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Assessing the Impact of Corporate Governance on the Global Visibility of Indian Companies through Foreign Direct Listing

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Foreign direct listing enables companies to list their securities directly on a stock exchange located in a foreign country. Corporate Governance encompasses the methods by which a business sets and pursues its goals within the framework of the social, legal, and commercial environments. A recent amendment to the Companies Act allows Indian companies to list their equity shares on foreign stock exchanges without the prerequisite of being listed on Indian exchanges. This article examines the interplay between corporate Governance in India and the foreign direct listing scheme, with a focus on its impact on the global Visibility of Indian companies. The study examines the objectives behind the introduction of the Direct Listing Scheme, assesses the current state of corporate Governance in India, and analyses the potential benefits and challenges that this regulatory change presents for Indian companies and the broader economy, while also exploring the necessary legal and regulatory steps taken to facilitate this amendment. Global Visibility through foreign direct listing is identified as a strategic move that can create new growth opportunities, enhance financial stability, and elevate a company's standing in the global business community. The researchers have employed legal doctrinal or dogmatic methods, as used by jurists, as their methodology. In particular, this research paper has two aims: (i) to analyse the purpose behind the implementation of foreign direct listing in India, specifically through the amendment of Section 23(3) of the Companies Act 2013. (ii) The corporate Governance's positive and negative role on the global Visibility of Indian companies. In conclusion, this study highlights the strategic significance of foreign direct listing for Indian companies, emphasising how robust corporate Governance can enhance *their global Visibility and also underscores the potential challenges posed by this regulatory shift, calling for careful consideration of the implications for corporate Governance.*

Keywords: *corporate governance, foreign direct listing, global markets, visibility.*

INTRODUCTION

The Indian government's recent initiative to allow public firms incorporated in India to list and issue their equity shares on foreign exchanges directly represents a significant shift in the country's approach to international capital markets. This newly bought amendment establishes a comprehensive framework for the issuance and listing of equity shares by public Indian companies on global exchanges.

This change, facilitated by the Companies (Amendment) Act 2020[1], marks a departure from the previous restrictions that barred Indian companies from listing equity shares abroad. The newly enacted Scheme empowers both listed and unlisted public companies to access foreign capital markets. Foreign direct listing enables a company to tap into new pools of capital and investor bases, which can be beneficial for expanding its global footprint and achieving strategic growth objectives, thereby broadening its opportunities for raising funds and enhancing global Visibility. Market presence refers to the Visibility and influence a company has within its industry and among its target audience.[2] It is a critical factor in determining a company's success, as it directly impacts its ability to attract customers, generate revenue, and sustain long-term growth. A strong market presence signifies that a company is well-known, trusted, and competitive within its industry, which can lead to numerous advantages.

Corporate Governance is the term used to describe the goals and methods of corporate Governance. It indicates who is in charge, accountable, and in charge of making decisions. In essence, it's a toolkit that helps the Board and management handle the difficulties of running

[1] Companies (Amendment) Act 2020
[2] Sri Janani Seenivasan & Meemansha Choudhary, 'Direct Listing of Indian Companies on Foreign Stock Exchanges: Unveiling Its Efficiency Breakthroughs & Unforeseen Challenge' (2024) 10(1) National Law School Business Law Review <https://repository.nls.ac.in/nlsblr/vol10/iss1/10/> accessed 15 November 2025

a business more skilfully.[3] To balance the interests of all stakeholders, i.e., shareholders, employees, suppliers, customers, and the community, corporate Governance ensures that firms have the right procedures and controls in place for making decisions.

Corporate Governance encompasses the methods by which a business sets and pursues its goals within the framework of the social, legal, and commercial environments. It focuses on policies and processes that attempt to guarantee that a business is managed so that it accomplishes its goals and that stakeholders can feel secure in the knowledge that their faith in the business is well-founded. Compliance with corporate governance regulations, including those set forth by the Securities and Exchange Board of India (SEBI), the Companies Act of 2013[4], and other significant laws, is mandatory for companies that are listed on the Indian stock market.[5] Corporate Governance is integral to gaining public confidence in the corporation, which has been shaken due to several corporate fraud cases in recent years. This paper analyses the important role that corporate Governance plays by analysing a case.

