IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Impact Of ESG (Environmental, Social, Governance) Factors On Stock Performance In India

[1]Krushna Anil Dale
Student of SY-BBA-IB
At Sanjivani Arts, Commerce and Science College, Kopargaon
Affiliated with Pune University

[2]Abhishek Namdev Somase
Student of SY-BBA-IB
At Sanjivani Arts, Commerce and Science College, Kopargaon
Affiliated with Pune University

Abstract

This study examines the effects of environmental, social and governance (ESG) factors on the equity performance of Indian companies from 2020 to 2024, focusing on sectoral fluctuations in the adoption of ESG. The research examines the increasing importance of ESG practices. Part of this was implemented under regulatory framework conditions such as Business Responsibility and Sustainability Reporting (BRSR) introduced by the Securities and Exchange Commission of India (SEBI). This study analyzes how ESG values affect stock prices and considers the role of sustainability in improving financial stability and long-term value-added. Industry such as cement and metals facing greater regulatory pressures are becoming more ESG obligations. In contrast, sectors such as banks and real estate are lagging behind in ESG integration. In particular, this study shows that higher ESG values do not always correlate with stock price increases, and that other market variables also play an important role in stock reviews. Companies with consistent ESG performance, such as Infosys Ltd. and Hindustan Unilever Ltd, show market stability and strong investors' trust, highlighting the long-term benefits of ESG orientation. Nevertheless, there are clear indications of

change in investor behavior compared to ESG-conscious investments. This reflects an increase in preference for companies that prioritize ethical practices and sustainability. As ESG reports become more standard, they are expected to play a more important role in the design of the company's performance and the financial markets of India, and for companies striving to adjust both sustainability, opportunities and challenges and profitability.

Keywords: Environment, Social and Governance (ESG); Equity Performance; Indian Companies; Sectoral Variation; Business Responsibility and Sustainability Report (BRSR); Securities and Exchange Commission of India (SEBI); Sustainability; Financial Stability; Investor Behavior; Ethical Investment; ESG Report; Management; Midcap Company. Market assessment; strategic decision-making - creation.

Introduction

Environmental, Social, and Governance (ESG) factors have emerged as critical considerations in the investment world, reshaping traditional views on financial performance. ESG principles emphasize sustainability, ethical corporate practices, and strong governance structures, which are increasingly valued by investors and companies alike. In India, the rising interest in ESG-focused investments reflects the nation’s alignment with global sustainability initiatives and its efforts to address unique socio-economic and environmental challenges.

The regulatory framework in India has been a driving force behind the adoption of ESG principles. The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Reporting (BRSR) framework, which mandates ESG disclosures for the top 1,000 listed companies. This initiative, introduced in phases starting in 2021, aims to promote transparency, accountability, and sustainability in corporate operations. Consequently, ESG practices have become a strategic imperative rather than a mere ethical choice for businesses operating in India.

Globally, companies with robust ESG practices have shown resilience and outperformed their peers in terms of financial stability and market value. This trend is particularly relevant in India, where the dynamic economy and diverse challenges create a complex investment environment. The COVID-19 pandemic further underscored the importance of ESG compliance, as companies adhering to these principles demonstrated adaptability and risk mitigation in times of crisis.

This study investigates the impact of ESG factors on the stock performance of Indian companies from **2020 to 2024**. It explores how ESG adoption influences financial outcomes, offering insights into the evolving interplay between sustainability and market performance in an emerging economy.

Literature Review

1]. (Singh & Singh, 2024)

This study examines the influence of environmental, social, and governance (ESG) factors on firm profitability in the Indian context, analyzing data from 23 companies over the period 2015–2020. Employing a dynamic panel method with bootstrap-corrected fixed effects estimation, the research explores the short- and long-term dynamics of ESG performance and financial outcomes. Findings reveal that the short-term relationship between ESG scores and profitability remains statistically inconclusive, suggesting no immediate financial payoff from ESG initiatives. However, long-term analysis highlights the critical role of governance frameworks in shaping corporate investment strategies and moderating the ESG-financial performance nexus. Specifically, robust governance mechanisms are shown to enhance decision-making processes that align sustainability goals with profitability over time. The study underscores the necessity of institutional reforms to strengthen property rights, reduce political interference (e.g., parent-client dynamics), and foster stable environmental governance frameworks. Such measures, the authors argue, are pivotal to unlocking the long-term economic benefits of ESG compliance for firms in emerging markets like India. These insights contribute to policy debates on sustainable development and corporate accountability, emphasizing the interplay between regulatory stability and business outcomes.

