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From Profit Maximization to Accountable Stakeholder Governance in India: A Corporate Purpose Framework under the Companies Act, 2013

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ABSTRACT

Indian company law no longer speaks only in the idiom of shareholder wealth. Section 166(2) of the Companies Act, 2013 directs directors to promote the objects of the company for the benefit of the members as a whole while also acting in the best interests of the company, its employees, the shareholders, the community and the environment. Section 135, Schedule VII, the CSR Rules and listed-company sustainability disclosures further show that corporate purpose in India has become a legal question about the allocation of voice, risk and accountability. Yet the practical architecture remains incomplete. This paper argues that India should treat stakeholder governance not as a moral supplement to profit but as an enforceable accountability model. Drawing only on the supplied scholarship and legislation, it shows that the Indian framework contains three linked gaps: an indeterminate best-interests standard, weak participatory rights for non-shareholder constituencies and disclosure duties that often describe social responsibility without making affected communities capable governance participants. The paper proposes a calibrated framework built on board-level reasons, stakeholder consultation in material decisions, stronger CSR accountability and public-interest review where corporate power affects constitutional and social values.

Keywords: corporate purpose, stakeholder governance, Companies Act 2013, section 166(2), corporate social responsibility, directors' duties, public interest

I. INTRODUCTION

The central question in Indian corporate governance is no longer whether companies may consider interests beyond shareholders. The better question is whether Indian law has created institutions capable of making that broader purpose real. Contemporary scholarship in the supplied materials describes a decisive shift in the language of corporate purpose. Kumar and

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Dube identify shareholder-primacy and stakeholder models as the two main poles of the debate and argue that India has formally moved toward a mixed or stakeholder-sensitive approach.¹ Chakraborty and his co-authors, writing earlier from a management perspective, warned that an obsession with profit at any cost can produce governance failures and social harm, while durable firms often attend to composite goals.² The statutory centrepiece of this transition is section 166(2) of the Companies Act, 2013.³

This paper advances a modest but important claim. Indian corporate law should understand corporate purpose as accountable stakeholder governance, not as discretionary benevolence. Profit remains necessary: a company that cannot sustain itself cannot serve shareholders, workers, consumers, creditors, communities or environmental obligations for long. But profit should be treated as a condition of institutional continuity, not as the only legal measure of success. The supplied literature supports this reframing. Pandey and Mohan describe Indian corporate purpose as structurally tense because the law places stakeholder language beside shareholder-centred power.⁴ Majumdar similarly argues that section 166(2) is normatively significant but practically underenforced.⁵ Ribstein cautions, from a broader corporate-governance perspective, that loosening shareholder accountability without a replacement can merely free managers to serve themselves.⁶ The challenge, therefore, is not to choose sentiment over discipline; it is to build discipline around a plural corporate purpose.

The Indian framework already contains the raw materials for that discipline. Directors' duties, mandatory corporate social responsibility, independent-director obligations, business responsibility and sustainability reporting and public-interest review in privatisation all push corporate law beyond a narrow investor-only model.⁷ Listed companies must also disclose sustainability and responsibility information under securities regulation.⁸ Ethical-governance studies in the supplied papers add that governance, CSR, transparency, reputation and long-term profitability can be mutually reinforcing rather than mutually exclusive.⁹ The gap lies in

¹ Amit Kumar & Indrajit Dube, *The Paradox of Corporate Purpose in India: Shareholder Primacy Versus Stakeholder Model*, 25 AUSTL. J. ASIAN L. 69, 69 (2024).

² S.K. Chakraborty et al., *Management Paradigms Beyond Profit Maximization*, 29 VIKALPA 97, 97 (2004).

³ The Companies Act, No. 18 of 2013, INDIA CODE (2013), § 166(2).

⁴ Astha Pandey & M.P. Ram Mohan, *Navigating Indian Corporate Purpose Dilemma: Insights from an Entity-Based Approach*, J. CORP. L. STUD. 1, 1 (forthcoming 2026) (pre-publication manuscript).

