MGC
GLOBAL RISK ADVISORY LLP

INDIA LEADERSHIP COUNCIL

STATE OF CORPORATE GOVERNANCE IN INDIA

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& India Leadership Council
by The Times Group

Disclaimer

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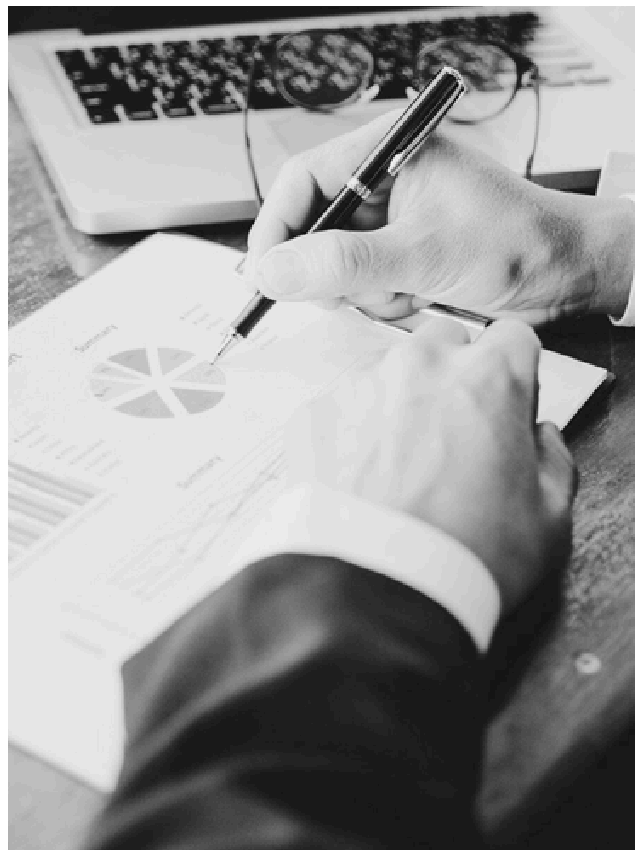
Executive Summary

India's corporate governance framework has strengthened materially over the past decade, anchored by the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. These reforms have raised the bar on disclosure, accountability and board structure. Yet regulation alone has not resolved the deeper challenge: how governance is practiced in the boardroom.

Across listed and private companies alike, informal promoter influence and legacy decision-making norms continue to shape outcomes. While such practices may not be codified, they materially affect independence, oversight quality and accountability. The resulting gap between regulatory intent and lived governance remains a defining risk in India's corporate landscape.

This risk is amplified by today's operating environment. Geopolitical volatility, cyber and data threats, intensifying ESG expectations and the rapid adoption of artificial intelligence have expanded the scope of board responsibility.



Executive Summary

Governance is no longer a backward-looking control mechanism; it is a forward-looking capability that determines resilience, credibility and access to capital.

Globally, boards are being judged less on the presence of policies and more on the quality of decisions they enable. For Indian companies operating in global markets, this shift places new demands on board composition, independence of thought, risk oversight and ethical judgement. The boardroom has become the primary arena where trust is earned or lost.

This survey examines how organizations in India are responding to these pressures in practice. It assesses whether boards are moving beyond compliance to embed governance as a discipline; one that shapes strategy, moderates risk and aligns leadership behaviour with long-term stakeholder interests.

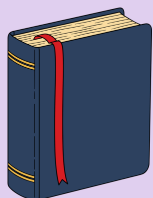
Based on insights from over 30 CXO-level leaders and board members across sectors and ownership models:

The findings suggest that while formal governance structures are largely in place, behavioural maturity and forward-looking oversight remain uneven. The next phase of governance in India will be defined not by additional rules, but by the board's ability to institutionalize judgement, independence and accountability in an era of sustained uncertainty.

Key Findings

Only **39%** of organizations have clearly defined, communicated and regularly reviewed roles.

Over **50%** of organizations review governance charters infrequently or without a fixed cycle.



16% of private companies lack an enforced code of conduct.

55% of organizations meet the regulatory baseline of quarterly reporting.

Only **35%** of organizations review and test internal controls on a quarterly basis.

65% of organizations lack adequate independent director representation.

23% of boards have no women directors.

68% of organizations have formalized data governance policies or programs.

Section 1

Roles & Responsibilties

Roles and Responsibilities

Question 1

How clearly are the roles and responsibilities between the Board and Management defined and practiced in your organization?

Analysis

Role demarcation between the board and management is not procedural hygiene, it is the operating architecture of governance effectiveness. When authority lines are clearly defined and behaviourally respected, organizations exhibit decision velocity, sharper accountability and stronger strategic coherence. Where they are blurred, governance degenerates into personality-driven control, diluted ownership and inconsistent risk oversight.

The data reflects that **84%** of organizations (regardless of ownership type) are adopting these practices voluntarily, responding with a good mix of both options between *roles being defined and clearly documented and generally adhered to*. On the surface, this showcases an encouraging sign of evolving governance culture. **16%** of respondents, on the other hand, report overlap and no distinction.

While the majority of respondents are following The Companies Act, 2013 (specifically Sections 173, 179 and 134), formal codification alone is not a proxy for governance maturity. The real test lies in whether these boundaries are consistently upheld in decision-making, especially under pressure.

The vulnerability in India is not regulatory; it is behavioural and systemic. In a single-tier system,

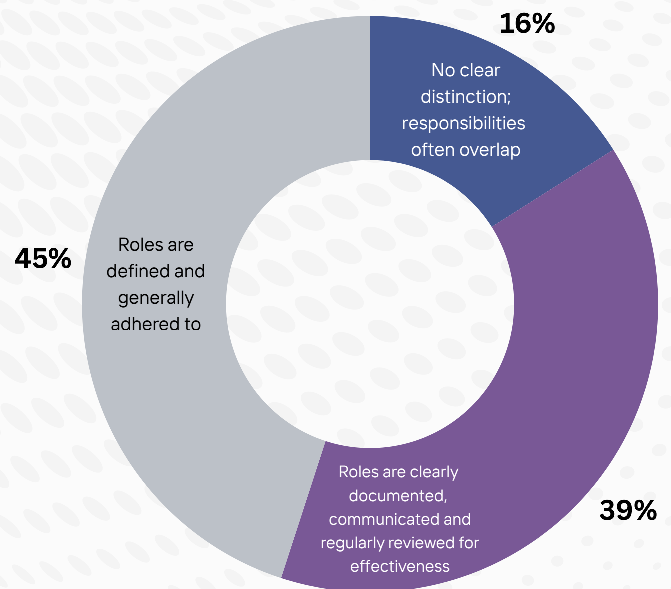


Fig. 1: Clarity of roles and responsibilities between the Board and Management

boards drift away into operational domains under the guise of "strategic oversight" or management defers to personality over process.

In comparison, leading governance regimes convert intent into discipline. The German model institutionalises the separation through its legally mandated two-tier governance architecture. The Aufsichtsrat (Board of Directors) is prohibited from participating in management and is confined to supervision of the Vorstand (Management Board). This model demonstrates how structural separation can eliminate the very behavioural drift that remains pervasive in India.

India's governance opportunity therefore lies not in additional regulations but in execution reinforcement. Role clarity must be audited, not assumed, with board evaluations testing where boards slip into execution and management defers without mandate. Unless charters and delegation matrices become live performance tools, boards that manage will steadily lose their ability to supervise and turn governance into hidden risk rather than advantage.

Illustrative Case Snapshot

A listed Indian manufacturing group faced recurring approval delays, blurred accountability and inconsistent audit observations despite formal compliance. Drawing inspiration from Germany's Vorstand architecture, the company ring-fenced operational authority within an Executive Committee, constituted a formal Executive Oversight Committee and implemented a rigorously codified Delegation of Authority Matrix.

Within two quarters, Board agendas shifted decisively toward strategy, approval cycles shortened materially, audit observations declined and governance disclosures strengthened. This shift repositioned governance from a compliance construct into a performance enabler.

Key Takeaways

The data highlights a growing expectation that while codified roles are necessary, they are not sufficient. True governance maturity lies in aligning behavioural discipline with written frameworks. Well-performing boards lead with strategic intent while management execute with autonomy, without ignoring mutual accountability. Regular evaluation of roles and responsibilities, supported by an effective Nomination and Remuneration committee can turn compliance into culture. Ultimately, governance is sustained only when there is mutual respect between the board and management.

Question 2

How often are the Board and Committee charters reviewed and updated?

Analysis

Organizations across both listed and private ecosystems show uneven discipline in reviewing board and committee charters. Neither the Companies Act nor SEBI (LODR) Regulations indicate a fixed frequency of charter reviews, showcasing that while **42%** of organizations follow regular *annual reviews*, more than half (**58%**) of companies are adopting *longer review cycles* or *lack structured periodicity*.

Such inconsistency in data matters. With regulatory complexities increasing, charters are becoming outdated within a year. Boards who consider risk as cyclical will feel the pressure of longer review cycles, significantly. This is because risk is constantly mutating. New risk vectors such as cyberthreats, ESG and AI are evolving far more quickly than the cadence at which many boards refresh their charters, oversight structures or decision rights. This leads to delayed updates and structural blind spots, leaving boards unaware of new compliance obligations, shifting risk ownership or emerging oversight expectations. Therefore, boards relying on slower cycles are effectively governing with obsolete mandates.

The risk is most acute in Technology, Healthcare and Real Estate sectors where regulatory velocity and risk intensity are the highest. In these sectors, annual reviews are not optional, they are essential.

Leading jurisdictions in the EU, US and UK typically require annual charter reviews, with interim refreshes triggered by material changes in regulations, strategy or risk exposures. For organizations in India, this discipline is no longer good governance hygiene. It is a prerequisite for board agility, role clarity and sustained stakeholder trust in a rapidly shifting strategic and regulatory landscape.

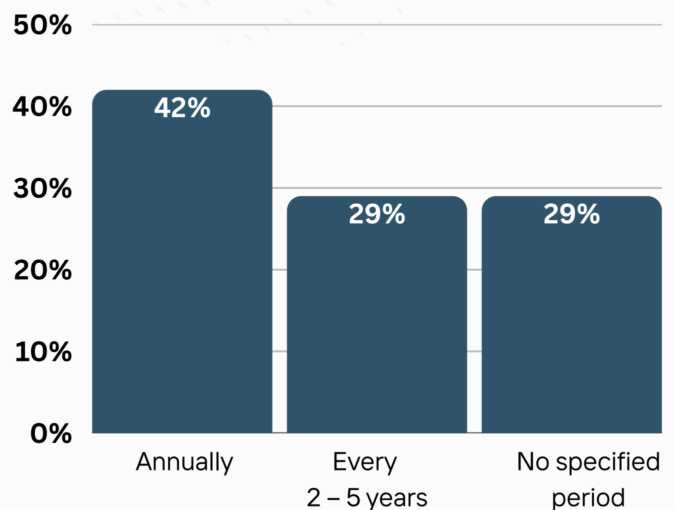


Fig. 2: Frequency of Board and Committee charter reviews

Illustrative Case Snapshot

A listed mid-cap industrial company operating in multiple jurisdictions undertakes charter reviews every 4–5 years, without any interim updates. Amidst the charters being unchanged for 4 years, the company embedded AI across all its operations. When a vendor-linked AI module was breached, the board lost critical time in debating ownership of cyber risk and delayed escalation.

Post breach, the board treated it as a governance failure, not an IT issue. It re-wrote all its charters, assigned clear ownership across different risk vectors and implemented an annual review of their charters. The board also mandated quarterly deep-dives into pertinent risks facing the company.

Key Takeaways

Annual charter reviews are a minimum governance standard that should be incorporated into the Board's annual calendar, as well as followed. Interim reviews must also be triggered by major legal, strategic or risk-related events or developments to ensure ongoing alignment of charters.

Boards that fail to maintain their charters, especially sector-sensitive charters (that integrate responsibilities for technology oversight, innovation governance, cybersecurity and digitisation) risk non-compliance, reduced oversight effectiveness and diminished stakeholder confidence.

