
LEGAL EVALUATION OF ESG COMPLIANCE IN INDIA: EXAMINING MAHINDRA & MAHINDRA LTD. WITHIN THE SEBI BRSR FRAMEWORK AND THE COMPANIES ACT, 2013

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ABSTRACT

In contemporary times, India's corporate legal landscape is witnessing a prominent shift from the traditional focus on "Shareholder Primacy" towards an "Enlightened Stakeholder" archetypal, where accountability extends to a broader range of interests. A key driver of this transmutation is the progressive evolution of Environmental, Social and Governance (ESG) norms¹. These norms are moving from being discretionary ethical considerations to enforceable imperative obligation.

This paper aims to closely examine Mahindra & Mahindra Ltd. (M&M) through its Financial year 2024-2025 "Planet Positive" plan, using it as a cases study to assess how effective the Business Responsibility and Sustainability Reporting (BRSR) framework, introduced by the Securities and Exchange Board of India (SEBI), is in practice.

By consolidating M&M's recorded sustainability performance with the requirements of Section 166(2)² and the Corporate Social Responsibility (CSR) provisions under Section 135 of the Companies Act, 2013³, the study traverse how corporate governance apparatus integrate environmental impacts to manage long-term perils. The review underscores that M&M's initiatives, such as implementing an internal carbon price of approximately USD ten per tonne and achieving around ninety one percent water positivity⁴; set a strong yardstick for compliance among NIFTY-50, NSE flagship companies.

Nonetheless, the research work unveils certain gaps, remarkably the "Assurance Gap" in non-financial disclosures and the impediments of

¹ Alexandar Bassen & Timo Busch, ESG and corporate Sustainability: strategic approaches to responsible business (Springer, 2020)

² Companies Act, 2013, § 166(2), No. 18, Acts of Parliament, 2013 (India).

³ Companies Act, 2013, § 135, No. 18, Acts of Parliament, 2013 (India).

⁴ *Id.* at 122 (documenting the 91% Water Positivity Index and recycling protocols).

administering the ESG standards within unlisted MSMEs and diverse supply chains. It seeks to demonstrate that while M&M exhibit commendable statutory alignment, the legal framework of India requires a more comprehensible articulation of the “Double Materiality” concept and the development of a consolidated, centralised ESG litigation database. Aforementioned steps are indispensable to deter greenwashing risks and to fortify a truly sustainable, resilient and regenerative corporate ecosystem.

Keywords: Fiduciary Duty, Section 166(2), BRSR Core, Corporate Accountability, Mahindra & Mahindra, Forensic Legal Audit, Greenwashing, Environmental Governance.

I. INTRODUCTION

India’s corporate Landscape is experiencing a major transformation, shifting from the primitive viewpoint focusing only on shareholders to a more extensive approach that values all stakeholders. This change is a revolutionary regulatory move that reserved a seat for environmental and social responsibilities in the boardroom’s core commitments. Earlier, any association between business and environmental concern was mostly eyed as mere charity under Corporate Social Responsibility (CSR). The introduction of Section 166(2) in the Companies Act 2013 revamped the whole scenario, legally obligating the directors of a company⁵ to act not only in the interest of the environment but also the company’s investors.

Indian judiciary has strengthened this approach, treating environmental preservation as a duty equivalent to financial performance, highlighted by the landmark judgments like the M.K. Ranjitsinh case against the Union of India⁶. Yet, even with these forward-looking laws, there was a clear lacuna between what the law envisaged and what companies reported. To address this, the Securities and Exchange Board of India (SEBI) replaced the earlier Business Responsibility Report with the more detailed Business Responsibility and Sustainability Reporting framework a few years back⁷. This tread propelled companies to go beyond simple narratives and provide objective, quantifiable, verifiable data, placing non-financial reports on the same footing as the financial audits.

This research paper studies this legal shift through the specimen of Mahindra & Mahindra, a large and diverse conglomerate. The “Planet Positive” strategy of Mahindra & Mahindra Group

⁵ Umakanth Varottil, *Directors’ Duties and ESG Considerations in India*, Prime Database, at 2-4 (2025), https://www.primedatabase.com/article/2025/Article-Umakanth_Varottil.pdf.

⁶ M.K. Ranjitsinh v. Union of India, (2021) 13 S.C.C. 326 (India).

