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Regulating Sustainability: An Empirical Study of BRSR Disclosure Quality and Green Finance Linkages in India

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Abstract

In India, there is a paradigm shift from voluntary Corporate Social Responsibility reporting towards mandatory Environmental, Social and Governance disclosures. The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Reporting (BRSR) framework in 2021 to provide a standardized structure for sustainability reporting. Under this framework, the top 1000 listed companies are required to make mandatory ESG disclosures. However, a gap exists between the regulatory mandate and its practical effectiveness.

This research paper empirically evaluates the quality of ESG disclosures made by companies for FY 2024-25. A stratified random sample of 50 companies was selected from the top 1000 listed companies for BRSR compliance assessment. A 100-point compliance index was applied across SEBI's 140 indicators, broadly evaluating disclosures on the basis of completeness, accuracy and consistency. The study also examines whether companies that adopt green finance instruments demonstrate stronger BRSR compliance.

The findings reveal substantial variation across sectors. Environment-facing sectors such as energy and manufacturing show higher compliance, whereas the IT and services sector show a significant lag. Companies that have adopted green finance instruments score higher than those that have not, indicating that economic incentives have a positive impact on disclosure quality.

Keywords: BRSR, Green Finance, Corporate Governance, Sustainability Reporting Standards

Introduction

Accelerating environmental degradation and resource scarcity have elevated sustainability from a peripheral concern to a central theme in global economic governance. Across jurisdictions, the response has unfolded at three intersecting levels such as technological, regulatory, and financial with capital markets increasingly channelling investment toward enterprises that demonstrate credible environmental, social, and governance (ESG) commitments. What was once a reputational exercise confined to voluntary Corporate Social Responsibility (CSR) disclosures has undergone a fundamental transformation. Institutional investors, credit rating agencies, and policymakers now demand quantifiable, data-driven sustainability performance rather than aspirational narratives. This shift has repositioned ESG disclosure as a structural pillar of corporate governance and investor decision-making rather than a goodwill gesture.

India's regulatory response to this global trend materialised in 2021, when the Securities and Exchange Board of India (SEBI) replaced the older Business Responsibility Report (BRR) with the more rigorous Business Responsibility and Sustainability Reporting (BRSR) framework. Applicable mandatorily to the top 1000 NSE/BSE-listed companies, BRSR operationalises sustainability reporting through 140 standardised indicators spanning nine principles of the National Guidelines on Responsible Business Conduct (NGRBC). The framework serves a dual regulatory purpose: it aligns India's corporate disclosure architecture with global sustainability standards, and simultaneously bridges the gap between SEBI's listing obligations and the broader corporate accountability mandate under the Companies Act, 2013.

However, regulatory mandates alone have historically proven insufficient to ensure meaningful compliance. International experience, particularly from the European Union, Japan, and Singapore, demonstrates that the depth and reliability of ESG disclosures are significantly shaped by economic incentives working alongside legal requirements. Instruments such as green bonds, sustainability-linked loans, carbon credit mechanisms, and green grants create direct financial stakes in sustainability performance, embedding ESG considerations into corporate capital structures rather than relegating them to annual reporting exercises. In India, this financial architecture is still developing. The Energy Conservation (Amendment) Act, 2022 has introduced a framework for a voluntary carbon market, and ESG-linked credit facilities are gaining traction, yet their integration with BRSR compliance remains inadequately studied.

A critical question therefore emerges: does the adoption of market-based green finance instruments translate into measurably superior BRSR disclosure quality, or do structural weaknesses, regulatory ambiguity, weak enforcement, and inadequate assurance standards, neutralise the potential gains? If companies utilising green finance instruments demonstrate consistently stronger BRSR compliance, it would validate the case for embedding market-driven incentives within India's corporate sustainability governance. Conversely, if disclosure quality remains poor even among green finance adopters, it would signal deeper systemic failures that regulatory expansion alone cannot remedy.

