

**INTERNATIONAL JOURNAL OF LAW
MANAGEMENT & HUMANITIES**
[ISSN 2581-5369]

Volume 9 | Issue 5

2026

© 2026 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This article is brought to you for free and open access by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of **any suggestions or complaints**, kindly contact support@vidhiaagaz.com.

To submit your Manuscript for Publication in the **International Journal of Law Management & Humanities**, kindly email your Manuscript to submission@ijlmh.com.

Corporate Transparency and Disclosure Obligations in India

VISHAKHA ASHISH BAGDEY*

ABSTRACT

Efficient disclosure methods ensure that investors obtain precise, prompt and thorough information about the financial status, governance framework and operational activities of companies. In India, corporate transparency and disclosure obligations secure accountability through mandatory reporting under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These rules promote investor trust by requiring timely financial statements, annual reporting, a governance framework and ESG disclosures. This paper examines the legal provisions governing corporate disclosure in India under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and assesses the role of the Securities and Exchange Board of India in promoting transparency and safeguarding investors. It offers an examination of investor protection, corporate responsibility and transparency in the Indian capital markets, analyses the extent to which corporate disclosure practices protect investors' interests and enhance market transparency, and identifies issues and gaps in the existing disclosure system. The research also examines the effects of insufficient disclosure on investor trust.

Keywords: Corporate Governance, Disclosure Practice, Investor Protection, SEBI, Listing Obligation

I. INTRODUCTION

Corporate transparency is an essential component of a credible and efficient corporate and securities-market system. A company operates through a separation between ownership and management, and shareholders generally rely on information provided by directors and management to assess the company's financial condition, governance practices, risks and prospects.¹ This separation creates an inherent information asymmetry between corporate insiders and investors. Effective disclosure obligations seek to reduce this information gap by requiring companies to provide material, accurate, timely and comprehensible information to shareholders, regulators and the market.

* Author is an Assistant Professor at Govindrao Wanjari College of Law, Nagpur, Maharashtra, India.

¹ See generally PAUL L. DAVIES & SARAH WORTHINGTON, GOWER'S PRINCIPLES OF MODERN COMPANY LAW (Sweet & Maxwell 10th ed. 2016); ROBERT CHARLES CLARK, CORPORATE LAW (Little, Brown & Co. 1986).

The significance of corporate disclosure has increased considerably with the development and expansion of India's securities market. Companies raise substantial capital from public investors through equity and debt instruments, and investors make decisions on the basis of corporate information. Consequently, transparency is not merely an administrative requirement but an important mechanism for ensuring market confidence and protecting investors from misleading or incomplete information.²

The Indian legal framework contains several layers of disclosure obligations. The Companies Act, 2013 establishes statutory requirements relating to financial statements, Board's reports, annual returns, audit and other corporate information. Section 134, for example, requires financial statements and the Board's report to contain specified information, including the Directors' Responsibility Statement and other prescribed disclosures.³ The Act also provides for accounting standards and auditing requirements.⁴

For listed entities, these obligations are supplemented by the regulatory framework administered by the Securities and Exchange Board of India (SEBI). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) consolidate important continuing disclosure and corporate-governance obligations applicable to listed entities. The current SEBI regulations provide that listed entities must make disclosures in accordance with prescribed principles, including accuracy, adequacy, timeliness and the avoidance of misleading information.⁵

The disclosure framework is therefore closely connected with the broader objective of investor protection. Regulation 4 of SEBI LODR embodies principles requiring listed entities to ensure that information supplied to stock exchanges and investors is not misleading and that information is disclosed adequately and promptly.⁶

Corporate transparency also has a significant relationship with corporate governance. Disclosure enables shareholders to monitor directors and management, evaluate related-party transactions, assess remuneration and understand the company's governance structure. It also assists regulators and stock exchanges in identifying irregularities and responding to potential misconduct.

² See Sujata Singh, *Corporate Responsibility: Transparency and Disclosure* (Oct. 26, 2024) (unpublished manuscript), <https://ssrn.com/abstract=5094766>.