⁷ Securities and Exchange Board of India. (2021). Business Responsibility and Sustainability Reporting by Listed Entities (Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562, May 10, 2021).

offers a useful look at how Section 166(2) is implemented in practice. By reviewing its disclosures⁸, such as internal carbon pricing efforts and water management plans, the analysis investigates whether the new reporting system⁹ genuinely deters greenwashing or if it is vulnerable to become mere words on paper like formality.

II. Navigating India's Regulatory Shift: From Goodwill to Legal Duty

Corporate responsibility in India has long been anchored in voluntary philanthropy, where companies engaged in social and environmental campaigns largely out of goodwill. In the contemporary era, however, this approach has transformed into a compliance-driven framework. The present system rests on two main legal supports: the fiduciary obligations under the Companies Act and the transparency requirements enforced by SEBI.

2.1 Fiduciary Duties Under Section 166(2) of the Companies Act, 2013

Historically, corporate law focused mainly on augmenting profits for shareholders. A prominent departure from this tradition is marked by Section 166(2) of the 2013 Companies Act. It formally implant the "Enlightened Shareholder Value" idea, for the overall benefit of the company and all its stakeholders, such as employees, shareholders, local communities, and the environment, it is compelling directors to act in good faith.

This is no longer just an ethical rulebook; it is a binding legal mandate. By identifying the environment as a stakeholder, the law makes boards conscientious for addressing ecological risks and climate related challenges. In the context of the Mahindra & Mahindra Ltd., this provision substantiate the board's proactive involvement in overseeing initiatives like the "Planet Positive" programme, turning sustainability from a promotional tagline for purpose of marketing into a statutory obligation.

2.2 Augmenting Transparency: The transition from BRR to BRSR

In fostering a culture of corporate sustainability reporting SEBI has played pivotal role. The shift in 2021 from the Business Responsibility Report (BRR) to the Business Responsibility and Sustainability Report (BRSR) demonstrates a departure from minimal compliance to in-depth disclosure report. The BRSR, framed in accordance with nine principles¹⁰ of the National

⁸ Mahindra & Mahindra Ltd., Sustainability Report 2024-25, at 12-15 (2025)

⁹ M. Kharola, M. Goyal and D. Saxena "Mandatory ESG Reporting in India: legal obligations and management strategies" Journal of marketing and social research (2025)

¹⁰ Sec. & Exch. Bd. of India, BRSR Core — Framework for Assurance and ESG Disclosures for Value Chain, SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023).

Guidelines on Responsible Business Conduct¹¹, requiring the top thousand (1000) listed companies to share exhaustive information about energy consumption, water utilisation, and waste treatment.

A key breakthrough is the BRSR Core¹², which introduces “Reasonable Assurance” for key performance indicators. This requires third party verification of sustainability data, mitigating “greenwashing” practices of holding companies with same standard of scrutiny as financial audits. For a multi-dimensional enterprise like Mahindra & Mahindra, this framework necessitates precise disclosure that could lead to legal repercussions if the disclosures are inconsistent with the factual position.

2.3 Embracing the Concept of Double Materiality

India’s ESG regulations are progressively aligning with the principle of “Double Materiality.”¹³ This concept obliges companies to report not only on how environmental and social factors influence their financial position but also how their actions impact the environment and society. By integrating this into the BRSR framework, SEBI has reinforced the idea that corporate accountability flows in both directions, treating the environment as a core, though silent, stakeholder.

III. Practical Case Analysis: Mahindra & Mahindra’s ESG Framework

India’s progression toward Environmental, Social, and Governance (ESG) goals is best understood not just through statistical data, but through the close assessment how an industry leader functions. Mahindra & Mahindra Ltd. (M&M) serves as an ideal example, as it operates as a network based multinational corporation with interests in multiple sectors, requiring a balanced framework of vertical and horizontal governance. This section explores M&M’s “Planet Positive” mission, focusing on how the company translates the intent of Section 166(2) of the Companies Act into measurable actions.

3.1 Strategic Foundation: ‘Rise for Good’ as a Business Ethos

M&M’s guiding principle, “Rise for Good,” has evolved from being a voluntary moral direction into a integrated risk-management framework. During the Financial year 2025

¹¹ Ministry of corporate affairs (2019) National guidelines on responsible business conduct.

¹² Sec. & Exch. Bd. of India, BRSR Core — Framework for Assurance and ESG Disclosures for Value Chain, SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023).