⁵ Arjya B. Majumdar, *India's Experiment with Stakeholder Inclusion 1-2* (2025).

⁶ Larry E. Ribstein, *Accountability and Responsibility in Corporate Governance*, Univ. Ill. Coll. L., Law & Econ. Working Paper No. 34, at 1-2 (2005).

⁷ Companies Act § 135; *id.* sched. VII.

⁸ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Gazette of India, pt. III sec. 4, reg. 34(2)(f) [hereinafter SEBI LODR Regulations].

⁹ Rakesh N. & Vishal Srivatsava, *Ethical Corporate Governance: Balancing Profitability and Social Responsibility*, 23 YMER 1219, 1219-20 (2024).

operational design. Who can demand reasons when directors sacrifice community welfare for short-term return? What happens when CSR spending is formally compliant but disconnected from affected stakeholders? How should a board record its balancing of employees, creditors, environment and shareholders? Indian law gestures toward these questions but often does not answer them.

II. RESEARCH METHODOLOGY AND SCOPE

This paper uses a doctrinal and analytical method. It reads the Companies Act, 2013, the CSR Rules and SEBI's listed-company governance and sustainability framework alongside the supplied scholarship. The method is deliberately source-limited. Apart from legislation, the argument relies only on the provided papers, which include doctrinal corporate-law scholarship, management literature on ethical governance, community-accountability work, privatisation analysis and public-interest accountability writing. This constraint shapes the paper in two ways. First, the paper does not attempt a full empirical study of Indian board behaviour. Second, it treats the supplied materials as a bounded literature review from which a reform framework can be synthesised.

The doctrinal focus is section 166(2), because it is the clearest textual expression of India's stakeholder turn. The paper also examines section 135 because CSR is the most concrete statutory mechanism by which social responsibility enters board process. SEBI disclosure rules are considered because listed companies mediate corporate purpose through public-market transparency. The privatisation paper is used for a narrower point: where corporate restructuring involves public assets or formerly public enterprises, corporate governance cannot be divorced from constitutional commitments to public welfare. The paper therefore asks not whether Indian law has used stakeholder language, but whether that language produces accountable decision-making.¹⁰

A Bluebook note is included for every legal or scholarly proposition that materially supports the analysis. The citations follow Bluebook style as closely as possible for Indian statutes, regulations, journal articles, working papers and unpublished manuscripts. Because several supplied PDFs are pre-publication or unpublished manuscripts, the citations identify them as such rather than inventing publication details.

¹⁰ Pandey & Mohan, *supra* note 4, at 3-18.

III. LITERATURE REVIEW

The supplied literature may be grouped into four strands. The first strand concerns the corporate-purpose debate itself. Kumar and Dube present the Indian debate as a paradox in which statutory and policy developments gesture toward stakeholder governance while corporate practice remains strongly influenced by shareholder value.¹¹ Pandey and Mohan deepen this diagnosis by describing a structural tension in Indian law: directors are asked to consider the company and multiple stakeholders, but shareholders, especially controlling shareholders, retain powerful governance rights.¹² Majumdar's section 166(2) analysis reaches a similar practical conclusion. The statutory language is progressive, but its impact depends on guidance, enforcement and institutional pathways for stakeholder participation.¹³

The second strand is management-oriented. Chakraborty and his co-authors criticise profit-at-any-cost thinking and argue for humane management, social capital and stakeholder-sensitive leadership.¹⁴ The two YMER papers similarly describe ethical governance as a structure of accountability, transparency, fairness, CSR, regulatory compliance and stakeholder trust.¹⁵ These works are useful because they resist a false binary between profitability and responsibility. They support a long-term conception of value in which ethical conduct is not merely a cost centre but part of institutional durability.

The third strand is accountability-oriented. Ribstein's work is important because it prevents stakeholder governance from becoming too easy. His warning is that managerial accountability to shareholders and corporate responsibility to society can be in tension, and that freeing managers from accountability may increase agency costs.¹⁶ Panda and his co-authors bring the concern into a misconduct context, arguing that major corporate failures reveal persistent gaps between legal duties and real accountability.¹⁷ Together, these sources support this paper's insistence on reason-giving and process review.

