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# Environmental Accounting Disclosures and Financial Performance: A Two-Year Comparative Study of Indian Firms

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**Abstract:** Since companies are under increasing pressure to show both financial performance and environmental responsibility, environmental accounting disclosure has become a crucial component of corporate reporting. Using the fiscal years 2022–2023 and 2023–2024 as two years, this study examines the patterns and extent of environmental accounting disclosures and their relationship to financial performance in well-known Indian companies. Secondary data was gathered from the annual reports, sustainability reports, ESG disclosures, and Bombay Stock Exchange filings of the top 50 companies by market capitalization using a quantitative, comparative research design. Environmental accounting disclosure was measured using the Environmental Disclosure Index, which was based on the Razeed (2010) framework. Financial performance was assessed using return on equity, return on assets, earnings per share, and net profit margin. Annual differences in financial indicators and disclosure practices were examined using a paired-samples t-test. The findings indicate that the company is increasing its revenue and making better use of its assets in 2023–2024, as evidenced by the notable improvements in the Net Profit Margin and Return on Assets. However, there was no statistically significant change in return on equity or earnings per share. It's significant to note that over the course of the two years, environmental accounting disclosure levels remained largely unchanged, as did reporting practices. According to the study, the environmental disclosures made by big Indian corporations exhibit a consistent pattern that isn't significantly impacted by transient shifts in financial performance. Environmental reporting practices remained unchanged despite improvements in certain financial indicators. This indicates that Indian companies' financial performance and environmental accounting disclosure are taking different paths.

## Introduction

Environmental accounting disclosures have become central to contemporary corporate communication as firms confront rising expectations to demonstrate how their operations affect ecological systems, comply with environmental regulations, and manage long-term sustainability risks. People are reconsidering what corporate responsibility means, as evidenced by the rise in reporting. Environmental performance is now viewed as an essential component of organisational accountability that has a significant impact on stakeholder trust and economic resilience, rather than as a distinct or less significant issue. Businesses have been including more environmental indicators in their sustainability and annual reports for the past 20 years. These metrics include resource consumption, emissions, waste management, and investments made to lessen environmental harm. This shows that financial statements alone can't show the full range of environmental costs and risks that come with industrial activity.

The theoretical foundation for this shift comes from information economics, stakeholder theory, and legitimacy theory, each of which offers a unique but complementary justification for public environmental information dissemination. According to legitimacy theory, as Deegan and Rankin (1996) show, disclosures are often used as tools for reputation management, especially when businesses want to maintain social acceptance or distance themselves from unfavourable environmental events. Stakeholder theory broadens this viewpoint by emphasising how different stakeholders, such as investors, regulators, consumers, and communities, have an impact on disclosure practices. These stakeholders are calling for more open communication about ecological risks and environmental stewardship.

Initial examinations of online disclosure trends recognised increased accessibility while also highlighting significant disparities in reporting depth, consistency, and verification among various companies and industries. Malarvizhi and Yadav (2009) noted that while digital platforms enhance the accessibility of environmental information, numerous companies depend predominantly on vague assertions instead of quantifiable metrics, thereby constraining the interpretive significance of these disclosures for stakeholders assessing environmental performance. Information economics adds another dimension by suggesting that open environmental reporting reduces information asymmetry and helps businesses show that they are prepared for future environmental uncertainties. For instance, according to Cormier and Magnan (2013), a company's environmental concerns and self-governance capabilities can be made evident through trustworthy disclosures, which can increase market confidence. Taken together, these theoretical frameworks describe environmental disclosure as a strategic and instructive instrument essential to the changing dynamics of corporate-society ties. Technology advancements have also altered how companies disseminate environmental information. Information on sustainability is increasingly being shared through corporate websites and digital media.

By providing information about their environmental expenditures, compliance initiatives, and ecological impacts, environmental accounting has evolved into a structured system that aids businesses in decision-making and accountability to others, according to a broader range of empirical investigations. This aids businesses in coordinating their operational and strategic objectives with their environmental responsibilities. As reporting procedures improved, researchers began to investigate whether environmental disclosure has an impact on financial performance. Globally, the outcomes are still inconsistent, though. According to some research, businesses that implement and share strong environmental practices benefit financially from increased productivity, better stakeholder relations, and better market positioning. For example, Ngwakwe (2009) found that environmentally conscious Nigerian businesses had positive financial outcomes. The results of other studies are more nuanced.