This paper investigates precisely this legal-economic interface. Drawing on BRSR disclosures filed by 50 randomly selected listed companies for FY 2024–2025, and applying a 100-point compliance index across SEBI's 140 indicators, the study empirically tests whether sectoral environmental exposure and green finance adoption are significant predictors of BRSR compliance quality. The analysis is both doctrinal and empirical, situating India's mandatory ESG framework within the broader global discourse on sustainability governance while generating sector-level and instrument-level evidence on what actually drives disclosure rigour. The aim is not merely to measure compliance, but to diagnose the structural conditions under which India's sustainability reporting ecosystem can evolve from a compliance-driven formality into a genuinely accountable and economically integrated governance institution.

Research Question

To what extent does green finance adoption and sectoral environmental exposure predict BRSR compliance quality among India's top listed companies?

Objectives

- To quantitatively assess the compliance of Indian companies with the BRSR framework using a standardized compliance index.
- To test sectoral variation in disclosure quality.
- To evaluate green finance impact on reporting rigor.
- To provide recommendations for improving assurance,

enforcement, and the practical impact of BRSR on green finance incentives

Theoretical Framework

The theoretical framework of this study is based on different layers of international conventions on sustainability, national legal framework, regulatory structure and economic principles which has shaped Green Finance and ESG disclosure in India under Business Responsibility and Sustainability Reporting.

International Conventions and Global Sustainability Regulations: the UN Sustainable Development Goals (SDGs) and Paris Agreement, 2015 are the key international conventions that have mandated for climate action, responsible production and sustainable corporate behaviour. As India is a signatory member of the convention, it has influenced the national regulatory choices. It has acted as a guideline towards the formulation of regulations for mandatory ESG reporting and aligning BRSR indicators towards the global sustainability expectations.

Global ESG Reporting Standards (GRI, TCFD, ISSB)

The Global Reporting Initiative (GRI), The Task Force on Climate-related Financial Disclosures (TCFD), now incorporated under the International Sustainability Standards Board (ISSB) have established standardised and comparable sustainability metrics that acted as a base for BSRS formulation. BRSR's Key Performance Indicators have nine ESG attributes and mandates assurance to the top listed companies.

OECD Guidelines and Due- Diligence Principles

Organization for Economic Co-operation and Development (OECD) was created in 1961. Its goal was to promote prosperity and sustainable development. It deals with responsible business conduct and transparency.

Companies Act, 2013- Statutory base for Corporate Accountability

Section 134 of the Act deal with the requirement of Board's report which shall share details of the company's CSR policy and initiatives, whereas Section 135 mandates certain companies to spend a certain sum of profits into CSR activities.

Indian Environmental and Energy Laws

The Acts such as the Environment Protection Act, 1986, the Air Act, 1981, the Water Act, 1974 and the National Green Tribunal Act, 2010 along with the Energy Conservation Act, 2001 have set the measurable environmental standards.

SEBI Circulars on BRSR and BRSR-Core (2021-2023)

Under these circulars, mandatory assurance metrics and ESG disclosures come into picture.

Green Finance Regulations

Reserve Bank of India regulated climate-risk guidelines and India's Sovereign Green Bond Framework incorporated ESG data into credit assessment and public finance. SEBI also formulates regulation for ESG rating providers to improve the BRSR disclosures.

Literature Review

The concept of sustainability reporting has been shaped in accordance to the developments in corporate law, financial regulation and environmental policies. Globally it is observed by available research that effective ESG disclosures are not dependent on voluntary company efforts or goodwill. Moreover, it is required to have clear rules and credible economic incentives. Earlier corporate social responsibility (CSR) reports were more descriptive and narrative based with the intention of humanity and charity. But researchers have pointed out that these reports were lacked in consistency, verification and important decision-making information (KPMG, 2017; Hahn & Kühnen, 2013). Due to such criticism, it has laid down the foundation for the popularity of ESG framework. These framework deals with the use of measurable indicators and standard formats to create more reliable and quantifiable data for investors. ESG disclosures are not based on story as the case was in CSR, it plays an important role in promoting accountability and transparency.