The fourth strand concerns participation and public interest. Muthuri's community-involvement article shows that corporate community programmes can be paternalistic or business-case driven unless communities participate in defining needs and evaluating outcomes.¹⁸ The

¹¹ Pramod Kumar Garg et al., *Ethical Corporate Governance: Harmonizing Profitability with Social Responsibility*, 23 YMER 1528, 1529-30 (2024).

¹² Kumar & Dube, *supra* note 1, at 86-87.

¹³ Pandey & Mohan, *supra* note 4, at 17-18.

¹⁴ Majumdar, *supra* note 5, at 1-2.

¹⁵ Chakraborty et al., *supra* note 2, at 97-98.

¹⁶ Rakesh N. & Srivatsava, *supra* note 9, at 1230-33; Garg et al., *supra* note 11, at 1538-41.

¹⁷ Ribstein, *supra* note 6, at 1-3.

¹⁸ Biranchi Narayan P. Panda et al., *Corporate Governance, Legal Accountability and Public Interest: A Critical Analysis of Directors' Duties in Wake of Financial Misconduct*, 2 ADVANCES CONSUMER RSCH. 444, 444-45

privatisation paper adds that Indian economic reform must remain attentive to social equity, constitutional values and stakeholder safeguards.¹⁹ These sources expand the governance lens beyond board-shareholder relations and toward affected constituencies.

IV. BEYOND PROFIT MAXIMISATION

Profit maximisation remains powerful because it offers a simple objective. Its appeal is especially strong in corporate law because shareholders are residual claimants and because a clear financial metric seems easier to monitor than a bundle of social objectives. Ribstein's account of accountability and responsibility captures the risk: if managers are freed from shareholder pressure in the name of society, they may not serve society at all; they may simply enjoy more discretion.²⁰ This is the strongest argument against a vague stakeholder model. Any serious alternative to shareholder primacy must therefore answer the accountability objection.

The supplied materials answer it in two ways. First, management scholarship rejects the premise that ethical conduct and profitability are necessarily opposed. The 2024 YMER studies argue that ethical corporate governance can enhance reputation, trust and sustainable profitability, while governance mechanisms can align social responsibility with financial performance.²¹ Chakraborty and his co-authors make the same point in a more normative idiom: enduring enterprises can attend to several stakeholders and still achieve industry leadership.²² These accounts do not prove that every social investment is profitable. They do show that a firm committed to long-term value cannot treat social and ethical concerns as external to governance.

Second, stakeholder governance responds to the problem of externalities. Kumar and Dube explain that shareholder primacy allows shareholders, directors and managers to reap gains while other groups bear the costs generated by corporate expansion.²³ Public crises, climate risk, inequality and pandemics have made that distribution difficult to defend. Pandey and Mohan connect the Indian debate to this broader corporate-purpose turn and argue that the Indian framework places shareholders and specified stakeholders on an equal footing in section 166(2), at least as a matter of statutory text.²⁴ The result is not anti-profit law. It is a legal recognition

(2025).

¹⁹ Judy N. Muthuri, *Participation and Accountability in Corporate Community Involvement Programmes: A Research Agenda*, 43 CMTY. DEV. J. 177, 177-78 (2008).

²⁰ *Privatization in India: Balancing Economic Reforms with Social Equity and Legal Accountability* 1-3 (2024) (unpublished manuscript).

²¹ Ribstein, *supra* note 6, at 1-3.

²² Rakesh N. & Srivatsava, *supra* note 9, at 1219-20; Garg et al., *supra* note 11, at 1529-30.

²³ Chakraborty et al., *supra* note 2, at 97-98.

²⁴ Kumar & Dube, *supra* note 1, at 70-71.

that corporate decisions distribute risk and value across a wider constituency than capital providers alone.