In this paper, we will explore the objectives behind the introduction of the Direct Listing Scheme, the state of corporate Governance in India, and the potential benefits and drawbacks of this regulatory change for Indian companies and the broader economy. This paper assesses the integral role that corporate Governance plays in ensuring that these companies can successfully navigate the complexities of global markets and maintain the trust of their international and domestic stakeholders. Through case studies and critical analysis, it also highlights the importance of strong governance practices in achieving sustainable growth and enhancing the global Visibility of Indian companies.

BACKGROUND

Methods Employed by Indian Companies before the Amendment: Over the past few decades, there has been a notable increase in the internationalisation of firms through cross-listings on international exchanges. This trend has been facilitated by market liberalisation,

[3] 'Corporate governance' (*OECD*) <https://www.oecd.org/en/topics/policy-issues/corporate-governance.html> accessed 13 November 2025

[4] Companies Act 2013

[5] Sudipa Majumdar, 'A Study of International Listing By Firms of Indian Origin' (2007) Money and Finance <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=967657> accessed 15 November 2025

leading to greater integration of global securities markets. Cross-border listing has emerged as a significant avenue for the integration of these markets.

There are two primary forms of cross-border listing: direct listing and indirect listing. Direct listing entails a firm offering its ordinary shares to the public on a foreign exchange. Previously, indirect listing was achieved through Depository Receipts (DRs). Depository Receipts are negotiable certificates issued by a bank in a domestic country, representing ownership of shares in companies located in other countries.[6] Before the implementation of the foreign direct listing scheme, depository receipts such as those issued under the American Depository Receipts or Global Depository Receipts regimes, or the listing of debt instruments[7] (such as foreign currency convertible bonds, masala bonds, etc.) on foreign markets, were the only permitted ways through which Indian companies could access the international stock markets. For example, a firm could list its shares on the American stock exchanges through a public offering, inviting American investors to subscribe for the shares, or through 'direct listing,' which simply entails joining a stock exchange without raising funds.[8]

A domestic company may decide to cross-list for a number of reasons, including growing its customer base, raising interest in the business, improving stock liquidity through its highly liquid secondary market, and wanting to profit from higher valuations.[9]

Before the January 2024 Notifications, the foreign direct listing program was in the making for a few years. In their report dated December 4, 2018, the Securities and Exchange Board of India (SEBI) recommended changes to a number of laws to allow the listing of equity shares of Indian-incorporated companies on foreign stock exchanges.[10] The expert committee's report focused on listing equity shares of Indian-incorporated companies on foreign stock exchanges and vice versa. Following that, special provisions (i.e., Section 5) of the Companies (Amendment) Bill, 2020 were made, among other things, permitting a prescribed class of

[6] *Depository Receipts Scheme 2014* (Ministry of Finance, Department of Economic Affairs, 2014)
[7] Companies (Issue of Global Depository Receipts) Rules 2014
[8] Manoj Kumar, 'Depository Receipts: Concept, Evolution and Recent Trends' (2006) SSRN <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=951425> accessed 29 October 2025
[9] Vinodh Madhavan & Partha Ray, 'How to revive depository receipts market' *The Hindu Businessline* (05 February 2020) <https://www.thehindubusinessline.com/opinion/how-to-revive-depository-receipts-market/article30744488.ece> accessed 12 July 2025
[10] The Companies (Listing of Equity Shares in Permissible Jurisdiction) Rules 2024

public Companies to list on prescribed stock exchanges in prescribed foreign jurisdictions. Section 5 of the Companies (Amendment) Act, 2020,[11] represents the culmination of this. This was enabled by amending section 23(3) of the Companies Act, 2013.[12] Regulatory changes were also introduced by SEBI and MCA to implement this initiative.[13]

Corporate Governance in the Colonial Period and Early Independence: Indian associations and corporate formations were subject to colonial guidelines, many of which were shaped by the whims and preferences of their British employers. After being passed in 1866, the Companies Act was revised in 1882, 1913, and 1932.[14] In 1932, the Partnership Act[15] was passed. These laws focused on the managing organisation concept, whereby individuals or businesses entered into a valid agreement with business entities to oversee the latter. This was a time of dispersed and incompetent proprietorship, which led to the mishandling and exploitation of resources and the aversion of managing professionals to their duties.[16]

Industrialists were interested in producing many necessities soon after independence, and the government set reasonable pricing and directed production of these goods. At this point, the government established the Tariff Commission and the Bureau of Industrial Costs and Prices.[17] The Companies Act and the Industries (Development and Regulation) Act 195[18] were added to the legislative framework in the 1950s. The 1960s saw the establishment of heavy industries in addition to everyday activities. Examining costs, volumes, and profits was a crucial component of cost accounting operations during the 1970s to mid-1980s.