³ The Companies Act, 2013, § 134(3)(c), (5), No. 18, Acts of Parliament, 2013 (India) [hereinafter Companies Act].

⁴ Companies Act, *supra* note 3, §§ 133, 143(9)–(10).

⁵ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, reg. 4(1), Gazette of India, pt. III sec. 4 (Sept. 2, 2015) (India) [hereinafter SEBI LODR Regulations].

⁶ SEBI LODR Regulations, *supra* note 5, reg. 4(1)(c)–(d).

The importance of disclosure becomes particularly evident in situations involving corporate fraud, accounting irregularities, related-party transactions, insider trading and market manipulation. Where material information is concealed or inaccurately represented, investors may make decisions on the basis of a distorted picture of the company. An effective disclosure regime must therefore go beyond the mere filing of documents and should ensure that information is accurate, complete, material, timely, accessible and understandable.

The present paper examines corporate transparency and disclosure obligations in India from a legal and investor-protection perspective. It seeks to analyse whether the existing legal framework adequately promotes corporate accountability and whether improvements in disclosure practices and enforcement are necessary to strengthen investor confidence.

A. Meaning and concept of corporate transparency

Corporate transparency refers to the extent to which a company makes relevant information concerning its financial position, management, ownership, governance, risks and business operations available to stakeholders in a clear, accurate and timely manner.

Transparency is broader than disclosure. Disclosure refers to the communication or publication of specified information, whereas transparency concerns the quality, accessibility, reliability and comprehensibility of that information.⁷

The essential characteristics of effective corporate transparency may therefore be identified as follows:

1. **Accuracy** – information should represent the company's position correctly.
2. **Completeness** – material information should not be deliberately omitted.
3. **Timeliness** – information should be disclosed within the prescribed period.
4. **Materiality** – information capable of influencing investor decisions should be disclosed.
5. **Accessibility** – investors should be able to obtain information without unreasonable difficulty.
6. **Clarity** – disclosure should be understandable rather than merely technical.
7. **Consistency** – information should be presented consistently to permit meaningful comparison.

⁷ Andrew K. Schnackenberg, Edward Tomlinson & Corinne Coen, *The Dimensional Structure of Transparency: A Construct Validation of Transparency as Disclosure, Clarity, and Accuracy in Organizations*, 74 HUM. REL. 1628 (2021), <https://doi.org/10.1177/0018726720933317>.

8. **Accountability** – directors and management should bear responsibility for the information disclosed.

SEBI LODR expressly recognises several of these principles. The Regulations require information disseminated by listed entities to be adequate, accurate, explicit, timely and presented in simple language.⁸

B. Need for the study

The study of corporate transparency and disclosure obligations is necessary for several legal, economic and governance-related reasons.

i. Reduction of information asymmetry

Investors generally do not possess the same information as directors, promoters and senior management. Corporate disclosure reduces this information asymmetry by providing investors with relevant information concerning the company.

ii. Protection of investors

Investors require reliable corporate information before purchasing, holding or selling securities. Inadequate disclosure can expose investors to significant financial losses. Disclosure requirements therefore constitute an important component of investor protection.

iii. Prevention of corporate fraud

Fraudulent financial reporting, concealment of liabilities, manipulation of accounts and misleading corporate statements may cause serious harm to investors. Mandatory disclosure and independent auditing can help detect and prevent such practices.

The Companies Act, 2013 incorporates disclosure relating to certain frauds reported by auditors within the Board's reporting framework.⁹

iv. Strengthening corporate governance

Transparency facilitates the monitoring of directors and management by shareholders and other stakeholders. Disclosure regarding board functioning, remuneration, related-party transactions, risk management and governance practices promotes accountability.

v. Maintaining securities-market integrity

⁸ SEBI LODR Regulations, *supra* note 5, reg. 4(1)(e).

⁹ Companies Act, *supra* note 3, § 134(3)(ca).