International ESG Reporting Frameworks

International studies have also dealt with the global reporting standard such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB). And the European Union's Corporate Sustainability Reporting Directive (CSRD). Researchers have discussed how these standardized rules make the company reports much easier to compare and reduce the information gap between the firms and investors (Eccles & Serafeim, 2020). European studies, in, particular, mentioned that mandatory sustainability disclosures can improve environmental performance and increase direct investment towards low-carbon industries (Aureli et al., 2022). These studies help to understand that how legal obligations can structure a corporate behaviour with enforcement and market incentives.

The shift from CSR to ESG in India

In India, the regulation for sustainability began with the Companies Act, 2013. Under this legal framework, there was a mandatory provision for large firm to spend certain sum of money on CSR activities. The introduction of CSR has got attention worldwide but soon after many scholars started discussing how CSR alone could not deal with the essence of sustainability (Singh, Anupam and Verma, Priyanka, 2014). The paradigm later shifted from CSR as global environmental problems were much wider than the concept of CSR. The environmental problems include climate change, resource depletion and labour issues which were evidently serious and urgent in nature. This criticism backed SEBI and other regulators to reconsider the matter. It led to replace the SEBI's Business Responsibility Report (BRR) with more comprehensive and data driven Business Responsibility and Sustainability Report (BRSR) in 2021. BRSR has help to shift paradigm towards structured ESG reporting.

In the initial researches on BRSR recognizes the potential to put India closer to global ESG regulations because it mainly deals with measurable performance indicators and principle-based governance (Sharma, D. 2025). Some researchers consider that BRSR helps in strengthen the transparency and encourages firms to internalize environment and social risks. However, many researchers discussed about the challenges as well. They highlighted that the companies still consider sustainability reporting as another compliance and not a tool to be adopted in the core governance of the company, (Chandra, Samanta 2025). These studies indicate that there is gap in assurance and lack of standardization between the reporting and actual corporate behaviour.

The studies of Environmental, social and governance reporting has derived from the voluntary sustainability to mandatory reporting regulations. ESG reporting is used as a tool to improve corporate accountability, transparency and risk management. This change deal with the growing worldwide concern for climate change and social justice along with ethical business practises. On the international level, reporting framework shows that the standardisation in disclosures system make company report easy to understand the intention and also help to build trust among the stakeholders. The Global regulators such as European Union, the US SEC (United State Securities and Exchange Commission) and SEBI, at national level, plays an important role in adopting and promoting ESG reporting and pushing companies to align their core principle with global sustainability standards (Kharol, Goyal, Saxena, 2025). Research at national level deal with SEBI's BRSR framework. It is observed that BRSR has improves the transparency by including top listed companies to report the disclosures on environmental, social and governance. It has also identified the challenges faced by the BRSR due to poor data quality; there is lack of uniform reporting methods and increase risk of green washing. It has also mentioned that the CSR under the Companies Act, 2013 act as a base for ESG principles. There is shift from charity-based CSR to sustainability practices.

Green Finance and Economic Tool

The large literature examines in align with ESG research that how economic instruments can evidently gear up sustainability transitions. International research discussed about the tools which included green bonds, sustainability-linked loans, environmental taxes and carbon markets have impact on the growth and decision making of the companies. These instruments help to incorporate the cost of environment harm into their financial decision (World Bank, 2020). Through these tools, a sense of responsibility is created as money is involved with sustainability. The companies are bound to take environmental responsibilities seriously and not merely a voluntary commitment.

Green bonds as an economic tool have grabbed the attention of research scholars. Research has discussed that issuing of green bonds often perform better on environmental measures and achieve better scores in ESG.

This is possible because while issuing green bonds, companies have to provide detailed disclosure of the projects and also undergo the third-party verification which led to transparency (Flammer, 2021). In the same way, sustainability-linked loans operate by linking interest rate to a company's ESG performance, motivating companies to adopt sustainability goals in their decision making and financial planning (S&P Global, 2022).

Another concept that plays a crucial role under green finance economic tool of carbon pricing. It is well used in countries like EU and Canada. These countries provide better incentive to those companies which cut emissions and invest in low-carbon technologies. Researchers have put the contention that carbon pricing helps to improves environmental outcomes along with strengthen the reliability of sustainability disclosures as companies has to report emission more precisely (Aldy & Stavins, 2019).

