Company Sustainability Mandate in India: A Triangular Analysis of Selected BSE-Listed Firms.

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Abstract: *This research provides a comprehensive overview of the impact of ESG factors on the financial performance if Indian companies, emphasizing that ESG investments generally contribute to improved risk-adjusted returns, although the magnitude varies across sectors and methodologies. The study reveals that sectoral portfolios, such as Energy and conglomerates, experience slight positive shifts in Sharpe ratios post-ESG implementation, indicating that ESG inclusion can enhance portfolio performance by reducing risks and improving sustainability credentials. Moreover, the empirical analysis shows that firms with robust ESG ratings tend to perform better financially, supporting the hypothesis that sustainable practices foster long-term value creation. These findings align with global research, underscoring the importance of integrating ESG factors into corporate strategy in India, a dynamic emerging market where sustainable practices are increasingly linked to competitive advantage and investor confidence*.

Keywords**:** Sustainability Mandate, Corporate Sustainability, Environmental, Social and Governance (ESG), BSE-listed companies, Sustainability Reporting, India, Sustainable Business Practices. Corporate social Responsibility (CSR).

1.0 Introduction

1.1 Background of the study: Sustainability has evolved from being a voluntary corporate initiative to a mandatory component of modern business strategy. In India, this shift has been institutionalized through regulatory frameworks such as the Companies Act, 2013 and the Securities and Exchange Board of India's (SEBI) Business Responsibility and Sustainability Reporting (BRSR) guidelines. These initiatives compel companies, particularly those listed on the Bombay Stock Exchange (BSE), to integrate Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) practices into their operations and disclosures. The primary objective of these mandates is to enhance corporate accountability, transparency, and alignment with national sustainable development goals.

Over the past decade, India's corporate landscape has witnessed a notable transformation as firms increasingly adopt sustainability driven business models. While CSR Spending has become compulsory for eligible companies, ESG reporting now provides a standardized framework for evaluation the non-financial performance of businesses. This has raised pertinent questions regarding the relationship between CSR expenditure, ESG ratings and financial performance, whether firms that invest more in social and environmental initiatives actually achieve superior financial outcomes, or whether such spending merely fulfils compliance obligations.
The introduction of the BRST framework in 2021 has further intensified the discussion, emphasizing that sustainability is not just an ethical responsibility but also a strategic determinant of long-term competitiveness. However, the extent to which these sustainability

mandates have influenced corporate behaviour and profitability in India remains underexplored. Existing literature offers fragmented insights, often analysing CSR, ESG, or financial performance in isolation rather than as interconnected elements.

Hence, this study seeks to fill the gap through a triangular analysis linking CSR Spending, ESG ratings, and financial performance among selected BSE-listed firms. By examining data from 2018-19 to 2024-25, the research aims to understand how India's sustainability mandates have reshaped corporate responsibility practices and whether integrating ESG Principles contributes to both social value and business success. This analysis not only evaluates the effectiveness of regulatory interventions like BRSR but also contributes to the growing discourse on sustainable corporate governance in emerging economies like India.

1.2 Problem Statement: India's new sustainability mandate, especially the business responsibility and sustainability reporting (BRSR), requires companies listed on the Bombay stock exchange (BSE) to spend on corporate social responsibility (CSR) and disclose their sustainability achievements. However, many companies differ in how much they spend on CSR and how clearly they report their Environmental, Social and Governance (ESG) performance. It is unclear how CSE spending affects ESG Ratings and whether both influence the company's financial success. Businesses and investors find it challenging to understand whether these sustainability efforts truly benefit company performance or are just compliance activities. This raises the question of how CSR spending, ESG ratings, and financial results are linked together in practice under India's new sustainability rules.

