Shri Sudheer Gupta, MP
Chairperson, Joint Committee on the Corporate Laws (Amendment) Bill, 2026
c/o Director (JCL), Lok Sabha Secretariat, Room No. 439
Parliament House Annexe, New Delhi 110001

19 June 2026

Dear Shri Sudheer Gupta and Members of the Joint Committee,

Subject: The Corporate Laws (Amendment) Bill, 2026

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Joint Committee on the Corporate Laws (Amendment) Bill, 2026.

Led by investors responsible for assets under management of >US$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

ICGN's members are long-term investors with a strong and growing interest in India. We therefore welcome the Government's objective of enhancing the ease of doing business and the attractiveness of the Indian market, and we have engaged constructively with Indian authorities over many years, most recently through meetings with SEBI, RBI, MCA and BSE in Delhi and Mumbai in March 2026.

The quality of a market's legal and governance frameworks is an important driver of international capital allocation. Robust protection of minority shareholder and creditor rights, accountable boards and independent regulation reduce the risk premium investors attach to a market, deepen liquidity and support durable foreign investment. Strong governance and ease of doing business are therefore complementary, not competing objectives. It is in that supportive spirit that we offer the comments below.

ICGN's principal recommendations are that the Committee:

- Preserve hybrid meetings and the existing 21-day notice period for listed companies
- Retain appropriate shareholder and creditor approval thresholds for fast-track mergers
- Ensure timely shareholder approval of interim directors
- Assess independent-director tenure across the wider corporate group
- Apply robust shareholder-participation safeguards to all general meetings, regardless of format

Provisions we welcome

ICGN welcomes several provisions that strengthen governance and accountability, including:

- the placing of the National Financial Reporting Authority on a stronger statutory footing, with body corporate status, a dedicated fund, an auditor registration regime and expanded enforcement powers (Clauses 40 and 41), which supports confidence in independent audit oversight;
- the tightening of director accountability, including the requirement that a person whose appointment was not approved by members cannot be brought back as an additional director, new disqualification grounds and a fit and proper test (Clause 54,

section 164), and stricter control of Director Identification Numbers (Clauses 50 and 51);

- the substantial reinforcement of independent director standards (Clause 49, section
- 9), addressed in detail below;
- the requirement for boards to respond to auditor qualifications and to disclose, with reasons, any decision to override an Audit Committee recommendation (Clause 42);
- the institutionalisation of the registered valuer regime under IBBI (Clause 73); and
- the orderly resolution of pre-2013 cross-holdings (Clause 70).

Director independence

We particularly welcome the strengthening of the independent-director regime, which moves substantially in the direction ICGN recommended in our recent letter to SEBI on enhancing the corporate governance provisions of the listing framework. In that submission we argued that a director should not be able to be classified as independent where they have a long-standing association with the wider promoter group, and that independence should be assessed at group level rather than company by company. The Bill makes several changes consistent with that position:

- the disqualifying-association test in section 149(6)(e) is extended to cover the current financial year, in addition to the three preceding financial years, closing a timing gap;
- the three-year cooling-off restriction on an independent director taking any other association is extended beyond the appointing company to its holding, subsidiary and associate companies, so that prior ties anywhere in the group now count;
- the pecuniary-relationship threshold for an independent director's legal or consulting firm is made downward-flexible, moving from a fixed 10% of the firm's gross turnover to 10% or such lower percentage as may be prescribed;
- every independent director must continue to satisfy the independence criteria throughout their term, not merely at appointment; and
  any period served as an additional director is now counted towards the independent-director tenure limit, closing a route previously used to extend service beyond the intended cap.

Taken together with the extension of the auditor, valuer and insolvency-professional disqualifications to holding, subsidiary and associate companies (Clause 54, section 164), these are meaningful improvements that we encourage the Committee to retain.

Alongside these welcome provisions, we believe that there are several areas in which the Bill could be enhanced:

Distinguish listed from unlisted companies

Many of the Bill's provisions are designed to apply across the whole population of Indian companies, most of which are private or closely held, and a single ease-of-doing-business standard may well be appropriate for many of them. However, it is critically important that listed companies, whose shareholder base is dispersed, and may include substantial domestic and international institutional and retail ownership, have a higher standard of baseline protections than may be needed for a closely held company with a small number of shareholders.

We therefore request that, where the Bill relaxes a requirement in the interests of ease of doing business, the enhanced standard be preserved for listed companies, whether within the Bill itself or through a SEBI circular, ruling or amendment to the listing framework.