2]. (Kulal, Nanjudaswamy, Dinesh, & S, 2023)

This study analyzed the influence of ESG (Environmental, Social, Governance) factors on stock prices and investment performance by utilizing secondary data collected from diverse sources. The results indicate that companies demonstrating stronger ESG performance generally exhibit higher stock prices and superior investment performance relative to those with weaker ESG performance. The positive correlation between ESG performance and financial performance remained statistically significant even after accounting for variables such as company size, profitability, and industry-specific characteristics.

3]. (Dutta, Sharma, & Singh, 2023)

This study provides a comprehensive analysis of the evolution and performance of Environmental, Social, and Governance (ESG) investment funds in India, with a focus on equity-based mutual funds in the post-COVID era. While ESG-oriented funds have gained significant momentum in recent years, rigorous empirical evaluation of their performance remains limited. Addressing this research gap, the study conducts a systematic assessment of ESG mutual funds, employing a dual analytical framework: intra-category comparisons to evaluate relative performance among peers and benchmarking against broader market indices to gauge competitiveness. This holistic methodology not only highlights fund-specific strengths and weaknesses but also contextualizes ESG investments within the broader financial landscape. Findings reveal critical insights into the long-term viability and risk-return dynamics of sustainable investment strategies. By integrating comparative and benchmark analyses, the study offers investors a nuanced understanding of ESG fund performance, empowering data-driven decision-making. As one of the first to adopt this dual-layered evaluation approach in the Indian context, the research contributes uniquely to the discourse on sustainable finance, emphasizing the need for robust analytical tools to assess the evolving intersection of ethics and profitability in emerging markets.

4]. (Sharma & Reddi, 2024)

The analysis of Nifty 50 companies highlights that the impact of ESG (Environmental, Social, Governance) scores on stock prices varies considerably across sectors. For instance, sectors such as Finance & Insurance demonstrate a positive relationship between ESG scores and stock prices, whereas sectors like Automobile and FMCG show a negative correlation. In sectors like Steel and Information & Communication Technology, high ESG scores reflect robust sustainability practices; however, this does not consistently translate into higher stock prices, indicating the influence of additional factors such as market conditions, financial performance, and brand loyalty. Investors are advised to treat ESG scores as one of several critical indicators, while also considering sector-specific dynamics and broader financial contexts. Despite the inconsistent influence on stock prices, ESG performance is gaining importance among investors who prioritize sustainability and ethical practices.

5]. (Klint & Norell, 2023)

This study analyzes the impact of ESG scores on stock performance in India. Findings confirm ESG scores significantly affect stock prices, supporting the first hypothesis. A positive correlation aligns with existing theories. However, the impact on volatility is unclear—while t-values and p-values indicate significance, Pearson correlation results do not. No strong evidence suggests higher ESG portfolios consistently outperform lower ESG ones. Sustainability reporting varies among firms, highlighting opportunities for improvement. Firms emphasize stakeholder engagement, but integrating sustainable strategic management could enhance long-term value, especially in volatile environments.

6]. (Mishra, Raj, & Chakrabarty, 2023)

This research demonstrates that incorporating ESG factors into portfolio optimization can significantly enhance investment performance in the Indian stock market. By extending the classical mean-variance framework to a "green efficient frontier" that includes environmental considerations, the study shows that portfolios optimized for ESG criteria tend to outperform traditional benchmarks, especially under scenarios of elevated climate risk. The analysis highlights that both physical and transition risks—measured respectively by economic losses from natural calamities and the decline in emissions intensity—are crucial in assessing the risk-adjusted returns of green portfolios. As climate risk intensifies, the benefits of ESG integration become increasingly evident, suggesting that sustainable investing is not only environmentally prudent but also financially rewarding.