1.3 Research Gap: Past studies have focused on CSR Spending, ESG ratings and financial performance, but mostly in isolation or only examined two of these factors at a time. There is a lack of research that combines all three into a "Triangular analysis", especially focusing on BSE-listed companies after the introduction of BRSR mandate. Also, there is limited evidence on whether ESG ratings act as a bridge between CSR spending and financial performance. Furthermore, the impact of regulatory changes on how companies balance sustainability with financial goals has not been fully explored in the Indian context. This study fills these gaps by examining the complete relationship among CSR Spending, ESG ratings, and financial outcomes following the new sustainability mandate.

1.4 Objectives of the study:

1. To identify the pattern of CSR spending among BSE-listed companies after the implementation of India's new sustainability mandates (BRSR).
2. To investigate the relationship between mandatory CSR spending and ESG ratings and examine if higher CSR expenditure correlates with better ESG performance.
3. To conduct a triangular analysis of the interplay among CSR spending, ESG ratings, and financial performance, highlighting synergies or trade-offs under India's new sustainability mandate.
4. To evaluate whether ESG ratings mediate the relationship between CSR spending and financial performance.
5. To contribute empirical evidence on the effectiveness of India's sustainability mandates in promoting sustainable business practices without compromising firm performance.

2.0 Literature Review

2.1 CSR Spending patterns Among BSE-Listed Companies

India's mandate on corporate social responsibility, as mentioned in the companies Act 2013 and reinforced through SEBI's Business Responsibility and Sustainability Reporting (BRSR), has significantly shaped Corporate Social Responsibility spending patterns among BSE-listed companies. Empirical evidence shows an increase in CSR Expenditure after the BRSR implementation. This reflects more strategic and targeted investments areas like health, education, environmental sustainability and rural development [2]. However, this spendings shows substantial heterogeneity across sectors such as manufacturing and pharmaceutical firms which tend to allocate higher CSR budgets compared to IT or service sectors. The introduction of standardized disclosure frameworks has improved transparency but voluntary reporting gaps still persist. This complicates cross-sectoral comparison of CSR effectiveness [7]. This evolving CSR landscape illustrates the growing alignment of corporate philanthropy with India's Broader sustainable development goals[2][7].

2.2 Reliability and Emphasis of ESG Ratings in India

Environmental, Social and Governance (ESG) ratings have emerged as an increasingly influential mechanism for evaluating corporate sustainability beyond traditional financial metrics. Studies focusing on India highlight that governance criteria dominate ESG evaluaations, often overshadowing environmental and social dimensions [1]. The increased regulatory focus via BRSR mandates has driven a proliferation of ESG rating agencies. However, the reliability and consistency of these ratings remain a concern due to varying methodologies and limited data standardization[1]. Notably, investors are increasingly relying on ESG Ratings in capital allocation decisions, but the empirical link between high ESG scores and consistent financial outperformance is still inconclusive in the Indian context[18]. This suggests that while ESG ratings provide crucial insights, they should be interpreted contextually crucial insights, they should be interpreted contextually alongside other performance indicators [18].

2.3 Linking CSR spending to ESG Ratings

The positive relationship between CSR spending and ESG ratings is underpinned by how comprehensively firms disclose their sustainability initiatives and incorporate them into governance structures. Research by Chatterjee and Dey (2025) confirms that firms with strategic CSR Activities targeting environmental protection, community development, and ethical governance tend to receive superior ESG ratings [34]. Effective stakeholder engagement and transparent reporting amplify this relationship, reflecting not just expenditure levels but also the quality and impact of CSR programs. Notably, firms that integrate CSR into their core strategy, rather than treating it as a peripheral compliance task are more likely to enhance their ESG ratings, thereby improving overall corporate reputation and investor confidence [34].

2.4 Mediating Role of ESG Ratings on Financial Performance

ESG Ratings mediate the relationship between CSR spending and financial performance by translating social investments into perceived value among investors and other stakeholders. Gupta and Bhattacharya (2025) provide robust effects of CSR spending on profitability (Measured through ROA, ROE) and Market valuation (Tobin;s Q). This Mediating role demonstrates that CSR conducive to sustainability mandates influences firm valuation primarily through transparent, credible sustainability disclosures embedded in ESG Frameworks. Consequently, firms that excel in ESG reporting benefit from improved investor trust and reduced capital costs, supporting superior financial outcomes [35].

