

Evolving Role of Company Secretaries in Ensuring Regulatory Compliance under SEBI LODR Regulations

The growing complexity of Corporate Governance has significantly elevated the role of Company Secretaries (CS) in ensuring regulatory compliance. With the introduction of SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, CS professionals have become central to maintaining transparency and governance in listed companies. Their responsibilities now extend beyond statutory filings to include strategic advisory, real-time disclosures and stakeholder communication. This paper examines the evolving functions of CS under the LODR framework. It includes statistical data, case studies, and compliance trends across NSE-listed firms. The analysis highlights how CSs contribute to improving compliance culture and corporate accountability.



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INTRODUCTION

Corporate Governance in India has seen a significant evolution over the last few decades, spurred by financial market liberalization, globalization, investor activism and regulatory reforms. In this shifting landscape, the Company Secretary once regarded primarily as a statutory record keeper and compliance functionary has transitioned into a strategic governance professional and Key Managerial Personnel (KMP) under the Companies Act, 2013. As per Section 2(51) of the Act, KMP includes the CEO, CFO, Managing Director, and the Company Secretary, among others. This designation underscores the elevated position and growing importance of the CS in corporate leadership.

Historically, the role of the Company Secretary was rooted in administrative compliance preparing minutes, filing returns and maintaining registers. However, the complexity and scope of governance have expanded, necessitating a broader, more proactive role. The changing regulatory climate, especially in the post-Satyam scandal era, has

demanding greater accountability and transparency from corporate India, prompting reforms in corporate law and market regulation.

A major milestone in this regulatory evolution was the introduction of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, commonly referred to as SEBI LODR Regulations. These regulations consolidate and harmonize provisions related to disclosures, compliance, and corporate governance for listed entities. They aim to create a transparent and investor-friendly environment in the securities market, placing considerable responsibility on the Compliance Officer typically the Company Secretary.

Under Regulation 6 of the SEBI LODR, every listed entity is mandated to appoint a qualified Company Secretary as the Compliance Officer responsible for ensuring conformity with the regulatory provisions, including timely disclosures, board procedures, and coordination with stock exchanges and regulatory authorities.

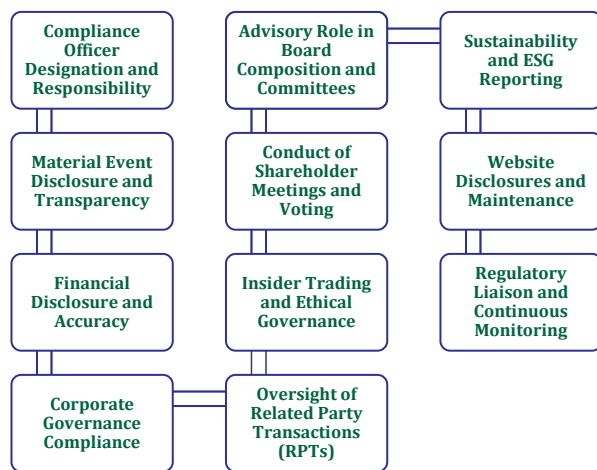
On a global scale, the role of corporate secretaries has evolved similarly. In jurisdictions like the UK, Australia, and Singapore, the Company Secretary (or equivalent) is viewed as a key governance officer who ensures Board accountability and regulatory compliance. For instance, the UK Corporate Governance Code emphasizes the duty of Company Secretaries to support Board effectiveness and compliance, while the Australian Securities Exchange (ASX) Listing Rules entrust them with significant compliance duties similar to SEBI LODR.

In India, the Institute of Company Secretaries of India (ICSI) has also played a vital role in shaping the profession by introducing updated modules, continuous professional education, and specialized certifications to equip CS professionals with the skills necessary for a dynamic governance environment.

RESPONSIBILITIES OF COMPANY SECRETARIES UNDER SEBI LODR REGULATIONS

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, was a landmark regulatory framework that streamlined various listing obligations into a unified code. It emphasized transparency, accountability, and timely disclosure for listed entities. Within this framework, CSs are entrusted with critical responsibilities that go beyond procedural compliance, placing them at the heart of corporate governance.

Figure No – 1: Key highlights of responsibilities of CSs under SEBI LODR



The role of the Company Secretary has evolved from a mere record keeper to a strategic governance advisor and Compliance Officer, ensuring that the organization adheres to SEBI regulations and safeguards the interests of stakeholders. Below is a detailed examination of these responsibilities:

1. Compliance Officer Designation and Responsibility

Regulation 6 of SEBI LODR mandates that every listed company appoint a qualified Company Secretary as the Compliance Officer. This person is responsible for:

- Monitoring compliance with SEBI laws, rules, and regulations.
- Ensuring timely filings and disclosures.
- Maintaining liaison with the stock exchanges, depositories, and SEBI.

This regulatory appointment recognizes the CS as a crucial link between the company and regulatory authorities.

2. Material Event Disclosure and Transparency

Under Regulation 30, listed entities are required to disclose material events that may impact share prices or investor decisions. The below role is essential in fostering market transparency and investor trust.