A securities market can function efficiently only when investors have access to reliable information.¹⁰ Misleading or selective disclosure may distort market prices and undermine confidence in the market.

vi. Promoting informed investment decisions

Investors require financial and non-financial information to assess risk and return. Transparent disclosure enables investors to make more rational and informed decisions.¹¹

vii. Regulatory supervision

Disclosure requirements also assist regulators such as SEBI, stock exchanges and other competent authorities in monitoring corporate conduct and identifying potential violations.

viii. Responding to emerging corporate risks

Modern companies face risks relating to cyber incidents, data security, environmental matters, related-party dealings and complex corporate structures. The disclosure regime must therefore continuously evolve to address emerging risks.

The current SEBI LODR framework, for example, requires listed entities to report cyber-security incidents or breaches and the loss of data or documents in their quarterly compliance report on corporate governance.¹²

C. Objectives of the research

The principal objectives of this research are:

1. To examine the disclosure requirements under the Companies Act, 2013 and the SEBI LODR Regulations, 2015, and the role of SEBI in promoting corporate transparency.
2. To examine the relationship between corporate disclosure, corporate governance and investor protection.
3. To identify legal and regulatory gaps in the existing corporate disclosure framework and to suggest legal and regulatory measures for strengthening corporate transparency and investor protection in India.

¹⁰ INT'L ORG. OF SEC. COMM'NS, *Objectives and Principles of Securities Regulation* princ. 16 (May 2017).

¹¹ Cf. Rajiv Nair, Mohammad Muttakin, Arifur Khan, Nava Subramaniam & V.S. Somanath, *Corporate Social Responsibility Disclosure and Financial Transparency: Evidence from India*, 56 PAC.-BASIN FIN. J. 330 (2019), <https://doi.org/10.1016/j.pacfin.2019.06.015>.

¹² SEBI LODR Regulations, *supra* note 5, reg. 27(2)(ba).

D. Statement of the problem

The Indian system produces variations in enforcement, disclosure requirements and investor protection measures. Discrepancies and a multiplicity of laws and regulatory frameworks make the requirements and procedures complex for investors to understand. Although India has enacted comprehensive legislation, including the Companies Act, 2013, the SEBI Act, 1992 and various securities regulations, concerns remain regarding the effectiveness of their implementation and enforcement. Issues such as corporate fraud, insider trading, inadequate disclosures, market manipulation, delayed enforcement and limited shareholder remedies continue to affect investor confidence. Emerging challenges, including fintech, digital assets, artificial intelligence, cyber-security risks, ESG disclosures and cross-border investment, have exposed gaps in traditional investor protection laws. There is a lack of transparency and accountability in disclosure norms and price listing in the stock market. Corporate fraud and corporate governance failures have challenged regulatory and legislative responses.

E. Hypothesis

The existing corporate transparency and disclosure framework in India has significantly strengthened investor protection and corporate accountability; however, deficiencies in the quality, timeliness, enforcement and accessibility of disclosures continue to create risks of information asymmetry and investor harm.

Stronger enforcement of disclosure obligations contributes to greater corporate accountability and securities-market integrity.

II. LEGAL FRAMEWORK OF CORPORATE DISCLOSURE IN INDIA

A. Companies Act, 2013

The Companies Act, 2013 contains several provisions specifically aimed at protecting investors' interests.¹³ These measures were introduced in response to past corporate scandals and to enhance transparency, accountability and investor confidence in the corporate sector. Section 34 of the Act addresses criminal liability for misstatements in a prospectus. Where a prospectus includes an untrue or misleading statement, or an inclusion or omission likely to mislead, every person who authorises its issue is liable under Section 447 of the Act.¹⁴ The provision thus ensures accountability for misleading investors through prospectuses. Section 36 addresses punishment for fraudulently inducing persons to invest money. It imposes liability on any person who, knowingly or recklessly, makes a statement, promise or forecast that is false,

¹³ See generally A. RAMAIYA, GUIDE TO THE COMPANIES ACT (LexisNexis 19th ed. 2020).

¹⁴ Companies Act, *supra* note 3, §§ 34, 447.

deceptive or misleading, or who deliberately conceals material facts, in order to induce another person to enter into specified agreements.¹⁵ The provision seeks to ensure fair dealing in the securities market and to shield investors against dishonest practices.