¹³ Mezzanotte, F. E. (2023). Corporate sustainability reporting: double materiality, impacts, and legal risk. *Journal of Corporate Law Studies*, 23(2), 633–663.

reporting cycle¹⁴, the company rearticulated this philosophy as “Rise 2.0,”¹⁵ embedding climate responsibility and technology-driven growth within the company’s core business vision. This marks the formal embedding of sustainability within its operational framework treating environmental impact with the same gravity as financial returns, in line with the broader idea of Enlightened Shareholder Value.

3.2 Environmental Commitment of M & M Ltd.: Decarbonisation and Resource Renewal

A shift from simple pollution control to restorative and regenerative practices is apparent in M&M’s environmental efforts. A key enabler is the company’s internal carbon pricing, set at roughly ten US dollars per tonne of emissions for its auto and farm segments¹⁶. M&M targets to achieve carbon neutrality for its direct operations ahead of India’s national target of 2070. As of the Financial year 2025 cycle, close to one-third of its overall energy demands are fulfilled by renewable sources, with long term goal of achieving complete reliance on green energy by the early 2030s. This transition is supported by the development of hybrid renewable projects exceeding one hundred megawatts, safeguarding the company against potential carbon levies and evolving energy regulations.

Water Management: In alignment with the Water (Prevention and Control of Pollution) Act of 1974, M&M has attained significant level of water positivity by reclaiming about a third of its water usage through recycling systems and operating Zero Liquid Discharge facilities. These initiatives reduce operational risks in water-scarce areas. The company is advancing resource circularity through initiatives like Mahindra CERO., India’s pioneering authorised vehicle recycling project, and a gradual incorporation of green steel into manufacturing¹⁷, targeting a modest share by the end of this decade. These efforts adhere to Extended Producer Responsibility requirements, enabling the recovery of materials from waste. Mahindra & Mahindra demonstrates how private enterprise can embed sustainability into its organisational DNA while balancing regulatory compliance, climate responsibility, and operational resilience.

3.3 The Social Pillar: Reimagining Human Capital and building Community Trust

The social audit of Mahindra & Mahindra’s¹⁸ reflects a clear shift from conventional workforce management system to a broader, people centric philosophy commonly referred to as a "People

¹⁴ Mahindra & Mahindra Ltd., Sustainability Report 2024-25, at 8 (2025).

¹⁵ *Id.* at 52 (outlining the transition to Rise 2.0).

¹⁶ *Id.* at 47 (detailing the USD 10/tonne Internal Carbon Price for M&M Ltd.).

¹⁷ *Id.* at 125 (Material Circularity Plan and Green Steel commitments).

¹⁸ Mahindra & Mahindra Ltd., Sustainability Report 2024-25, at 175 (2025).

Positive" model. This evolution assumes greater importance considering India's changing labour regulatory framework and the statutory emphasis on community welfare as outlined in Section 166(2).

A. Human Capital & DEI (Diversity, Equity, and Inclusion)

The company's workforce review underscores its objective to augment gender balance¹⁹, especially in operations traditionally overshadowed by men in the workplace. The Igatpuri Plant, which now employs roughly a couple of hundred women in core manufacturing jobs is a notable example of the same. To strengthen the leadership pipeline, M&M has introduced several initiatives for instance "She Is On The Rise", an 18-week accelerator for young women professionals, and UDAAN, a career-restart programme for women returning after employment gaps. These measures align with the organisation's Equal Opportunity Policy while also mitigating the exposure to gender discrimination risks.

B. Psychological Well-being & Ethical standards

Whereas physical safety is ensured through ISO 45001 across sites, the company is placing growing emphasis on employees' mental well-being²⁰. It aims to normalise wellness conversations in industrial workplaces through Tools like the Megaphone podcast and company-wide mental health²¹ webinars.

C. Socially Responsible Supply Chain Under SEBI's BRSR framework

To include supplier chain network²², M&M has broadened its social checks. A notable segment of the supplier base has undergone human rights compliance awareness, with health and safety audits covering well over half of the total purchase value accumulated since the early 2020s. This strategy warrants that responsibility for fair labour and ethical practices is not outsourced to smaller, unlisted partners, thereby safeguarding the value chain²³ from modern day slavery practices and human rights violations.

3.4 The Governance Pillar

At Mahindra, governance is anchored in a "Trust Positive" outlook, where the Board as the Custodian of Accountability, exercise its fiduciary duties through rigorous oversight

¹⁹ *Id.* at 175, 226. ⁴ Mahindra & Mahindra Ltd., *supra* note 2, at 163 (Equal Opportunity Policy).

²⁰ *Id.* at 185-186 (Employee Health & Well-being).