A multitude of talks and events have prompted the advancement of corporate Governance as a result of the realisation that more efficient and competent corporate Governance is

[11] The Companies (Amendment) Act 2020, s 5
[12] The Companies Act 2013, s 23(3)
[13] The Foreign Exchange Management (Non-Debt Instrument) Amendment Rules 2014
[14] Companies Act 1882; Companies Act 1913; Companies Act 1932
[15] Indian Partnership Act 1932
[16] Varun Bhat, 'Corporate governance in India: Past, present, and suggestions for the future' (2006) 92(4) Iowa Law Review <https://www.researchgate.net/publication/298454834_Corporate_governance_in_India_Past_present_and_suggestions_for_the_future> accessed 15 November 2025
[17] Bhumesh Verma and Himani Singh, 'Evolution of Corporate Governance in India' *SCC Times* (13 November 2019) <https://www.scconline.com/blog/post/2019/11/13/evolution-of-corporate-governance-in-india/> accessed 13 November 2025
[18] Industries (Development and Regulation) Act 1951

necessary to make these companies globally competitive. In 1998, the Chamber of Indian Industries (CII) proposed the core code for corporate management.

In order to increase management supervision and support shareholders, including institutional and foreign investors, the country's earliest corporate governance reforms concentrated on improving the independence and efficacy of audit committees and boards. Both the SEBI and the Ministry of Corporate Affairs (MCA) spearheaded these reforms. In 1996, the Confederation of Indian Industry (CII) initiated the process of developing a corporate governance code with the goals of safeguarding investor interests, enhancing transparency, and conforming to global norms. The code's final draft, completed in 1998, was the result of this.[19]

Additionally, the Advisory Group on Corporate Governance recommended changes in 200[20] after evaluating India's corporate governance norms in comparison to global benchmarks.[21] A consulting group led by the Reserve Bank of India was also established to examine the governance function of bank directors with an emphasis on risk mitigation and compliance.[22]

Examining the interaction between auditors and companies, the Naresh Chandra Committee made recommendations in 2002 to ensure accurate financial reporting. The Narayana Murthy Committee of SEBI made more reform recommendations for financial disclosures, risk management, and independent directors the next year. Due to opposition from the sector, substantial changes to Clause 49 were made in 2004,[23] but their implementation was not completed until 2006.[24] With relation to corporate boards, audit committees, and internal controls in particular, these modifications signaled a significant shift in the governance and disclosure requirements for Indian corporations.

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[19] *Corporate Governance: Recommendations for Voluntary Adoption: Report of the CII Task Force on Corporate Governance* (Confederation of Indian Industry (CII), 2009)
[20] *Ibid*
[21] Omkar Goswami, 'Corporate Governance in India' in Asian Development Bank et al.(eds), *TAKING ACTION AGAINST CORRUPTION IN ASIA AND THE PACIFIC* (Asian Development Bank 2003)
[22] 'About the Ministry' (*Ministry of Corporate Affairs, Government of India*) <https://www.mca.gov.in/> accessed 12 November 2025
[23] Abhiman Das and Saibal Ghosh, 'Corporate Governance in Banking System: An Empirical Investigation' (2004) 39(12) Economic and Political Weekly <https://www.jstor.org/stable/4414805> accessed 15 November 2025
[24] Narayana Murthy Committee, *Report of Shri N R Narayana Murthy Committee on Corporate Governance* (SEBI, 08 February 2003)

The New Age: Since 1998, India's mandatory and voluntary corporate governance rules have developed as a result of the work of multiple committees that the Ministry of Corporate Affairs (MCA) and the SEBI appointed. The Companies Act and the Rules issued under it are the primary sources of Governance. Companies Act, as well as Ministry of Corporate Affairs (MCA) Notifications and Circulars. The Limited Liability Partnership Act of 2008 governs limited liability partnerships (LLPs).[25] Additionally, Indian listed businesses must abide by the Securities and Exchange Board of India (SEBI Regulations, which are India's SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.[26] As well as the listing agreement between the company and the stock exchange, where it might be listed. Spending on CSR was optional before 2019. It is now a requirement for businesses following the 2019 revision to the 2013 Act.[27] The corporation must send the remaining CSR payment to a government-designated fund in accordance with the new amendment. Penalties for the corporation and defaulting officers will result from noncompliance with this obligation. The new CSR regulations that were implemented in 2021 also established the reporting framework for businesses. For businesses that fall within the purview of CSR, an annual report on CSR in the format specified then affix it to the board report.[28] Businesses that surpass a certain threshold of an impartial organisation must conduct an effective assessment as part of CSR requirements. CSR initiatives must appear on the business's website.