Section 123 of the Act addresses the declaration of dividends. It lists the sources from which dividends may be paid, namely the profits of the current or previous financial years and money provided by the Central Government or a State Government in pursuance of a guarantee, and it bars payment out of reserves other than free reserves. It also requires depreciation to be provided for, excludes unrealised gains from the computation of profits, and prohibits a company that is in default of its obligations regarding deposits from declaring dividends.¹⁶

The Act imposes stricter penalties for breaches and non-compliance related to investor interests, aiming to deter fraud and mismanagement. Members and depositors are empowered to bring class actions before the National Company Law Tribunal against the company, its directors and its auditors for fraudulent, unlawful or wrongful acts, providing a collective remedy for aggrieved investors.¹⁷ The Act also provides the legal basis for accounting standards, thereby contributing to consistency and comparability in financial reporting.¹⁸

B. SEBI Act, 1992

SEBI plays a central role in regulating the securities market and protecting investors.¹⁹ Its regulatory powers support the development of disclosure requirements applicable to listed entities and securities-market participants.

C. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The SEBI LODR Regulations represent a central component of the disclosure framework for listed entities. The Regulations require listed entities to comply with continuing disclosure and corporate-governance obligations. SEBI's current regulatory materials show the LODR Regulations as last amended on 14 July 2026.²⁰

Regulation 4 establishes principles governing disclosures, including the requirements that information be prepared according to applicable accounting and financial-disclosure standards,

¹⁵ *Id.* § 36.

¹⁶ *Id.* § 123(1)–(2), (6).

¹⁷ *Id.* § 245(1)(g).

¹⁸ *Id.* § 133.

¹⁹ The Securities and Exchange Board of India Act, 1992, § 11(1), No. 15, Acts of Parliament, 1992 (India); Tuhin Kanta Pandey, Chairman, Sec. & Exch. Bd. of India, Address at the BSE 150 Event, Mumbai 2 (Apr. 17, 2025), https://www.sebi.gov.in/media-and-notifications/speeches/apr-2025/address-by-shri-tuhin-kanta-pandey-chairman-sebi-at-the-bse-150-event-mumbai_93492.html.

²⁰ SEBI LODR Regulations, *supra* note 5; see SEC. & EXCH. BD. OF INDIA, *Regulations*, <https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListing=yes&sid=1&ssid=3&smid=0> (last visited Sept. 28, 2026) (listing the Regulations as last amended on July 14, 2026).

that listed entities refrain from misrepresentation, and that adequate and timely information be provided to stock exchanges and investors.²¹

D. Financial reporting and auditing

Financial statements constitute one of the most important forms of corporate disclosure. Independent auditing provides an additional mechanism for verifying financial information and enhancing investor confidence.²²

The Companies Act requires the auditor's report to be attached to every financial statement and establishes statutory responsibilities concerning financial reporting and auditing.²³

III. INVESTOR PROTECTION: TRANSPARENCY, DISCLOSURE, VIGILANCE, AWARENESS AND GRIEVANCE MECHANISMS IN INDIA

A. Transparency and disclosure

SEBI has strengthened disclosure requirements for listed companies, including the verification by the largest listed entities of market rumours that accompany a material movement in the price of their shares (the threshold of material movement being fixed by the stock exchanges and varying with the share price), and prior intimation of board meetings at which financial results are to be considered.²⁴

1. SEBI's LODR Regulations mandate extensive disclosures, including on related-party transactions, risk management and corporate governance policies.²⁵
2. Listed entities must file integrated reports, including the statement of investor grievances and the corporate governance compliance report, within 30 days of the end of each quarter.²⁶

Quarterly financial results and statements of deviation must be filed within 45 days of the end of each quarter other than the last, related-party transaction disclosures half-yearly with the results, and annual audited results within 60 days of the end of the financial year.²⁷

²¹ SEBI LODR Regulations, *supra* note 5, reg. 4(1)(a)–(d).