Section 2

Board Composition & Independence

Board Composition & Independence

Question 1

What percentage of your board members are independent?

Analysis

SEBI's governance framework has deliberately placed independent directors as the first line of defence. This way, board power counterweights promoter-driven power, especially in listed companies. Justifiably, the survey shows the stark difference in responses between private and listed companies.

65% of boards have no independent directors or fall below recommended thresholds (of having at least **50%** independent members, as per SEBI LODR, 2015). Private companies dominate the "no independence" category. A small majority of companies (**26%**) have **31-50%** of independent directors, with listed companies having more than **50%**. Notably, **10%** are unsure of their own independence composition.

Lack of independence on boards is concerning. It creates an environment for small, unchallenged decisions to go unnoticed, which eventually compound into sizable challenges across the organization. A board dominated by promoter influence, functioning without debate and dissent is a governance failure. Management bypass decision-making, strategic assumptions are accepted as facts, related third-party transactions are normalized and risks are downplayed.

Over time, the boardroom moves from being the forum of judgement to the forum of validation. When issues arise, there is no institutional muscle memory for challenge. At this point, governance fails quietly.

In India, independence largely exists on paper. Listed companies, though compliant with SEBI's numerical thresholds, continue to preserve promoter control in practice. Independence barely exists in agenda ownership, committee leadership or decision influence, turning a fiduciary safeguard into a symbolic construct.

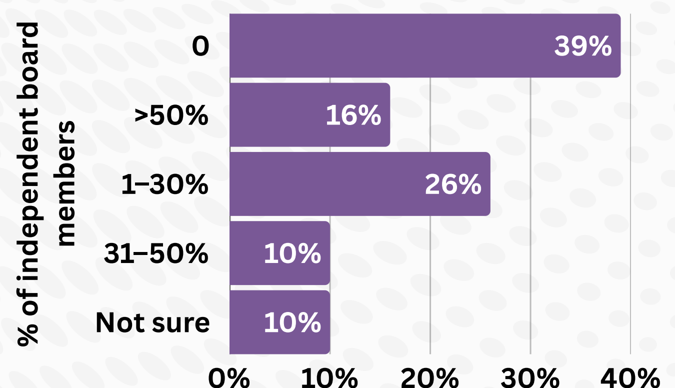


Fig. 3: Percentage of independent directors on the Board

Mature boards do not measure independence by headcount. They measure it by who frames the agenda, who leads committees and who challenges strategic assumptions and decisions. Composition of board members in this situation is imperative, where independence, gender and skill diversity is a sign of a progressive governance culture. Unless independence is treated as a behavioural standard rather than a structural requirement, Indian boards will continue to meet governance norms while falling short of governance outcomes.

Illustrative Case Snapshot

A large Indian technology company undertook a board composition review following investor feedback on independence and diversity. The Nomination and Remuneration Committee (NRC) developed a skills and diversity matrix mapping current directors' experience against the company's strategic priorities such as digital transformation, ESG and global expansion.

Two independent directors with international technology and sustainability experience were appointed through an external search firm. Within a year, board discussions became more future-oriented, ESG reporting strengthened and investor confidence improved. The company now discloses its composition policy in its annual report, becoming a reference point for governance transparency.

Key Takeaways

Ultimately, the issue is not merely the absence of independent directors but the limited empowerment of those who do exist. Independence must extend beyond formal designation to behavioural autonomy: directors who can question assumptions, offer alternative perspectives and hold management accountable. Until boards embrace this cultural shift, independence will remain a procedural requirement rather than a strategic asset.

Board Composition & Independence

Question 2

What proportion of your board members are women?

Analysis

Gender diversity on boards is a key marker of inclusive governance. Globally, gender diversity is treated as a board competence control because homogenous boards are statistically more prone to groupthink, blind spots in risk assessments and weak succession planning.

Most boards in the survey continue to operate with low levels of gender diversity, with nearly four in ten reporting less than one-third women representation. While a third of respondents have progressed to the one-third to one-half range, almost a quarter still have no women directors at all. Only a negligible fraction has achieved gender-balanced boards and a small but telling segment remains unaware of their own composition.

Organizations with no women directors, reflect a board composition dominated by legacy networks, family continuity or founder-centric decision-making. Here, boards witness lower challenge intensity, higher tolerance for legacy thinking and weaker interrogation of people, culture and risks. Gradually, a lack of diversity narrows the board's field of vision, creating blind spots that only surface during crises.

Globally, gender diversity is largely viewed as a driver of board effectiveness, bringing varied perspectives, cognitive diversity and stronger alignment with ESG expectations. Norway, for example has mandated a **40%** quota for women on boards. Denmark, Finland, Luxembourg, Malaysia, Spain, Massachusetts and Pennsylvania in the US have adopted "comply-or-explain" frameworks. Australia, Canada, Mexico and the UK have adopted even less precise voluntary methods, encouraging a steady upward movement in representation.

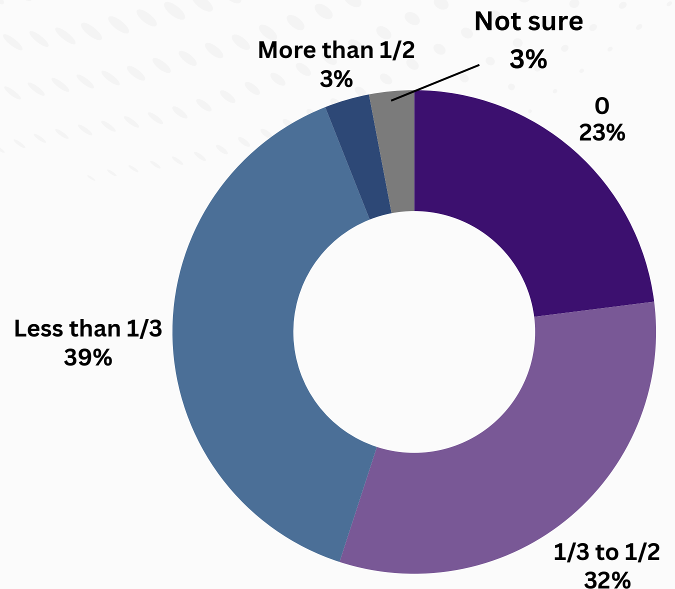


Fig. 4: Proportion of women directors on the Board

In contrast, India's statutory minimum of one-woman director only represents a starting point. Compliant organizations are treating this as a check-box exercise, proving the regulation is being optimized more around avoidance than effectiveness.

For India to move closer to global practice, organizations that expand representation will move faster on governance maturity, succession depth and investor credibility, especially private companies preparing for scale or external capital.

Illustrative Case Snapshot

A mid-sized listed European company discovered that the board of its Indian subsidiary had no women directors, despite growing ESG scrutiny from global investors. Strategy discussions were heavily finance-centric, with limited challenge on workforce risk, data ethics and stakeholder impact. Following investor feedback, the parent company mandated the induction of two women independent directors. Within a year, board agendas began to include people risk, ESG performance and third-party conduct as standing items, materially improving the quality of debate and external confidence in the subsidiary's governance.

Key Takeaways

Ultimately, gender diversity must be embraced not as a compliance checkbox but as a governance strength that elevates board judgment, stakeholder trust and long-term competitiveness. Boards should aim to exceed statutory minimums through targeted recruitment and succession planning. Regular evaluation of board composition ensures diversity objectives are met. Organizations that embrace gender diversity demonstrate governance maturity and enhance brand and employer reputation.

Section 3

Board Refreshment & Evaluation

Board Refreshment & Evaluation

Question 1

Does the board follow a documented refreshment and evaluation process, including annual internal and periodic external reviews (say, every 3 years)?

Analysis

A high-performing board is not static; it continuously assesses its own effectiveness, refreshes its composition and renews its thinking. Board evaluation and refreshment mechanisms ensure that governance does not ossify into routine but evolves with the organisation's strategy, risk profile and stakeholder expectations. The process of board evaluation serves three critical functions:

- It measures the effectiveness of collective decision-making and the contribution of individual directors.
- It identifies gaps in skills, diversity and dynamics.
- It provides a structured pathway for continuous improvement, rather than reactive change.

A large cohort (**65%**) follow a documented refreshment and evaluation process, while a third of boards in India's high-risk sectors (Automotive, Manufacturing, Supply Chain and Technology) continue to operate without a structured mechanism. In environments defined by evolving technology, regulatory and business risks, the absence of formal evaluation directly weakens governance readiness.

Culturally, board evaluation is still treated as threat to relationships rather than a safeguard for the enterprise. This restricts open feedback, self-correction and accountability, allowing long-serving directors, skill gaps and entrenched norms to persist unchallenged. Without timely renewals, boards risk stagnation, where oversight weakens even when governance structures appear compliant.

This cultural gap becomes more evident, when viewed against global benchmarks. As per the UK Corporate Governance Code, FTSE 350 companies are mandated to conduct external reviews every three years.

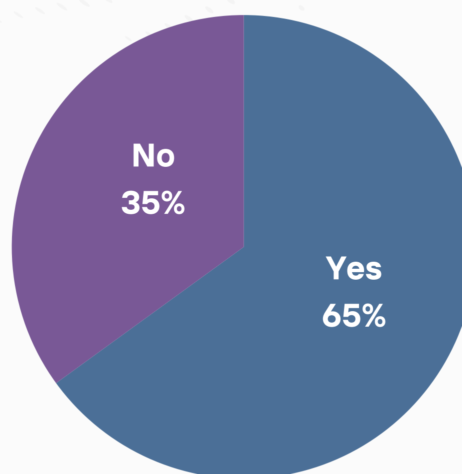


Fig. 5: Existence of Board refreshment and evaluation processes

While global boards in the UK and Australia integrate internal and external facilitation, transparent disclosure and action-oriented feedback loops into their evaluation cycles, Indian boards continue to self-certify their effectiveness, a model that systematically underestimates risk and overestimates control.

Boards therefore need to confront a more fundamental question "Do our charters still reflect the risk profile of our sector today?" and "Have new technologies, AI usage, data dependencies or regulatory updates been incorporated in our charter?". If evaluation outcomes are not reshaping charters and oversight priorities, renewal is procedural rather than transformational.

In essence, Indian boards align in structure but lag in substance. The next leap in governance maturity will come from shifting evaluation from form to function, embedding reflection, renewal and transparent reporting as central pillars of board performance.

Illustrative Case Snapshot

A diversified Indian financial services group engaged an independent board evaluation facilitator for the first time in 2023. Using structured interviews and observation of committee meetings, the review identified three core issues: overlong board meetings, unclear role overlaps between committees and underutilisation of independent directors.

A formal Board Improvement Plan was implemented, reducing meeting length by **30%**, improving pre-read quality and redefining committee scopes. The following year, the board voluntarily disclosed its external review and process improvement practices in its annual report. Investor feedback was strongly positive, citing transparency and maturity.

Key Takeaways

Insight, oversight and foresight strengthen governance practices. For boardrooms in India, evaluation should be looked at as a mirror not a scorecard or a perfunctory exercise. External reviewers add depth by identifying cultural and behavioural blind spots that internal assessments often miss. Without an independent perspective, boards risk weakened oversight and declining credibility.

By linking evaluation to renewal, boards can refresh membership, training and leadership succession and decisions, reinforcing trust in the board's ability to guide the organization forward.

Section 4

Reporting & Disclosures

Question 1

At what frequency are internal management reports shared with the Board?

Analysis

The frequency and quality of internal management reporting to the board determines how quickly directors can exercise judgement in a business environment with accelerating risk. Encouragingly, organizations both within and outside the listed ecosystem are embedding structured reporting discipline within boardroom culture, signalling a shift away from purely compliance or promoter-driven information flows.