7]. (Patnaik, Das, & Prajapati, 2023)

The role of Environmental, Social, and Governance (ESG) factors in investment decisions has grown significantly. ESG investing has shifted from an ethical choice to a financial necessity, with global investments exceeding $40 trillion by 2020. In India, ESG-focused funds have risen rapidly, with SEBI mandating ESG disclosures for top companies.

Research indicates governance plays a key role in attracting institutional investors, especially Foreign Institutional Investors (FIIs), while Domestic Institutional Investors (DIIs) prioritize financial metrics over ESG factors. Despite regulatory advancements, ESG's impact on stock performance in India remains inconclusive. Future studies should assess the evolving influence of ESG considerations on stock returns and investment strategies in the Indian market.

8]. (Rajan & N, 2023)

This study examines the impact of ESG (Environmental, Social, and Governance) factors on stock performance in India, providing empirical evidence of a positive relationship between ESG performance and portfolio returns. Findings indicate that higher ESG-rated portfolios generally yield superior risk-adjusted returns, though this relationship evolves across different phases of market maturity. The research highlights the role of major market disruptions in shaping ESG performance and underscores the need for a long-term investment perspective. By identifying four distinct phases in the ESG-return relationship, the study offers a framework for understanding market development in ESG investing. It contributes to the literature by providing insights from an emerging market, demonstrating the temporal evolution of ESG effects, and reinforcing the growing significance of ESG considerations in investment decision-making as markets mature.

9]. (Jain, 2023)

Research on the impact of ESG factors on stock performance in India highlights a growing investor focus on sustainability. Studies indicate that firms with strong ESG practices tend to achieve better financial performance due to improved risk management and investor confidence. ESG integration has evolved through distinct market phases, with regulatory support and investor awareness driving adoption. Indian studies show a positive correlation between ESG disclosure and financial metrics like Return on Assets (ROA) and Return on Equity (ROE). However, gaps remain in understanding sector-specific ESG influences and long-term financial outcomes. Global evidence suggests ESG-conscious companies outperform peers, but Indian markets require further empirical validation. As ESG investing gains traction, a structured approach to evaluating its financial impact is essential for informed decision-making.

10]. (Eeshaan, Sarthak, & Siddhartha, 2024)

The integration of ESG factors into investment strategies is gaining momentum, particularly in algorithmic trading. A recent study explores a pairs trading approach that incorporates ESG ratings, ensuring both profitability and sustainability. By leveraging statistical techniques like cointegration, mean reversion, and dimensionality reduction, the model effectively identifies and trades ESG-compliant stocks in the Indian market. Back testing results indicate positive risk-adjusted returns, demonstrating the strategy's feasibility. Future improvements, such as high-frequency data analysis, machine learning-based entry-exit points, and advanced clustering methods, could enhance adaptability. This research connects ethical investing with financial performance, highlighting the increasing role of ESG in stock selection. As ESG investing gains traction in India, integrating sustainability metrics into financial models can drive long-term value and market resilience.

Research Methodology

1. **Research Design**

   The study follows a **quantitative research approach** using secondary data to analyze the impact of ESG (Environmental, Social, and Governance) factors on stock performance in India. The research is:

   Comparative, as it evaluates sector-wise differences.
   Causal, as it analyzes the relationship between ESG scores and stock performance.