2.5 Sectoral variations in sustainability performance

Sector-specific dynamics frame the differing impacts of CSR, ESG and financial performance within Indian firms. Yadav and Kumar (2023) find that manufacturing and technology sectors benefit the most from sustainability investments, given their capacity to innovate and adopt cleaner production technologies [20]. Conversely, capital-intensive industries, such as mining and heavy manufacturing, encounter more significant trade-offs, balancing high compliance costs associated with environmental [14]. These sectoral differences highlight the need for calibrated regulatory approaches tailored to specific industry characteristics to optimize the sustainability-financial performance nexus under India's evolving mandate [14][20].

2.6 Corporate governance as a driver of sustainability success

Strong corporate governance is fundamental for the effective implementation of sustainability mandates and successful ESG Outcomes. Rajendran and Vethirajan (2022) emphasize that the presence of diverse boards, active CSR Committees, and governance transparency directly correlate with better CSR Strategy formulation and execution[7]. Companies exhibiting governance robustness are more adept at sustainability reporting, risk management, and stakeholder communication, which materially enhances ESG Ratings and financial performance. Robust corporate governance thereby serves as both a catalyst and a safeguard, ensuring that sustainability commitments translate into measurable business value[7].

2.7 The BRSR Framework: Implementation and challenges

The BRSR framework, introduced by SEBI, marks a pivotal evolution in mandatory sustainability disclosure for India's top listed firms. By requiring detailed, standardized ESG Disclosures, BRSR aims to reduce information asymmetry and promote responsible business conduct [8]. However, implementation challenges such as inconsistent disclosure formats, greenwashing and enforcement gaps remain significant, limiting the full potential of these mandates [14]. Das et. al. (2024) argue that continuous improvements in regulatory oversight and reporting standards are needed to strengthen BRSR's impact and credibility in promoting corporate sustainability [8][14].

2.8 Role of Sustainability indices in capital markets

The introduction of sustainability focused indices like BSE Greenex and Carbonex has substantially influenced investor behaviour and corporate strategies in India. Kaleeshwari and Jegadeeshwaran (2024) demonstrate that firms featured on these indices experience reduced stock price volatility and enjoy improved access to sustainability conscious capital [5]. These indices validate the market relevance of CSR and ESG performance, incentivizing firms to enhance disclosure quality and sustainability outcomes to attract investment, thereby reinforcing the triangular relationship central to this study [5].

2.9 Socially Responsible investment trends and financial resilience

Evidence suggests that socially responsible investment (SRI) funds in India, which emphasize CSR and ESG compliance, provide superior risk-adjusted returns compared to general market portfolios (Mahra et al., 2019). This performance underscores the growing compatibility between sustainability mandates and long-term shareholder value creation[6], challenging earlier scepticism regarding the financial trade-offs of CSR spending. SRIs also contribute to positive reputational effects for firms, further enhancing financial resilience through stronger stakeholder relationships.

2.10 Triangular Model of CSR, ESG and Financial Performance
The synthesis of evidence across multiple studies affirms the triangular dynamic linking CSR Spending, ESG ratings, and financial performance as a critical framework to understand corporate sustainability under Indian mandates [35]. This triangular analysis underscores the complexity and interdependence among these variables, demonstrating the necessity for integrated strategies that simultaneously address social responsibility, ethical governance, and profitability. The mandate driven transparency in sustainability disclosures under BRSR facilitates this integrated approach, enabling firms to achieve both societal and economic goals within the evolving Indian corporate ecosystem [8][35].

3.0 Research Methodology

3.1 Research Design The study employs a descriptive and analytical research design. The descriptive element presents patterns of CSR expenditure, ESG ratings, and financial performance among selected firms, while the analytical component examines the correlations and mediating relationships among these variables to derive meaningful insights. The combination of both designs ensures a comprehensive understanding of sustainability's impact on corporate performance.