SEBI already operates such a two-tier approach across many areas of the Listing Obligations and Disclosure Requirements (LODR) Regulations, and a clear demarcation here would let the Government ease the burden on the broad corporate population while maintaining the protections on which public-market investor confidence depends. This distinction matters most for the provisions on director independence, meeting format (hybrid AGMs), the notice period for general meetings, and the fast-track merger thresholds, each discussed below.

Further Recommendations for Director Independence

While we welcome the strengthening of the independent-director regime noted above, one important gap remains. The Bill aggregates additional-director time towards the tenure cap within a single company, but it does not aggregate tenure across companies in the same group. A director who has served the maximum permitted tenure at one group company can move to another company within the same group and be re-classified as independent, resetting the tenure clock, despite a long cumulative association with the promoter group. We encourage the Committee to provide that the maximum independent-director tenure be assessed on a group-wide basis, aggregating service across a company and its holding, subsidiary and associate companies. As this concern is most acute for listed companies with controlling promoters, it could appropriately be implemented for listed entities through SEBI's listing framework if it is not addressed in the Bill itself.

We also encourage the Committee to recognise that a numerical turnover threshold, while useful, may not capture every material pecuniary relationship. In assessing whether an adviser's firm is genuinely independent, regard should also be had to the substance of the relationship, including the director's own remuneration and economic interest in the firm, their ability to influence the firm's engagements with the company, and the overall materiality of the relationship to either party. A relationship may compromise independence even where the prescribed turnover percentage is not exceeded.

Interim board appointments (Clause 53; section 161)

We recognise that the proposed amendments introduce a three-month backstop for additional directors and directors appointed to fill casual vacancies, which may provide greater certainty than an appointment continuing until the next general meeting without a specified maximum period. Nevertheless, particularly for listed companies, a board-appointed director may participate in significant board decisions during this interim period before receiving any mandate from shareholders. We therefore encourage the Committee to require such appointments to be submitted for member approval at the earliest practicable general meeting and, in all cases, within the proposed three-month period. Companies should also disclose promptly the reasons for the appointment, the appointee’s qualifications and independence, and the expected date of the shareholder vote.

We strongly prefer hybrid AGMs over virtual-only AGMs

ICGN recognises that digital tools can improve shareholder participation, particularly for international investors who may face practical barriers to attending AGMs in person.

The best way to achieve this is through hybrid meetings, not virtual-only meetings. Hybrid AGMs widen remote participation while preserving the in-person accountability function of the meeting, allowing shareholders to attend, question and scrutinise the board directly. Investors can then decide which AGMs they should attend, based on their portfolios and issues on the ballot at the meeting.

We recognise that the Bill’s safeguards, (allowing the requisite number of members to request a hybrid meeting, and requiring physical AGMs at least once every three years) and welcome the recognition that in-person participation retains value. For listed companies, however, these do not go far enough:

- The 10% threshold to demand a hybrid meeting is difficult for dispersed minority and international shareholders to coordinate, particularly through intermediated holdings.
- A physical AGM only once every three years removes the annual opportunity to question directors in person and hold the board publicly accountable. The value of that right may be greatest in a year of controversy, underperformance or significant corporate change, which cannot necessarily be anticipated in advance.

Virtual-only meetings also reduce the visibility on which accountability depends. Shareholders may face log-in hurdles, proof-of-ownership issues, platform instability or unclear procedures for asking questions. Questions can be filtered, grouped, time-boxed or ignored. Shareholders may not know whether their question has been skipped, how many questions have been submitted, or whether difficult questions have been deprioritised.

ICGN therefore recommends that, for listed companies:

- Hybrid AGMs form part of the minimum meeting standard, rather than depending on shareholders first meeting a requisition threshold.
- Virtual-only AGMs be permitted only in genuinely exceptional circumstances (such as public health, safety or emergency) that make a physical or hybrid meeting impracticable, with a clear board explanation.
- Any authority to hold virtual-only AGMs be subject to independent shareholder approval (public, non-controlling, non-promoter shareholders, on a one-share, one-vote basis), be time-bound and periodically renewed, and be accompanied by clear disclosure of when it may be used.

These safeguards apply regardless of meeting format. Whether a general meeting is physical, hybrid or virtual, it should be anchored in the principle of equal participation: all attendees, whether present in person or remotely, should have the same opportunity to participate in, engage with and influence the meeting.