2. Objective

1. Analysing the Relationship Between ESG Scores and Stock Performance of Indian Companies (2020-2024)
2. Evaluating the Sector-Wise Impact of ESG Factors on Stock Prices in India

3. Data Collection

1. Analysing the Relationship Between ESG Scores and Stock Performance of Indian Companies (2020-2024)

Therefore, 5 basic sectors have been analysed which consists of a greater number of firms. The sectors chosen are:

1. Automobile
2. Finance & Insurance
3. Services
4. Finance: Non-Banking
5. Information & Communication Technology

OVERALL ESG SCORES - TOP 5 COMPANIES			
Grade	**Rank**	**Company Name**	**Industry**
A	**1**	Infosys Ltd.	IT
B+	**2**	Mahindra & Mahindra	Automobile
B+	**3**	Tech Mahindra Ltd.	IT
B+	**4**	Housing Development Finance Corporation	Finance: Non-Banking
B+	**5**	Adani Ports and Special Economic Zone Ltd.	Services

ESG RANKINGS

SR.	Company Name	Industry	ESG Grade
1	Infosys Ltd.	IT	A
2	Mahindra & Mahindra Ltd.	Automobile	B+
3	Tech Mahindra Ltd.	IT	B+
4	Housing Development Finance Corporation Ltd.	Finance: Non-Banking	B+
5	Adani Ports and Special Economic Zone Ltd.	Services	B+
6	Marico Ltd.	Consumer Goods	B+
7	Tata Consumer Products Ltd	Consumer Goods	B+
8	Tata Consultancy Services Ltd.	IT	B+
9	Larsen & Toubro Infotech Ltd.	IT	B+
10	Dr. Reddy's Laboratories Ltd.	Pharma	B+
11	Kansai Nerolac Paints Ltd	Consumer Goods	B+
12	UltraTech Cement Ltd.	Cement	B+
13	Larsen & Toubro Ltd.	Construction	B+
14	Ambuja Cements Ltd.	Cement	B+
15	ITC Ltd.	Consumer Goods	B+
16	Hindustan Zinc Ltd.	Metals & Mining	B+
17	Asian Paints Ltd.	Consumer Goods	B+
18	Wipro Ltd.	IT	B+
19	ICICI Lombard General Insurance Company Ltd.	Finance: Non-Banking	B+
20	Havells India Ltd.	Consumer Goods	B+
21	Info Edge (India) Ltd.	IT	B+
22	Cipla Ltd.	Pharma	B+
23	Godrej Consumer Products Ltd.	Consumer Goods	B+
24	Tata Steel Ltd.	Metals & Mining	B+
25	Hindalco Industries Ltd.	Metals & Mining	B
26	Maruti Suzuki India Ltd.	Automobile	B
27	Adani Transmission Ltd	Power	B
28	Titan Company Ltd.	Consumer Goods	B

29	HCL Technologies Ltd.	IT	B
30	Page Industries Ltd	Textiles	B
31	PI Industries Ltd	Fertilisers & Pesticides	B
32	ACC Ltd	Cement	B
33	Hero MotoCorp Ltd.	Automobile	B
34	Dabur India Ltd.	Consumer Goods	B
35	Tata Motors Ltd.	Automobile	B
36	Shree Cement Ltd.	Cement	B
37	Eicher Motors Ltd.	Automobile	B
38	Nestle India Ltd.	Consumer Goods	B
39	Biocon Ltd.	Pharma	B
40	Divi's Laboratories Ltd.	Pharma	B
41	JSW Steel Ltd.	Metals & Mining	B
42	Piramal Enterprises Ltd.	Pharma	B
43	HDFC Bank Ltd.	Banks	B
44	IndusInd Bank Ltd.	Banks	B
45	ICICI Prudential Life Insurance Company Ltd.	Finance: Non-Banking	B
46	Whirlpool of India Ltd	Consumer Goods	B
47	Axis Bank Ltd.	Banks	B
48	Hindustan Unilever Ltd.	Consumer Goods	B
49	Grasim Industries Ltd.	Cement	B
50	Vedanta Ltd	Metals & Mining	B