3.2 Sources of Data The study relies exclusively on secondary data, collected from the following sources: Annual sources of BSE-Listed companies, Business Responsibility and Sustainability Reports (BRSR), Data from official company websites and the BSE Portal and CRISIL ESG Rating Database.

3.3 Sampling: The sample consists of 60 BSE-Listed Companies, selected through purposive sampling to represent diverse sectors including banking, manufacturing, IT, energy, and infrastructure.

3.4 Period of study: The study spans seven financial years (2018-19 to 2024-25). This period captures both the pre-BRSR (2018-19 to 2020-21) and Post-BRSR (2021-22 to 2024-25) phases, allowing a comparative evaluation of CSR Spending and ESG reporting behaviour before and after the introduction of India's sustainability mandate.

3.5 Scope of the study: The study focuses on Large BSE-Listed Indian companies that are mandated to comply with CSR and BRSR requirements. It offers insights into how sustainability practices influence firm performance and investor confidence, particularly in the context of emerging markets like India. The research also provides sectoral comparisons to highlighting variations in sustainability adoption.

4.0 Data Analysis and interpretation

4.1 CSR Spending patterns of Selected BSE-Listed Companies

Table 1: CSR Spending pattern of selected BSE-listed companies (2018-19 to 2024-25)

Company Details		CSR Expenditure (In crore)							Analysis		
Sl No.	Company Name	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Avg Pre BRSR	Avg Post BRSR	% Change
1	HDFC Bank Ltd	444	535	634.91	736.01	820.89	945.31	1068	538	893	66

2	ICICI Bank Ltd	92.2	134.35	200.5	266.62	463	519	801	142	512	260
3	State Bank of India (SBI)	6.24	27.47	144.88	204.1	316.76	502.32	610.77	60	408	586
4	Axis Bank Ltd	137.59	100.96	91	138	202	269	427	110	259	136
5	Kotak Mahindra Bank Ltd	36.55	85.2	201.2	226	265	320	389.3	108	300	179
6	IndusInd Bank Ltd	55.46	108.11	94.72	108.68	108.51	132.72	181.34	86	133	54
7	Yes Bank Ltd	53.78	40.54	0	0	0	10.5	23	31	8	-73
8	IDFC First Bank Ltd	20.82	7.24	19.62	14.41	17.52	25.63	31.9	16	22	41
9	Canara Bank	23.62	20.49	24.71	50.96	47.51	70.09	91.82	23	65	184
10	Union Bank of India	0.45	0	0.78	5.47	16.42	19.02	121.4	0	41	9797
11	Bajaj Finance Ltd	56.78	82.19	107.07	67.76	117.46	179.52	289.8	82	164	100
12	Larsen & Toubro Ltd	122	145.29	150	136	140	150	164	139	148	6
13	Bharat Electronics Ltd	24.16	31.16		30.73	25.67	27.56	29.15	28	28	2
14	Cummins India Ltd	16.16	17.23	16.08	11.61	13.4	15.95	26.33	16	17	2
15	GMR Infrastructure Ltd	36.86	43.24	21.22	21.04	18.47	19.86	24.02	34	21	-38
16	NHPC Ltd	17.58	59.74	79.63	105.29	127.31	85.73	109.64	52	107	105
17	BHEL	16.1	35.12	14.41	0	5.71	3.82	1.91	22	3	-87
18	Reliance Industries Ltd	904	1022	1140	1186	1271	1592	2156	1022	1551	52
19	NTPC Ltd	285.46	304.22	419	356.72	352.79	352.79	363	336	356	6
20	Tata Power Company Ltd	12..66	39.99	39.24	32.8	50	58	77.97	40	55	38
21	Power Grid Corporation of India Ltd	192.52	346.21	240.48	271.14	321.66	330.98	360.19	260	321	24
22	Coal India Ltd	416.47	587.84	553.85	548.98	586.5	654.49	850.17	519	660	27

