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ESG Practices in Leading Indian Companies: Company-Specific Initiatives and Implications for SME Financial Management – A Secondary Data Review

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Abstract

This paper synthesizes secondary data from Indian company BRSR reports, sustainability disclosures, and related studies (2023–2025) to detail specific ESG initiatives implemented by major firms. It analyzes linkages to financial and operational performance (e.g., cost savings, risk reduction, investor appeal) and explores implications for Indian SMEs, which often face funding constraints, supply chain pressures, and market risks. Evidence indicates ESG drives resilience and efficiency, offering models for SMEs to enhance financial management through sustainable practices, aligning with conference themes of responsible management, ESG/CSR leadership, sustainable development, and social innovation.

Keywords: ESG practices, ESG initiatives India, BRSR framework, SME financial management, sustainable finance

Introduction

In India, the corporate landscape is undergoing a profound transformation driven by the integration of Environmental, Social, and Governance (ESG) principles into business operations. This shift is propelled by a combination of regulatory mandates, investor expectations, global sustainability trends, and domestic priorities such as climate resilience, inclusive growth, and ethical governance. The Securities and Exchange Board of India (SEBI) has played a pivotal role through the introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework in 2021, which became mandatory for the top 1,000 listed companies by market capitalization starting from FY 2022-23. This was further strengthened with the BRSR Core in 2023, requiring assurance on key ESG metrics (e.g., GHG emissions, water usage, renewable energy share, and gender diversity) for the top 150–250 entities progressively from FY 2023-24 onward, with expansions planned toward the top 1,000 by FY 2026-27. These regulations emphasize measurable, verifiable performance over mere compliance, pushing companies to disclose Scope 3 emissions on a comply-or-explain basis from FY 2024-25 and to engage value chains (upstream and downstream partners) in ESG reporting.

Leading Indian conglomerates and listed firms have responded proactively, embedding ESG into core strategies rather than treating it as an add-on. For example, companies like Reliance Industries have committed massive investments (e.g., over $10 billion in green energy, including solar giga-factories and hydrogen projects) toward net-zero goals by 2035–2070. Tata Group entities pursue renewables, low-carbon innovations (such as hydrogen pilots in steelmaking and waste plastic utilization), and large-scale social programs like adult literacy initiatives impacting millions. Infosys has achieved carbon neutrality well ahead of targets, invested in green campuses and cloud sustainability, and advanced privacy-by-design through initiatives like EPIC, while supporting digital education via Springboard for underserved communities. Mahindra & Mahindra focuses on electric mobility, significant water reductions (e.g., 76% per vehicle in recent years), and a carbon neutrality target by 2040, alongside green manufacturing. Tech Mahindra and others maintain high global ESG ratings (e.g., DJSI inclusion and double-A scores for climate/water transparency), with efforts in tree plantation, GHG reductions, and governance transparency.

These actions often translate into tangible financial and operational benefits: reduced energy and waste costs, lower borrowing expenses due to perceived lower risk, stronger investor appeal (including from ESG-focused funds), enhanced brand reputation, and better resilience against regulatory or market shocks. In the Indian context, where economic growth coexists with environmental vulnerabilities (e.g., water stress, air pollution) and social imperatives (e.g., employment generation, community development), ESG serves as a bridge between profitability and purpose.

For Small and Medium Enterprises (SMEs)—which contribute approximately 30% to India's GDP, employ over 110 million people, and dominate sectors like manufacturing, agriculture, and services—these large-firm practices hold significant relevance. SMEs frequently operate as suppliers or partners in value chains of major companies, facing indirect pressure to adopt ESG to secure contracts, access priority lending, or qualify for sustainable finance schemes. However, SMEs grapple with unique financial management challenges: limited access to affordable credit, high vulnerability to supply disruptions or climate events, cash flow constraints, and resource limitations for formal reporting. ESG adoption, even at a scaled level (e.g., basic energy efficiency, ethical labor practices, or transparent governance), can help mitigate these issues by improving risk profiles, attracting institutional investors or green loans, and enhancing operational efficiency.

This paper draws exclusively on secondary data—company BRSR/sustainability reports, empirical studies, regulatory analyses, and performance linkages from 2020–2025—to explore what leading Indian companies have concretely done in ESG, how these initiatives connect to financial outcomes, and their implications for SME financial management. By focusing on real-world examples and patterns, it aims to provide actionable insights for SMEs seeking to navigate India's evolving sustainability landscape while strengthening their financial position in a competitive, regulation-driven economy.