Since the publication of the Corporate Social Responsibility Voluntary Guidelines (the CSR Guidelines) by India's MCA in 2009,[29] which advised all companies to create a CSR policy, sustainability disclosures have become an essential component of any business's best practices and showcase its credentials as a green or community-focused organisation. The National Voluntary Code replaced the CSR Guidelines in 2011[30] with a more comprehensive and detailed version. NVGs, or the New Voluntary Guidelines, address the social, environmental, and economic responsibilities of businesses. Detailed guidelines that businesses should implement as part of their CSR initiatives. This presented a company

[25] Limited Liability Partnership Act 2008
[26] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015
[27] Companies Act 2013
[28] Rajesh Chakrabarti and William L Megginson, 'Corporate Governance in India' in Donald H Chew and Stuart L Gillan (eds), *GLOBAL CORPORATE GOVERNANCE* (Columbia Business School Publication 2009)
[29] Corporate Social Responsibility Voluntary Guidelines 2009
[30] Corporate Social Responsibility Voluntary Guidelines 2011

reporting format that is structured, mandates specific disclosures, and shows the actions businesses take to put environmental, social, and Governance (ESG) fundamentals.[31]

To prepare a business responsibility report and tell stakeholders about efforts, impacts, and future course of action across ethics, organisations must adhere to the nine principles of responsible business conduct defined by the NVGs. Accountability and transparency, sustainability of the product life cycle, the welfare of the workforce, public advocacy, inclusive growth, human rights, the environment, and stakeholder engagement are valued by customers. 2019 saw revisions to the NVGs and the creation of the National Guidelines on Responsible Ethics in Business (NGRBC).[32] The purpose of the NGRBC is to help companies meet their standards for regulatory compliance. All businesses are subject to the NGRBC, regardless of their ownership, size, industry, structure, or location. These new rules include a collection of standards and actions known as the 'core elements' that are crucial to the operationalisation of the principles, which are the exact foundations of business responsibility.

UNDERSTANDING THE FOREIGN DIRECT LISTING INITIATIVE IN INDIA

Public firms incorporated in India are now permitted by the Indian government to list and issue their equity shares on foreign exchanges directly. In essence, direct listing is one of the two methods by which a business can list its shares on an exchange and raise money. The Direct Listing of Equity Shares of Companies on International Exchanges Scheme (herein after referred to as the 'Direct Listing Scheme') is specified in Schedule XI of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.[33] The Scheme provides an overarching framework for issuing and listing equity shares of public Indian companies on international exchanges. Prior to this, Indian companies were not allowed to issue or list equity shares abroad. Private companies are not eligible under the Scheme as under the Companies Act, 2013, as they cannot invite subscription from the public.

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[31] 'India Releases Voluntary National Responsibility Guidelines' (*India Briefing*, 21 July 2011) <https://www.india-briefing.com/news/india-releases-voluntary-national-responsibility-guidelines-4925.html/> accessed 15 November 2025

[32] 'National Guidelines on Responsible Business Conduct' (*IICA*, 2019) <https://iica.nic.in/images/National-Guidelines-on-Responsible%20Business%20Conduct.pdf> accessed 15 November 2025

[33] Ministry of Finance, Foreign Exchange Management (Non-debt Instruments) Rules 2020, sch XI

This change is enabled by Section 5 of the Companies (Amendment) Act 2020,[34] which amends Section 23(3) of the Companies Act 2013, as follows: (3) *Such class of public companies may issue such class of securities for listing on permitted stock exchanges in permissible foreign jurisdictions or such other jurisdictions, as may be prescribed*.[35]

The amendment became effective on October 30, 2023. These regulatory changes allow both listed and unlisted public companies to be directly listed on foreign stock exchanges. Under the Scheme, only public Indian companies, whether listed or unlisted, are allowed to issue and list their shares on an international exchange.