Markets prefer significant environmental activities above merely reporting, according to Arafat et al. (2012), who studied Indonesian manufacturers and found that environmental performance rather than transparency corresponded with improved financial outcomes. This diversity is supported by meta-analytic research, which shows that methodological choices, geographical settings, and differences in disclosure measurement all have an impact on the disclosure performance connection, producing conflicting empirical results across countries and industries. It is more difficult to comprehend the distinction between outward disclosure and internal environmental accounting. Costs and operations are directly impacted by internal systems that address resource efficiency and pollution control. Conversely, external disclosures have an impact on the company's reputation and level of trust. Research examining these two factors demonstrates that disclosures grounded in actual environmental systems have a greater financial impact than reporting that is only symbolic or promotional. The dichotomy between rapid

industrial expansion and growing governmental and public expectations to reduce environmental degradation is exemplified by the evolution of environmental disclosure in India. Early research on Indian corporate reporting revealed that rather than using quantifiable performance metrics, businesses frequently employed ambiguous, narrative explanations of their environmental commitment. According to Sahay (2004), there were significant differences in the comparability, depth, and dependability of enterprises and sectors.

Disclosures still exhibit a wide range of variations in quality and completeness, despite governmental initiatives such as mandatory sustainability reporting for the largest corporations and voluntary guidelines making it simpler for people to discuss the environment. Information has become more accessible thanks to digital reporting, but it hasn't become more reliable. Many Indian companies still only share some information or do so inconsistently, which is similar to earlier criticisms of online disclosure patterns. More information is added by research that focuses on particular industries: environmentally sensitive businesses, such as heavy manufacturing and cement, typically disclose more environmental information. However, ownership patterns, regulatory exposure, and managerial agendas can all have a significant impact on how thorough and trustworthy these disclosures are. Comparative studies of the cement industry, for instance, reveal that because public sector businesses are held to higher institutional scrutiny and compliance standards, they frequently provide more thorough and well-organised reports than private sector businesses.

The same patterns are found in studies of industrial firms, which reveal that disclosures frequently center on environmental regulations rather than quantifiable performance indicators. Because of this, stakeholders find it more difficult to assess how well businesses are truly performing in terms of the environment or the costs to them. Evaluations of Indian environmental accounting research reveal persistent methodological issues that hinder comparability and continuity in empirical results, including uneven disclosure indices, a fragmented sectoral focus, and a variety of scoring systems.

The variable nature of environmental disclosure research in India, according to synthesised reviews, is caused by voluntary reporting criteria, a lack of standardisation, and ongoing institutional changes in sustainability regulation. Despite these issues, environmental disclosure continues to rise as companies realise how crucial it is to their governance, reputation, and long-term strategic posture. At the same time, businesses' environmental resilience and profitability are becoming increasingly valued by financial markets. This implies that understanding how environmental accounting procedures impact financial outcomes is crucial. These elements make it fascinating to examine how Indian businesses report their environmental accounting, particularly as they must simultaneously manage the demands of society for sustainable conduct, corporate performance, and regulatory compliance. In an era where environmental responsibility is becoming more crucial in India's evolving business environment, we can gain a better understanding of corporate accountability by examining how Indian companies share information about the environment, what influences their disclosure behaviour, and what these disclosures mean for their financial performance.

### **Review of Literature**

Environmental accounting and its disclosure procedures have emerged as key research fields as a result of the expectation that businesses record their environmental consequences in an understandable and methodical manner. This shift indicates that corporations are redefining what it means to be responsible and that environmental impact is becoming more widely recognised. More companies are understanding that publicly discussing their environmental performance is a key component of their social legitimacy (Omnamasivaya & Prasad, 2017). Environmental implications have not been adequately addressed by traditional financial reporting standards, which place a strong emphasis on shareholder value and profitability. Because of this deficiency, academics are advocating for integrated systems that combine ecological indicators and environmental costs into corporate reporting (Chaklader & Gulati, 2015). As environmental risks increased and regulatory frameworks changed, businesses began using environmental accounting techniques to disclose information about resource use, emissions, waste management, and compliance efforts indicators that help stakeholders evaluate operational transparency and long-term sustainability (Ye et al., 2023). The theoretical underpinnings of environmental disclosure include information economics, legitimacy theory, and stakeholder theory. According to legitimacy theory, businesses disclose environmental information in order to maintain or restore their standing in society, particularly when their operations pose environmental risks (Obias et al., 2024).