The distribution, however, reveals a clear hierarchy of oversight maturity. While **55%** of organizations meet the regulatory baseline of quarterly reporting, this cadence increasingly lags the pace of risk in volatile operating environments. A further **6%** report annually or semi-annually, creating blind spots in board visibility and a material governance gap. In contrast, **29%** of organizations who report monthly, demonstrate a tighter line of sight into operational shifts and early-warning indicators.

Beyond frequency, the deeper challenge in India is the quality and depth of reporting. While financial reporting is generally robust, management information and governance disclosures are often reactive, selective and event-driven instead of continuous, comprehensive and forward-looking. This limits the board's ability to anticipate risks, track performance momentum or provide strategic challenge.

This weakness is particularly prevalent in risk sensitive sectors, such as Real Estate, Automotive, Technology and Healthcare, where frequent reporting cycles and an ability to anticipate technological disruptions, cyber exposures or production risks early on are imperative.

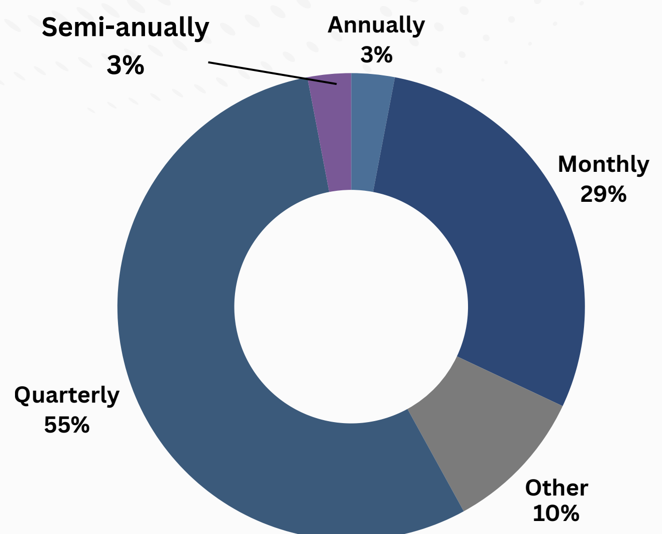


Fig. 6: Frequency of management reporting to the Board

Global standards such as the UK Corporate Governance Code emphasize on continuous board visibility into risk and controls, which is difficult without frequent, high-quality management reporting. As organizations in India, move toward more structured, timely and sector-sensitive holistic reporting, governance maturity will depend on integrating operational, financial and non-financial indicators (including cyber, ESG, culture and innovation metrics) into real-time dashboards. This will ensure boards remain forward-looking rather than retrospective.

Illustrative Case Snapshot

A listed infrastructure group implemented a digital board reporting platform integrated with its ERP, risk registers and compliance systems. Directors received monthly dashboards covering 30 financial, operational and risk indicators (including project delay risk, cyber alerts, cash flow stress points and safety metrics) with materials shared securely two weeks ahead of board meetings.

The shift replaced last-minute, static reporting with timely, decision-ready insight. Emerging risks were flagged, escalation discipline improved and board discussions moved away from transactional reviews towards a trend analysis across cost overruns, contact exposure and cyber incident patterns. This strengthened both oversight and strategic challenge.

Key Takeaways

Timeliness enables foresight. Boards govern better when reporting and disclosures are timely, forward looking and undertaken in real time. This helps with clarity, resulting in insightful and concise reporting.

When information flow becomes continuous rather than periodic, reporting shifts from being a compliance exercise to a strategic enabler. Ultimately, transparency and consistency in disclosures not only improve decision-making but also build investor trust and reinforce a culture of accountability, especially in sectors where risks evolve rapidly.

Question 2

How much in advance of board meetings are the agenda, previous minutes and supporting documents shared with board members?

Analysis

As outlined in The Companies Act, 2013, having at least a 7-day notice for board meetings, agenda, minutes and supporting documents is foundational governance control, not an administrative courtesy. It allows Directors adequate time to review information, test assumptions, seek clarifications and arrive prepared to exercise independent judgement. Without sufficient notice and materials, boards risk becoming reactive forums that endorse management proposals rather than challenge them. Such meetings go from a productive to a perfunctory exercise.

The distribution shows that around two-thirds of boards receive materials within one to three weeks of meetings, broadly aligning with the regulatory minimum of seven days. Roughly one-sixth receive it more than three weeks in advance which exceeds baseline expectations and enables better preparation and effective board deliberation. At the same time, just over one-tenth of boards receive materials less than a week before meetings, signalling a governance gap, as compressed timelines constrain directors' ability to review information thoroughly, challenge assumptions and contribute to informed decision-making.

In India, organizations are broadly aligned with good governance norms, which highlights emerging governance maturity even amongst companies who are not bound by statutory requirements. Voluntary adoption of structured information flow is gathering more attention for effective oversight.

The organizations which are still lagging are those boards who face limited preparation time, effectively undermining their ability to analyse issues in depth, anticipate risks and provide meaningful strategic challenge. In such cases, deliberation weakens and dissent is suppressed by time pressure.

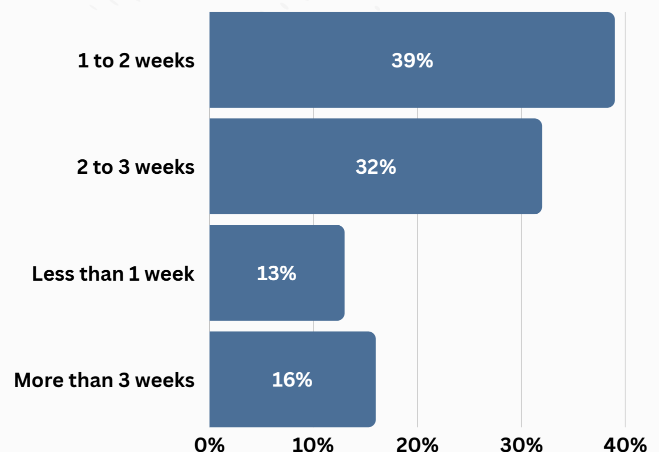


Fig. 7: Timeliness of circulation of Board agendas and papers

Overall, the patterns suggest that while India has achieved a good level of procedural discipline, what differentiates mature governance is how these materials are constructed, curated and utilized. Agenda items must evolve from descriptive, administrative materials to analytical, insight-rich tools which are used by boards as governance instruments. When agendas are structured to provoke judgement, the boardroom shifts from endorsement to oversight.

Illustrative Case Snapshot

A leading financial services firm adopted a digital board management system that automated the the distribution of meeting materials and version control. Agendas and supporting documents were released two weeks before each meeting, accompanied by executive summaries and issue briefs highlighting key decisions, risks and dependencies. This shift reduced administrative delays, improved director preparedness and transformed discussions from operational reviews to strategic deliberations. Directors reported greater engagement and the firm's governance committee noted a measurable improvement in the quality and speed of board decisions.

Key Takeaways

Timely, well-structured and decision-oriented board materials enable boards to move from compliance-driven oversight to strategic governance. Circulating documents well in advance empowers directors to engage meaningfully, ask sharper questions and contribute informed perspectives. True governance maturity lies not only in when information is shared but in how effectively it equips the board to anticipate risks and shape strategy.

Reporting & Disclosures

Question 3

What is the general timeframe for finalizing and publishing your organization's financial statements?

Analysis

Both The Companies Act and SEBI (LODR) Regulations position a 30–60-day close cycle as the effective governance baseline. The timeframe for finalizing and publishing financial statements directly reflects the robustness of internal controls, quality of financial data and effectiveness of board oversight. Faster closures reflect stronger control environments and delayed closures reflect fragmented data, weak reconciliations and audit friction.

Against this backdrop, the survey reveals varying levels of reporting maturity. Nearly half of respondents (**45%**) finalize and publish financial statements within 30–60 days, with listed companies predominantly occupying this cluster. A further **26%** operate on a 60–90-day cycle, suggesting delays driven by sequential reviews, manual processes or audit dependencies. Only **10%** achieve a 0–30 day close, indicating advanced capabilities such as continuous reconciliations and strong internal controls. The remaining (**19%**) respondents fall outside these ranges, highlighting inconsistency and lack of standardization.

While most listed companies are following regulatory requirements, private companies show mixed practices, while LLPs and unlisted public companies tend to skew towards longer close cycles, often indicating compressed board review time, delayed managerial insight and slower strategic responses, particularly during periods of stress or volatility. This often leads to submitting financial statements on the last permissable date which reflects an environment operated with limited agility and reduced credibility.

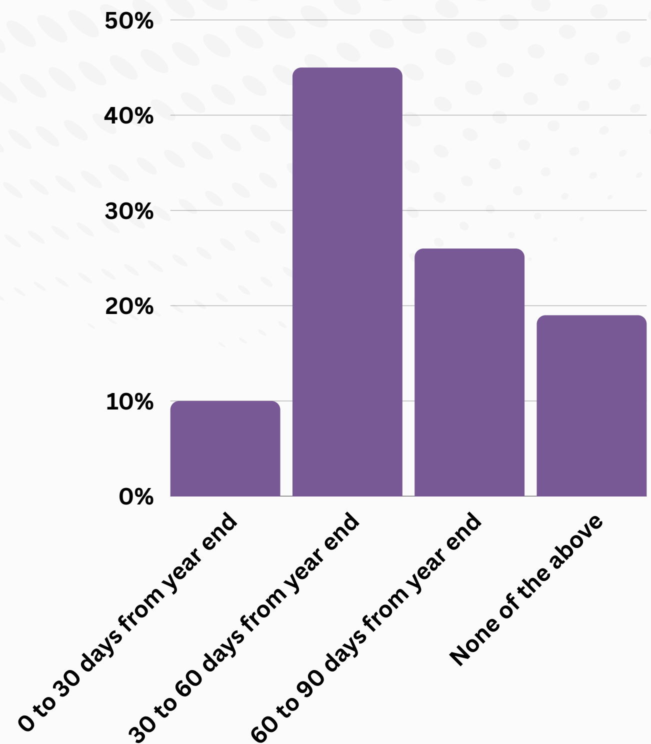


Fig. 8: Timeframe for finalizing and publishing financial statements

Globally, leading markets are moving towards continuous close models, where financial data is validated and reviewed throughout the year. The UK, U.S., Singapore, Hong Kong and Australia mandate a 60-day cycle, with the U.S. Securities and Exchange Commission specifically focusing on close processes and Sarbanes-Oxley (SOX) internal control compliance. In contrast, many Indian companies still rely on episodic, period-end processes that concentrate risk, effort and judgement into the final stretch.

Overall, the data suggests that majority of Indian organisations meet statutory deadlines. However, governance maturity for the next decade will be increasingly defined by how early and confidently results are finalized.

Illustrative Case Snapshot

A mid-cap Indian manufacturing firm historically published annual financial statements 75–90 days post year-end due to sequential approvals and manual consolidation processes. After implementing an integrated Enterprise Resource Planning (ERP) system with automated financial reporting, standardizing internal controls and aligning audit schedules, the company reduced its reporting cycle to 45 days.

Board members received draft statements three weeks before the Annual General Meeting, allowing sufficient time for review and queries. Investor communications improved, with analysts highlighting the company's improved timeliness and transparency. The move also enhanced operational discipline, reduced last-minute corrections and positioned the firm favourably during capital market interactions.

Key Takeaways

Timely finalization and publication of financial statements is both a compliance requirement and a signal of governance maturity. Organizations aligning with the 30–60-day timeframe demonstrate efficiency, transparency and preparedness, while longer cycles indicate areas for process improvement. Integration of technology, proactive audit planning and early board review are enablers of speed, accuracy and quality of reporting. Global best practices underscore that accelerating reporting timelines and having strong internal controls that operate throughout the year, enhance board oversight and reinforce the board's strategic role in safeguarding organizational performance.

Section 5

Risk Management & Reputational Risk Controls

Risk Management & Reputational Risk Controls

Question 1

Is there a documented enterprise-wide risk management framework and are key risks reviewed by the board at least twice a year?

Analysis

Risk management lies at the very heart of corporate governance. It is the board's duty not merely to respond to risk but to anticipate, oversee and align it with the organisation's strategic objectives. The tone at the top determines whether risk management is seen as a regulatory checkbox or as an embedded discipline shaping corporate resilience.