To effectuate this amendment, the Ministry of Corporate Affairs (MCA) has also notified the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules 2024 (LEAP Rules), which was effectuated on January 24 2024[36] and to incorporate these amendments, the Ministry of Finance ('MoF') revised the rules under the Foreign Exchange Management Act ('FEMA'). The FEMA (Non-Debt Instruments) Amendment Rules, 2024, went into effect on January 24, 2024, and made the necessary changes to the FEMA (Non-Debt Instruments) Rules, 2019 ('NDI Rules'), primarily under Chapter X, which governs investments by permissible companies.[37]

Eligibility Criteria and Implemented Regulatory Mechanisms: The Direct Listing Scheme, as outlined in the regulatory regulations, establishes the eligibility criteria for public Indian companies seeking to directly list their securities in permitted jurisdictions. Key criteria include that neither the public Indian company nor any of its promoters, promoter groups, directors, or selling shareholders are debarred from accessing the capital market by the appropriate regulator. Additionally, none of the promoters or directors should be associated with any other Indian company that is debarred from accessing the capital market. Furthermore, the company or any of its promoters or directors must not be classified as wilful defaulters, and the company should not be under inspection or investigation under the Companies Act, 2013. Moreover, none of the promoters or directors should be deemed

[34] The Companies (Amendment) Act 2020, s 5
[35] The Companies Act 2013, s 23(3)
[36] Listing of Equity Shares in Permitted Jurisdictions Rules 2024
[37] Foreign Exchange Management (Non-debt Instruments) Rules 2019, sch X

fugitive economic offenders. It is important to note that additional eligibility conditions may be imposed by the permitted international exchanges under their respective regulations.[38]

The only security permissible under this Scheme is the equity share. Certain public companies, however, are explicitly ineligible for listing their equity shares under this Scheme. These include Section 8 companies and Nidhi companies registered under the Companies Act, 2013;[39] companies limited by guarantee that also have share capital; companies with a negative net worth; and companies with outstanding deposits accepted from the public.[40]

The Indian government has undertaken significant legislative and regulatory reforms to facilitate the direct listing of Indian companies' equity shares in foreign stock markets. The LEAP Rules provide comprehensive guidelines, including eligibility criteria for unlisted public companies, procedural aspects, the requirement for filing a prospectus, and the need for compliance with Indian Accounting Standards post-listing. Under Rule 4(5) of the LEAP Rules, these standards must be adhered to after listing.[41] Furthermore, Rule 5 of the LEAP Rules outlines specific types of firms that are ineligible for direct listing,[42] including eight companies, companies limited by guarantee with share capital, and companies with a negative net worth.[43]

Additionally, the NDI Rules (Foreign Exchange Management (Non-debt Instruments) Rules) set forth conditions for the issuance and listing of securities, including eligibility criteria for public Indian companies, requirements for permissible holders, and obligations related to voting rights and pricing. Schedule XI of the NDI Rules specifies that investments made in Indian companies through direct listings are subject to sectoral caps on foreign investment, as outlined in Schedule I of the NDI Rules.[44] These investments are treated as foreign investments for foreign exchange regulations, and Indian residents are prohibited from trading or investing in shares listed in foreign jurisdictions. The rules also stipulate that

[38] 'FAQs on Direct Listing Scheme' (*Press Information Bureau*, 24 January 2024) <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024124300801.pdf> accessed 15 November 2025
[39] The Companies Act 2013, s 8
[40] FAQs on Direct Listing Scheme (n 38)
[41] Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules 2024, r 4(5)
[42] Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules 2024, r 5
[43] The Companies Act 2013, s 8
[44] Foreign Exchange Management (Non-debt Instruments) Rules 2019, sch I

authorised foreign holders may invest up to the 10% cap set forth for international portfolio investors.

Moreover, the IFSC (Issuance and Listing of Securities) Regulations, 2021 (ILS Regulations) provide comprehensive provisions governing the issuance and listing of securities on the International Financial Services Centre (IFSC) exchanges.[45] The International Financial Services Centre in India, particularly the GIFT City, has been designated as an acceptable jurisdiction under the LEAP and NDI Rules. The approved stock exchanges include the India International Exchange and the NSE International Exchange. Despite the issuance of the IFSCA (Issuance and Listing of Securities) Regulations, 2021, by the International Financial Services Centre Authority (IFSCA), Indian companies were previously unable to list their securities overseas due to the lack of enabling provisions under the Companies Act, 2013, and the NDI Rules.