²¹ *Id.* at 185-186 (Employee Health & Well-being)

²² *Id.* at 153, 157 (Sustainable Supply Chain & Supplier Training).

²³ See Sec. & Exch. Bd. of India, BRSR Core — Framework for Assurance and ESG Disclosures for Value Chain, SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023).

mechanisms and transparent operations.

A. Composition of Board & its Independence - The board is composed of about ten members, with approximately seven serving as independent directors, including several women leaders. This arrangement goes beyond typical governance requirements of promoter-led entities. The Group Executive Board (GEB)²⁴, chaired by Dr. Anish Shah, fosters organisation-wide ESG integration, ensuring sustainability and governance are embedded across business divisions.

B. Oversight & Ethical Conduct - The ethical framework M&M's, referred to as "Ethiquette"²⁵, aligns with global standards and upholds a zero-tolerance stance against corruption and bribery. No breaches were recorded in the last reporting cycle²⁶. Transparency is further augmented via the digital e-Cockpit portal²⁷, that enables directors and key officers to effectively track and fulfil compliance obligations.

C. Data Reliability and Assurance - A notable governance highlight is the voluntary decision of M&M to seek reasonable third-party assurance for its BRSR Core indicators. DNV Business Assurance²⁸ India has independently validated non-financial reporting, effectively creating a safeguarded audit trail. These proactive initiatives help mitigate potential greenwashing risks and simultaneously bolster investor and stakeholder confidence in the company's sustainability commitments.

IV. Critical Review: Bridging the 'Assurance Gap' and addressing System Barriers

Although Mahindra & Mahindra (M&M) has emerged as a prominent model of ESG compliance in India, a closer legal and compliance review reveals several persistent weaknesses within the current non-financial reporting framework. This section underscores the tension between ambitious sustainability and practical realities of enforcement and disclosure.

4.1 The Invisible Burden of Scope 3 Emissions

'Scope 3 Paradox' emerged as a major challenge. M&M demonstrates strong control over its direct emissions, commonly classified by auditors as Scope 1 and 2. However, when value-chain emissions are considered, particularly those arising from customer vehicle use, an altogether different reality emerges. Recent sustainability disclosures suggest that the

²⁴ *Id.* at 49 (Governance Framework and GEB composition).

²⁵ *Id.* at 53 (Code of Conduct - 'Ethiquette').

²⁶ *Id.* at 53 (Summary of Breaches in F25).

²⁷ *Id.* at 54 (E-Cockpit Portal for Regulatory Compliance).

²⁸ *Id.* at 233 (Independent Assurance Statement by DNV)

company's broader carbon footprint in this segment has grown substantially, mainly as a result of higher sales of diesel and petrol vehicles.

In Simple words, although Mahindra appears environmentally responsible within its operational boundaries, but its SUVs and trucks still burn fuel on the road. Operational Reporting appears favourable, yet the overall climate impact grow with each new vehicle sold.

Under India's BRSR rules companies are required to report Scope 3 emissions, but the absence of enforceable penalties for failing to reduce them allows firms to remain compliant on papers while their overall carbon impact continues to expand. For a truly 'Planet Positive' identity, Indian regulation would need to evolve towards binding emission reduction mandates, similar to emerging European laws²⁹.

4.2 The Supply Chain Challenge and the 'Liability Gap'

Another challenge is the complexity of Mahindra & Mahindra value chain³⁰. While the company engages with thousands of suppliers, yet only a small portion have undergone readiness assessments for sustainability compliance. Legal accountability in India is limited; directors' duties³¹ under current statutes do not clearly extend to the environmental actions of small, unlisted suppliers.

The Legal Gap: Without a dedicated 'Sustainable Sourcing' law, a company may retain a positive ESG profile even while lower-tier vendors violate environmental norms. While BRSR framework represents improved verification, supply chain liability continues to operate more as an ethical expectation than enforceable legal obligation.

4.3 The Risk of Greenwashing and Inconsistent Assurance

While M&M has voluntarily adopted third party reasonable assurance³² for its sustainability disclosures through external auditors. Nevertheless, ESG auditing across the industry remains fragmented and lack consistent standards. In contrast to the rigorous and codified framework of financial audits, non-financial verifications remain laxly regulated. There is risk of selective reporting, or greenwashing, which may generate misleading perception among investors or consumers. Although misleading environmental claims may invite action under consumer

²⁹ See Directive 2024/1760 of the European Parliament and of the Council on Corporate Sustainability Due Diligence (CSDDD) (2024).

