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India's ESG *Moment*

Progress, gaps, and what comes next — observations from India's corporate sustainability landscape

INDUSTRY INSIGHT · ESG & SUSTAINABILITY

88%

TOP-LISTED COMPANIES PUBLISHING STRUCTURED ESG DISCLOSURES

98%

INDIAN LEADERS RAISING SUSTAINABILITY IT INVESTMENT

42%

GHG REDUCTION BY LEADING REPORTERS IN FY25

THE BIG PICTURE

Ambition Meets a Complex Reality

India's corporate sustainability journey stands at a pivotal moment. What began as a checkbox exercise has evolved into a strategic imperative — reshaping supply chains, investment decisions, and boardroom conversations. Beneath the headline commitments lies a more complex reality: patchy data, capability gaps, and an ecosystem still learning to operationalise intent.

THE REGULATORY PUSH

SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework, introduced in 2021 and progressively tightened through BRSR Core has shifted the conversation from voluntary aspiration to mandatory accountability. By 2025, close to 88% of India's top-listed companies were publishing structured sustainability disclosures. The top 250 by market capitalisation must now disclose Scope 3 GHG emissions on a comply-or-explain basis, with third-party assurance requirements extending to the top 1,000 listed companies by FY 2026–27.

Starting FY 2026–27, value chain disclosures covering suppliers and customers contributing at least 2% of trade become mandatory — cascading ESG expectations deep into India's SME ecosystem. The Indian Carbon Market, announced in 2024 and gaining traction through 2025, adds further urgency: companies that have done the hard work of emissions baselining now hold a tangible commercial advantage.

> *"This goes beyond mere compliance — it will position companies as leaders, setting new standards for innovation and accountability in the ESG sector."*
>
> **— Rajesh Gupta, Chairman — SNG & Partners**

CURRENT ADOPTION

Ambition Outpacing Measurement

96%	71	88%
Indian execs who believe AI will positively impact sustainability goals (IBM, 2024)	India's SDG Composite Index score — up 14 points since 2018	Top-listed companies publishing structured BRSR disclosures by 2025

Large corporates — Infosys, TCS, Tata Steel, Hindalco — have staked credible positions. Infosys has moved beyond carbon neutrality toward climate positivity, embedding renewable energy, agroforestry, and biodiversity programmes into core operations. Grant Thornton Bharat's FY25 sustainability report recorded a 42% year-on-year GHG reduction through biodigester technology and verified carbon avoidance.

Yet a critical finding from 2025 analysis tells the real story: while nearly all mandated companies filed BRSR reports, a significant proportion failed to provide complete emissions data. Compliance is happening. Measurement is not keeping pace.

KEY CHALLENGES

Why the Gap Persists

- **Data fragmentation:** Sustainability data remains siloed across finance, procurement, and operations with no unified architecture. Scope 3 tracking is particularly difficult in supply chains dominated by digitally unsophisticated vendors.
- **Thin sustainability teams:** Most companies run lean sustainability functions carrying the full burden of BRSR data collection, assurance preparation, and carbon accounting simultaneously — without purpose-built tools.
- **Limited carbon accounting literacy:** Science-aligned emissions accounting requires skills Indian organisations have not historically built. Carbon accounting, lifecycle assessment, and SBTi pathway design remain specialist competencies in short supply.
- **Supply chain readiness:** Tier 2 and Tier 3 vendors increasingly lack the systems, literacy, or incentives to participate in value chain disclosures, which creates both compliance risk and strategic exposure for large companies.
- **Greenwashing pressure:** The tension between urgency to report and difficulty of generating audit-ready data creates conditions for disclosure that looks credible without being rigorous. As assurance requirements tighten, this gap will become costly.

THE TECHNOLOGY & ADVISORY LANDSCAPE

How Providers Are Bridging the Gap

A new generation of ESG technology and advisory providers is reshaping India's sustainability infrastructure. The most effective models integrate three capabilities: automated data ingestion and GHG computation, regulatory alignment across BRSR Core, GRI, CSRD, and SFDR, and supply chain reach that extends ESG data collection to Tier 2 and Tier 3 vendors.

Regulatory-specific expertise has become a differentiator. Providers that have mapped India's ESG-related legal data points against global standards offer clients a compliance layer that generic international platforms cannot replicate. Equally important is vernacular language onboarding — a prerequisite for meaningful supply chain participation in a country where thousands of SME vendors operate outside English-language digital systems.