Indian Green Finance Ecosystem

Research on Green Finance in India has expanded steadily as the country has issued its first green bond in the year 2015. Research has shown significant growth of investments in green projects which were driven by the rapid growth of renewable energy. The Indian Green Finance ecosystem is still dependent on the government policies and incentives instead of market driven. Through the Energy Conservation (Amendment) Act 2022, the policymakers have introduced the framework for voluntary carbon market. There is very less research available as the Indian carbon market is yet be flourish.

It is observed that the present literature deal with Indian Companies using Green Finance instruments like green bonds and sustainability-linked loans which lead to provide better environmental disclosure and climate risk reporting. Although, there is no major study which has examined whether these financial tools improve BRSR specific compliance.

ESG Disclosure Quality and Investor Behaviour

In the international studies, it is observed that there is a strong link between good quality ESG disclosures and investor confidence. As the companies provides clear and reliable sustainability information, in return market provides them rewards through higher valuation, lower financing costs and inclusion in ESG indicies (Friede, Busch & Bassen, 2015). On the contradictory, those reports which show inconsistent, selectively providing data or unaudited sustainability reports, reduces the trust of investors and may increase concerns about greenwashing.

The research suggests that overall ESG performance is positively and significantly related with firm value. The individual social and governance scores show a significant relationship with firm value but the environmental dimension alone has a weaker direct link. All the three ESG components are positively associated with firm profitability. The findings of the research have contended that strong ESG disclosure is not merely a regulatory obligation but a financially strategic tool. (Aydoğmuş et al., 2022). This has direct relevance to the Indian context, where BRSR mandated disclosures are increasingly being lined to investor decision making and capital allocation.

The empirical study was conducted on 1012 Indian Listed companies submitted under BRSR guidelines for FY 2022-2023 analysing ESG disclosures. The study found that companies are less willing to report non mandatory disclosures such as leadership indicators and this non adherence to the prescribed BRSR format negatively impact the quality of data available to stakeholders. (Garg et al., 2025).

Collectively, the literature has enlightened that international and national regulatory framework have strengthened the structure of ESG disclosures, the effectiveness of such regulation, especially in India, remains dependent on not only regulatory mandates but also on the integration of market driven economic incentives such as green finance instruments. The relationship between the two remains underexplored in the Indian context.

Research Gap

While substantial literature exists on ESG disclosure and green finance globally, very few studies examine how the BRSR framework specifically interrelates with green finance instruments such as green bonds, sustainability linked loans or carbon pricing mechanisms in the Indian context. This study contributes by empirically analysing whether specific economic tools strengthen BRSR compliance and enhance the credibility of ESG disclosures in India, dealing with the intersection of corporate law, sustainability reporting and green finance.

Hypothesis

Ho: No sectoral variation exists in BRSR Compliance and the use of Green Finance instruments has no significant effect on BRSR Compliance.

H1: Sectoral variation exists in BRSR compliance.

H2: The use of Green Finance instruments has significant effect on BRSR Compliance.

Research Methodology

This study adopts a quantitative research design to evaluate the level of compliance with the Business Responsibility and Sustainability Reporting (BRSR) framework introduced by Securities and Exchange Board of India in 2021. Under this regulatory framework, the top 1000 NSE/BSE listed companies in India are required to disclose ESG related information through BRSR reporting. The study follows a cross-sectional design using data from a single financial year (FY 2024-2025) to assess disclosure quality across sectors and examine the relationship between green finance adoption and BRSR compliance score.

For this research, a stratified random sampling method was adopted to ensure proportional representation across major industry sectors. Among these 50 companies, divides as Energy (10% n=5), Manufacturing (24% n=12), IT/Services (18% n=9), Finance (22% n=11), FMGC/Pharma (10% n=5), Renewables (6% n=3), Others (10% n=5). The sample of 50 provides a 95% of confidence level. For the purpose of exploratory empirical research and manual scoring of 140 indicators of BRSR, makes a larger sample practically constrained within the scope of this study.