The survey shows that **84%** of respondents have a documented enterprise-wide risk management framework reviewed by the board at least twice a year, demonstrating strong structural adoption. However, **16%** reported no such framework.

The survey findings suggest that India is no longer debating the need for a risk management committee or framework. Instead, they have already built it. The real insight lies in what the sector-wise distribution of adoption demonstrates about organizational readiness in India, for the volatile decade ahead.

Sectors such as BFSI, Capital Markets, Healthcare, Manufacturing, Infrastructure, Agriculture, Consumer Goods, Automotive and Technology/IT Services demonstrate strong adoption because their operating models leave no room for improvization. Their risks move quickly and so must their oversight. This proactive approach signals a risk discipline which has become embedded muscle memory and therefore a competitive differentiator.

However, the **16%** without any framework, largely across Legal Services and HR-intensive sectors, are entering a period of rising exposure. While Legal Services face accelerating compliance demands, reputational vulnerability and client sensitive risk, HR-intensive sectors manage workforce disruptions, data-sensitive processes and cultural risk. An absence of a formal framework in these sectors reflect potential blind spots that can escalate quickly, from regulatory missteps to reputational incidents and operational failures.

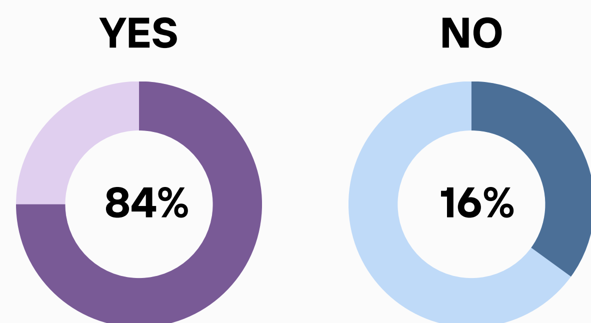


Fig. 9: Existence and Board oversight of enterprise risk management frameworks

In today's environment, sound governance, therefore, demands proactive, integrated risk oversight, covering not only financial exposure but operational, reputational, cyber and environmental risks. The OECD Corporate Governance Working Paper (2022) encourage separating audit and risk committees, with the former focusing on financial risks and accuracy of financial positions and the latter going beyond financial matters to address a large range of risks.

With organizations grappling with "new age" risks such as geopolitical uncertainty, cyber escalation, AI-driven disruption, supply chain fragmentation, climate shocks and tightening global capital flows, organizations will require a skilled board to interpret them. This is where the composition of board members becomes important. Regular board evaluations enable diversity of thought, depth of expertise and strategic stewardship and accordingly identify gaps. Overtime, this mitigates the challenge of informal escalation processes and promoter-driven judgements, especially in private companies.

In this context, reviewing key risks twice a year is meaningful only if supported by a board that is skilled and looks forward, not backward. Boards must evolve from assessing what has occurred to interrogating what could occur by embedding scenario planning, emerging-risk surveillance and forecasting as standard governance practice.

Illustrative Case Snapshot

A large Indian financial conglomerate implemented a quarterly risk dashboard as part of its board reporting process. The system captured key risk indicators across business lines such as credit, cyber, conduct and climate. Each risk owner updated mitigation status through a centralised portal.

The Audit and Risk Committees jointly reviewed trends every quarter. As a result, early-warning indicators were identified three months before a potential portfolio exposure event. The company avoided a material loss and the regulator later commended the governance framework as "proactive and data-driven".

Key Takeaways

Effective risk oversight transforms risk from a reactive compliance function into a strategic enabler. Boards that implement continuous monitoring, use real-time dashboards and integrate risk with audit and strategy build organizational resilience.

However, organisations which cultivate a culture of anticipatory risk awareness, beyond systems and documentation, are better equipped to protect value, absorb shocks and seize opportunities ahead of competitors.

Risk Management & Reputational Risk Controls

Question 2

How often are internal controls reviewed and tested?

Analysis

The state of internal controls in India stands at an inflection point as businesses scale, digitize and operate across increasingly complex regulatory environments. Strong internal controls are foundational to board oversight because they safeguard assets, ensure accurate financial reporting and support compliance and risk management.

Weak or poorly tested controls delay issue detection, mask emerging risks and increase the likelihood of fraud, operational failures and regulatory breaches.

The data suggests that **52%** of organizations review and test internal controls annually, **35%** do so quarterly and **13%** less frequently. This distribution reflects varying levels of governance maturity and risk responsiveness.

Quarterly testing is concentrated in BFSI, capital markets, consumer goods, agriculture and several technology/IT services, where exposure to financial fraud, cyber incidents, data governance and compliance shifts is high. In these sectors, quarterly testing is no longer a best practice but a risk necessity, which they have identified and implemented.

In contrast, manufacturing, automotive, healthcare, legal and senior care sectors are largely reliant on annual testing. While this frequency is compliant with the COSO Framework, it is not sufficient for high-risk sectors. Supply chain instability, automation failures, product liability issues and ESG-linked operational risks evolve faster than annual review cycles, increasing the likelihood of control failures to remain undetected for extended periods.

Therefore, organizations must review and test their internal controls on a risk-based tier frequency, to ensure organizations are aligned with the COSO Framework which advocates continuous monitoring and periodic testing.

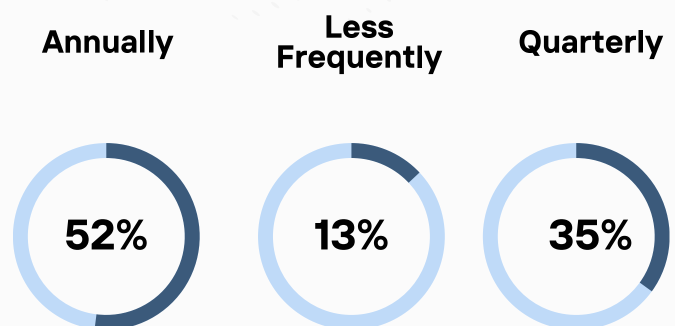


Fig. 10: Frequency of review and testing of internal controls

For boards, the quality of internal controls directly determines the reliability of information they rely on for decision-making. Strengthening the frequency and depth of internal control testing, tailored to the risk intensity of each sector, will be essential for staying ahead of emerging threats and ensuring board-level assurance.

Illustrative Case Snapshot

A mid-sized Indian manufacturing company traditionally reviewed its internal controls on an annual basis. After a near-miss operational incident that was identified late, the board reassessed its oversight approach and introduced quarterly, risk-based control reviews. These reviews integrated operational, compliance and technology controls into a consolidated dashboard supported by internal audit inputs. The change improved early detection of process gaps, strengthened cross-functional accountability and enhanced the board’s ability to oversee emerging risks beyond financial reporting.

Key Takeaways

Regular review and testing of internal controls is critical for timely risk detection and operational assurance. Annual testing meets compliance, but quarterly or continuous monitoring enhances governance effectiveness. Integrating internal controls review with management dashboards and internal audits provides actionable insights, strengthens oversight and aligns practices with global best practices. Boards that treat internal controls as a living system, rather than a checkbox exercise, enhance stakeholder confidence and organizational resilience.

Section 6

Ethical Culture & Leadership

Ethical Culture & Leadership

Question 1

Is there a documented and enforced code of conduct applicable to all stakeholders (such as directors, employees, vendors)?

Analysis

Ethical culture forms the moral architecture of corporate governance, shaping decision-making when formal controls deem insufficient. In a landscape of increasing scrutiny from investors, regulators and society, ethical conduct is both a shield and a strategic differentiator. It defines behaviour when no one is watching. Policies alone do not ensure ethical practice; leadership and example are key. Boards set the 'tone at the top', which cascades through the organization, shaping decision-making, transparency and accountability.

84% of respondents possess structural adoption of codes of conduct across listed and some private companies. However, the partially enforced or not formally documented cohort (**16%**) is dominated by private companies, suggesting a recurring pattern in promoter-led and closely held entities, where ethical expectations may exist informally but are not translated into formal, enforceable systems. Such organizations are more vulnerable to fraud, misconduct and third-party risk.

Therefore, where listed companies have structured ethics in place (whistleblower mechanisms, annual affirmations, third party coverage and periodic reviews), private companies depend on leadership integrity.

However, the core challenge in India lies not in absence of codes, but in inconsistent behavioural governance, with the question arising on whether structured ethics frameworks translate into lived governance practice. In India, cultural and "word of mouth" norms often outweigh formal policy. If ethical expectations are undocumented or selectively enforced, boards risk blind spots in misconduct detection, weakened whistleblower confidence and over-reliance on individual integrity rather than institutional safeguards. Governance maturity is thus reflected through consistent enforcement, leadership example and independent escalation mechanisms.

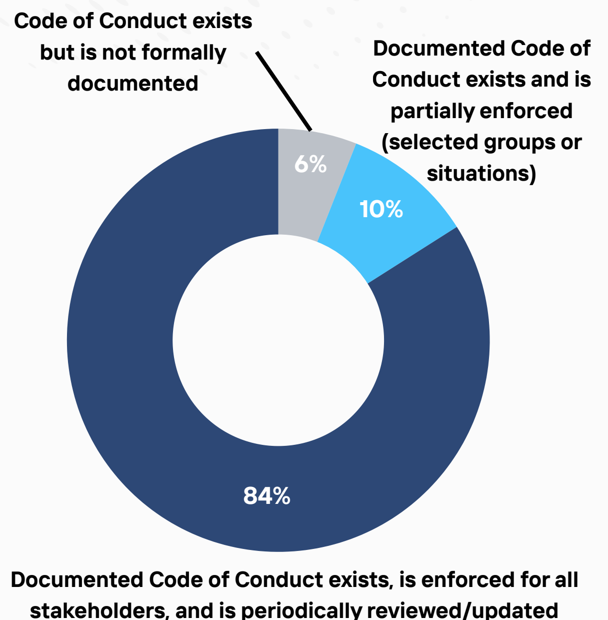


Fig. 11: Level of existence and enforcement of a Code of Conduct

Illustrative Case Snapshot

A diversified Indian conglomerate established an Ethics & Values Committee chaired by an independent director. The committee implemented a third-party whistleblower hotline, introduced annual ethics certification and commissioned an independent ethics audit.

Within two years, whistleblower reports increased by 40%, a sign of rising trust, not misconduct. Employee surveys showed a marked improvement in perceived fairness and leadership transparency. The company's governance score with proxy advisors improved by 25% and it was cited in a regional ESG index for its "culture of integrity.

Key Takeaways

Ethical culture is a governance indicator that requires active discussion, assesment and validation. Independent audits and third-party reviews must be implemented to enhance credibility, translating ethics from rhetoric into demonstrable practice.

Ethics is leadership in action, where policies guide but example sets the standard. An increased used of whistleblower channels signal a healthy culture. Oversight, therefore, must reside at the board level, not solely with compliance teams

Ethical Culture & Leadership

Question 2

Are whistleblower policies and reporting mechanisms active and accessible across the organization?

Analysis

As markets become more transparent and stakeholder expectations intensify, whistleblower mechanisms are critical to embedding ethical behaviour and transparency across the organization. They act as early-warning systems, helping boards detect governance lapses, fraud, misconduct, or operational risks before they escalate. Accessibility, confidentiality and trust in these systems are essential to ensure employees, contractors and vendors feel safe to report genuine concerns, reinforcing a culture of integrity.

90% of respondents confirmed active and accessible whistleblower policies, reflecting strong compliance with Section 177(9) and (10) of The Companies Act and Regulation 22(1) and (2) of SEBI (LODR) Regulations. Conversely, **10%** reported no such mechanisms, highlighting a critical governance gap that compromises transparency, accountability and safety.

While a majority of organizations have structural mechanisms in place, the operational depth of these systems may not be uniform. Many organisations view whistleblower mechanisms as policy artefacts rather than living systems that capture emerging ethical, operational, or cultural risks. In companies where hierarchy is steep or the promoter's word is final, employees may hesitate to use the mechanism, even if it exists on "on paper".