Stakeholder theory emphasises that companies need to respond to the needs of communities, investors, and regulators who are expecting more thorough and trustworthy environmental reporting (Islam et al., 2024). According to information economics, disclosure improves investor perception and reduces uncertainty about environmental risk by demonstrating management's preparedness for environmental unpredictability (Abimbola, 2025). Together, these theories present environmental disclosure as a strategic tool that affects stakeholder expectation management, legitimacy reinforcement, and corporate communication of accountability.

Real-world research has demonstrated that, due to growing demands for sustainability and the growth of digital communication, businesses are becoming more transparent about their environmental policies globally. For instance, a growing number of businesses and sectors are sharing environmental information online, however the calibre and scope of these disclosures differ greatly (Wu & Li, 2023). This discrepancy highlights a persistent problem: many businesses make general environmental pledges while ignoring quantifiable metrics that allow stakeholders to assess meaningful environmental outcomes (Gauba et al., 2024). The outcomes of studies examining the relationship between financial performance and environmental disclosure have been equivocal.

According to some research, environmental initiatives can increase a company's profitability by reducing waste, making better use of resources, and enhancing its standing in the marketplace (Iliemena, 2020). On the other hand, Arafat et al. (2012) found that while environmental performance had a beneficial effect on financial results, disclosure by itself had no discernible effect on profitability unless it was combined with considerable environmental activities. Furthermore, meta-analytic evidence shows that although environmental disclosure and financial performance generally have a positive correlation, the strength and type of this relationship depend on factors like sample characteristics, regulatory context, and measurement methodologies (Henry Wasosa, 2025).

The lack of consistency in global findings can be explained by variations in governance systems, industry characteristics, regulatory contexts, and firm-level factors. In contrast to nations where reporting is largely discretionary, those with stringent regulations and clearly defined sustainability criteria have more reliable and consistent disclosure processes (Gündüz & Gündüz, 2025). According to Malik et al. (2023), internal disclosures regarding environmental cost management and operational environmental data often result in more measurable financial benefits than external disclosures that primarily focus on reputation-boosting narratives. Another crucial factor is the industry type. For instance, because they are subject to increased inspection and regulatory pressure, pollution-heavy businesses like chemicals, cement, and energy tend to exchange more environmental information (Razali, 2025).

Since genuine environmental progress lends credibility to reports, companies that practise better environmental practices are also more likely to provide extensive information (Sahay, 2004). These elements demonstrate the complexity of the interaction among disclosure behaviour, organisational characteristics, environmental performance, and regulatory demands. Although there has been significant progress, there is still a great deal of heterogeneity in India's environmental disclosure standards. According to preliminary research, Indian enterprises' environmental reporting was primarily narrative and sometimes lacked quantitative indicators and quantifiable environmental performance data (Malarvizhi & Yadav, 2008). Disclosures remain inconsistent despite the implementation of standards such as the National Voluntary Guidelines and Business Responsibility Reports. This is due to the fact that many businesses employ various formats, levels of detail, and reporting systems (Cormier & Magnan, 2015).

Many businesses continue to employ promotional information in place of performance-based reporting; digital reporting has made it simpler to access, but not always deeper (Ye et al., 2023). According to sectoral research, environmentally conscious industries particularly those in the public sector tend to share more information about the environment since they are subject to greater scrutiny. Conversely, private businesses frequently prioritise strategic communication (Obias et al., 2024). Credibility and major environmental initiatives are crucial factors in determining the impact of disclosure on profitability, according to research on the financial performance of Indian firms, which shows ambiguous or limited correlations with disclosure practices (Islam et al., 2024).

There are still methodological flaws in Indian literature. Many studies rely on cross-sectional data, which capture disclosure practices at a single point in time and do not take into consideration how businesses adjust reporting in response to changing stakeholder expectations, regulatory requirements,

or changing financial conditions (Gaubá et al., 2024). Because multiple scoring systems, weighting systems, and disclosure indexes are used by researchers, measurement inconsistencies make comparisons even more difficult. Their application to the larger Indian business sector is limited by the presence of industry-specific studies. Furthermore, understanding the relationship between operational environmental performance and public reporting is limited since internal environmental practices are rarely examined in tandem with external disclosure behaviours (Wu & Li, 2023). These discrepancies point to the need for longer-term, more thorough analyses of environmental disclosure in India. These methods would provide valuable insights into how corporate environmental reporting practices have evolved adaptively, particularly in response to shifting sustainability laws and rising public expectations (Iliemena, 2020).