The commercial logic is sharpening. For Indian exporters, carbon is increasingly the currency of trade: EU Carbon Border Adjustment Mechanism (CBAM) requirements and product-level EPR mandates are making ESG capability a condition of global market access, not merely a reputational asset. Providers that help clients build credible emissions baselines — and act on them — are delivering measurable business value.

> *"Working with a technology partner that understood both Scope 3 complexity and India's regulatory nuance helped us build a credible baseline and take action on the ground."*
>
> **— VP of Sustainability — India manufacturing sector**

Three capability clusters characterise the providers gaining traction:

- **Full-stack AI-powered platforms:** Automate the full reporting workflow — data ingestion, GHG computation, validation, and report generation — with alignment to multiple frameworks and assurance-ready outputs. Most effective for large corporates managing complex, multi-entity disclosures.
- **Advisory-led specialists:** Combine regulatory expertise and sector-specific knowledge with lighter tooling. Particularly effective where the primary gap is strategic direction and interpretation rather than data automation.
- **Supply chain enablement tools:** Focus on the vendor data collection problem — offering low-cost, mobile-first interfaces designed for SME onboarding. Increasingly critical as value chain disclosure mandates come into force in FY 2026–27.

FIELD OBSERVATIONS

What We See on the Ground — XPM India

Engagements across manufacturing, infrastructure, and consumer sectors reveal a consistent pattern: most organisations begin their sustainability journey only after an external trigger — a BRSR mandate, a global OEM customer requirement, or investor pressure. Strategic leadership rarely precedes compliance urgency.

- **Sustainability leads are often isolated:** In mid-sized companies, the sustainability function sits with a single individual without authority over the operations, procurement, or finance teams that generate the data needed to report. The result is reports that don't connect to operational decisions.
- **Scope 3 is vastly underestimated:** Most companies have basic energy tracking. The revelation consistently comes when Scope 3 analysis shows the majority of emissions sit outside direct operations — in raw materials, logistics, or product use.
- **Leadership alignment is the unlock:** The fastest movers are those where the CFO or COO understands the business case in energy savings, supply chain resilience, or export competitiveness. Where sustainability stays in CSR without a P&L link, progress stalls.
- **The audit readiness gap is widening:** As assurance requirements extend, many organisations find existing data systems cannot produce the audit trail required. Retrofitting auditability is significantly harder than building it in from the start.

FUTURE OUTLOOK

Capability Gaps That Must Close

India's sustainability trajectory is structurally positive. The regulatory framework is maturing, institutional investor scrutiny is rising, and the Indian Carbon Market creates a live economic signal for emission reduction. But four capability gaps must be addressed for this momentum to be sustained:

- **Sustainability talent pipeline:** India lacks trained professionals in carbon accounting, lifecycle assessment, climate risk modelling, and sustainability-linked finance. Universities are responding — but the gap is measured in years, not months.
- **Technology infrastructure for SMEs:** Large-company reporting is increasingly solved. The harder challenge is enabling millions of SMEs in Indian supply chains at a cost and interface that works for organisations with limited digital infrastructure.

- **Greenwashing governance:** Industry-level standards for credible disclosure in priority sectors — automotive, textiles, chemicals, agri-processing — would materially improve signal quality beyond what assurance requirements alone achieve.
- **Climate risk integration:** Most corporate sustainability efforts remain emissions-centric. Integrating physical climate risk — water stress, heat exposure, supply chain vulnerability — into strategy and financial planning is still nascent.

> *"India stands out as a leader in AI-driven sustainability. Business leaders across the country view sustainability as a strategic lever for transformation, not just a compliance obligation."*
>
> **— Sandip Patel, Managing Director — IBM India/South Asia**

THE BOTTOM LINE

India's corporate sustainability story in 2026 is one of significant momentum constrained by execution gaps. The regulatory architecture is in place. The technology exists and is maturing. The business case is increasingly understood.

The companies that treat sustainability as a strategic investment — not a regulatory cost — will be best positioned for a world where ESG performance is a condition of competitiveness, not a demonstration of values.

This article draws on industry research, regulatory disclosures, published sustainability reports, and engagement observations from XPM India's practice. Expert quotations are sourced from published interviews and official statements.