Comparatively, global governance norms emphasize usage, follow-up and cultural trust as the real indicators of effectiveness. Metrics such as case closure time, independent investigation protocols and anonymised reporting analytics are increasingly becoming the basic norm, internationally.

A key question for boards is therefore not merely "Do we have a whistleblower mechanism?" but "Is it trusted, used and protected from internal influence?"

Boards that regularly review whistleblower trends, test the independence of escalation pathways and communicate outcomes transparently build a culture where concerns are raised early, risks are surfaced before they escalate and ethical integrity becomes measurable rather than assumed. Such factors position companies for sustainable growth and global competitiveness.

Fig. 12: Whistleblower policy adoption and enforcement

Illustrative Case Snapshot

An Indian IT services firm implemented a third-party whistleblower platform linked directly to the Audit Committee chair. The system allowed anonymous reporting and tracked resolution timelines. Within a year, several operational and compliance concerns were raised and addressed promptly. Employee surveys indicated a 35% increase in trust regarding governance processes and the board used these insights to strengthen internal controls and risk monitoring practices.

Key Takeaways

An effective whistleblower framework is defined not just by its existence but by the trust it inspires. Ensuring independence, confidentiality and protection from retaliation is essential for credibility. Boards must treat whistleblower trends as early indicators of cultural or operational risk and regularly test whether the mechanism is truly accessible across all levels not only in form but in practice. When organizations communicate clearly about the process and act transparently on reported concerns, the system becomes a genuine tool for accountability rather than a symbolic policy.

Section 7

Stakeholder Engagement

Stakeholder Engagement

Question 1

Which of the following stakeholders does your organization maintain regular engagement with?

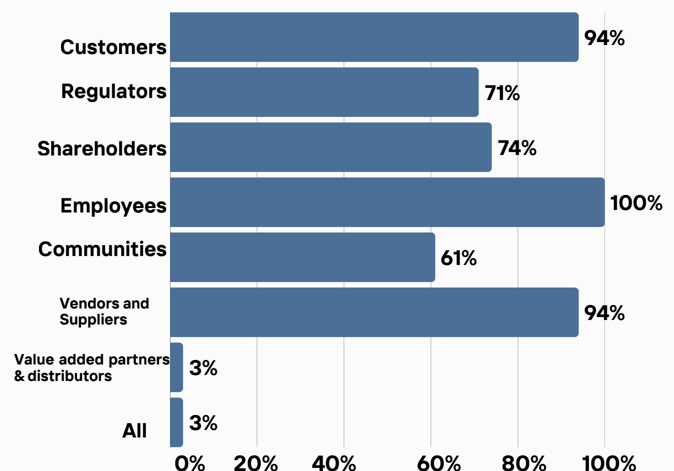
Analysis

Stakeholder engagement today defines corporate legitimacy. Boards that treat engagement as a governance responsibility rather than an outreach exercise, are better positioned to anticipate risks, foster trust and sustain long-term value. In an age of regulatory scrutiny, social activism and investor expectations, stakeholder inclusion is not optional. It is central to strategy, resilience and reputation.

The data indicates that while organizations recognize the importance of stakeholder engagement, current practices remain largely operational and compliance-led rather than strategically embedded. Engagement efforts are concentrated on stakeholders directly linked to day-to-day execution such as employees (**100%**), customers (**94%**) and vendors and suppliers (**94%**), reflecting alignment with operational priorities and disclosure frameworks such as SEBI's BRSR.

However, the engagement levels with shareholders (**74%**), regulators (**71%**) and communities (**61%**) is comparatively lower, suggesting these stakeholders are engaged episodically rather than through continuous dialogue. Limited engagement with extended stakeholders such as value-chain partners and distributors and the negligible proportion reporting engagement across all stakeholder categories, further reinforces that holistic stakeholder governance is at a nascent stage and still evolving.

This pattern reveals a structural skew towards inward and transactional engagement, with fewer organisations adopting equitable, inclusive and strategically integrated stakeholder dialogue frameworks. As a result, boards may receive delayed or filtered signals on regulatory expectations, social licence risks or investor sentiment.



Respondents could select multiple options

Fig. 13: Scope of regular stakeholder engagement

Globally, leading boards are institutionalizing stakeholder engagement as a governance function, integrating stakeholder sentiment into risk assessment, ESG oversight and long-term strategy. For Indian boards, the next evolution lies in moving from communication to consultation, from managing stakeholder expectations to co-creating sustainable value.

Illustrative Case Snapshot

A listed Indian energy company established a Stakeholder Engagement Framework mapping over 50 stakeholder groups across its value chain. The Sustainability Committee of the board oversees quarterly reviews of stakeholder sentiment, drawn from surveys and digital listening tools.

The company also created a "Community Advisory Council" comprising local representatives near its operational sites. As a result, grievance redressal turnaround time dropped by 60% and the firm reported zero community protests for three consecutive years.

The company's ESG rating improved by two notches and it was cited by an international investor as a model for proactive engagement governance.

Key Takeaways

Effective stakeholder engagement has become a strategic imperative, not a peripheral CSR activity. Boards that embed structured, continuous engagement processes strengthen legitimacy and trust across the value chain. Organizations in India now need to move beyond compliance-driven interactions to frameworks that actively integrate stakeholder perspectives into board deliberations and strategy. Transparency in how stakeholder feedback influences decision-making enhances accountability, while independent assurance of engagement practices can elevate investor and public confidence in governance outcomes.

Stakeholder Engagement

Question 2

What are the primary modes of stakeholder communication used by your organization?

Analysis

Effective communication is the backbone of stakeholder trust and accountability. In an era of heightened transparency expectations, how organisations communicate is as critical as what they communicate. The mode of stakeholder communication reflects not just operational preference but the organization's governance posture and openness to dialogue. Effective boards treat communication as a two-way governance mechanism, enabling trust, early risk detection and accountability beyond formal board disclosure.

The data shows a strong reliance on formal and traceable communication channels. Written communication remains the dominant mode (**90%**), supported closely by virtual meetings (**87%**) and in-person interactions (**84%**). This indicates that organizations in India have broadly institutionalized structured and hybrid engagement models, balancing accessibility with documentation and control.

However, the limited use of alternative or more informal channels, such as telephonic or other engagement (**3%**) suggests that stakeholder communication remains largely one-directional and disclosure-led. While formal channels support compliance and record-keeping, they can also filter feedback and reduce the immediacy of stakeholder sentiment reaching the board.

Compared to global best practices, where boards increasingly emphasize continuous, interactive and feedback-driven engagement, organizations in India appear to prioritize communication *to* stakeholders rather than engagement *with* them. While organizations in India are strong on traceability, they are weak in dialogue, listening and feedback loops.

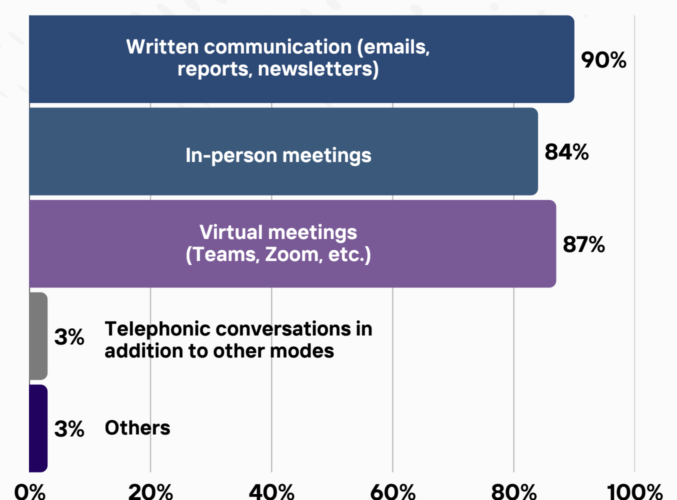


Fig. 14: Modes of communication with stakeholders

The opportunity, therefore, lies in evolving communication frameworks from information dissemination to dialogue, integrating stakeholder inputs into risk assessment, ESG oversight and strategic deliberation and positioning communication as a governance enabler rather than a compliance function.

Illustrative Case Snapshot

A leading Indian manufacturing conglomerate implemented a "360-degree Stakeholder Communication Matrix" to institutionalize structured engagement. The framework categorized stakeholders into six segments: employees, investors, regulators, communities, suppliers and customers and assigned dedicated channels for each.

For example, the company hosted quarterly investor calls, bi-annual supplier roundtables and annual community listening sessions. Digital dashboards tracked engagement metrics and feedback trends. Within one year, stakeholder satisfaction scores improved by 28%.

Key Takeaways

Most organizations employ structured and formal communication channels, reinforced by hybrid meeting formats to sustain stakeholder trust. However, few go beyond conventional engagement tools to build continuous, multidirectional dialogue.

Going forward, boards in India should explore digital, community-driven and feedback-based communication models to enhance transparency and inclusivity, ensuring stakeholder dialogue becomes an active governance mechanism rather than a compliance exercise.

Section 8
Data Governance

Data Governance

Question 1

For each area of expertise below, please indicate the approximate number of Board members who possess relevant skills or experience.

Analysis

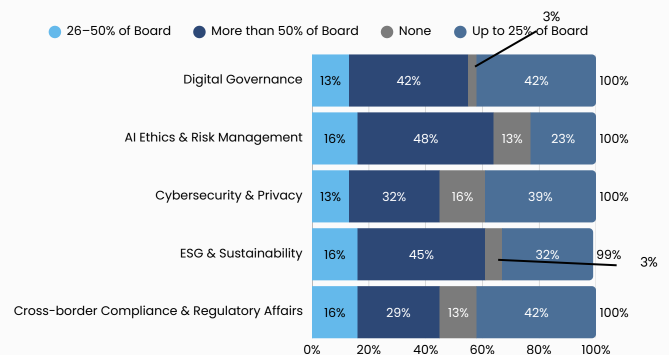
Historically, financial literacy, operational experience and industry knowledge formed the core competencies for board-members. While these requirements enabled effective decision-making, modern-day boards require innovation.

Today, technology, regulation, sustainability and geopolitical uncertainty are reshaping business models at an unprecedented speed. As organizations expand digitally, adopt AI, automate operations and engage with global markets, the skill requirements of boards are evolving and demand well beyond traditional finance and strategy oversight.

Competence in areas such as digital governance, AI ethics, cybersecurity and privacy, ESG and sustainability and cross-border regulatory affairs is now essential for sound decision-making. Expertise in these domains ensure the ability to anticipate emerging risks, navigate evolving regulations and guide responsible innovation.

The findings reveal a board capability landscape that is advancing but unevenly distributed across critical governance and digital domains. Rather than a steady progression, the data points to a pattern of capability concentration: a significant cohort of boards have built deep expertise in areas such as AI ethics, ESG and digital governance, while a meaningful minority report no expertise at all. This creates a bifurcated governance environment, where readiness is high for some organizations and structurally weak for others.

AI ethics and ESG show the strongest board-level capability, reflecting increased regulatory attention, investor scrutiny and public discourse. Nearly half of boards report that a majority of directors possess AI ethics and ESG expertise, signalling growing recognition of both AI and ESG as a governance issue rather than a purely technical one. A minority of boards report no AI or ESG expertise, indicating that this recognition is not yet universal, exposing certain organizations to heightened regulatory, reputational and operational risk as AI and ESG adoption accelerates.



**Respondents could select multiple options*

Fig. 15: Board members' areas of expertise and experience

Cybersecurity and digital governance exhibit greater fragility. While some boards demonstrate strong depth, many rely on a small subset of directors for oversight in these areas. This concentration risk limits collective board judgement and weakens the board's ability to challenge management on complex cyber incidents, data breaches or systemic digital failures. In an environment of increasing cyber volatility and cross-border data regulation, partial expertise is often insufficient.