- Identify material events or information (e.g., board decisions, acquisitions, resignation of directors).
- Coordinate with departments to gather accurate information.
- Ensure disclosures are made promptly to stock exchanges within specified time limits.

3. Financial Disclosure and Accuracy

As per Regulation 33, companies must submit quarterly and annual financial results. The CS is responsible for:

- Coordinating board meetings where financial results are approved.
- Filing these results with exchanges.
- Ensuring that financial information complies with accounting standards and SEBI norms.

Timely and accurate financial disclosure is vital to preventing insider trading and market manipulation.

4. Corporate Governance Report

Regulation 27, along with Schedule V, requires listed entities to submit a quarterly Corporate Governance Report. This promotes ethical board behaviour and strengthens institutional integrity.

- Ensures that the composition of the Board and Committees is compliant with legal provisions.
- Prepares and signs the governance report.
- Facilitates the implementation of governance mechanisms such as performance evaluations, disclosures of related party transactions, and compliance with codes of conduct.

5. Advisory Role in Board Composition and Committees

Under Regulations 17–21, Company Secretaries support:

- Board constitution, including appointment of Independent Directors and Women Directors.
- Functioning of the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee.
- Drafting of committee charters, agendas, and maintaining minutes.

They also ensure the statutory frequency of meetings and timely circulation of agenda papers.

6. Conduct of Shareholder Meetings and Voting

Regulation 44 deals with the conduct of general meetings and e-voting mechanisms. The CS is tasked with:

- Issuing notices, managing proxies, and conducting AGMs and EGMs as per law.
- Coordinating with e-voting agencies.
- Recording resolutions passed and maintaining documentation for scrutiny.

This role ensures shareholder rights are protected, and decisions are transparently processed.

7. Insider Trading and Ethical Governance

Under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the CS is responsible for:

- Drafting and enforcing Code of Conduct for Insider Trading.
- Monitoring trading window closures and disclosures from designated persons.
- Reporting violations to the Board and SEBI, if necessary.

This position empowers the CS to promote fairness in securities trading and curb unethical practices.

8. Oversight of Related Party Transactions (RPTs)

Regulation 23 emphasizes the importance of fair and transparent Related Party Transactions. The CS must:

- Ensure that all RPTs are placed before the **Audit Committee** and Board.
- Maintain a register of contracts and approvals.
- Ensure appropriate disclosures in annual reports and exchanges.

This safeguards the interests of minority shareholders and ensures transactions are at arm's length.

9. Sustainability and ESG Reporting

For the top 1000 listed companies (based on market capitalization), **Regulation 34(2)(f)** requires Business Responsibility and Sustainability Reporting (BRSR). The CS coordinates this reporting by:

- Gathering non-financial data related to environmental, social, and governance (ESG) performance.
- Drafting BRSR and ensuring it aligns with SEBI's prescribed format.
- Integrating sustainability into company disclosures.

The CS thus plays a critical role in aligning corporate practices with stakeholder expectations and global ESG standards.

10. Website Disclosures and Maintenance

As per **Regulation 46**, listed entities must maintain a functional website with specified disclosures. The CS is responsible for:

- Updating policies, financials, shareholding patterns, and governance codes.
- Ensuring accessibility of documents to stakeholders at all times.

Proper website maintenance reflects organizational transparency and serves as a primary public information source.

11. Regulatory Liaison and Continuous Monitoring

Beyond specific LODR clauses, the CS acts as a bridge between the company and:

- SEBI for clarifications, inspections, and penalties.
- Stock Exchanges for ongoing disclosures, clarifications, and reports.
- Depositories and Registrars to facilitate smooth investor services and data accuracy.

Company Secretaries, while promoting the culture of ethical conduct, are responsible for encouraging transparency in disclosures and financial reporting, thereby building stakeholder trust.

COMPLIANCE SCORECARD OF TOP 10 NSE-LISTED COMPANIES

The Compliance Scorecard is a conceptual framework designed to evaluate the regulatory adherence of top NSE-listed companies based on SEBI LODR Regulations. It offers a comparative analysis of how companies comply with governance, disclosure, and sustainability mandates.

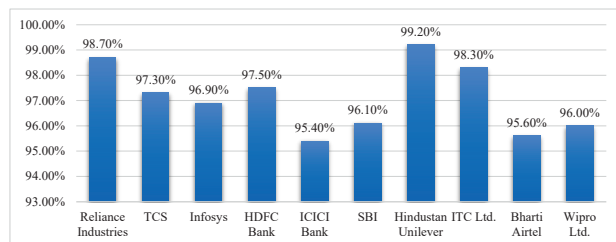
Table 1: Compliance Scorecard of Top 10 NSE-Listed Companies (FY 2023–24)

Company Name	CS Appointed	LODR Compliance Score (%)	No. of Disclosures Made	Penalty Incurred (₹ in Lakhs)
Reliance Industries	Yes	98.7%	143	0
TCS	Yes	97.3%	125	0
Infosys	Yes	96.9%	134	0