Table 1: Sector-wise Sample Distribution and Environmental Impact Classification

Sector	No. of Companies	% of Sample	Classification
Energy	5	10	High Impact
Manufacturing	12	24	High Impact
IT/Services	9	18	Low Impact
Finance	11	22	Low Impact
FMGC/Pharma	5	10	Low Impact
Renewables	3	6	High Impact
Others	5	10	Low Impact
Total	**50**	**100%**	

The data for analysis was collected from BRSR reports and ESG disclosures available in the public domain, particularly from annual reports of companies, sustainability reports and stock exchange filings for the financial year 2024-2025. To assess the level of compliance, the study relies on the standardized BRSR disclosure format provided by SEBI under SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562, which consist of 140 indicators that includes 98 essential indicators and 42 leadership indicators across 9 NGRBC principles. Based on these indicators, a scoring framework was developed to measure the quality and completeness of corporate disclosures.

According to the framework, each company was evaluated on the basis of completeness, accuracy and consistency of disclosure. The 100-point compliance index was prepared where higher scores indicate stronger compliance of BRSR reporting. A point is assigned for every mandatory disclosure that is adequately reported, while 0 point for missing, incomplete or inconsistent information. (Garg, A, et al,. 2025). The final compliance score for each company was computed as: BRSR Score = $[(\text{Essential Score} / 98) \times 90] + [(\text{Leadership Score} / 42) \times 10]$

In addition to measuring compliance levels, the study examines the relationship between BRSR compliance and the adoption of green finance instruments. These instruments include green bonds, sustainability- linked loans and carbon credit mechanisms. Relevant financial and sustainability data related to these instruments were collected from publicly available corporate disclosure and financial databases. By combining compliance scoring with an assessment of green finance adoption, the methodology aims to evaluate whether stronger ESG disclosure practices are aligned with the use of green finance instruments.

Independent Variables:

1. High Impact Sector (Energy/Manufacturing/ Renewables/Hydro)- 1 (n=20)
2. Low Impact Sector (IT/Finance/Services)- 0 (n=30)
3. Green Finance (Green bond/ sustainable-linked loans/green deposits- 1 (n=16)
4. None- 0 (n=34)

Dependent Variable: BRSR Score

Statistical Model: BRSR_Score = $\beta 0 + \beta_1$ HighImpactSector + β_2 GreenFinance + ε

Estimation- OLS Regression via Excel Data Analysis ToolPak

Table 2: Summary of BRSR Compliance Scores by Sector and Green Finance Adoption

METRIC	AVERAGE SCORE	GROUP SIZE	REMARKS
Overall Compliance	75.20	50	Moderate-Strong Adherence
High Impact Average	78.36	20	Energy (81.2), Renewables (87.2), Manufacturing (77.1)
Low Impact Average	73.09	30	IT/Services (65.9), Finance (76.4)
Green Finance	80.72	16	+8.30 points
Non-Green Finance	72.4	34	Baseline

Findings

- **Overall Compliance:** The average BRSR compliance score was 75.20 out of 100 from the 50 sampled companies. It shows that there is moderate-to strong adherence of the framework with significant variations among different sectors. The energy and manufacturing sectors have scored the higher with the average of 78.36 and the lowest was the IT and services sectors.
- **Sectoral Variation:** It is observed that the highest compliance was found in sectors which have direct impact on the environment i.e. energy, manufacturing and chemicals. It has achieved significantly higher BRSR Compliance scores. On the other hand, the sectors which has less exposure of environment has low compliance. These sectors are IT/Services and Finance with average of 73.10. Renewables sector is leading at 87.2 followed by Energy (81.2) and Manufacturing (77.1), while IT/Services scored lowest at 65.9 whereas finance shows stronger performance at 76.4. It is inferred that every sector should have specific ESG reporting guidelines according to their exposure.
- **Green Finance Instruments:** It is observed that the companies which has issued green bonds or sustainability-linked loans shows higher BRSR compliance scores with average of 80.72 and those companies which have not issued the same has average of 72.84. It shows that there is positive interrelation between the use of green finance instruments and quality of ESG disclosures.