The absence of consistent compliance and regulatory expertise across boards further underscores this imbalance. Where compliance knowledge is limited to a minority of directors, boards risk becoming reactive to regulatory change rather than anticipatory. This is particularly consequential as global regulatory regimes around data protection, sustainability disclosures and AI governance tighten and converge.

Overall, the data suggests that board capability in India is evolving, but not yet institutionalized. Governance strength is increasingly dependent on who sits at the table, not how many. In the current environment, the composition of the board and its collective expertise directly impact resilience, competitiveness and strategic foresight. Boards with such expertise are better positioned to govern complexity, manage emerging risks and protect long-term value. Those that lack expertise, face a growing gap between the pace of external change and the board's ability to provide effective oversight.

Illustrative Case Snapshot

An Indian fintech firm strengthened board oversight by integrating audit, risk and ESG committees along with Resilience Committees. The Board of Directors had a diverse mix of AI, cybersecurity, ESG and cross border expertise, to oversee a complex risk landscape.

Within 18 months, audit observations reduced by 40%, response times to cyber incidents and emerging risks halved and customer trust scores improved significantly.

Key Takeaways

Boards today cannot treat data, technology, sustainability and regulatory oversight as peripheral capabilities, they form the core of modern fiduciary duty. As industries digitize, globalize and decarbonize simultaneously, board competence across these domains becomes a strategic differentiator, not a technical add-on.

True governance maturity lies in the board's ability to connect these capabilities through using data to anticipate risk, applying ethical judgment to AI use, embedding cyber readiness into operational strategy and integrating ESG into long-term value creation. Boards that invest in strengthening these skills, build organisations that are resilient, trustworthy and future-ready; those that rely on legacy expertise risk slow adaptation, regulatory friction and strategic blind spots.

Data Governance

Question 2

Does your organization have a documented data governance policy or program to enhance board-level data literacy and awareness?

Analysis

The relevance of data governance has intensified with the enactment of India's Digital Personal Data Protection (DPDP) Act, which elevates accountability for data protection failures to the highest levels of management. Under this Act, boards are expected to understand how personal data is collected, processed, secured and governed, as regulatory, financial and reputational consequences now extend beyond the technology function.

In this context, data literacy is no longer optional. As organizations scale digital operations, deploy AI-driven decision making and operate under high regulatory scrutiny, the board's ability to interrogate data risks and governance frameworks becomes a strategic imperative.

The survey findings suggest that most organizations in India are prioritizing data governance. A significant proportion of organizations (**68%**) have formalized data governance policies or programs, demonstrating stronger digital literacy, clearer accountability for cyber and AI risks and better integration of data oversight into enterprise risk management. Those without (**32%**) signal a lag in governance maturity. Boards in these organizations tend to rely on management narratives, accept metrics at face value and struggle with oversight of cross-functional risks. This suggests that either digital expertise is lacking at the board level, or where it exists, it is not being systematically translated into governance structures and accountability mechanisms.

Notably, the absence of formal data governance is among a minority of organizations in technology and IT services, real estate, consulting, business services and human resources; sectors that routinely handle sensitive customer, employee and transactional data. This underscores a critical disconnect, where technical or operational sophistication does not always translate into internal governance discipline, particularly in fast-scaling or promoter-led environments, creating blind spots in privacy compliance, digital trust and organizational resilience.

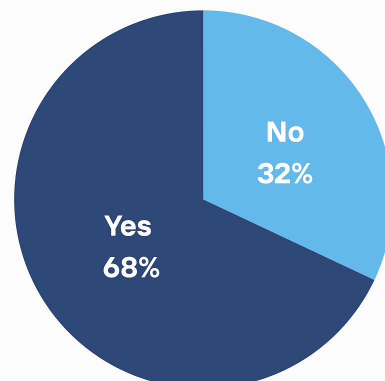


Fig. 16: Adoption of data governance and Board-level data literacy practices

Globally, leading boards are expected to actively govern data quality, usage and risk, not merely approve policies. As DPDP enforcement matures, boards in India will increasingly be judged on their ability to evidence informed oversight. Closing this gap will require embedding data governance into board processes, strengthening collective data literacy, clarifying accountability and ensuring that data-driven growth is aligned with data-driven governance.

Illustrative Case Snapshot

A mid-sized Indian services firm handling sensitive customer and employee data operated without a formal board-level data governance framework, relying largely on IT-led controls. Following heightened DPDP-related scrutiny, the board instituted a documented data governance policy, clarified data ownership and introduced periodic data risk reporting and director-level data literacy sessions.

Within 12 months, regulatory readiness improved, data-related audit observations declined and the board moved from passive reporting to informed oversight, positioning data governance as a governance and resilience priority rather than a compliance obligation.

Key Takeaways

Formalized board-level data governance programs are essential to elevate digital literacy, integrate data risks into enterprise risk management and enhance organizational resilience. While adoption across organizations in India is growing, organizations must move from awareness to accountability. Clearly defined policies, ongoing board trainings and regular board refreshments will prepare boards for a decade in which digitization will move faster than compliance frameworks can evolve.

Section 9

Management of Auditors

Management of Auditors

Question 1

Which of the following best describes your organization's process for appointing, evaluating, and managing external auditors?

Analysis

Independent appointment, evaluation and management of external auditors is integral to effective financial reporting, internal controls, regulatory compliance and quality of audit. As per Section 177 of The Companies Act and global standards followed in the US, UK, EU, Singapore and Australia, the Audit Committee oversees external auditors.

Almost half of organizations (**45%**) demonstrate strong governance by implementing comprehensive auditor management practices, including independence verification, performance assessment and rotation policies, closely aligned with both local regulations and global best practices. Another **42%** follow structured but less exhaustive processes, indicating awareness with room for enhancement. The **13%** without a formal process are exposed to risks of compromised audit independence, regulatory non-compliance and reduced stakeholder confidence.

The range of respondents indicate that while oversight is maturing across organizations, it is uneven across ownership type. Listed companies display the highest governance discipline, followed by private companies who oscillate between comprehensive or structured processes. LLPs and unlisted entities reflect a shortfall, which heightens their exposure to risks related to auditor independence, audit quality and ineffective oversight.

An absence of structure reflects over-dependence on long-tenured auditors, weak challenge to management and missed early warning signals in financial reporting or internal controls. This is where management representations take precedence over evidence. The information presented to directors may appear compliant but lack depth, scepticism or forward-looking risk insight, impairing decision-making. Over time, these risks compound and their consequences are seismic in the form of fraud, cyber incidents or control failures. Regulators and investors often view such gaps as red flags, triggering heightened scrutiny, penalties or reputational damage.

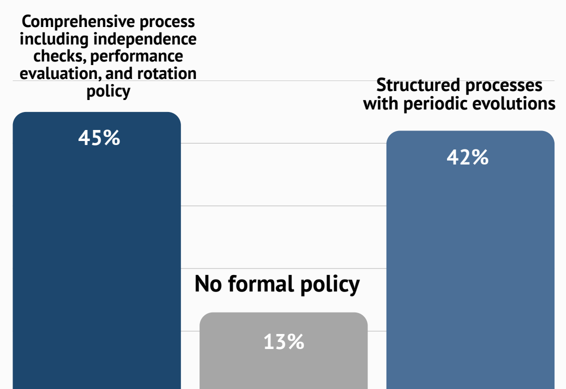


Fig. 17: Processes for appointment and evaluation of external auditors

Going forward, effective auditor governance will become a source of assurance and foresight for the board. As financial reporting becomes more judgement-driven and risk landscapes diversify, boards will be expected to be more proactive. Institutionalizing disciplined auditor evaluation and engagement will form the basis of disclosures and decision-making, ensuring that audit oversight remains a safeguard rather than becoming a governance vulnerability.

Illustrative Case Snapshot

A manufacturing firm instituted a formal auditor management framework under its Audit Committee. The framework included annual performance reviews, independence certifications and a rotation schedule for audit partners. Following implementation, the firm observed enhanced audit quality, reduced audit findings and stronger board confidence in financial reporting, leading to positive recognition by regulators and investors.

Key Takeaways

Effective auditor governance is a cornerstone of credible financial reporting and board assurance. Structured, independent oversight enhances audit quality and protects stakeholder trust, while informal or ad-hoc practices create blind spots that can weaken controls and invite regulatory and reputational consequences.

Section 10

Executive Compensation & Stock Options

Executive Compensation & Stock Options

Question 1

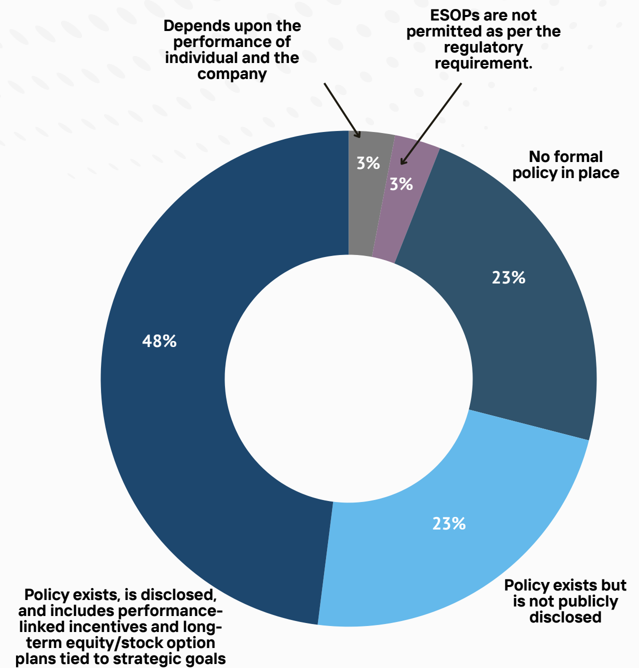
Which statement best reflects your organization's approach to executive compensation and stock options?

Analysis

A structured compensation framework which is linked to performance and equity/stock options is the foundation of good corporate governance. It improves performance, strategic priorities, prevents excessive risk-taking and realigns accountability of the Board to stakeholders and shareholders.

In India, the data reveals a divided governance landscape. A small minority (**6%**) of organizations operate under unique sectoral or regulatory limitations, where ESOPs are prohibited or where pay is tied solely to individual or company performance, suggesting that while alternative models exist in India, they remain exceptions rather than norms. Nearly half of organizations have formal, disclosed policies aligned with SEBI (LODR) Regulations, signalling growing governance maturity. The other half reflect a situation where formal policies do not exist and even when they do, they are not publicly disclosed. This highlights a recurring challenge in promoter-driven environments in India, where compensation decisions often remain relationship rather than framework-driven, which hinders fairness, retention and accountability. Such practices undermine Section 197 of The Companies Act and lead to inconsistent transparency, erosion of stakeholder trust and increased scrutiny by regulators and investors.

Comparably, the Securities and Exchange Commission in the U.S. gives shareholders a "say on pay vote", allowing them to approve or reject executive compensation policies. This mechanism prevents companies from engaging in misalignment between pay and performance. As global investors increasingly expect similar transparency and accountability, boards in India may face growing pressure to strengthen disclosure, rationale and performance linkage even without a formal voting mandate.



**Respondents could select multiple options*

Fig. 18: Executive compensation and incentive governance practices

Collectively, organisations in India are at different stages of maturity: while some are aligning with basic international compensation governance trends of disclosure, others still rely on informal systems. Such legacy systems do not scale as companies grow, professionalize or prepare organizations for external capital. Instead, it prevents organizations to move past the nascent stage of incorporating strict levels of executive compensation disclosures within their organizations.

Ultimately, executive compensation is a litmus test of governance maturity. Boards that embed transparency, performance alignment and long-term value creation into remuneration frameworks signal credibility to investors and regulators alike.

As scrutiny intensifies, compensation structures that remain opaque or ad hoc will be increasingly viewed as governance weaknesses rather than legacy practices.

Illustrative Case Snapshot

An Indian technology company revamped its executive compensation framework to include a transparent, performance-linked policy with ESOPs tied to long-term company performance. The policy is publicly disclosed in the annual report and reviewed annually by the remuneration committee. Following implementation, executive retention improved, shareholder approval ratings increased and the company received recognition from proxy advisory firms for robust governance practices.