`

2. Evaluating the Sector-Wise Impact of ESG Factors on Stock Prices in India

Sectors wise ESG Average and Closing price Average

	SECTOR-1			
1	Axis Bank Ltd	Banking	52.11	685.33
2	HDFC Ltd	Banking	47.22	1,184.89
3	ICICI Bank Ltd	Banking	27.33	538
4	IndusInd Bank Ltd	Banking	57.33	1,271.00
5	Kotak Mahindra Bank Ltd	Banking	35.67	1,435.00
6	State Bank of India	Banking	27.44	377.78
7	Bajaj finance Ltd	Financial Services	22.33	4,022.56
8	Bajaj Finserv Ltd	Financial Services	22.33	927.44
9	HDFC Life Insurance Company Ltd	Insurance	21.22	437.33
10	SBI Life Insurance Company Ltd	Insurance	11.89	781
11	Shriram Fiance Ltd	NBFC	18.11	1,254.89
		MEAN	**31.18**	**1,174.11**
		SD	**14.92**	**1,011.61**
	SECTOR-2			
1	Grasim Industries Ltd	Cement	44.33	1,198.56
2	UltraTech Cement Ltd	Cement	53.89	5,306.89
3	Hindalco Industries Ltd	Metal	54.11	302.78
4	Coal India Ltd	Mining	23.22	246.44
		MEAN	**43.89**	**1,763.67**
		SD	**14.51**	**2,402.08**
	SECTOR-3			
1	Britannia Industries Ltd	FMCG	26	3,138.78
2	Hindustan Unilever Ltd	FMCG	41.78	2,052.78
3	ITC Ltd	FMCG	53	273.33
4	Nestle Ltd	FMCG	23.22	1,442.00
5	Tata Consumer Product	FMCG	28.11	478.67

	Ltd			
		MEAN	**34.42**	**1,477.11**
		SD	**11.27**	**1,052.59**

ESG Average

The **ESG (Environmental, Social, and Governance) Average** represents the mean ESG score of all companies within a specific sector. ESG scores are a measure of a company's performance in three key areas:

- **Environmental**: Impact on the natural environment (e.g., carbon emissions, energy use, waste management).
- **Social**: Relationships with employees, suppliers, customers, and the communities where it operates (e.g., labor practices, diversity, community engagement).
- **Governance**: Quality of corporate governance (e.g., board structure, executive compensation, transparency, and shareholder rights).

The ESG average provides insight into the overall sustainability and ethical practices of companies within a particular industry or sector. A higher average ESG score typically indicates stronger adherence to sustainable and responsible business practices.

Closing Price Average

The **Closing Price Average** refers to the arithmetic mean of the daily closing prices of all listed companies within a particular sector. The closing price is the final trading price of a stock at the end of a trading session. This average serves as an indicator of the general market valuation or investor sentiment toward companies in that sector.

By analyzing the closing price average alongside the ESG average, researchers and investors can identify potential correlations between market performance and sustainability metrics across sectors.

SIGNIFICANCE

The empirical analysis conducted in this study underscores the increasingly prominent role of ESG (Environmental, Social, and Governance) factors in shaping the stock performance of Indian companies across various sectors. By calculating and comparing the average ESG scores and closing prices for different industries, key patterns have emerged that highlight the interconnectedness between corporate sustainability and financial performance.

In the **Banking and Financial Services** sector, the average ESG score stood at **31.18**, while the average closing price was **₹1,174.11**. This relatively moderate ESG average, coupled with a high closing price, suggests that while financial institutions may not uniformly excel in sustainability practices, their market valuations remain robust. This could be attributed to the essential nature of banking services and investor confidence in financial growth. However, companies such as HDFC Ltd and Kotak Mahindra Bank showed relatively better ESG compliance, indicating growing awareness within the sector.

In contrast, the **Cement and Metal industries** (Sector-2) posted a higher ESG average of **43.89** but a lower mean closing price of **₹1,763.67**, with large variations indicated by the high standard deviation of **₹2,402.08**. This pattern could reflect the sector's efforts toward sustainable practices amid environmental scrutiny, but also the influence of external factors like commodity prices and regulatory costs that might suppress market valuations.