Analysis and Discussion

The findings suggest that BRSR has contributed to greater transparency and responsibility of ESG reporting in India. The mandate disclosures have pushed the top listed companies to work towards ESG more prominently. However, the challenges are still there. The moderate scoring indicates that ESG reporting is still relatively new in terms of compliance. As there are differences between the sectors and gap is assurance, reduces the trust or reliability of the disclosures. The research also finds a positive relation between green finance tools and better BRSR compliance. Those companies who has opted Green Finance instruments (green bonds or sustainability-linked loans) have better intention towards the environmental, social and governance reporting. They consider ESG as a core part of governance and not mere a compliance to follow. Nevertheless, the matter of inconsistent data, missing information and limited assurance is in concern. These issues happen due to unclear regulations, weak enforcement and lack of standardised regulations. This reduces the effectiveness of BRSR in supporting Green Finance and holding companies accountable and act as a structural barrier.

Table 3 Regression Analysis of Determinants of BRSR Compliance Score

Model	Intercept	High Impact	Green Finance	R^2	F-State	Observations
Combined	71.72	3.55	6.87	0.31	11.05	50
High-Impacted	73.09	-	5.27	0.13	7.45	20
Green Finance Users Only	72.84	7.88	-	0.26	17.13	16

The null hypothesis state that there is no major difference in BRSR compliance scores across sectors and that BRSR implementation does not significantly influence corporate accountability among India's top 1000 listed companies. Although that was not the case. The present study and sector driven data do no support this contention. The data shows that the different sectors act differently in BRSR reporting. Sectors which have a direct impact on environment, such as energy and manufacturing report better compliance and well completed disclosures in comparison to those companies which do not deal with environment directly such as IT/Service and Finance lack behind. This shows that there is sectoral variation available proved statically. As the BRSR introduced, it has encouraged companies to improve their transparency by reporting better and detailed information and strengthen the core of governance. Many companies provide clear data on matter relate to environment, social and governance, but question on accountability is still under concern. The inconsistent data, missing information or weak monitoring affect the reliability of disclosures. Nevertheless, BRSR has improved the standardisation of reporting process but there is no direct impact on putting accountability on the companies has achieved. There is need to have policy clarity along with strong enforcement to achieve or fulfil such gap.

The alternative hypothesis proposes that BSRS compliance differs significantly across sectors and that higher compliance in linked with better transparency and improved corporate accountability. Through the present study is it highly supportive. There is clear difference between the sectors were observed. Due to strict regulations and greater environmental risks, the companies with high impact on environment sector show better compliance. On the other side other sector shows lower compliance due to challenges in collecting relevant data and meeting reporting requirements. It is observed that the companies with higher BRSR scores have better governance structure and more systematic approach towards environmental, social and governance reporting. It is evident that better BRSR compliance is directly related to better transparency and accountability. The companies which are using green finance instruments holds better report with higher compliance. It is evident that market incentives help to promote companies to improve quality and depth of environmental, social and governance. On a whole, evidence clearly shows that sectoral variation exists and higher BRSR compliance is associated with better transparency and accountability.

Limitations of the BRSR Framework

In India, the BRSR framework plays as a step towards mandatory and structured sustainability disclosures from voluntary CSR based reporting. There are several challenges that BRSR faced for attaining it goals. The issues hamper the usefulness, enforcement and comparability. Even though it follows the recent trends it holds certain limitation. These limitations are:

1. Focus of Disclosures and not actual performance: The BRSR has a standard format and indictors on which the companies have to report in detail about the policies, risks and sustainability practices but there is not clear and set performance standards. The companies may meet the reporting rules but the case be that the company is not showing any practical or real improvement towards environmental, social and governance. As a result, the company can act responsibly without substantially opting environmental, social and governance.
2. **Too much flexibility causes inconsistent reporting:** The framework gives companies to opt reporting according to their industry. The indictors are same but interpretation can be different for two different companies. Taking an example, two companies have reported in same metric but have opted different methods. This may create difference while comparing and may weaken the goals of creating uniform reporting system.
3. **Insufficient sector-specific metrics:** As BRSR applies structure and same reporting to all industries and sectors, even though on the face value there is different in sustainably risks. This reduces the credibility and relevancy of the disclosures. There is specific metrics for every industry under the framework of SASB which is very helpful for the investors.
4. **Weak Enforcement and Limited Penalties:** Till time there no strict laws for the punishments and penalties. SEBI is purely focusing on the transparency rather than strict punishment. Few penalties shall be there in case of poor quality or incomplete disclosures. Due to lack of penalties, it is difficult to put accountability especially in high-risk sectors. With the help of strong enforcement, reporting standards can be improved.
5. **Unclear Data Standards and Materiality issues:** Some of the indicators are narrative and subjective based. It is difficult to analyse quantitative data. This may lead to selective discoloured laid down the sensitive issues. Without clear rules on what is material and important for the reporting, companies may not mention important information about the environmental, social and governance risks.