²² See JOHN C. COFFEE, JR., GATEKEEPERS: THE PROFESSIONS AND CORPORATE GOVERNANCE (Oxford Univ. Press 2006).

²³ Companies Act, *supra* note 3, §§ 134(2), 143.

²⁴ SEBI LODR Regulations, *supra* note 5, regs. 29(1)(a), 30(11).

²⁵ *Id.* regs. 21, 23, 27(2).

²⁶ *Id.* regs. 13(3), 27(2)(a); SEC. & EXCH. BD. OF INDIA, Circular No. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185, *Facilitating Ease of Doing Business for Listed Entities*, para. 4(a) (Dec. 31, 2024).

²⁷ SEBI LODR Regulations, *supra* note 5, regs. 23(9), 32(1), 33(3)(a), (d); SEC. & EXCH. BD. OF INDIA, Circular No. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185, *supra* note 26, para. 4(b).

B. Investor vigilance, education and awareness

1. Through various circulars and directives, the Central Vigilance Commission (CVC), an apex body for upholding integrity in public life, provides the necessary guidelines for carrying out vigilance administration in all departments and organisations of the Government of India, including autonomous bodies. The Vigilance Administration of SEBI is headed by a Chief Vigilance Officer.
2. SEBI conducts campaigns to educate investors about their rights, risks and responsibilities in the securities market.
3. SEBI observes Vigilance Awareness Week annually to raise awareness among employees and the public about the importance of vigilance.
4. “An informed investor is a safe investor” is the slogan of SEBI’s investor protection measures, and it was in this spirit that SEBI launched the Securities Market Awareness Campaign in January 2003 to inform investors and raise their awareness.²⁸ The programme covers portfolio management, mutual funds, tax provisions, investor protection funds and the SEBI investor grievance redressal mechanism; SEBI has also conducted workshops on derivatives, stock exchange trading, the Sensex and other topics.²⁹ According to one account, the campaign also called upon market regulators to learn lessons from past years and to stop stock market scams.³⁰
5. SEBI imparts education on financial concepts and conducts campaigns on financial literacy, empowering investors to make informed financial decisions. The SEBI investor website provides educational resources, awareness material and information on investor and financial education programmes.³¹
6. To raise investor awareness and safeguard investors’ interests, the Central Government has established the Investor Education and Protection Fund (IEPF) under Section 125 of the Companies Act, 2013.³²
7. SEBI participates in World Investor Week, a global campaign organised by the International Organization of Securities Commissions (IOSCO) to promote investor education and protection.³³

²⁸ CCI India, *Investment & Investors Protection*, <https://www.cciindia.org/investor.html> (last visited Sept. 28, 2026).

²⁹ *Id.*

³⁰ Ipsita Das & Pradip Kumar Sarkar, *Investor Protection in India and UK – Comparative Study*, 6 J. POSITIVE SCH. PSYCH. 4220, 4229 (2022), <https://journalppw.com/index.php/jps/article/view/8145>.

³¹ NAT’L CTR. FOR FIN. EDUC., *SEBI*, <https://ncfe.org.in/sebi/> (last visited Sept. 28, 2026).

³² Companies Act, *supra* note 3, § 125(1), (3); Das & Sarkar, *supra* note 30, at 4229.

³³ NAT’L CTR. FOR FIN. EDUC., *supra* note 31.

8. SEBI collaborates with stock exchanges, depositories and other stakeholders, such as the Association of Mutual Funds in India (AMFI), to conduct investor awareness programmes across India.³⁴
9. SEBI, in collaboration with the National Institute of Securities Markets (NISM), conducts an online Investor Awareness Test, which aims to establish a minimum knowledge benchmark for investors.