## **Research Methodology**

### **Research Design**

This study employs a quantitative, comparative research design to analyse the variations in environmental accounting disclosures and the financial performance of Indian firms over two successive financial years, 2022–23 and 2023–24. The design is both descriptive and analytical, using only secondary data from publicly available Annual Reports, Sustainability Reports, ESG disclosures, and BSE corporate filings. The study employs a repeated-measures design, as the same firms are analyzed across two time periods, making it appropriate for assessing annual variations in corporate reporting behaviour.

### **Population and Sample**

The study's population comprises all firms listed on the Bombay Stock Exchange (BSE). Using purposive sampling, the top 50 firms by market capitalisation were chosen from this group. Larger firms are selected due to empirical evidence indicating that size, governance robustness, and stakeholder visibility substantially affect the magnitude and quality of environmental disclosures (Phoprachak & Buntornwon, 2020; Sc, 2025; Sulemana et al., 2025; Suileek & Alshurafat, 2022). These companies usually have more organised systems for reporting on sustainability, which makes them good for comparing over two years.

### **Variables of the Study**

#### **Independent Variable**

The Environmental Disclosure Index (EDI), which is based on Razeed (2010), is used to measure the independent variable, Environmental Accounting Disclosure (EAD). The total score for each year shows how much was disclosed, with a binary system (1 = disclosed, 0 = not disclosed) used to score each item.

#### **Dependent Variables**

The dependent variable is financial performance, which is made up of four indicators that are commonly used to evaluate a company's finances:

- Return on Assets (ROA)
- Return on Equity (ROE)
- Earnings Per Share (EPS)
- Profit Margin

These indicators were collected from audited financial statements for both years under study.

#### **Objectives of the Study**

- To understand the pattern and extent of environmental accounting disclosure practices among leading Indian firms in the context of increasing sustainability and reporting expectations.
- To examine whether there is a significant difference in environmental accounting disclosure and financial performance indicators (ROA, ROE, EPS and Profit Margin) of selected Indian firms between the financial years 2022–23 and 2023–24.

#### **Hypothesis of the Study**

There is a significant difference in environmental disclosure and financial performance indicators (ROA, ROE, EPS, Profit Margin) between 2022–23 and 2023–24.

### Data Collection

The research utilises secondary data obtained from corporate Annual Reports, Sustainability Reports, ESG disclosures, and BSE filings. The Razeed (2010) index was used to code environmental disclosure items for each year. To make sure they were reliable and comparable, we got financial indicators (ROA, ROE, EPS, and Profit Margin) straight from audited statements.

### Statistical Tool Used

Since the same companies were measured in two years in a row, a paired samples t-test was used to see if the differences in environmental disclosure and financial performance from one year to the next were statistically significant. The paired t-test is suitable for identifying mean differences between two correlated sets of observations. SPSS software was used to run all of the tests at a 5% significance level.

### Discussions and Findings

**Table 1: Descriptive Statistics**

Descriptive Statistics					
Parameters	N	Minimum	Maximum	Mean	Std. Deviation
NP Margin 22-23	198	-69.29	88.14	12.42	15.66
NP Margin 23-24	199	-75.96	91.94	13.89	17.24
ROE 22-23	196	-27.20	262.70	17.24	24.63
ROE 23-24	197	-19.62	136.24	17.68	15.89
ROA 22-23	198	-13.17	63.66	7.26	8.53
ROA 23-24	199	-14.81	64.72	8.36	8.74
EPS 22-23	198	-63.26	1924.56	51.13	150.77
EPS 23-24	199	-23.00	4812.26	77.93	351.46
Environmental disclosure22-23	198	0	19	14.20	5.48
Environmental disclosure23-24	199	0	19	14.24	5.33