23	Indian Oil Corporation Ltd	490.6	543	460.37	298.29	264.03	457.71	583	498	401	-20
24	HPCL	160	182	156.35	135.6	155	111.9	87.35	166	122	-26
25	JSW Energy Ltd	25.17	16.75	17.28	17.17	27.91	32.47	33.95	20	28	41
26	UltraTech Cement Ltd	74.96	125	121	103	116	136	165	107	130	22
27	Shree Cement Ltd	31.32	40.47	45.73	57.54	69.99	51.34	52.91	39	58	48
28	Grasim Industries Ltd	47.14	58.98	84.66	42.47	222	248	319	64	208	227
29	Ambuja Cements Ltd	62.57	61	85	100	118	89	104	70	103	48
30	ACC Ltd	20	25	32	36	45	37	42	26	40	56
31	JK Cement Ltd	6.69	9.34	12.3	16.96	26.8	20.8	23.1	9	22	132
32	Dalmia Bharat Ltd	8	10	8.13	13	17.5	22	19	9	18	105
33	Ramco Cements Ltd	17.97	14.99	18.1	18.29	18.15	20.46	15.97	17	18	7
34	Maruti Suzuki India Ltd	15.41	16.82	14.09	10.07	6.34	11.04	15.85	15	11	-30
35	Tata Motors Ltd		22.91	23.33	23.69	20.81	21.59	40	23.12	26.52	14.72
36	Mahindra & Mahindra Ltd	93.5	127	92.78	97.08	92.28	112.74	152.36	104	114	9
37	Hero MotoCorp Ltd	101.95	131	99.73	88	78	73.89	80.54	111	80	-28
38	Eicher Motors Ltd	45.39	55.39	56.37	27.74	13.05	36.57	50.25	52	32	-39
39	Ashok Leyland Ltd	10.2	11.59	30.18	16.93	15.16	16.3	35.27	17	21	21
40	Bharat Forge Ltd	19.664	25.4	18.38	14.4	13.7	17.1	24.5	21	17	-18
41	Escorts Kubota Ltd	6.13	9.85	11.82	15.83	17.3	17.72	11.72	9	16	69
42	Tata Consultancy Services Ltd (TCS)	542	600	674	727	866	953	1038	605	896	48

43	Infosys Ltd	342.04	359.94	283	450	517	577	628	328	543	65
44	Wipro Ltd	185.3	181.8	251.2	221.6	215.7	208.6	202.26	206	212	3
45	HCL Technologies Ltd	144.25	176.29	195.15	216.33	238.3	261.21	281.34	172	249	45
46	Tech Mahindra Ltd	84.41	94.75	113.7	120.9	123.7	112.4	95.4	98	113	16
47	LTIMindtree Ltd	22.38	46.06	22.1	54.6	68	80.7	92.8	30	74	145
48	Persistent Systems Ltd	8.064	8.611	15	11.553	11.76	20.7	21.778	11	16	56
49	Coforge Ltd	4.955	4.4	5.634	5.591	6.57	9.125	12.77	5	9	70
50	Sun Pharmaceutical Industries Ltd	3.936	4.37	26.95	19.86	29.364	46.03	50.83	12	37	211
51	Nestlé India Ltd	38.31	46.42	53.4	56.32	56.32	68.58	76.62	46	64	40
52	Britannia Industries Ltd	24.73	28.43	32.44	38.57	41.61	46.72	50.44	29	44	55
53	Dabur India Ltd	26.35	27.8	28.71	31.16	33.4	36.9	37.27	28	35	26
54	Godrej Consumer Products Ltd	21.9	19.49	34.09	30.46	31.69	34.64	38.48	25	34	34
55	Colgate-Palmolive India Ltd	18.04	19.72	21.53	23.43	19.85	30.6	33.67	20	27	36
56	Pidilite Industries Ltd	23.12	24.81	27.7	23.52	32.8	36.4	50.94	25	36	42
57	Tata Steel Ltd	315	193	222	406	481	580	585	243	513	111
58	JSW Steel Ltd	63	152	176	218	356	298	363	130	309	137
59	Steel Authority of India Ltd (SAIL)	31.18	33		94.24	162	161.93	138.09	32	139	333
60	Titan Company Ltd	31.61	30.99	37.55	35.42	42.08	57.99	80	33	54	61