Building on that principle, safeguards should include, to the extent relevant to the format used:

- the ability to ask questions in real time, including live verbal questions through a virtual microphone facility, and not only written or typed questions;
- the ability to vote in real time;
- clear procedures for verifying shareholder identity and ownership;
- equal treatment of online and in-person participants;
- real-time video of directors and management, rather than audio only, to support transparency and allow shareholders to observe and engage with the board directly;
- transparent rules on question moderation;
- disclosure of how questions are selected, grouped or prioritised
- publication after the meeting of questions received and answers provided;
- clear arrangements for shareholder proponents to present resolutions;
- contingency plans for technology failure;
- secure and reliable authentication, voting and record-keeping systems; and

- appropriate independent oversight or assurance over access, voting and question handling. This is particularly important in virtual-only AGMs where shareholders cannot voice their concerns in person if they choose to.

These safeguards should not be left to company discretion. Without minimum standards applied consistently across all formats, any AGM, risks becoming a lower-accountability exercise rather than a genuine forum for shareholder participation. That risk is most acute in virtual-only meetings, where shareholders cannot raise concerns in person, but it is not confined to them.

Voting should remain open during the meeting

A related issue is the timing of voting, regardless of meeting format. Under the ICGN Global Governance Principles, shareholders should have the opportunity to hear from the board and ask questions before casting their votes.

We understand that, in the Indian market, electronic voting commonly closes before the meeting begins, commonly around 48 hours in advance. This undermines the deliberative purpose of the meeting, as shareholders must vote before hearing the board's responses or explanations.

We encourage the Committee to provide that voting must remain open throughout all general meetings, so that members who participate can vote once the discussion has concluded.

Notice periods for electronic extraordinary general meetings

This issue of greatest concern to our members is the proposal to allow extraordinary general meetings held entirely online to be called on just seven days' notice, rather than 21 days. Institutional investors vote through a chain of custodians, proxy advisers and voting platforms, all of which require time to process voting instructions. Seven days is not enough time for many shareholders, particularly international investors, to receive notice, assess resolutions and cast informed votes. This is especially important for EGMs because they often deal with a company's most significant decisions.

We therefore recommend retaining the current 21-day notice period for all general meetings, regardless of format. At a minimum, listed companies should continue to be subject to a 21-day notice requirement, whether through the Act or SEBI's listing rules. Moving a meeting online does not reduce the time investors need to vote.

A seven-day notice period would also make it harder for institutional investors to meet their responsibilities under SEBI's Stewardship Code. Regulation should support informed voting and effective stewardship, not create barriers to them.

NFRA independence (sections 132E, 132G and 132H)

We welcome the strengthening of the National Financial Reporting Authority. It is very important for the credibility of the NFRA that it maintains operational independence from government. We encourage the Committee to ensure that the powers for the Central Government to issue binding directions and to supersede the Authority, together with the limitation on judicial review, are tightly defined, subject to transparency requirements, and confined to clearly exceptional circumstances.

Fast-track mergers (Clause 69; section 233)

The Bill would materially reduce both principal approval thresholds applicable to fast-track mergers: the shareholder threshold would move from holders of at least 90% of the total shares to a majority of members present and voting who hold at least 75% of the shares represented, while the creditor approval threshold would fall from nine-tenths to three-fourths in value.

We encourage the Committee to ensure that any acceleration of merger processes preserves adequate shareholder and creditor participation, information rights and the ability of affected shareholders and creditors to object, and to consider retaining the higher protections for transactions involving listed companies.

In particular, where the promoter group holds 75% or more of the voting rights, the revised 75% shareholder threshold may be satisfied by the promoter group alone, offering limited protection to minority shareholders. For listed companies in that position, we encourage the Committee to require that fast-track mergers also be approved by a majority of the minority (that is, public shareholders other than the promoter group and its associates).

Reliance on delegated legislation

A significant part of the Bill's substantive design, including the conditions for electronic meetings and various exemptions and thresholds, is left to rules yet to be made, and new section 466A would permit the Government to clarify rules by circular (Clause 106). Given that several of these matters bear directly on shareholder rights, we encourage the Committee to recommend that the core protections be set out in primary legislation, and that subsequent rule-making be subject to public consultation.

Consultation process

Finally, we respectfully note that the period allowed for submissions, of approximately ten business days, is unusually short for reform of this significance and breadth. Following proper due process, including sufficient time for informed comment, is a key part of the credibility of a legal and governance framework. As an international body coordinating input from member institutions across more than 40 countries, ICGN and comparable respondents require a reasonable window to consult and respond in a considered way. We encourage the Committee, and the Ministry of Corporate Affairs in future consultations, to allow longer comment periods for substantial governance reforms, consistent with good regulatory practice internationally. For example, a 6 week comment period should be the absolute minimum, and we would ideally prefer a 12 week or longer comment period for very significant consultations where possible.

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact Ayan Tewari, Senior Policy Executive (policy@icgn.org).

Yours faithfully,

Jen Sisson

Jen Sisson

Chief Executive Officer, ICGN