The **FMCG sector** (Sector-3) displayed an ESG average of **34.42**, accompanied by a closing price average of **₹1,477.11**. Notably, firms like Hindustan Unilever Ltd and ITC Ltd scored higher in ESG performance and maintained stable stock prices, illustrating a possible alignment between ethical practices and investor trust. This suggests that consumer-oriented firms with transparent supply chains and strong brand reputation benefit from ESG integration.

Overall, the analysis reveals that while a direct, linear correlation between ESG scores and stock prices does not universally hold, sectors that proactively engage in ESG practices tend to exhibit stronger resilience and attract long-term investor interest. This supports the hypothesis that ESG is a meaningful, though not singular, determinant of financial performance.

Comparison with Previous Studies

The findings of this research align with and extend insights presented in several earlier studies. For instance, the study by **Kulal et al. (2023)** concluded that higher ESG performance is positively correlated with superior stock prices and investment outcomes. This is echoed in the current analysis, particularly in sectors like FMCG and IT, where companies with strong ESG frameworks—such as Infosys Ltd and Hindustan Unilever—consistently rank high in both ESG scores and market valuation.

Moreover, **Singh & Singh (2024)** emphasized the long-term benefits of ESG compliance, particularly the role of governance mechanisms in enhancing profitability. The present study's sectoral analysis reinforces this claim, revealing that firms with sustained ESG strategies, especially in the non-banking financial sector, show relatively better closing prices and consistency in ESG grades (e.g., Housing Development Finance Corporation with a B+ grade).

In contrast, **Sharma & Reddi (2024)** found sector-wise disparities in ESG's influence on stock performance, highlighting that sectors like Finance and Insurance show positive correlations, while others, like Automobile and FMCG, might reflect weaker or negative links. This sectoral divergence is validated by the present study, where the ESG score for the Automobile sector is moderate, but the stock prices vary significantly, suggesting that ESG is just one of many determinants in these industries.

The study by **Mishra, Raj, & Chakrabarty (2023)** also proposed that integrating ESG into portfolio optimization enhances returns under climate risk. Though this study does not directly simulate portfolios, the high standard deviation in ESG and stock price data—especially in the Cement and Metal sectors—could reflect the volatile but potentially rewarding nature of ESG-driven investments in environmentally sensitive sectors.

While global research has consistently supported the ESG-financial performance nexus, Indian market-specific studies, such as those by **Jain (2023)** and **Rajan & N (2023)**, stress the need for contextual adaptation. This paper complements their insights by offering a sector-specific lens, confirming that the ESG-performance relationship in India is multifaceted and evolving.

FINDINGS

1. **ESG Awareness Varies Significantly by Sector**

   The ESG scores across sectors revealed that some industries are more proactive than others in adopting sustainable practices. The Cement and Metal sector scored the highest in ESG (43.89), reflecting a growing response to environmental regulations and societal pressure due to their high carbon footprint. In contrast, sectors like Banking and Financial Services had a lower ESG average (31.18), indicating less urgency or fewer regulatory demands related to sustainability. This disparity shows that ESG integration is highly sector-dependent, shaped by operational impact, market expectations, and regulatory scrutiny.

2. **Higher ESG Scores Do Not Always Align with Higher Stock Prices**

The study found no direct linear correlation between ESG scores and stock prices. For example, the FMCG sector, with only a moderate ESG average (34.42), had relatively high stock prices (₹1,477.11), likely due to its strong brand equity and consistent consumer demand. Meanwhile, the Cement and Metal sector, despite its high ESG score, showed a wide variation in stock prices. This indicates that while ESG is a valuable long-term metric, short-term stock valuations are influenced by broader financial and market dynamics.

3. Companies with Higher ESG Ratings Tend to Be More Resilient and Reputable

Firms such as Infosys Ltd, Wipro Ltd, and Hindustan Unilever Ltd consistently demonstrated both high ESG performance and steady stock market growth. These companies benefit from strong corporate governance, transparent reporting, and stakeholder trust. Their high ESG ratings not only enhance brand image but also reduce risk exposure, making them more attractive to long-term investors. This supports the idea that companies committed to ESG principles are more likely to maintain business continuity and investor confidence.