HDFC Bank	Yes	97.5%	112	0
ICICI Bank	Yes	95.4%	109	2
SBI	Yes	96.1%	98	3
Hindustan Unilever	Yes	99.2%	101	0
ITC Ltd.	Yes	98.3%	96	0
Bharti Airtel	Yes	95.6%	114	1
Wipro Ltd.	Yes	96.0%	108	1

Source: SEBI Bulletin

Figure No – 2: LODR Compliance Score (%)



The compliance scorecard for the top 10 NSE-listed companies in FY 2023–24 highlights a strong commitment to corporate governance and regulatory adherence. All companies listed have appointed qualified Company Secretaries (CS), fulfilling a key SEBI requirement and demonstrating institutional support for compliance. The LODR compliance scores are uniformly high, with Hindustan Unilever leading at 99.2%, followed closely by Reliance Industries (98.7%) and ITC Ltd. (98.3%). These companies exemplify near-perfect compliance with SEBI's disclosure norms. Others like HDFC Bank (97.5%), TCS (97.3%), and Infosys (96.9%) also performed strongly, reflecting consistent governance practices. In terms of disclosures, Reliance Industries made the highest number (143), followed by Infosys (134) and TCS (125), likely reflecting the scale and complexity of their operations. However, companies like ITC Ltd. and SBI made fewer disclosures but still maintained solid compliance scores, indicating that timely and accurate reporting is more important than volume alone.

In spite of overall positive performance, a few companies incurred penalties for minor lapses. While seven of the ten companies, including Reliance, TCS, Infosys, and HDFC Bank, incurred no penalties indicating strong internal control mechanisms. SBI faced the highest penalty at ₹3 lakhs, followed by ICICI Bank with ₹2 lakhs, and Bharti Airtel and Wipro with ₹1 lakh each. These penalties suggest isolated compliance delays or procedural oversights rather than systemic failures. The presence of Company Secretaries in all these firms has contributed to high levels of adherence, but the data also signals areas for improvement, particularly for those that incurred penalties despite high compliance scores. Overall, the scorecard reflects a mature compliance environment among India's corporate leaders, with room for continuous improvement to ensure full alignment with SEBI's expectations.

ROLE OF CS IN CORPORATE GOVERNANCE ENHANCEMENT

In the modern corporate landscape, Company Secretaries (CS) contributions extend beyond routine statutory filings to influencing Boardroom decisions and driving governance excellence. The enhanced role of Company Secretaries in corporate governance is reflected in several critical areas:

1. Advising the Board on Governance Best Practices

Company Secretaries act as the principal advisors to the Board of Directors on matters of governance. With their in-depth knowledge of corporate laws, regulations, and global governance trends, they guide the Board in adopting frameworks that uphold accountability, integrity and transparency. Their role involves:

- Keeping the board informed about recent regulatory developments, amendments to laws (such as SEBI LODR, Companies Act, 2013 etc.), and their implications.
- Recommending governance frameworks that align with the company's strategic objectives and stakeholder expectations.
- Advising on matters like Board evaluation, risk management policies, stakeholder engagement, and whistleblower mechanisms.
- Facilitating orientation and continuous training for Board members to keep them updated on governance obligations.

2. Ensuring Independence and Composition of Board and Committees

An effective and well-structured board is central to sound governance. Company Secretaries play a crucial role in:

- Ensuring the Board's composition complies with legal norms regarding the number of Independent Directors, women Directors, and functional committees (such as the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee).



- Coordinating the appointment process of Directors, ensuring they possess requisite qualifications and independence.
- Maintaining balance between Executive and non-Executive Directors, promoting diverse and unbiased decision-making.
- Assisting in periodic evaluation of board performance and suggesting improvements to ensure board effectiveness.

3. Promoting a Culture of Ethical Conduct and Transparency

Company Secretaries champion ethical behaviour and foster a transparent corporate culture across the organization. Their governance leadership is evident in:

- Drafting and implementing codes of conduct, ethics policies, and conflict of interest declarations that all employees and directors must adhere to.
- Encouraging transparency in disclosures and financial reporting, thereby building stakeholder trust.
- Overseeing internal controls and compliance programs to deter fraud, corruption and other malpractices.
- Facilitating honest and timely communication with regulators, investors and other stakeholders, especially in sensitive situations such as financial restatements or regulatory investigations.

CONCLUSION

The role of Company Secretaries has significantly evolved in response to the growing complexity of corporate governance and stringent regulatory frameworks such as the SEBI LODR Regulations, 2015.

Once limited to compliance and documentation, CSs are now vital governance professionals contributing to the strategic direction of listed entities. Their active involvement in ensuring accurate and timely disclosures, advising on board composition, fostering ethical conduct, and implementing governance best practices reflects their critical importance in today's corporate structure.

Moving forward, as the regulatory environment continues to evolve, the role of Company Secretaries will become even more indispensable. They must embrace digital tools, stay updated with legal developments, and enhance their strategic and advisory skills to support the board effectively. With appropriate institutional support, capacity building, and proactive policy engagement, CSs can further strengthen the culture of compliance and governance across India's corporate ecosystem, positioning themselves as indispensable stewards of transparency, accountability and corporate integrity.

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