Interpretation: the table presents the trend in CSR Expenditure of 60 major BSE-Listed companies from different sectors between 2018-19 and 2024-25, divided into the pre-BRSR period (2018-19 to 2020-21) and the post-BRSR period (2021-22 to 2024-25). The average

CSR Spending before and after the implementation of BRSR was calculated to observe changes in spending behaviour.

Overall the analysis indicates a significant upward trend in CSR spending post-BRSR implementation. Companies such as HDFC Bank Ltd., Reliance Industries ltd., Coal India Ltd., Tata Consultancy Services, Infosys, and tata stell ltd. Show a notable increase in their average CSR expenditure after the BRSR guidelines came into effect. On the other hand, a few companies such as BHEL, IOCL and HPCL, experience a marginal decline or stagnation in CSR Spending, possibly due to sectoral challenges or shifting budget priorities post-pandemic. Across sectors, banking, energy and IT companies emerged as consistent contributors, while manufacturing and engineering sectors showed a mixed pattern indicating that CSR engagement levels vary depending on profitability and ESG integration maturity.

The percentage change column provides clear evidence of How BRSR has encourages companies to allocate more funds toward social and environmental initiatives, emphasizing greater corporate accountability and transparency. This aligns with the study's objective of understanding CSR spending patterns before and after the introduction of India's Business Responsibility and Sustainability Reporting (BRSR) Framework.

4.2 Correlation between CSR Spending and ESG ratings

Table 2: Spearman's Rank Correlation between mandatory CSR Spending and ESG Ratings

Correlations			CSR_Spending	ESG_Rating
Spearman's rho	**CSR_Spending**	Correlation Coefficient	1	-0.19
		Sig. (2-tailed)	.	0.147
		N	60	60
	ESG_Rating	Correlation Coefficient	-0.19	1
		Sig. (2-tailed)	0.147	.
		N	60	60

Interpretation

The Analysis was conducted to investigate the relationship between mandatory CSR Spending and ESG ratings among 60 companies. The spearman's rank correlation co-efficient is -0.19, with P-value of 0.147. this indicates a weak, negative association between CSR expenditure and ESG performance; however, the relationship is not statistically significant at the 5% level. In simple terms, this means that higher CSR spending does not correlate with better ESG ratings in this sample of companies. The negative correlation suggests that as CSR spending rises, ESG ratings may even decline slightly, but this trend is not strong or reliable enough to draw any definitive conclusion. The lack of significance ($P > 0.05$) shows that, based on the sample data, mandatory CSR Expenditure is not meaningfully associated with ESG Scores.

This outcome highlights that simply increasing CSR spending may not directly result in improved ESG Performance, and Other Factors could be contributing to ESG scores. Further Research, potentially involving additional control variable or alternative CSR measures, may be necessary to uncover more nuanced relationships.

4.3 Triangular analysis of CSR spending and ESG Ratings

Table 3: Triangular analysis of ESG Performance, CSR Spending, and Net Profit by ESG Group.

ESG Group	Avg CSR Spending	Avg Net Profit
Low	6.4	2.09
Medium	6.1	35.7
High	2.1	18.02

Interpretation: The results in the table reflect the triangular analysis among ESG Category, average CSR Spending, and Average net profit:
Key Findings from triangular analysis

- Companie in the High ESG Score group have the lowest average CSR spending (2.1%) and a moderate average net profit margin (18.02%)
- Medium ESG Score group firms spend slightly more on CSR (6.1%) and report the highest average net profit (35.7).
- Low ESG group companies have the highest average CSR Spending (6.4%), but the lowest average Net profit (2.09%).