³⁰ Sec. & Exch. Bd. of India, BRSR Core Framework for Assurance and ESG Disclosures for Value Chain, SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023).

³¹ Companies Act, 2013, § 166(2), No. 18, Acts of Parliament, 2013 (India).

³² Mahindra & Mahindra Ltd., *supra* note 1, at 233 (Independent Assurance Statement).

laws³³ or SEBI's anti-fraud rules, India currently lacks a dedicated framework to track and prosecute ESG misstatements.

4.4 Federated Governance and the Single-Source Dilemma

Mahindra group operates through federated governance framework, where subsidiaries such as Tech Mahindra or Mahindra Finance manage their own ESG initiatives. Although decentralisation enhances operational agility, it may also create information silos that obscure the organisation's overall sustainability picture. For instance, one company may excel in ESG, while another lags, and group-level reporting might gloss over the differences.

V. Conclusion and Recommendations: Building a Regenerative Legal Ecosystem

India's corporate governance is persistently advancing from a formality driven compliance mindset to regulations aimed at fostering active accountability. This transformation reflects the progressive maturity of the country's regulatory and legislative landscape. Assessing Mahindra & Mahindra's sustainability governance framework for the reporting period 2024 -2025 indicates that while the foundational provisions such as Section 166(2) of the Companies Act 2013 and the BRSR framework are firmly in place, the institutional framework of enforcement and uniform application is still in the developing phase.

5.1 Key Insights

The analysis of Mahindra & Mahindra's practices illustrates coherent integration of the Business Responsibility and Sustainability Reporting (BRSR) guidelines into its corporate culture. The company has included initiatives including internal carbon pricing of around ten dollars per tonne and has attained high level of water positivity³⁴. These measures correspond with the duties outlined under Section 166(2)³⁵, enabling the company to adopt and operationalise them. Nevertheless, the preceding analysis highlighted section ongoing challenges, especially the Scope 3 emissions dilemma and wider value chain accountability, which current Indian law neither fully regulates nor penalises effectively.

5.2 Recommended Legislative Reforms

Bridging the assurance gap while aligning India's ESG ecosystem with international benchmarks demands a multidimensional strategy:

³³ Consumer Protection Act, 2019, No. 35, Acts of Parliament, 2019 (India).

³⁴ Mahindra & Mahindra Ltd., *supra* note 2, at 35, 122 (documenting ICP and Water Positivity).

³⁵ Companies Act, 2013, § 166(2), No. 18, Acts of Parliament, 2013 (India).

In order to formalising Value Chain Responsibility, the Ministry of Corporate Affairs (MCA) may consider amending the Companies Act, 2013 to incorporate Sustainable Supply Chain Due Diligence provision³⁶. Such a measure would convert voluntary supplier due diligence as currently undertaken by M&M, into a statutory obligation linking parent companies to the environmental lapses committed by its subsidiaries and primary vendors.

To Harmonise ESG Audits, a regulatory structure similar to Institute of Chartered Accountants of India's oversight of financial audits could be adopted, a National Board of Sustainability Auditors could be established to standardise verification protocols. This would ensure that third-party assurances, including those conducted by DNV for M&M, comply with a uniform legal standard while mitigating the risk of greenwashing.

Embedding Double Materiality requires statutory reinforcement. While SEBI has introduced this concept, its formal integration into the Directors' Report under Section 134 of the Companies Act, 2013 would strengthen corporate accountability. Such integration would compel companies to disclose not only how climate risks influence their profitability but also how their pursuit of profits impacts the environment.

5.3 Concluding Thoughts

The "Planet Positive" strategy of Mahindra & Mahindra demonstrates that the future trajectory of Indian corporations lies in being restorative by design and inclusive by intent. For emerging legal professionals, this signals an important transition: corporate law is no longer mere shield that guards companies from environmental claims but is steadily becoming a proactive instrument ensuring businesses contribute to protect the planet. As the nation progresses toward its net-zero vision by 2070³⁷, embedding environmental stewardship within corporate accountability will define the legal challenges of the coming era.

³⁶ See European Union Corporate Sustainability Due Diligence Directive (CSDDD) 2024 (as a comparative model for Indian supply chain reform).

³⁷ Government of India. (2022). India's long term low emission development strategy. Ministry of Environment, Forest and Climate Change. <https://unfccc.int/documents/623938>, Modi, N. (2021, November 1). National statement at COP26 climate summit. Government of India.