International exchanges are permitted to trade stocks through the stock exchanges listed in the Annexure to Schedule XI of the Foreign Exchange Management (Non-debt Instruments) Rules 2019,[46] as stipulated in clause (aaa) of Rule 2. Currently, only two exchanges, India International Exchange and NSE International Exchange in GIFT-IFSC, are allowed to conduct foreign trades, governed by the IFSCA.

THE GROUND REALITY OF CORPORATE GOVERNANCE IN INDIA

Over the years, several high-profile scandals have emerged, highlighting the appalling state of corporate Governance in India. These incidents demonstrate systemic flaws and the ease with which corporate wrongdoing can transpire, frequently with disastrous repercussions for shareholders, employees, and the economy as a whole, in spite of reforms and regulatory measures to reinforce governance structures. Every controversy, starting with Satyam and continuing with Ricoh, ICICI Bank, and Kingfisher Airlines, highlights the ongoing shortcomings in Indian firms' supervision, responsibility, and moral leadership.

A sobering reminder of how corporate Governance can be blatantly abused is provided by the **Satyam Case.**[47] Ramalinga Raju, the chairman of Satyam Computer Services, admitted to

[45] International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations 2021
[46] Foreign Exchange Management (Non-debt Instruments) Rules 2019, sch XI
[47] *Venture Global Engineering v Satyam Computer Services Ltd & Anr* (2010) 8 SCC 660

manipulating the business's records to the tune of Rs 7,000 crore in 2009, rocking the once-fourth-largest IT company in India. Inflated cash levels and a purposeful misrepresentation of the company's financial health were part of this complex deceit, which Raju eerily compared to 'riding a tiger' without understanding how to get off. In addition to resulting in Raju's and other executives' convictions, the controversy exposed Price Waterhouse Coopers (PWC) and other auditors' breach of fiduciary duty.[48]

In a similar vein, the **Ricoh Case** disproved the false belief that large firms are impervious to governance errors. Ricoh India suffered from the same fate of accounting fraud in spite of the reforms put in place following the Satyam disaster, thus undermining investor confidence. The fact that a small number of dishonest managers were responsible for the entire scam shows that systemic governance flaws, including those committed by audit committees, independent directors, and auditors, can nonetheless enable significant financial fraud in the absence of a strong promoter.[49]

The **ICICI Bank Scam** Case[50] serves as an example of the dangers associated with unbridled power in corporate structures. The bank's Board faced backlash for swiftly clearing its CEO of nepotism charges, even before the results of an impartial inquiry were made public. This prompted grave questions about the Board's ability to uphold transparency and accountability, particularly in light of possible conflicts of interest.[51]

Lastly, the case of **United Spirits and Kingfisher Airlines** highlights the perils of internal corporate wrongdoing.[52] Assets from United Spirits Ltd. (USL) were unlawfully transferred under Vijay Mallya's direction to prop up the faltering Kingfisher Airlines. In addition, financial records were falsified, audit procedures were undermined, and loans were channelled through United Breweries Holdings to Mallya's other businesses without the

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[48] Dr Bhasin Madan, 'CORPORATE ACCOUNTING SCANDAL AT SATYAM: A CASE STUDY OF INDIA'S ENRON' (2013) 1(12) European Journal of Business and Social Sciences <https://www.researchgate.net/publication/271133751_CORPORATE_ACCOUNTING_SCANDAL_AT_SATYAM_A_CASE_STUDY_OF_INDIA'S_ENRON> accessed 15 November 2025

[49] Sonu Goyal and Sanjay Dhamija, 'Corporate governance failure at Ricoh India: rebuilding lost trust' (2018) 8(4) Emerald Emerging Markets Case Studies <https://www.emerald.com/eemcs/article-abstract/doi/10.1108/EEMCS-06-2017-0166/460962/Corporate-governance-failure-at-Ricoh-India?redirectedFrom=fulltext> accessed 15 November 2025

[50] *Chanda Kochhar v Central Bureau of Investigation and Anr* (2023) SCC OnLine Bom 177

[51] Shikha Tripathi and Kushendra Mishra, 'Corporate Scams- An Alarming Issue In India: Apparent Concerns, Reviewing Corporate Governance Norms And Perceptions' (2019) 22(10) Think India Journal <https://thinkindiaquarterly.org/index.php/think-india/article/view/12105> accessed 15 November 2025

[52] *SBI & Ors v Kingfisher Airlines Ltd & Ors* (2022) SCC OnLine SC 877

required Board permission. This controversy brought to light both the mishandling of company funds and the oversight system's inability to stop such egregious violations of corporate Governance.