C. Investor grievances

SEBI provides a grievance redressal mechanism for investors through its SEBI Complaints Redress System (SCORES) platform. Investors can lodge complaints relating to the securities market against SEBI-regulated entities such as listed companies and registered intermediaries. The platform is designed to facilitate the resolution of investor grievances.³⁵

D. SEBI Complaints Redress System

SCORES is an online redressal system that investors can use around the clock. Its most distinctive feature is that a complainant can check the status of a complaint, and send reminders, by logging in with the unique complaint registration number. It is a distinctive instrument through which investors can voice grievances about capital-market matters and, being more inclusive than the United Kingdom's Ombudsman model, it places strong emphasis on investor advocacy. As described in 2022, it was an open scheme under which investors could approach SEBI directly before exhausting other bilateral redressal avenues.³⁶

IV. CORPORATE DISCLOSURE AND INVESTOR PROTECTION

Corporate disclosure and investor protection are closely interconnected. An investor cannot effectively evaluate a company's securities without access to reliable information.

Disclosure performs at least four important investor-protection functions:

First, it enables investors to evaluate the financial condition of the company.

Second, it enables investors to identify material risks.

Third, it permits shareholders to monitor managerial conduct.

Fourth, it promotes fairness and integrity in the securities market.

³⁴ *See id.*

³⁵ Das & Sarkar, *supra* note 30, at 4224.

³⁶ *Id.*

SEBI LODR requires listed entities to avoid misleading information and to provide adequate and timely information to investors and recognised stock exchanges.³⁷

Corporate disclosure can therefore be viewed as both a governance mechanism and an investor-protection mechanism.

V. CORPORATE TRANSPARENCY AND CORPORATE GOVERNANCE

Transparency is one of the central principles of corporate governance.³⁸ Directors and senior management exercise substantial decision-making authority, while shareholders depend upon corporate disclosures to evaluate the manner in which that authority is exercised.

Important governance-related disclosure areas include:³⁹

- Board composition;
- Independent directors;
- Audit committees;
- Directors' remuneration;
- Related-party transactions;
- Shareholding and ownership structure;
- Risk management;
- Financial performance;
- Material events;
- Corporate governance compliance; and
- Related-party and conflict-of-interest matters.

SEBI LODR also imposes obligations concerning directors and senior management, including the disclosure of material financial and commercial transactions in which senior management personnel have a personal interest that may conflict with the interests of the listed entity.⁴⁰

Disclosure is thus not merely a reporting requirement but a mechanism for ensuring managerial accountability.

³⁷ SEBI LODR Regulations, *supra* note 5, reg. 4(1)(c)–(d).

³⁸ OECD, *G20/OECD Principles of Corporate Governance 2023* princ. IV (2023), <https://doi.org/10.1787/ed750b30-en>.

³⁹ *Id.* princ. IV.A.

⁴⁰ SEBI LODR Regulations, *supra* note 5, reg. 26(5).

VI. ROLE OF DISCLOSURE IN PREVENTING CORPORATE FRAUD

Corporate fraud often develops in circumstances where information is concealed, manipulated or inadequately communicated to shareholders and regulators. Fraudulent financial reporting may artificially improve the apparent financial position of a company and thereby influence the market price of its securities.

Transparent reporting can operate as a preventive mechanism by making it more difficult to conceal:

- fictitious assets;
- undisclosed liabilities;
- related-party transactions;
- diversion of funds;
- conflicts of interest;
- manipulation of financial results;
- material litigation;
- regulatory proceedings; and
- other material corporate risks.

However, disclosure alone cannot eliminate corporate fraud. It must be supported by effective auditing, board oversight, regulatory investigation, whistle-blower mechanisms and meaningful sanctions.⁴¹

VII. CHALLENGES IN THE EXISTING DISCLOSURE FRAMEWORK

Despite the development of an extensive statutory and regulatory framework, several challenges remain.

Complexity of corporate structures: Modern corporate groups frequently involve subsidiaries, associates, special-purpose entities and cross-border structures, making it difficult for investors to obtain a complete picture of corporate risks.

Enforcement challenges: The effectiveness of disclosure law depends significantly upon detection and enforcement. A legal obligation without effective enforcement may have limited deterrent value.⁴²

⁴¹ See COFFEE, *supra* note 22.

⁴² See Dhammika Dharmapala & Vikramaditya Khanna, *Corporate Governance, Enforcement, and Firm Value: Evidence from India*, 29 J.L. ECON. & ORG. 1056 (2013), <https://doi.org/10.1093/jleo/ews011>.