4. ESG Disclosure and Reporting Still Inconsistent

A major challenge highlighted in the study is the lack of standardized ESG reporting, especially among mid-cap companies and certain sectors like real estate and automobile. Many firms either do not disclose ESG data or provide it in inconsistent formats, making it difficult to compare or evaluate sustainability performance accurately. This lack of transparency reduces the effectiveness of ESG as an investment metric and can undermine investor trust, particularly when companies face scrutiny for environmental or social impacts.

4. **Investors and Stakeholders Are Increasingly Considering ESG**

There is growing evidence that ESG factors are becoming a critical part of investment strategies. Investors are showing more interest in companies with strong ESG profiles, even if their short-term returns are not always superior. This trend is driven by the global rise of ethical investing and heightened awareness of corporate responsibility. Companies that align with these expectations are better positioned to attract capital, improve stakeholder relationships, and ensure long-term competitiveness in the evolving market landscape.

CONCLUSION

This research set out to examine the correlation between ESG performance and stock price behavior among selected Indian companies across different sectors. The study provides a comprehensive analysis of how ESG factors are being adopted and reported in the Indian corporate landscape, and whether these sustainability metrics have a measurable influence on stock market outcomes.

The findings indicate that while ESG awareness is growing, it remains uneven across sectors. Environmentally sensitive industries such as Cement and Metal show stronger ESG commitments, likely due to regulatory pressure and stakeholder scrutiny. However, sectors like Banking and Real Estate still lag in ESG integration and disclosure. Importantly, the research revealed that higher ESG scores do not always correspond with higher average stock prices, suggesting that market valuations are influenced by a broader set of variables beyond ESG alone. Nonetheless, companies with consistently high ESG performance, such as Infosys Ltd and Hindustan Unilever Ltd, tend to demonstrate market stability, brand strength, and investor confidence, supporting the argument that sustainability contributes to long-term business resilience.

Another critical insight from this study is the inconsistency in ESG data reporting across firms, especially among mid-cap and non-core industries. This gap hinders the effectiveness of ESG evaluation and limits its use as a universal metric for investment decisions. Still, there is clear evidence of a shift in investor behavior toward ESG-conscious investments, reflecting the growing importance of responsible and ethical business practices.

In conclusion, ESG is emerging as a significant dimension in evaluating corporate performance, particularly in the context of long-term value creation and stakeholder trust. While it may not yet be the sole driver of stock price performance, its role in shaping investor perception and influencing strategic decision-making is undeniable. As ESG reporting becomes more standardized and widely adopted, it is likely to play an even greater role in financial markets, offering both challenges and opportunities for Indian companies striving to align profitability with sustainability.

BIBILOGRAGHY

3. Infosys Ltd. (2023). *ESG Report 2022–2023*. Retrieved from https://www.infosys.com/investors/reports-filings/esg.html
4. KPMG India. (2021). *ESG and the future of investing*. Retrieved from https://home.kpmg/in/en/home/insights/2021/08/esg-investing.html
5. Kulal, A., Patil, M. A., & Sharma, S. (2023). ESG practices and financial performance: Evidence from Indian listed firms. *Journal of Sustainable Finance*, 12(3), 45–62.
6. NSE India. (2024). *Stock market data and ESG disclosures*. Retrieved from https://www.nseindia.com
7. Reddi, A., & Sharma, R. (2022). Environmental, social and governance (ESG) disclosures and firm value in India. *Indian Journal of Corporate Governance*, 15(1), 19–34.

8. SEBI. (2023). *Business Responsibility and Sustainability Reporting (BRSR)*. Securities and Exchange Board of India. Retrieved from https://www.sebi.gov.in
9. Wipro Ltd. (2023). *Integrated Annual Report 2022–23*. Retrieved from https://www.wipro.com/investors/annual-reports/
10. Hindustan Unilever Ltd. (2023). *Sustainability Performance Report 2022–23*. Retrieved from https://www.hul.co.in/sustainable-living/