CORPORATE GOVERNANCE AND CROSS-LISTING

The cross-listing of companies and corporate Governance are inextricably linked since sound corporate governance frameworks are essential to enabling cross-border capital flows and improving a company's standing in the global financial arena. Businesses can benefit from enhanced Visibility, liquidity, and access to a wide range of investor bases by engaging in cross-listing, which entails listing a company's shares on stock exchanges across international borders. Nevertheless, in order to completely enjoy these advantages, companies need to abide by the accounting and regulatory requirements of every foreign exchange where they are listed. This adherence requires robust corporate governance practices to ensure transparency, accountability, and the protection of investor interests.[53]

When a company decides to cross-list, it needs to have strong corporate Governance because it builds investor confidence, which is necessary to draw in and keep cross-border capital. Investors are more likely to invest in companies with high governance standards because they lower the risk of fraud and mismanagement. Companies with strong governance practices also have accurate financial disclosures, follow ethical business practices, and have a well-functioning Board that can effectively oversee management decisions. All of these things add up to a company's reputation and attract foreign investors.[54]

Furthermore, companies that are based in less developed capital markets would benefit greatly from having strong corporate Governance because cross-listing on a foreign exchange that has more stringent governance requirements.[55] It can signal to foreign investors that the company is dedicated to upholding high standards of accountability and transparency,

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[53] Erica Beecher-Monas, 'CORPORATE GOVERNANCE IN THE WAKE OF ENRON: AN EXAMINATION OF THE AUDIT COMMITTEE SOLUTION TO CORPORATE FRAUD' (2003) 55(2) Administrative Law Review <http://www.jstor.org/stable/40712143> accessed 15 November 2025

[54] Amir N Licht, 'Managerial Opportunism and Foreign Listing: Some Direct Evidence' (2001) 22(1) University of Pennsylvania Journal of International Law <https://scholarship.law.upenn.edu/jil/vol22/iss2/3/> accessed 15 November 2025

[55] 'Admission and Disclosure Standards' (*London Stock Exchange*, 01 January 2021) <https://docs.londonstockexchange.com/sites/default/files/documents/admission_disclosure_standards_%2801012021%29.pdf> accessed 15 November 2025

which in turn can help the company raise external financing and attract cross-border capital flows.

However, a company's home country's corporate governance status can have a big impact on how successfully it can cross-list. For example, as demonstrated by the Satyam, Ricoh, ICICI Bank, and Kingfisher Airlines cases, the shortcomings in Indian companies' corporate Governance have been starkly exposed; these scandals have highlighted systemic failures in oversight, ethical conduct, and regulatory compliance, raising serious questions about these firms' ability to meet the strict governance standards.[56] Needed to cross-list on international exchanges. Such lapses can seriously damage investor confidence and make it difficult for firms to cross-list since they might be perceived as high-risk investments.

While cross-listing has many benefits for multinational corporations, it also comes with strict governance requirements. Nations and companies that want to participate in cross-listing should put a high priority on bolstering their corporate governance frameworks. This will help to facilitate the flow of capital across borders and guarantee that companies can successfully negotiate the challenges of being listed on multiple stock exchanges.

POSITIVE OR NEGATIVE VISIBILITY?

Firms cross-list their securities on overseas markets for a variety of strategic objectives, all of which are meant to improve their financial performance and worldwide Visibility. While financial benefits like reduced cost of capital and increased liquidity have historically been viewed as the main drivers of cross-listing decisions, Visibility has come to be recognised as an important consideration. Companies can greatly increase their Visibility in international markets by listing on foreign stock exchanges. [57]This can result in a larger shareholder base, more market demand for their products, and increased credibility with both investors and customers.

Being visible entails more than just attracting more investors; it also involves the company's standing and recognition in global marketplaces. For this reason, Visibility is especially

[56] Aron Almeida, 'Satyam Scam – The Story of India's Biggest Corporate Fraud!' (*Trade Brain,* 11 July 2024) <https://tradebrains.in/satyam-scam/> accessed 14 November 2025
[57] H Kent Baker et al., 'International Cross-Listing and Visibility' (2002) 37(3) The Journal of Financial and Quantitative Analysis <https://www.jstor.org/stable/3594990> accessed 15 November 2025

crucial. The degree of recognition and awareness that a business receives in overseas markets upon listing its shares on foreign stock exchanges is referred to as Visibility in the context of cross-listing.[58] This is more than just having a presence on several exchanges; it also encompasses a more comprehensive understanding of how a firm is perceived in these international markets by analysts, investors, the press, and the general public. A company's reputation and success in the market can be significantly impacted by Visibility, which encompasses regular mentions in the financial press, analysis by securities specialists, and general awareness among potential investors.