Emerging forms of corporate risk: Cyber-security incidents, data breaches, climate-related risks, technological risks and complex financial instruments create new challenges for disclosure regulation.

Quality versus quantity of disclosure: Companies may comply formally with disclosure requirements while providing information that is excessively technical, fragmented or difficult for ordinary investors to understand.

Timeliness: Delayed disclosure may reduce the usefulness of information and may create opportunities for selective access to material information.⁴³

Information overload: Excessive disclosure can itself become problematic when important information is obscured by large quantities of technical or repetitive material.

VIII. LEGAL AND REGULATORY GAP IN THE EXISTING DISCLOSURE SYSTEM

Companies may technically comply with prescribed disclosure requirements without providing information that is sufficiently clear, material, understandable and useful to investors. Compliance thus does not always result in substantive transparency. The framework is stronger regarding historical financial information than regarding forecasts, business risks, strategic plans and other forward-looking information, and there is a need to balance useful disclosure with protection against excessive litigation over genuine business estimates. Large corporate groups may have complicated subsidiary structures, and investors may find it difficult to understand the movement of funds, liabilities, guarantees and transactions across the group.

Investors need timely information about material events. Delays in disclosure, uncertainty about what constitutes a material event, and differences in interpretation can reduce the effectiveness of the disclosure regime. ESG-related disclosure is developing rapidly, but concerns remain regarding comparability, verification, consistency and potential greenwashing; sustainability information therefore requires stronger assurance and accountability mechanisms. Corporate information is increasingly disseminated digitally, but disclosure systems could be improved through machine-readable, searchable and standardised data, which would make comparison between companies easier. The existing framework must also increasingly address disclosures concerning the use of artificial intelligence, algorithmic decision-making, cyber-security risks, data governance and other technology-related corporate risks.

The principal gap in India's corporate disclosure framework is not merely the absence of disclosure requirements, but the gap between formal compliance and substantive corporate

⁴³ See Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, reg. 8(1) & sch. A, Gazette of India, pt. III sec. 4 (Jan. 15, 2015) (India).

transparency. Although Indian law provides an extensive framework of financial, governance and event-based disclosures, challenges remain concerning the quality, timeliness, accessibility, verification and enforcement of disclosed information. The existing framework therefore requires an assessment of whether corporate disclosures actually enable investors to make informed decisions and effectively protect them against fraud, misrepresentation and information asymmetry.

IX. CONCLUSION

Corporate transparency and disclosure are indispensable to the functioning of an efficient securities market and to the protection of investors. India's corporate disclosure framework has developed substantially through the Companies Act, 2013, SEBI legislation and the SEBI LODR Regulations. The Companies Act establishes important requirements relating to financial statements, Board's reports, auditing and accounting standards, while SEBI LODR imposes continuing disclosure and corporate-governance obligations upon listed entities. The central objective of these requirements is not simply to compel companies to publish information but to ensure that investors receive information that is accurate, adequate, timely and not misleading. SEBI's disclosure principles expressly recognise these requirements.⁴⁴ Nevertheless, the effectiveness of the regulatory framework depends upon the quality of disclosure, corporate compliance, independent auditing, board oversight and regulatory enforcement. The principal challenge is therefore to move from formal compliance to substantive transparency.

A stronger disclosure regime should enable investors to understand not only the financial performance of a company but also its risks, governance structure, related-party relationships, managerial accountability and material events. Effective corporate transparency can consequently serve as a bridge between corporate governance, market integrity and investor protection.

This paper concludes that India's legal framework provides a substantial foundation for corporate transparency, but continuous regulatory improvement and stronger enforcement are necessary to address information asymmetry, emerging corporate risks and sophisticated forms of corporate misconduct. The future development of corporate disclosure regulation should therefore focus on the principles of accuracy, materiality, timeliness, accessibility, comprehensibility and accountability.

⁴⁴ SEBI LODR Regulations, *supra* note 5, reg. 4(1).