Conclusion

India's transition from voluntary CSR-based reporting to the mandatory BRSR framework under SEBI represents a meaningful institutional shift in how corporate sustainability accountability is structured and enforced. By imposing standardised ESG disclosure obligations on the top 1000 listed companies through 140 indicators: 98 essential and 42 leadership-based, BRSR has established a common reference architecture that enables investors, regulators, and other stakeholders to assess and compare sustainability performance across firms and sectors in a structured, transparent manner.

The empirical findings of this study affirm that BRSR has produced measurable improvements in the quality and consistency of ESG disclosures since its introduction. However, the results also reveal significant structural unevenness. Companies in environmentally intensive sectors such as energy, manufacturing, mining, and renewables demonstrate substantially stronger compliance, driven by a combination of heightened regulatory scrutiny and direct exposure to environmental risk. In contrast, firms in technology, services, and financial sectors lag considerably, partly due to lower inherent environmental footprints but also because sector-specific reporting guidance under BRSR remains underdeveloped for these industries. The Renewables sector recorded the highest average compliance score of 87.2, while IT/Services scored as low as 65.9, underscoring that a uniform framework applied across fundamentally different industries inevitably produces uneven outcomes.

Critically, this study finds that green finance adoption functions as a meaningful differentiator in disclosure quality. Firms that have issued green bonds, availed sustainability-linked loans, or engaged with other green finance instruments recorded an average BRSR compliance score of 80.72, approximately 8.3 points above the baseline for non-adopters. This differential is not incidental. Companies that enter green finance arrangements are contractually obligated to disclose project-level environmental data and often subject themselves to independent third-party verification, which raises the internal governance standards applied to all ESG reporting. For these firms, BRSR compliance is not a peripheral obligation but an operational necessity embedded in their financing structures. This finding substantiates the broader argument that market-based economic incentives, when functioning alongside regulatory mandates, can significantly elevate the quality and credibility of sustainability disclosures.

Nevertheless, the study also surfaces persistent weaknesses that constrain the transformative potential of BRSR. Inconsistent data reporting, widespread gaps in third-party assurance, and the absence of meaningful penalties for poor-quality disclosures collectively undermine the framework's capacity to hold companies genuinely accountable. SEBI's current posture prioritises transparency over enforcement, which has been sufficient to improve disclosure rates but insufficient to ensure disclosure integrity. The result is a framework that is improving in form but still limited in substance.

Addressing these gaps requires action from multiple directions simultaneously. Regulators must move toward sector-specific disclosure standards analogous to the SASB industry-specific metrics that reflect the material ESG risks relevant to each industry rather than applying a single template across the economy. Mandatory third-party assurance, phased in progressively across the top-listed companies, would substantially reduce the greenwashing risk that currently shadows many BRSR submissions. Additionally, calibrated penalties for material non-compliance or deliberately misleading disclosures would give BRSR the enforcement backbone it currently lacks.

For companies, the strategic imperative is equally clear. Organisations that treat BRSR as a compliance checkbox are forfeiting the competitive, reputational, and financial advantages that robust ESG governance can deliver including preferential access to green capital, stronger investor relationships, and long-term operational resilience. The evidence from this study is unambiguous: higher BRSR compliance is associated with better governance structures, more credible sustainability commitments, and stronger positioning within the evolving green finance ecosystem. India stands at an inflection point where the infrastructure for credible, impactful ESG governance is within reach. Realising that potential requires the collective will of regulators, corporates, investors, and civil society to move beyond disclosure as performance and toward disclosure as accountability.

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