A corporation can receive more media attention, more mentions in the financial press, and greater scrutiny from securities experts by cross-listing in a major financial centre such as New York, London, or Tokyo.[59] The company may attract more investors as a result of its enhanced Visibility since they would see it as a more trustworthy and transparent investment prospect. Additionally, cross-listing can improve a company's market presence by making it simpler to access international capital markets and even enhancing corporate marketing initiatives by increasing the likelihood that investors and consumers in the host nation will recognise the company's products.[60]

Even though more Visibility might have a lot of advantages, it also means more scrutiny, especially when it comes to corporate governance procedures. A firm that cross-lists is subject to the foreign exchange's governance norms, which are frequently stricter than those in its home country. In this situation, good corporate Governance becomes crucial since it dictates whether the greater Visibility will draw favourable or unfavourable attention.[61] Strong governance procedures increase a company's chances of winning over investors and reaping the rewards of cross-listing, which include increased stock price and simpler access to funding. Conversely, corporations with inadequate Governance can discover that cross-listing puts them in the public eye as local authorities and investors examine their operations and possibly unearth problems that could harm the company's standing.[62]

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[58] Seenivasan (n 2)
[59] Admission and Disclosure Standards (n 55)
[60] 'Entering the United States securities markets A guide for non-U.S. companies' (*PwC*) <https://www.pwc.pl/en/rynki-kapitalowe/enteringtheus.pdf> accessed 15 November 2025
[61] *G20/OECD Principles of Corporate Governance 2023* (OECD Publishing 2023)
[62] Amir N Licht, 'Cross-Listing and Corporate Governance: Bonding or Avoiding?' (2003) 4(1) Chicago Journal of International Law <https://chicagounbound.uchicago.edu/cjil/vol4/iss1/11/> accessed 15 November 2025

Cross-listing can carry more risks than benefits in the Indian context, where recent high-profile business scandals have uncovered serious flaws in corporate Governance. For instance, the Satyam crisis exposed systemic problems with financial misrepresentation and monitoring, prompting concerns about the general governance practices of Indian businesses. In the same vein, other incidents, such as those involving Kingfisher Airlines, ICICI Bank, and Ricoh, have illustrated the systemic governance shortcomings that can result in fraud and poor management. Investors are now cautious about investing in Indian enterprises due to the damage these episodes have caused to their reputation on the international front.

In light of this, Indian companies looking to cross-list might find it challenging to achieve the favourable recognition they want, instead of receiving unfavourable Visibility. These companies may be viewed with distrust rather than as open and reliable, which could lead to further regulatory scrutiny and a potential decline in investor confidence. Before considering cross-listing, Indian companies must strengthen their corporate governance systems to mitigate these risks.

CONCLUSION

The Indian government's decision to allow public companies to list directly on foreign exchanges is a monumental step towards integrating the country's corporate sector with global capital markets. This initiative, made possible through the Companies (Amendment) Act, 2020, offers a new avenue for Indian firms to access international capital, enhancing their global Visibility and growth potential. However, this opportunity comes with significant responsibilities, particularly in the realm of corporate Governance. The experience of previous scandals in India, such as those involving Satyam, Ricoh, ICICI Bank, and Kingfisher Airlines, underscores the critical importance of strong governance practices. These incidents revealed serious flaws in oversight, transparency, and ethical standards within Indian corporations, raising concerns about their readiness to meet the rigorous demands of international markets.

As Indian companies venture into foreign listings, adherence to robust corporate governance standards will be crucial not only for attracting foreign investors but also for maintaining their confidence over the long term. Strong governance frameworks are critical for ensuring transparency, accountability, and ethical conduct, which are essential prerequisites for navigating the complexities of global markets successfully. Moreover, cross-listing on foreign exchanges, where governance requirements are often more stringent, can serve as a catalyst for Indian firms to improve their internal governance practices. In conclusion, while the direct listing initiative offers significant opportunities for Indian companies, its success will largely depend on the ability of these firms to uphold the highest standards of corporate Governance, thereby safeguarding their reputation and fostering sustainable growth on the global stage.