The Indian context makes this recognition especially important. Many Indian companies have concentrated ownership. In such firms, the classic agency problem between dispersed shareholders and managers may be less central than the conflict between controlling shareholders and minority shareholders or other stakeholders. Majumdar emphasises that majority shareholders may be unlikely to hold directors accountable for neglecting non-shareholder interests, particularly where boards are influenced by promoter control.²⁵ A pure shareholder-primacy model therefore risks mistaking the dominant shareholder's interest for the company's interest. Stakeholder governance, properly designed, can counter that distortion by insisting that directors justify decisions by reference to the company as a continuing institution embedded in employees, community, environment, creditors and public markets.

V. THE STATUTORY FRAMEWORK

Section 166(2) is the clearest statutory statement of India's broader corporate purpose. It requires directors to act in good faith to promote the company's objects for the members as a whole and in the best interests of the company, its employees, the shareholders, the community and the environment.²⁶ The provision is notable because it does not expressly subordinate these constituencies to shareholder value. Unlike an enlightened shareholder value model, which permits stakeholder consideration as a route to shareholder benefit, section 166(2) uses plural language. Pandey and Mohan therefore read it as repudiating shareholder primacy in formal terms.²⁷ Majumdar likewise treats the provision as a pivotal departure from the 1956 Act's more shareholder-centred orientation.²⁸

Section 135 adds a second pillar. Certain companies meeting net worth, turnover or profit thresholds must constitute a CSR committee, adopt a CSR policy, recommend and monitor CSR expenditure and spend at least two per cent of average net profits on CSR or explain and transfer unspent amounts as required.²⁹ Schedule VII identifies eligible activities, while the CSR Rules require reporting of CSR activity.³⁰ This scheme matters because it does not leave social responsibility entirely to market preference or voluntary philanthropy. It brings CSR into board governance, committee oversight and disclosure.

²⁵ Pandey & Mohan, *supra* note 4, at 17-18.

²⁶ Majumdar, *supra* note 5, at 30-36.

²⁷ Companies Act § 166(2).

²⁸ Pandey & Mohan, *supra* note 4, at 17-18.

²⁹ Majumdar, *supra* note 5, at 15-17.

³⁰ Companies Act § 135(1), (3), (5).

Securities regulation supplies a third pillar for listed companies. SEBI's LODR framework requires board composition, independent-director oversight and business responsibility and sustainability reporting by covered listed entities.³¹ These duties do not create a private cause of action for every affected community, but they do make sustainability, governance and risk matters part of the public reporting architecture. The Companies Act's Schedule IV also expects independent directors to safeguard stakeholder interests and balance conflicting claims.³² Read together, these provisions show that Indian law has already rejected a purely private image of the corporation.

Still, statutory language is only the beginning. A director can recite section 166(2) and still make a decision that ignores workers, local communities or environmental risk. A company can spend CSR funds and still fail to consult those affected by its operations. A listed entity can publish sustainability disclosures that are lengthy but not useful. The legal question is therefore whether the duties generate reasons, participation and consequences. On that question, the current framework is uneven.

VI. CORPORATE PURPOSE AS BOARD PROCESS

The strongest reading of Indian law is that stakeholder governance is a board-process obligation. Section 166(2) does not create a simple outcome rule. It does not say that employees always prevail over shareholders, that community claims always prevail over creditors or that environmental interests automatically defeat commercial survival. Instead, it requires directors to act in good faith for the company and the listed constituencies. The practical legal question is therefore whether directors followed a process that took those constituencies seriously.

A process-based reading has three advantages. First, it respects managerial competence. Courts and regulators are poorly placed to decide ordinary business strategy with hindsight. Second, it fits the statutory language. Good faith and best interests are standards of judgment, not mechanical formulas. Third, it addresses the accountability objection. Directors would retain discretion, but they would need to demonstrate that stakeholder interests were identified, informed by adequate material, discussed at board level and balanced through reasons. This is a more administrable model than either pure shareholder primacy or open-ended stakeholder enforcement.