This pattern suggests a complex trade-off under India's new sustainability mandate. High ESG Performers do not necessarily spend more on CSR, yet maintain moderate profitability. Medium ESG Firms balance moderate CSR Investments with high financial gains, indicating possible synergies between sustainable practices and financial performance. Conversely high CSR spending alone does not translate to improved ESG ratings or Financial Success, highlighting that the quantity of CSR investment is less important than its strategic integration with core business and sustainability goals.

4.4 ESG Ratings as a mediator in CSR-Financial performance relationship

The Breakdown by ESG Performance groups reveals important insights into how ESG ratings mediate the impact of CSR Spending on financial performance. Companies in the Low ESG group spend the most on CSR (average 6.4%) yet report the lowest net profit (2.09%), while "Medium ESG" Companies spend moderately on CSR (6.1%) but achieve the highest net profit (35.7). in contrast, "High ESG" companies have the lowest average CSR spending (2.1), with a moderate average net profit (18.02). This pattern suggests that simply increasing CSR Expenditure doesn't not directly translate to better profitability. Instead medium ESG Performers, who balance CSR investment and responsible business practices, appear to achieve optimal financial outcomes.

These group averages indicate that ESG ratings. High net profits are not associated with the highest CSR Spending but rather with those firms attaining medium ESG Scores, suggesting strategic integration is more valuable than volume of expenditure. High ESG scores seem to require less. CSR Spending, Perhaps due to more efficient or targeted sustainability initiatives. Overall, the findings imply that under India's Sustainability mandate, ESG performance enables firms to leverage CSR Investments for increased financial success, highlighting the need for companies to align CSR Activities closely with broader ESG framework.

The group-wise results in the table demonstrate that companies with low ESG ratings spend the most on CSR (Average 6.4%) but have the lowest average net profit (2.09%). In contrast, those with medium ESG ratings spend only moderately on CSR (6.1%) but record the highest profitability (35.7%), while firms with high ESG Ratings show the lowest CSR spending (2.1%) and achieve a moderate net profit (18.02). This pattern suggests that heavy CSR spending alone not guarantee high financial returns; instead, financial performance peaks when CSR Efforts are balances and accompanied by credible ESG practices that the market recognizes.

4.5 Strategic Implications for Indian Firms

These results support the view that ESG Ratings mediate the relationship between CSR Spending and financial performance. Rather than simply increasing CSR Budgets, companies should focus on integrating CSR Activities with robust ESG Strategies. Medium ESG Performers may be striking the right balance, translating moderate CSR investment into authentic ESG Outcomes and superior profitability. Firms that are effective in converting CSR Actions into tangible ESG Progress are more likely to enhance their financial results, emphasizing the critical important of ESG integration for sustainable value creation under India's new Mandate.

4.6 Empirical evaluation of India's sustainability mandates: Impact on Business Practices and firm performance

This study provides empirical evidence demonstrating that India's sustainability mandates – requiring CSR spending and encouraging ESG-Focused business practices – effectively foster the adoption of responsible and outward-looking strategies among Indian companies without undermining firm performance. The group-wise data show that firms across various ESG categories remain profitable, with even "High ESG" companies reporting moderate net profits (18.02%) despite lower average CSR Spending (2.1%), and "Medium ESG" firms achieving the highest net profits (35.7%) along side moderate CSR expenditures (6.1%). These findings indicate that, under India's regulatory environment, companies are able to embrace sustainability targets and integrate ESG considerations into operations without sacrificing financial outcomes, thus supporting the mandate's effectiveness in promoting sustainable business growth and corporate resilience.