Key Takeaways

Effective executive compensation requires formal, transparent and performance-linked frameworks that align management incentives with long-term organizational goals. Policies should be publicly disclosed and periodically reviewed to maintain stakeholder trust and regulatory compliance. Gaps in policy or disclosure can undermine governance credibility, while integration of equity-based incentives and performance metrics strengthens board oversight, drives sustainable value creation and signals strong corporate governance.

Section 11

Looking Ahead

i. Emerging Governance Challenge
ii. Board Innovation & Foresight

Question 1

What is the single most pressing governance challenge your Board is currently least equipped to address (such as ESG integration, stakeholder activism, succession gaps, regulatory complexity, or global uncertainty)? What specific actions, resources or expertise would most strengthen your Board's ability to address this challenge effectively?

Analysis

Boards today are not confronting a single governance challenge but a convergence of pressures such as global uncertainty, regulatory complexity, ESG integration, succession gaps and accelerating technological change. The environment has compelled boards to not count their shortfalls, but instead to assess their ability and improve their resilience against these challenges.

What follows with this path of assessment is identifying gaps in awareness, trainings and domain expertise to foresee risks. The survey responses indicate that global uncertainty and regulatory complexity represent the most pressing capability gaps. Geopolitical volatility, shifting trade dynamics (many cited India-US relations as a point of concern, which has now reached a point of stability), data protection regulations and cross-border regulatory divergence have created an operating environment where boards must make decisions with incomplete visibility and compressed response windows. This uncertainty is structural rather than cyclical, requiring boards to move beyond episodic reviews toward continuous risk sensing, scenario planning and external intelligence.

More forward-looking boards are responding by embedding resilience into governance processes, leveraging AI-enabled risk monitoring, conducting regular external briefings, strengthening scenario planning and drawing on domain specialists to anticipate regulatory and macroeconomic shifts. These boards are not seeking certainty, but preparedness. Others are still adapting, leaving exposure where governance frameworks exist but are not operationalized at the speed of change.

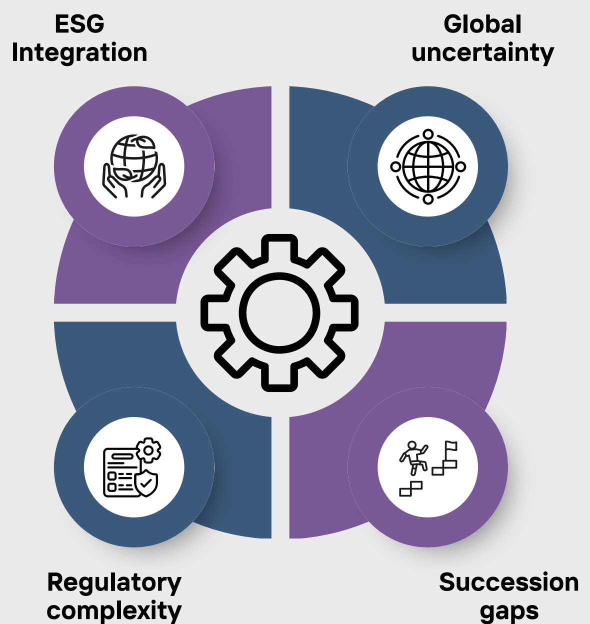
ESG integration emerges as a secondary but persistent challenge with boards in India. While awareness is improving, execution capability remains uneven. Boards acknowledge the need for ESG fluency and are responding through onboarding ESG-experienced independent directors, external advisory support and structured board education. However, the gap between intent and implementation remains material for many organizations.

Succession planning continues to be a deeply rooted governance vulnerability, particularly in promoter-led entities. Responses highlight weak leadership pipelines, limited board involvement and informal decision-making. Even where formal succession frameworks exist, they often struggle to keep pace with growth, professionalization and strategic complexity, reinforcing the divide between policy and lived governance practice.

A smaller cohort cited challenges ranging from talent management and data readiness to cross-border client governance and regulatory liberalization. These issues, while less prevalent, point to a common constraint: insufficient access to real-time information, digital insight and specialized expertise at the board level.

Collectively, these insights suggest that boards in India are aware of the pressing challenges and are moving toward anticipatory governance, but the depth of capability varies significantly, leaving many exposed to converging risks if proactive measures are not institutionalized or implemented.

Since no board can be fully insulated from such unpredictability, the emphasis on resilience over certainty will be imperative. As one respondent describes effective governance as "the institutionalization of agility, defined by the ability to absorb complexity without paralysis, balance experimentation with accountability and listen as intently to future stakeholders as to current ones". This perspective reflects a shift in board thinking from risk avoidance to adaptive oversight in an environment defined by volatility and convergence of risks.



**Respondents could select multiple options*

Fig. 19: Key governance capability gaps and priority improvement areas

Key Takeaways

Boards are increasingly challenged by the convergence of external and internal factors, such as global uncertainty, ESG obligations, regulatory complexity and talent continuity. Success in navigating these pressures depends on institutionalizing anticipatory governance, embedding scenario planning, expert counsel, continuous learning and stakeholder engagement into the board's rhythm. Strengthening digital and analytical capabilities, enhancing ESG and compliance expertise and formalizing succession strategies are critical to transforming reactive oversight into proactive stewardship.

Question 2

In what ways does your Board foster innovation and forward-looking thinking to enhance the organization's long-term resilience and competitiveness?

Analysis

The responses indicate that Indian boards are increasingly recognizing innovation and forward-looking thinking as governance responsibilities, not just management initiatives. Across organizations, innovation is fostered through a mix of structured mechanisms and informal practices, signalling a gradual shift from episodic discussions to more deliberate foresight-driven governance.

A significant proportion of boards **embed innovation** through **technology adoption and digital transformation, with AI, automation and Industry 4.0** emerging as common focus areas. Many boards actively encourage management to explore new technologies, upgrade processes and build future skills, reflecting an understanding that digital capability is now inseparable from long-term competitiveness. In several cases, innovation oversight is supported through **dedicated committees, shadow boards, reverse mentoring programs, centres of excellence or focused teams**, indicating a move toward institutionalizing innovation rather than treating it as ad-hoc experimentation.

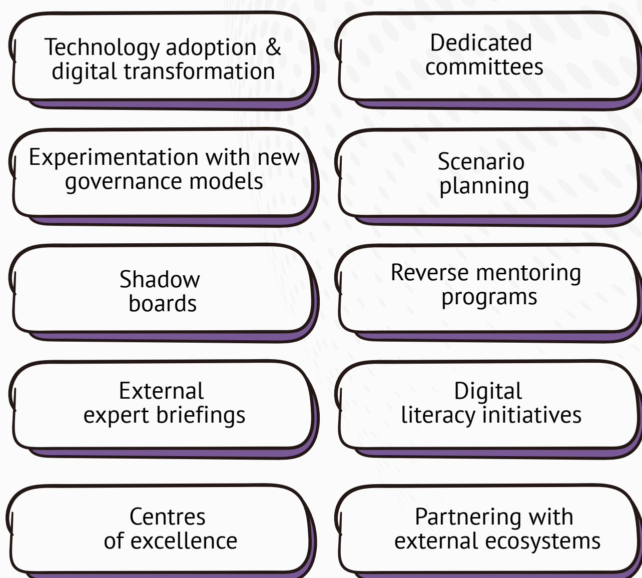
Scenario planning emerges as a recurring and increasingly mature practice. Boards are using structured "what-if" discussions to anticipate geopolitical shifts, regulatory change, supply chain disruption and technological breakthroughs. In more advanced examples, scenario planning is treated as a continuous discipline rather than a periodic exercise, strengthening organizational resilience and enabling faster strategic responses during periods of uncertainty.

Another notable trend is the **use of external ecosystems** to stimulate innovation. Partnerships with startups, academic institutions, industry bodies and technology providers are being leveraged to pilot new ideas, test emerging solutions and access specialised expertise without overextending internal resources. Here, boards often play a catalytic role by endorsing collaborations, setting guardrails and aligning experimentation with long-term strategy.

However, the depth of board engagement varies widely. While some boards demonstrate sophisticated practices such as innovation being a standing agenda item, **external expert briefings**, **digital literacy initiatives for directors** and **experimentation with new governance models**; others rely on infrequent brainstorming sessions or high-level discussions, suggesting innovation remains peripheral rather than embedded in governance rhythm. Responses such as "many ways" or "NA" point to uneven articulation and,

in some cases, limited formalization of board-led innovation practices.

Overall, the findings suggest that boards in India are at different stages of innovation maturity. Leading boards are deliberately blending foresight, technology oversight, ecosystem partnerships and governance experimentation to build resilience. Others remain compliance-oriented, where innovation is encouraged culturally but not yet governed structurally. The differentiator is not intent, but discipline. Boards that institutionalize innovation through regular agenda time, clear accountability, capability building and measured experimentation are better positioned to convert uncertainty into long-term advantage.



**Respondents could select multiple options*

Fig. 20: Top Board practices for innovation and long-term strategic resilience

Key Takeaways

Boards in India are increasingly linking innovation and forward-looking thinking to long-term resilience and competitiveness.
Effective boards do not treat innovation as a peripheral function; they embed it into governance structures, decision-making processes and risk frameworks. By fostering a culture of experimentation within clear governance guardrails, they enhance organizational foresight, strategic resilience and the ability to create sustained competitive advantage.
In an environment defined by accelerating change and limited predictability, boards that invest in resilience, capability and foresight will be best positioned to safeguard long-term value.

Way Forward

As organizations move into 2026, volatility and uncertainty will no longer be episodic; they will be structural. Geopolitical realignments, macroeconomic pressures and rapid technological shifts have fundamentally altered the context in which boards operate. This is not a temporary disruption but a new operating reality.

The message from this study is clear: India's governance architecture is largely sound, but behavioural consistency is still maturing. Regulation has set the floor; leadership behaviour will now determine the ceiling. Boards that institutionalize reflection through rigorous evaluations, external perspectives and continuous learning will demonstrate stronger accountability, credibility and investor confidence. The path forward is not incremental compliance, but cultural embedding: governance as a shared ethic rather than a periodic checklist.

This moment calls for boards to reassess their true governance maturity, not in form, but in practice and to question whether their current approaches can keep pace with accelerating complexity.

2026 will be a year of testing: of preparedness, resilience and judgement. Boards that anticipate change, challenge legacy assumptions and embed foresight into decision-making will be best positioned to sustain trust and long-term value.

About the survey

The global business environment is undergoing a structural reset. Volatile markets, accelerating technology cycles and declining institutional trust have elevated governance from a compliance function to a core determinant of credibility. Today, investors, regulators and society increasingly assess organizations not only by outcomes, but by the quality of decision-making that produces them.

Against this backdrop, the India Leadership Council by The Times Group, in collaboration with MGC Global Risk Advisory, conducted a governance-based survey between August and September 2025, engaging over 30 CXO-level leaders and board members across listed (India and overseas), unlisted, private and LLP/partnership entities. The survey reflected deep, experience-driven perspectives from the boardroom and executive leadership.

The objective of the survey was not to benchmark compliance, but to serve as a practical governance diagnostic, which examines how governance frameworks operate in practice across ownership structures, sectors and leadership cultures. It seeks to understand where capability gaps, behavioural patterns and maturity differences persist and whether formal structures translate into lived governance.

The findings should be read as directional and insight-led, reflecting the perspectives of senior decision-makers rather than statistically representative conclusions. The strength of the survey lies in the depth and candour of responses from those directly accountable for governance outcomes.