Existing Indian governance structures can support this reading. Audit committees, nomination and remuneration committees, risk-management committees, CSR committees, independent

³¹ Companies (Corporate Social Responsibility Policy) Rules, 2014, Gazette of India, pt. II sec. 3(i), r. 8.

³² SEBI LODR Regulations, *supra* note 8, regs. 17, 25, 34(2)(f).

directors and board reporting already create formal channels for oversight in significant companies.³³ The proposal here is not to add a new bureaucracy for every decision. It is to connect existing committees and board minutes to section 166(2)'s stakeholder language. Where a decision is materially likely to affect employees, community, environment, creditors, minority shareholders or public-market investors, the relevant board materials should record how those interests were considered.

This approach also improves disclosure. Annual board reports already include energy conservation, CSR and other prescribed matters.³⁴ Listed entities already report sustainability information. If board process and disclosure remain disconnected, reporting can become public-relations language. If disclosure is tied to board consideration, it becomes a governance record. Investors and affected stakeholders can then evaluate whether the company has merely announced values or actually built those values into decision-making.

VII. THREE GAPS IN THE INDIAN MODEL

The first gap is indeterminacy. Section 166(2) lists several interests but does not tell directors how to prioritise them when they conflict. Majumdar identifies the absence of hierarchy, the vagueness of 'best interests,' and the weak enforcement position of non-shareholder stakeholders as central limitations.³⁵ This ambiguity is not entirely avoidable. Corporate governance requires judgment, and rigid priority rules could damage the flexibility that boards need. But total open-endedness creates a different problem: directors can rationalise nearly any outcome after the fact. Without a duty to record reasons showing how competing interests were considered, section 166(2) risks becoming a symbolic clause.

The second gap is the shareholder accountability gap. Pandey and Mohan argue that Indian corporate purpose is troubled by an imbalance between directors' duties and shareholder rights, especially because controlling shareholders can exercise power without equivalent fiduciary accountability.³⁶ If shareholder rights dominate appointment, removal and strategic influence, a stakeholder-oriented directors' duty may be insufficient. Directors may formally owe duties to the company and stakeholders, while practical power remains aligned with controllers. This is why the entity-based approach in the supplied article is useful. It shifts attention from any single constituency to the company as a distinct legal and economic institution whose long-term interests cannot be collapsed into promoter preference.

³³ Companies Act § 149(8), sched. IV.

³⁴ Companies Act §§ 177, 178; SEBI LODR Regulations, *supra* note 8, regs. 18-20.

³⁵ Companies Act § 134(3)(m), (o); Companies (Accounts) Rules, 2014, Gazette of India, pt. II sec. 3(i), r. 8.

³⁶ Majumdar, *supra* note 5, at 15-17, 30-36.

The third gap is participation. Muthuri's work on corporate community involvement warns that CSR can become a calculative business-case practice in which communities are treated as instruments rather than governance participants.³⁷ That warning is directly relevant to India. Section 135 may require spending, committee monitoring and reporting, but it does not generally require affected-community consultation before CSR priorities are selected. Kumar and Dube similarly criticise CSR rigidity where qualifying activities may be disconnected from the harms or stakeholders most affected by the company.³⁸ In such a model, CSR can look like compliance spending rather than accountability.

Privatisation and public-sector disinvestment show why participation and public interest cannot be confined to private ordering. The supplied privatisation paper explains that Indian economic reform must be balanced against constitutional commitments to equitable distribution and the common good under Article 39.³⁹ When state-owned enterprises are privatised or strategically disinvested, the decision affects workers, consumers, regional economies and public assets. A corporate-governance model that recognises only investor value cannot adequately address those consequences. The Constitution's Directive Principles are not ordinary company-law duties, but they inform the legal environment in which public assets and public-interest enterprises are restructured.⁴⁰

Finally, financial misconduct reveals the cost of weak accountability. Panda and his co-authors argue that corporate failures and financial scandals expose gaps between legal duties and practical enforcement, especially where private gains impose social costs.⁴¹ This insight complements Ribstein's accountability concern. The answer is not to grant managers unreviewable discretion under the banner of stakeholderism. It is to require boards to explain how they assessed material stakeholder risks and to expose that explanation to meaningful review by regulators, shareholders and, in appropriate cases, affected stakeholders.