Objectives

- To synthesize secondary evidence from Indian company sustainability reports, BRSR disclosures, and related studies on the specific ESG initiatives and actions undertaken by leading Indian companies.
- To analyze the linkages between these company-specific ESG practices and their reported financial or operational performance outcomes, such as cost reductions, risk mitigation, efficiency gains, and long-term value creation.
- To examine contextual variations in ESG implementation across sectors (e.g., IT, energy, manufacturing) and company scales, highlighting how large-firm practices influence or provide models for smaller entities.
- To connect these ESG initiatives to core aspects of financial management in Indian SMEs, including improved access to funding, lower borrowing costs through sustainable supply chains, enhanced risk handling in volatile markets, and better resource allocation for long-term resilience.
- To derive practical implications for SME owners, managers, and policymakers in India for adopting or adapting ESG strategies, while identifying gaps for future research in the Indian context.

Literature Review

Secondary studies on Indian firms show ESG positively associates with financial performance, often through efficiency gains and risk reduction. For instance, ESG scores link to better ROA and lower default risk among Nifty 50 companies (Rao et al., 2023). BRSR disclosures reveal proactive reporting on emissions and social metrics, with top firms leading in transparency (PwC India analyses, 2024–2025). SME-relevant insights note indirect benefits via supply chains, where large buyers demand ESG compliance for contracts, improving SME credit access and operational stability. Aggregate evidence from Indian manufacturing and listed firms indicates ESG commitments enhance earnings and resilience, moderated by sector and governance strength.

Methodology

This review relies solely on secondary data: company BRSR/sustainability reports (FY 2024-25), empirical studies (2023–2025), and analyses from sources like SEBI, CRISIL, and journals. Focus is on real initiatives from prominent Indian companies, with thematic synthesis of ESG actions, performance links, and SME implications.

Analysis and Findings

Indian companies demonstrate diverse ESG actions with financial ties. Environmentally, many shift to renewables and efficiency; socially, they invest in communities and diversity; governance emphasizes transparency via BRSR.

1. Tata Group (e.g., Tata Steel, TCS) pursues renewables, biodiversity plans (100% sites covered by 2025), supply chain ESG risk assessments (100% critical partners by 2027), and social programs (e.g., adult literacy impacting millions), linking to resilience and value creation.
2. Reliance Industries commits to net-zero by 2035–2070, with $10B+ in green energy (solar giga-factories, hydrogen), reducing emissions and enhancing long-term profitability.
3. Infosys maintains carbon neutrality (achieved 2020, ongoing to 2029+), targets climate positivity by 2030 (90% Scope 1/2 reduction, 40% Scope 3), green campuses, and digital skilling (impacting millions), correlating with strong market performance and client engagement.
4. Mahindra & Mahindra focuses on electric mobility, water positivity, 100% renewable electricity by 2030, and carbon neutrality by 2040 (Scope 1/2), supporting cost savings and innovation.

These initiatives often lower risks/costs and attract investment, benefiting SMEs in value chains (e.g., sourcing from sustainable suppliers). Financial linkages include better ROA/ROE in ESG-active firms and easier finance access.

The table below summarizes key company ESG initiatives from secondary reports/studies:

Company	Key ESG Initiatives (Examples from 2024-2025 Reports)	ESG Pillar Focus	Reported Financial/Performance Linkage	Relevance to SME Financial Management
Tata Group (Tata Steel/TCS)	Renewables promotion, biodiversity plans (100% sites by 2025), supply chain ESG assessments (100% critical partners by 2027), adult literacy (millions impacted)	E, S, G	Enhanced stakeholder trust, long-term value; positive ROA/ROE ties	Models for SMEs in supply chains; improves buyer access and resilience
Reliance Industries	Net-zero by 2035–2070, $10B+ green energy (solar giga-factories, hydrogen), emission cuts	E dominant	Reduced operational risks/costs; supports profitability amid transitions	Large buyer ESG demands push SMEs toward sustainable practices for contracts/funding
Infosys	Carbon neutrality maintained (to 2029+), climate	E, S	Strong market returns, lower energy costs; high	Benchmark for IT-linked SMEs; attracts

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	positive by 2030 (90% Scope 1/2 cut), green campuses, digital skilling outreach		ESG scores link to performance	talent/investors, eases credit
Mahindra & Mahindra	Electric mobility, water positivity, 100% renewable electricity by 2030, carbon neutrality by 2040 (Scope 1/2)	E dominant	Cost efficiencies, innovation-driven growth; positive sustainability-performance links	Auto/farm SMEs benefit from green supply chain requirements, risk mitigation

These examples illustrate ESG as a strategic tool, with positive financial spillovers relevant to SME management (e.g., via supply chain integration for better funding and risk handling).

Conclusion

Secondary data shows Indian companies actively implement ESG—renewables, social upliftment, transparent governance—often linking to financial gains like efficiency and risk reduction. For SMEs, emulating or integrating via supply chains enhances funding access and sustainability. Policymakers should support SME ESG tools (e.g., simplified BRSR Lite). Future research could track SME-specific post-BRSR outcomes in regions or states.

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