Respondent profile analysis

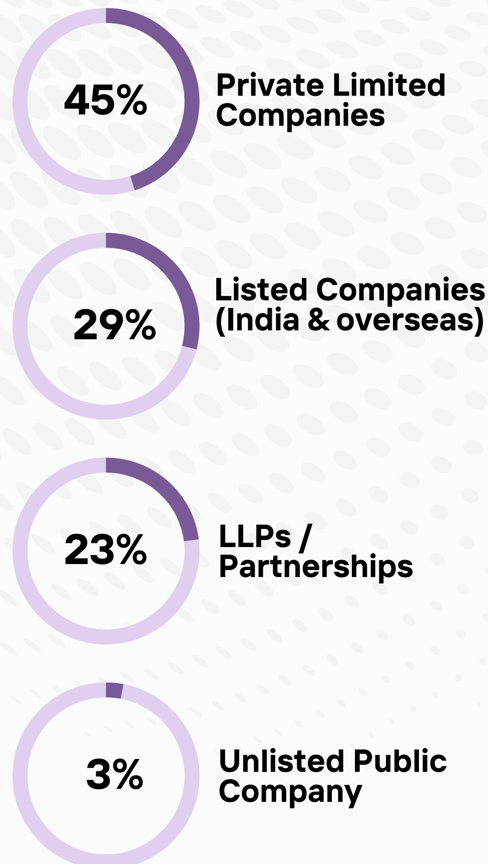
Ownership type distribution

Private Limited Companies form the largest segment of the sample. This indicates that mid-sized and closely held businesses are strongly represented, providing insights into governance practices where regulatory requirements are lighter compared to listed entities.

Listed Companies (India & overseas) contribute significantly. Their inclusion ensures that the survey captures perspectives shaped by **stricter governance and disclosure mandates**, especially SEBI (LODR) Regulations, 2015 for Indian listings and equivalent frameworks for overseas listings.

LLPs / Partnerships highlight governance challenges in **non-corporate structures**, where formal board processes may be less institutionalized.

Unlisted Public Company offers an outlier perspective, often balancing between private company flexibility and listed-company style shareholder accountability.



Respondent profile analysis

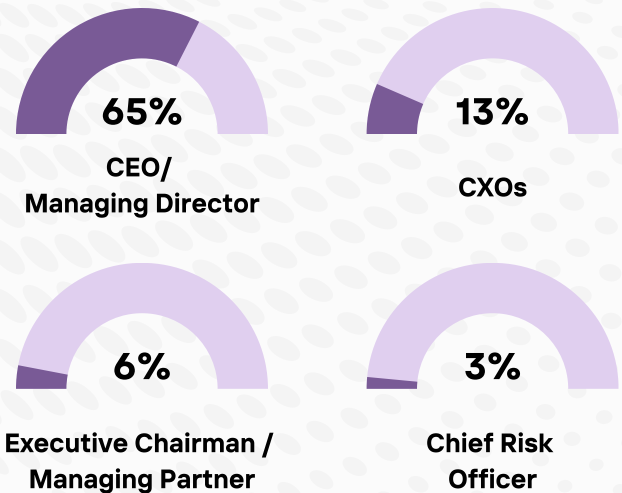
Ownership type distribution

CEO / Managing Director dominate the sample. This concentration ensures the survey reflects boardroom and strategic leadership perspectives, not just operational inputs.

CXOs and **Senior Management** provide a view from the second line of leadership, who are responsible for execution of governance policies.

Executive Chairman / Managing Partner contribute insights rooted in owner-driven or promoter-led governance cultures, especially relevant in LLP/partnership structures.

Chief Risk Officer sit at the intersection of governance, risk and compliance, providing a birds-eye view on the maturity of risk-governance integration within organizations.



Respondent profile analysis

Ownership type distribution

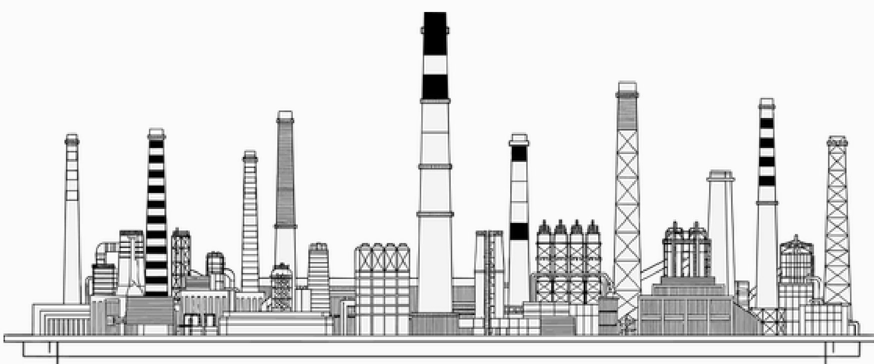
Respondents represent a cross-function of industries, with Technology and IT making up the largest portion of the survey, followed by Real Estate & Infrastructure, Automotive, Banking & Financial Services and Manufacturing, with the remaining industries accounting for a diverse mix, including Consulting, Consumer & Retail, Healthcare, Agriculture and Professional Services.

29%
Technology and IT

20%
Real Estate, Infrastructure & Automotive

12%
Banking & Financial Services and Manufacturing

36%
Other Industries



Annexure

Practical Governance Toolkit for Indian CXOs

In an environment where Indian businesses face rising expectations from regulators, investors, employees and global markets, governance can no longer remain compliance driven. It must be strategic, measurable and leadership owned.

By combining survey insights with practical tools, this report aims to equip CXOs not only with an understanding of where the ecosystem stands but also with frameworks that can be deployed immediately.

These templates are intended to serve as the first step toward building resilient, transparent and future-ready governance structures.

Section A: Board Charter Template

A Board Charter brings structure and clarity to how a board operates. It defines roles, responsibilities and decision rights, enabling alignment between promoters, independent directors and management. For Indian companies, this template will support the institutionalisation of governance discipline and help in establishing a consistent baseline for board effectiveness.

Section B: Governance Enhancement Framework

The Governance Enhancement Framework is a structured maturity tool that strengthens oversight, accountability and enterprise resilience. It moves governance beyond compliance by focusing on risk discipline, board effectiveness and financial integrity. The framework covers fifteen core practices across leadership, risk management, compliance, cyber resilience, ESG and crisis preparedness.

Templates outlined on the following page(s).

Board Charter Template

1.Statutory Authority & Applicability

Applicable Regulatory Framework (Tick as applicable)

Regulation / Law	Applicable	Not Applicable	Remarks
Companies Act, 2013			
SEBI LODR Regulations			
CSR (Section 135)			
Secretarial Standards (SS-1 & SS-2)			
DPDP Act, 2023			
FEMA / RBI Regulations			

Board Charter Template

2.Composition of the Board

A. Statutory Compliance

Requirement	Section	Compliant	Action Required
Minimum directors met	Sec 149		
Woman Director appointed	Sec 149(1)		
Independent Directors appointed	Sec 149(4)		
Max limit of 15 directors not exceeded	Sec 149(1)(b)		

Board Charter Template

2.Composition of the Board

B. Best Practice Enhancements

Best Practice	Implemented (✓)	Target Date	Notes
Board Skills Matrix documented			
At least one financial expert on Board			
Cyber/technology expertise present			
Annual board refreshment plan			

Best Practice Illustration:

Leading boards maintain a documented competency grid mapping directors to strategy, finance, risk, digital, regulatory and ESG expertise.

Board Charter Template

3. Board Responsibilities Checklist

A. Strategy Oversight

Requirement	Mandatory / Best Practice	Compliant
Annual strategy approval	Mandatory	
Quarterly performance review	Best Practice	
Stress testing of assumptions	Best Practice	

Best Practice Illustration:

Board conducts annual offsite strategy review including downside scenario modelling.

Board Charter Template

3. Board Responsibilities Checklist

B. Financial Oversight

Requirement	Section	Compliant
Approval of Financial Statements	Sec 134	
Internal Financial Controls review	Sec 134(5)(e)	
Audit Committee oversight	Sec 177	
Related Party Transaction approval	Sec 188	

Best Practice:

□ *Quarterly liquidity and cash-flow dashboard presented to Board*
□ *Independent session with statutory auditors without management present*

Board Charter Template

3. Board Responsibilities Checklist

C. Risk Oversight

Requirement	Section	Compliant
Risk Management Policy adopted	Sec 134(3)(n)	
Enterprise Risk Register maintained	Best Practice	
Cyber Risk Review annually	Best Practice	

Best Practice:

Top-tier boards review top 10 enterprise risks every quarter with risk heat-map presentation.

3. Board Responsibilities Checklist

D. Governance & Ethics

Requirement	Section	Compliant
Vigil Mechanism established	Sec 177(9)	
Code of Conduct adopted	Best Practice	
Annual conflict disclosure	Sec 184	

Best Practice:

Whistleblower complaints routed directly to Audit Committee Chair.

Board Charter Template

3. Board Responsibilities Checklist

E. CSR & ESG Oversight (if applicable)

Requirement	Section	Compliant
CSR Committee constituted	Sec 135	
2% CSR compliance	Sec 135	
ESG metrics reviewed by Board	Best Practice	

Best Practice:

Board reviews BRSR metrics (for listed companies) and climate risk exposure.

Board Charter Template

4. Board Processes & Meetings

Requirement	Reference	Compliant
Minimum 4 Board Meetings annually	Sec 173	
Agenda circulated 7 days in advance	SS-1	
Minutes recorded and signed	Sec 118	
Executive session without management	Best Practice	

Best Practice:

Chair conducts annual independent director-only session.

Board Charter Template

5. Delegation & Reserved Matters

The following matters shall be exclusively reserved for Board approval:

□ Strategy approval

□ Budget approval

□ Major borrowings (Sec 180)

□ Sale of substantial undertaking

□ CEO appointment/removal

□ Approval of financial statements

□ Significant litigation matters

Board Charter Template

6. Board Evaluation

Requirement	Reference	Compliant
Annual Board evaluation	Sec 178	
Independent Director evaluation	Schedule IV	
External evaluation every 2 - 3 years	Best Practice	

Board Charter Template

7. Director Induction & Training

☐ Structured induction completed

☐ Ongoing regulatory training

☐ Cyber / ESG awareness sessions

Best Practice Illustration:

Leading boards schedule 2 governance deep-dive workshops annually.

8. D&O Insurance & Indemnification

☐ D&O policy active

☐ Adequate coverage limits reviewed annually

Governance Enhancement Framework

(Top 15 Governance Excellence Practices)

Governance Standard	Mandatory	Best Practice	Status	Priority
Tone at the Top documented				
Financial integrity certification by CFO				
Quarterly cash-flow stress testing				
Independent internal audit reporting to Audit Committee				
Whistleblower anonymous hotline				
Cyber risk penetration testing				
Succession plan documented				
Related Party pre-clearance matrix				

About us

MGC Global Risk Advisory

MGC Global Risk Advisory is a specialist risk advisory services firm, widely regarded as one of the leading practices in its domain and consistently recognised by multiple forums and industry bodies for the value and impact it delivers to its stakeholders. A member of Allinial Global, the world's second-largest association of independent accounting and consulting firms with a combined turnover of USD 7.75 billion, MGC Global brings global perspective with deep local expertise.

Its service portfolio encompasses enterprise-wide risk management, controls assessments, process optimisation, internal audits, fraud and forensic investigations, as well as a comprehensive suite of IT risk advisory services. The firm also provides comprehensive ESG advisory services, facilitates financial transformation through streamlined reporting and offers virtual-controller-as-a-service, as well as accounting advisory support. Its HR risk advisory practice encompasses organizational structuring, policies and manuals, rightsizing, balanced scorecards and cultural development.

The firm is led by Monish Chatrath, a renowned authority on risk management and corporate governance with over 36 years of experience across the industry and leading global professional services firms.

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India Leadership Council by The Times Group

India Leadership Council (ILC) by The Times Group, an invite-only initiative, is a premier platform that exclusively serves the CEOs of India Inc. This membership-driven council is carefully curated to bring together leaders from diverse sectors, providing them with a unique forum to collaborate, share insights and drive leadership excellence. The council serves as a bridge between various industries, offering members an opportunity to expand their influence, build strategic relationships and contribute to shaping the future of India's business landscape.

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