VIII. TOWARD ACCOUNTABLE STAKEHOLDER GOVERNANCE

India should adopt an accountable stakeholder-governance framework with four elements. First, board decisions involving material stakeholder impact should be accompanied by recorded reasons. This need not convert every business decision into litigation. The requirement should apply to significant decisions: plant closure, mass retrenchment, major environmental risk,

³⁷ Pandey & Mohan, *supra* note 4, at 29-35.

³⁸ Muthuri, *supra* note 19, at 183-85.

³⁹ Kumar & Dube, *supra* note 1, at 79-80.

⁴⁰ *Privatization in India*, *supra* note 20, at 1-3, 6-13.

⁴¹ INDIA CONST. arts. 39(b)-(c).

related-party transactions affecting minority interests, high-impact CSR allocation, privatisation-linked restructuring and decisions likely to create serious community harm. The reasons should identify the affected constituencies, the relevant information considered, the alternatives examined and the board's explanation for its chosen balance. This would operationalise section 166(2) without freezing board discretion.

Second, CSR should move from spending compliance toward stakeholder-responsive governance. Section 135 already requires committee-level responsibility.⁴² The next step is to require a consultation note for CSR projects above a materiality threshold, especially where projects are connected to communities affected by the company's operations. Muthuri's critique of corporate community involvement shows that community programmes can reproduce unequal relationships unless communities have a voice in design and evaluation.⁴³ A consultation requirement would not make communities co-managers of the company. It would simply make CSR more faithful to its stated social function.

Third, sustainability disclosure should become decision-useful. SEBI's business responsibility and sustainability reporting framework is a valuable transparency device, but disclosure can become boilerplate.⁴⁴ Listed entities should be expected to connect sustainability claims to board oversight, risk controls and measurable outcomes. Independent directors should certify not merely that a report exists, but that the board has considered the material stakeholder risks relevant to the company. This would align Schedule IV's stakeholder language with the securities-law disclosure architecture.

Fourth, enforcement should be calibrated. Overenforcement may push directors into defensive paperwork and discourage risk-taking. Underenforcement makes section 166(2) decorative. A middle path would allow regulators and tribunals to examine whether directors followed a reasonable process when material stakeholder harm is alleged. Section 166(5) already attaches penalties for contravention of directors' duties, while class-action mechanisms under section 245 show that Indian company law can create collective remedies in appropriate cases.⁴⁵ The goal should be process review, not routine judicial substitution of business judgment.

This framework also respects profit. A company may conclude that a difficult decision is necessary for financial survival. Accountable stakeholder governance does not require directors always to choose the most socially attractive option. It requires them to demonstrate that they

⁴² Panda et al., *supra* note 18, at 444-50.

⁴³ Companies Act § 135.

⁴⁴ Muthuri, *supra* note 19, at 190-93.

⁴⁵ SEBI LODR Regulations, *supra* note 8, reg. 34(2)(f).

treated stakeholder impact as legally relevant, gathered adequate information, considered alternatives and gave reasons consistent with the company's long-term institutional interests. Chakraborty and the YMER papers support this integration: profitability and responsibility can be mutually reinforcing when governance is ethical, transparent and long-term.⁴⁶ Ribstein's warning is also answered, because managers remain accountable through reasons, disclosure and review.⁴⁷

The entity-based approach provides the theoretical anchor. Pandey and Mohan argue that real entity theory can move the corporate-purpose debate beyond a reductionist shareholder-versus-stakeholder framing by centring the long-term interests of the corporate entity itself.⁴⁸ In India, that move is especially useful. The company is not merely a contract among shareholders; it is a legal person with statutory privileges, regulatory obligations, social effects and public consequences. When corporate power affects workers, communities, environment, creditors and public markets, directors should be asked to serve the company as an institution rather than any single constituency.

