in reality, they are frequently chosen because of their connections to promoters, either personally or professionally, denied access to vital internal data, unwilling to voice concerns because they lack autonomy or are afraid of being removed. For instance, independent directors' failure to challenge inflated financial statements contributed to governance failure in the Satyam scam.
- **Lack of Accountability and Conflict of Interest:** In Indian companies, promoter dominance frequently results in conflicts of interest when it comes to board decisions. Occasionally, directors behave more in the promoters' interest than in the company's or shareholders' interest. In order to preserve internal favour, audit committees may ignore warning signs. For instance, top executives in the NSE co-location case acted freely and without board oversight.
- **Regulatory Gaps and Overlaps:** Rules issued by several regulatory agencies, including SEBI, MCA, RBI, and ICSI, frequently overlap or are inconsistent. Compliance officers

[22] Securities and Exchange Board of India, Final Order in the Matter of NSE Co-location Case, SEBI/WTM/MPB/IVD/ID7/145/2022, dated 11 February 2022.

become confused as a result. Additionally, it causes delays in regulatory action or corporate forum shopping. For instance, the format and timeliness of disclosure standards under the Companies Act and listing regulations under SEBI can occasionally vary.

- **Ineffective Law Enforcement and Postponed Justice:** Penalties are either minimal or delayed, even in cases where governance violations are detected. Long court cases and a lack of investigative skills by regulators are common. As a result, the law's deterrent effect is diminished. For instance, it took years to resolve the IL&FS crisis, and a large portion of the debt recovery process is still in progress.
- **Insufficient Knowledge and Ability at Lower Levels:** Small and medium-sized businesses (SMEs) frequently lack qualified personnel or awareness to implement proper governance frameworks. Governance is seen as relevant only for large listed companies. Lack of qualified Company Secretaries or compliance staff adds to the problem.[23][24]

RECOMMENDATIONS AND THE WAY FORWARD

India needs to take a more strategic and compliance-driven approach to close the ongoing gaps in the efficient application of corporate governance. Strengthening internal committees is a first step. Audit and risk management committees should have members with domain expertise in compliance, finance, and law, in addition to being independent on paper. Emerging non-financial risks like social, environmental, and cyber governance issues should be included in their purview. In particular, the SEBI (LODR) Regulations and pertinent provisions of the Companies Act of 2013 call for the institutionalisation of regular internal control reviews and risk audits.

Making governance and compliance training mandatory for directors and senior management is another important suggestion. The Companies Act imposes obligations, but it places little emphasis on lifelong learning. Top-level decision-making can be ensured by structured certification or training programs, perhaps overseen by SEBI or the Ministry of Corporate Affairs.

It is also necessary to increase the use of technology in corporate governance. Automated statutory trackers, real-time board portals, and digital compliance dashboards can improve transparency and cut down on manual errors. Guidelines for the use of these tools, especially by mid-sized businesses, can be issued by regulatory bodies.

Beyond their conventional filing responsibilities, company secretaries (CS) need to be given more authority. They ought to be acknowledged as the board's strategic advisors since they are

[23] Ministry of Corporate Affairs, Report of the Committee on Corporate Governance (October 2017)
[24] Umakanth Varottil, 'Evolution and Effectiveness of Independent Directors in Indian Corporate Governance' (2010) 6 Hastings Business Law Journal 281.

professionals in governance. Their responsibilities are already outlined in Section 205 of the Companies Act of 2013, but board-level respect and actual enforcement are still uneven. Their crucial role in governance would be strengthened by promoting their participation in ethics committees, policy-making, and stakeholder engagement.

Lastly, overlapping regulatory mandates and enforcement delays need to be addressed by policy-level reforms. For businesses, a unified governance code created in collaboration by SEBI, MCA, and ICSI may help clarify expectations and eliminate uncertainty. The corporate accountability culture could be further reinforced by improved whistleblower protection, public naming of repeat offenders, and real-time reporting of non-compliance.

CONCLUSION

From being merely formalities, corporate governance and compliance have developed into strategic instruments for long-term business management. This study has shown how the Companies Act of 2013 has fundamentally changed the legal framework of corporate governance in India, in conjunction with other frameworks like the SEBI (LODR) Regulations and Secretarial Standards. Important clauses like Sections 149, 135, 177, and 205 provide a strong legal basis for openness, responsibility, and moral behaviour.

However, many Indian corporations still treat compliance primarily as a checklist rather than a cultural value, making it largely mechanical. In order to incorporate governance into fundamental decision-making processes, this paper has argued that compliance needs to be reframed as strategic compliance. Legal provisions by themselves cannot guarantee good governance unless they are supported by intent and leadership, as demonstrated by the work of experts such as company secretaries, the application of case law, and the analysis of governance failures.

Emerging global trends like Environmental, Social, and Governance (ESG) metrics, technology-driven compliance tools, and a growing call for stakeholder inclusivity and board diversity will all have an impact on corporate governance in India in the future. To achieve this transformation, it is imperative to empower governance professionals, strengthen institutional frameworks, and meaningfully enforce compliance.

Essentially, strategic compliance under the Companies Act of 2013 is about creating businesses that are ethical, resilient, and prepared for the future, not just about avoiding fines.