Source: Primary Data

From 2022–2023 to 2023–2024, the sample enterprises' total financial performance improved little, according to the descriptive data. The company's net profit margin increased from 12.42% to 13.89%, indicating a rise in revenue. However, the subsequent year's greater standard deviation and wide range indicate that profits are becoming more inconsistent across businesses. With only a slight increase in the mean, return on equity (ROE) remained mostly unchanged. The standard deviation decreased between 2023 and 2024, indicating a more stable return on equity for enterprises. The average Return on Assets (ROA) increased from 7.26% to 8.36%, indicating a more noticeable improvement. This indicates that assets were utilised more effectively in the subsequent year. Since the range of ROA values is almost the same for both years, improvements were dispersed throughout numerous businesses rather than just a select few. A significant increase in average earnings per share (EPS) from ₹51.13 to ₹77.93 indicates that earnings are improving. The standard deviation, on the other hand, increased significantly, indicating that there is a great deal of variance and that certain firms have extremely high or low values. Over the previous two years, environmental disclosure levels have remained quite constant. The majority of businesses maintained their environmental reporting at around the same level, as indicated by the slight increase in the mean disclosure score from 14.20 to 14.24. It appears that disclosure methods are becoming more uniform, as evidenced by the slight decline in dispersion between 2023 and 2024. Nonetheless, the fact that some businesses continue to report nothing indicates that environmental reporting is still not common among big Indian businesses. Financial performance metrics generally indicate that things are improving in 2023–2024, but there hasn't been much of a change in environmental disclosure standards.

**Table 2: Paired Samples Correlations**

Parameter	N	Correlation	Sig.
NP Margin 22-23 & NP Margin 23-24	197	.864	.000
ROE 22-23 & ROE 23-24	195	.495	.000
ROA 22-23 & ROA 23-24	197	.912	.000
EPS 22-23 & EPS 23-24	197	.968	.000
Environmental disclosure22-23 & Environmental disclosure23-24	197	.750	.000

Source: Primary Data

The majority of variables indicate a substantial correlation between firm-level values over the two fiscal years, according to the paired-samples correlation results. A substantial positive association between net profit margin and revenue ( $r = 0.864$ ,  $p < 0.01$ ) suggests that businesses with higher revenue in 2022–2023 tended to hold onto their relative positions. The majority of variables show a substantial link with firm-level values throughout changes from year to year, according to paired-samples correlation data. Over the course of the two years, there is a substantial link between Return on Assets (ROA) and Earnings Per Share (EPS), with statistically significant values of 0.912 and 0.968, respectively. These results show that firms' asset efficiency and earnings performance are highly stable over time, indicating that structural or firm-specific variables have a big impact on these measurements. Most businesses that performed well in one year also performed well the following year. However, there is a small positive association between ROE and ROE ( $r = 0.495$ ,  $p < 0.01$ ), indicating that shareholder returns varied considerably between the two years. This suggests that changes to retained earnings, equity-related adjustments, or capital structure may have had a less consistent effect on ROE than on other performance indicators. A substantial correlation ( $r = 0.750$ ,  $p < 0.01$ ) exists between the Environmental Disclosure scores for 2022–2023 and 2023–2024. This indicates that during the two periods, corporations largely maintained the same disclosure policies. This consistency shows that big Indian companies' environmental reporting procedures are well-established and impervious to abrupt yearly changes. Since the observations from the two years are significantly related, a paired samples t-test is the appropriate option, as demonstrated by the strong and statistically significant correlations. Although there might still be variations in the mean values between the two years, these findings demonstrate that the company's performance and disclosure practices have been consistent.

**Table 3: Paired Samples Test**

Parameter	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
NP Margin_22-23 - NP Margin_23-24	-1.68	8.47	.60	-2.87	-.49	-2.79	196	.006
ROE_22-23 - ROE_23-24	-.36	21.74	1.55	-3.43	2.71	-.23	194	.81
ROA_22-23 - ROA_23-24	-1.05	3.61	.25	-1.56	-.55	-4.11	196	.000
EPS_22-23 - EPS_23-24	-27.22	210.33	14.98	-56.77	2.32	-1.81	196	.071
Environmental disclosure22-23 - Environmental disclosure23-24	-.086	3.82	.27	-.62	.45	-.31	196	.75

Source: Primary Data

Significant differences in the financial performance metrics and environmental disclosure of the chosen companies between the fiscal years 2022–2023 and 2023–2024 were evaluated using the paired samples t-test. The findings indicate that the two years' Net Profit Margin differed statistically significantly ( $t = -2.79$ ,  $p = 0.006$ ). Overall, net profit margins were higher in 2023–24 than in 2022–23, as indicated by the negative mean difference ( $-1.68$ ). This result suggests a significant increase in profitability over the studied time frame.