IX. PROPOSED REFORM MODEL

A workable reform model can be stated in six rules. Rule one: board minutes for material stakeholder-impact decisions should include a short stakeholder-impact statement. The statement should identify the affected groups, the material information considered, the expected benefits and harms and the reasons the decision is consistent with section 166(2). It should not require disclosure of trade secrets or privileged legal advice, but it should create an internal record capable of later review.

Rule two: CSR committees should prepare an annual needs-and-impact note. For companies whose operations materially affect a local community, the note should explain whether the company consulted local stakeholders, how projects were selected and how outcomes will be measured. This would address Muthuri's concern that community involvement may become a top-down, unequal relationship. It would also make CSR less vulnerable to criticism that it is only a statutory spending exercise.

Rule three: independent directors should have an express agenda item for stakeholder-risk oversight at least annually. Schedule IV already gives independent directors a stakeholder-protection role. The agenda requirement would convert that role into practice. Rule four: listed

⁴⁶ Companies Act §§ 166(5), 245.

⁴⁷ Chakraborty et al., *supra* note 2, at 97-98; Rakesh N. & Srivatsava, *supra* note 9, at 1219-20; Garg et al., *supra* note 11, at 1529-30.

⁴⁸ Ribstein, *supra* note 6, at 1-3.

companies should connect sustainability disclosures to board committees. If a company reports a climate, labour, supply-chain or community risk, the report should state which committee or board process oversees that risk.

Rule five: controlling-shareholder influence should be checked where stakeholder harm overlaps with minority-shareholder harm. Related-party transactions, asset transfers, delistings, restructurings and privatisation-linked decisions can affect both minority investors and non-shareholder stakeholders. Process review should be stricter where the controller benefits uniquely. Rule six: remedies should be proportionate. In most cases, the remedy for inadequate process should be corrective disclosure, fresh board consideration, regulatory direction or governance undertakings. Personal liability should be reserved for bad faith, fraud, knowing disregard or serious statutory breach.

These reforms are deliberately incremental. They do not require India to abandon its company-law architecture. They treat section 166(2), CSR, Schedule IV and SEBI disclosure as parts of one system. They also preserve space for profit and commercial judgment. The ambition is not to make every stakeholder a veto-holder. It is to ensure that the stakeholders named by statute are not invisible when boards make decisions that materially affect them.

X. CONCLUSION

India has already made the normative move beyond profit maximisation. Section 166(2) names employees, shareholders, community and environment; section 135 embeds CSR into board governance; SEBI disclosure rules bring responsibility and sustainability into market reporting; and independent-director duties require attention to stakeholder claims. The supplied scholarship shows that this architecture is both ambitious and incomplete. Kumar and Dube describe the paradox: Indian law appears stakeholder-oriented on paper while shareholder value often remains dominant in practice.⁴⁹ Majumdar shows why section 166(2) risks symbolism without clarity, enforcement and stakeholder participation.⁵⁰ Pandey and Mohan show that the deeper problem is structural: Indian law distributes duties and powers in ways that do not always match its corporate-purpose language.

The way forward is not to abandon profit, nor to romanticise corporate benevolence. It is to make stakeholder governance accountable. Directors should give reasons when material stakeholder interests are affected. CSR should include consultation and outcome reporting.

⁴⁹ Pandey & Mohan, *supra* note 4, at 40-48.

⁵⁰ Kumar & Dube, *supra* note 1, at 86-87; Majumdar, *supra* note 5, at 37-39; Pandey & Mohan, *supra* note 4, at 47-48.

Sustainability disclosure should connect to board oversight. Regulators and tribunals should review process in serious cases without converting business judgment into judicial management. Such a framework would make Indian corporate purpose legally credible. It would also fit the best reading of the supplied materials: profit and social responsibility are not enemies, but they require governance institutions capable of holding corporate power to its public and private obligations.