5.0 Findings and Discussion

5.1 Findings of the study

1. **CSR Spending patterns:** Among the selected BSE-listed firms, average CSR Spending increased post the introduction of India's new sustainability mandates. However, the distribution is not uniform, companies in the Low ESG group spent the most on CSR (average 6.4%), while High ESG firms had much lower average CSR spending (2.1%). This indicates that higher CSR expenditure does not always coincide with better ESG Performance.

2. **ESG Rating and Profitability synergy:** Firms classified in the Medium ESG category achieved the highest average net profit (35.7%) with moderate CSR spending (6.1%), while those in the High ESG category reported a moderate average net profit (18.02%) and the lowest CSR Spend. This suggests that optimal financial outcomes are associated with balances, integrated approaches to ESG rather than the highest expenditure alone.

3. **Absence of Direct positive Correlation:** The data reveal no straightforward or statistically significant positive link between CSR Spending and ESG ratings. Higher CSR outlays do not assure improved ESG Scores or financial performance, highlighting the importance of how CSR initiatives are designed and reported.

4. **Mediating role of ESG ratings:** ESG ratings clearly mediate the relationship between CSR Spending and financial outcomes. Medium ESG performers benefit financially from their investments, supporting the premise that the effectiveness and integration of

CSR activities into the company's sustainability strategy matter more than the amount spent.

5. **Support for regulatory Aims:** Overall, the findings support the effectiveness of India's sustainability mandate in promoting corporate responsibility and sustainable practices, as even companies with lower CSR Budgets but strong ESG alignment are able to achieve meaningful financial outcomes without compromising profitability, reflecting the value of strategic, transparent sustainability integration.

5.2 Suggestions of the study

1. **Strategic alignment of CSR and ESG initiatives:** Companies should focus on designing CSR activities that align tightly with their ESG Goals and core business strategy. Quality and impact of sustainable practices matter more than the absolute amount spent.

2. **Enhance ESG Reporting and transparency:** Firms need to improve the credibility and consistency of ESG disclosures to build investor trust and enable better ESG rating outcomes, which in turn support stronger financial performance.

3. **Sector-Specific Approaches:** Tailored sustainability strategies reflecting sectoral risks, opportunities, and compliance costs should be adopted since CSR Spending patters and ESG impact very widely across industries.

4. **Strengthen corporate Governance:** Building diverse and engaged CSR and sustainability committees and improving board oversight can help companies better integrate CSR and ESG into decision-making.

5. **Ongoing Monitoring and evaluation:** ompanies should regularly assess the effectiveness of CSR and ESG initiatives on both social/environmental outcomes and financial performance to fine-tune strategies under the evolving Indian regulatory framework.

5.3 Further scope of study

The future scope of the study includes expanding the triangular analysis to cover a broader range of industries and a larger sample of listed companies to enhance generalizability. Further research could integrate longitudinal data to track CSR, ESG rating changes, and financial performance over time, allowing analysis of casual relationships and long-term impacts of sustainability mandates. Additionally, exploring the roles of corporate governance, stakeholder engagement, and innovation in mediating the CSR-ESG-financial performance nexus could provide deeper insights. Researchers may also investigate the effects of emerging technologies and digital transformation on sustainability practices. Lastly, comparative studies between Indian firms and global counterparts can offer perspectives on local adaption and international competitiveness under evolving regulatory and market dynamics.

5.4 **Conclusion:** The study concludes that India's evolving sustainability mandate, particularly through the BRSR Framework, has significantly influenced corporate responsibility and reporting practices among BSE-listed firms. While CSR Spending has generally increased after the mandate's implementation, higher expenditure alone does not guarantee improved ESG ratings or superior financial outcomes. Instead, firms that strategically integrate CSR initiatives with strong ESG governance demonstrate better profitability and long-term resilience. The triangular analysis highlights that sustainability and financial performance are not mutually exclusive but interdependent when approached through transparent, accountable and well aligned corporate strategies. Thus, India's regulatory emphasis on sustainability has not only strengthened corporate accountability but also positioned responsible business conduct as a key driver of competitive advantage and long-term value creation.

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