Return on Assets (ROA) also varies significantly ( $t = -4.11$ ,  $p < 0.001$ ). Asset utilisation improved in 2023–2024, as indicated by the negative mean difference ( $-1.05$ ). This indicates that businesses in later years were more adept at generating revenue from their assets. However, there is no statistically significant variation in Return on Equity (ROE) between the two years ( $p = 0.817$ ). This indicates that while profitability and asset efficiency improved throughout the time, shareholder returns remained largely unchanged. The mean difference indicates larger earnings in 2023–2024, yet there is no statistically significant difference in earnings per share (EPS) either ( $p = 0.071$ ).

The fact that EPS values differ greatly between companies may be the reason for the lack of importance. The findings indicate that there is no significant difference in environmental disclosure between 2022–2023 and 2023–2024 ( $p = 0.752$ ). This shows that there was no discernible rise or fall in the level of transparency in the tested firms' environmental reporting methods over the course of the two years. The null hypothesis is largely rejected by the paired t-test results. While ROE, EPS, and environmental disclosure have not changed significantly, net profit margin and ROA have. These findings demonstrate that environmental disclosure methods were consistent over time and that not everyone saw gains in financial performance.

### **Conclusion**

This study examined the relationship between the financial performance of well-known Indian corporations in the fiscal years 2022–2023 and 2023–2024 and environmental accounting disclosure, with a particular focus on disclosure practices in the face of rising sustainability requirements. The findings make it possible to draw firm conclusions about the study's conceptual and performance-oriented goals. The study clarifies the breadth and pattern of environmental accounting disclosure among major Indian firms in relation to the first aim. According to the data, there is no statistically significant variation in the overall disclosure scores, indicating that environmental disclosure practices have remained surprisingly consistent over the two years. Strong year-to-year correlations demonstrate that disclosure conduct is institutionalised and consistent rather than reactive, and most companies maintained the same amount of reporting. This consistency shows that well-known Indian corporations' environmental accounting disclosure follows a set framework that is impacted by governance procedures, regulatory frameworks, and established reporting standards. Companies did not substantially raise the quantity or level of their environmental disclosures, despite the fact that consumers are growing more conscious of sustainability and that businesses are required to report on it more. This demonstrates how reporting procedures have evolved to the point where legitimacy and compliance issues now take precedence above immediate responsiveness.

The findings indicate that financial performance has improved somewhat but significantly. The return on assets and net profit margin both increased statistically significantly in 2023–2024. This indicates that the business made more money and made better use of its resources. These modifications imply that businesses performed better operationally throughout this period. However, despite modest improvements in mean values, Return on Equity and Earnings Per Share did not show statistically significant variances. This demonstrates that increases in profitability and operational efficiency did not necessarily translate into larger returns for shareholders. This is most likely due to equity and financial considerations that were particular to each business.

According to the findings, improved financial performance occurred naturally without any modifications to the way businesses present environmental information. Companies' financial performance improved in many areas, but their environmental reporting remained mostly same. This demonstrates that environmental disclosure is a more consistent company strategy rather than one that fluctuates based on immediate financial outcomes. When it comes to environmental reporting, it appears that long-term strategic positioning, regulatory compliance, and reputation are more significant than variations in profitability or efficiency over time.

The leading Indian businesses, according to the report, have a dependable and regular method for revealing their environmental accounting data. The amount of information they disclose doesn't change significantly, despite growing requirements for sustainability and reporting. At the same time, several aspects of financial performance, like asset efficiency and profitability, improved. Large Indian enterprises' financial performance and environmental reporting follow distinct and independent pathways, as seen by the absence of concurrent changes in environmental disclosure. These results provide credence to the notion that environmental accounting disclosure rather than being merely a performance-based or short-term response has evolved into an organised and institutionalised component of company reporting in India.

### **Limitations and Future Scope**

The study is restricted to a two-year timeframe, which encompasses short-term fluctuations but may not accurately represent long-term transformations in environmental disclosure practices and financial performance. The sample is limited to large BSE-listed firms, which means that the results can't be used for mid- and small-cap companies. A binary index is used to measure environmental disclosure.

It only shows whether disclosure is present, not how deep or good it is. The analysis is based only on secondary data, which may not show how environmental accounting is done inside the company. Future research may broaden the temporal scope, incorporate firms of varying sizes, implement more sophisticated disclosure scoring methodologies, and investigate the interplay between internal environmental performance and external disclosure practices.

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