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## **IPR Compliance and ESG Disclosures: Legal Obligations under Indian Corporate Law**

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**DOI : <https://doi.org/10.5281/zenodo.16811535>**

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### **ARTICLE DETAILS**

**Research Paper**

**Accepted:** 24-07-2025

**Published:** 10-08-2025

**Keywords:**

*BRSR Core, ESG disclosures, Intellectual Property Rights (IPR), SEBI Compliance, TRIPS Flexibilities, Utility Models*

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### **ABSTRACT**

This paper explores the convergence of Intellectual Property Rights (IPR) and Environmental, Social and Governance (ESG) disclosures under India's evolving corporate regulatory framework. SEBI's BRSR Core and the Companies Act, 2013 lay out strict legislative protocols that mandate ESG compliance, prompting the organisations to think of inventive ways to integrate ESG obligations and innovation metrics, specifically the ones driven by IP, into their sustainability narratives. This study discusses climate technologies, utility models and open innovation mechanisms, all proven tools to seamlessly incorporate ESG protocols, particularly in emerging economies where striking a balance between population explosion and climate advocacy is difficult and often gets diluted across various narratives and obligations. The paper highlights the void between policy enforcement and implementation surrounding IP-led revelations, which is more pronounced in small and medium enterprises (SMEs), owing to the complications and costing of IP related requirements. SMEs encounter significant challenges in meeting assurance and transparency benchmarks. The paper stresses on leveraging TRIPS flexibilities, adopting utility model regimes and aligning IP performance metrics with ESG standards to foster a robust and credible disclosure ecosystem. Through qualitative and legal analysis, this paper

underscores the vital role of IP as a link between compliance, innovation and sustainability.

## Introduction

The contemporary corporate setup increasingly prioritises the convergence of Intellectual Property Rights (IPR), Environmental, Social and Governance (ESG) imperatives and regulatory compliances; adhering to these norms have become the new standard, particularly within India's private sector. The Companies Act, 2013 and Securities and Exchange Board of India's (SEBI) Business Responsibility and Sustainability Reporting (BRSR) framework lay down the provisions and rules that guide the stakeholders (both internal and external) to ensure benefits not only for businesses but also for the entire ecosystem (Figure 1) (sarthaklaw.com, 2025). This report offers a thorough scrutiny of the legal infrastructure and compliance necessities that govern the alignment of IPRs with ESG disclosures in India, following an analysis of SEBI's evolving ESG mandates and elaborates on the crucial role played by intellectual property not only as a proprietary asset but also as a mark of institutional integrity. The report further explores how the firms navigate the tension between safeguarding their innovation and transparent reporting, while also assessing the judicial mechanisms that regulate these entities. This report aims to synthesise academic literature, regulatory circulars and statutory instruments to propose actionable recommendations for further improvement.

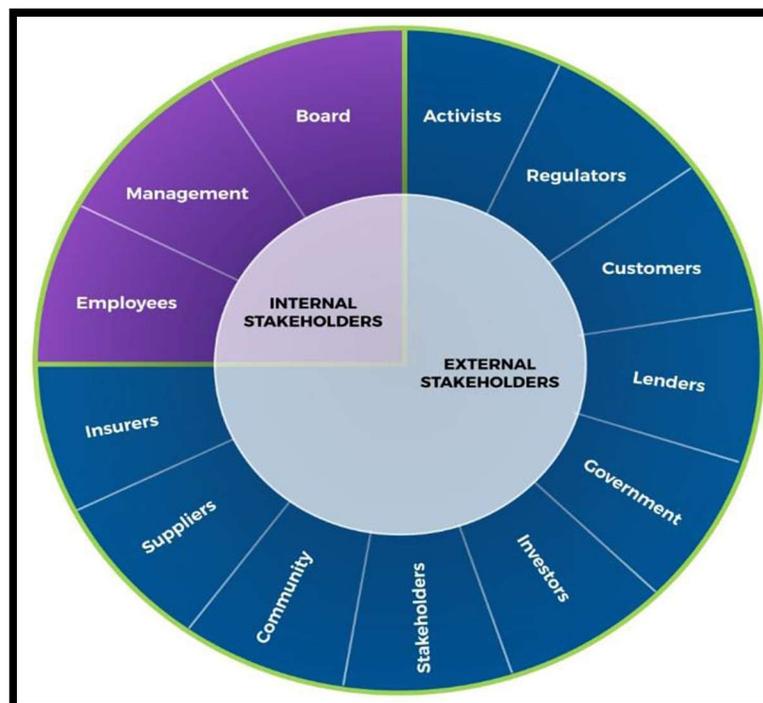


Figure 1: ESG metrics wheel

(Source: infotech.com, 2022)

## 2. Materials and Methods

Since the formalisation of ESG reporting through SEBI's BRSR and the subsequent introduction of BRSR Core, a paradigmatic shift has been observed in Indian corporate governance architecture.

### 2.1 The Emergence of BRSR Core and Mandatory ESG-IP Disclosures

The businesses must produce quantifiable environmental and social metrics in their annual report, mandating the incorporation of compliance into the core structure of corporate filings. As of FY 2023-24, SEBI requires the top 1000 listed corporations by market capitalisation to file BRSR reports by 2026-27, while BRSR Core has been made compulsory from FY 2024-25 (Figure 2) (india-briefing.com, 2024; sarthaklaw.com, 2025; sebi.gov.in, 2025). Companies must disclose data on emissions, resource use and IPR-linked innovations such as green patents and trademarks. Moreover, over 9.91% Indian goods exported to Europe have been brought under Carbon Border Adjustment Mechanisms (CBAM) of EU, which imposes a whopping 25% tax on energy intensive imported goods from India, necessitating sustainable operations to sustain relevance in the evolving market (india-briefing.com, 2024). The BRSR Core outlines Key Performance Indicators (KPIs) across nine ESG principles (Figure 3) with majority indicators bound by reasonable assurance. This includes metrics under Principle 2 and Principle 6, pertaining to sustainable product development and environmental resource efficiency, both closely linked with IPR strategy (india-briefing.com, 2024). Accordingly, companies are required to disclose their sustainability-oriented R&D investments, institutional IPR collaborations and licensing arrangements that advocate climate adaptation or mitigation. SEBI has introduced a structured value chain reporting mandate, which dictates companies to ensure that 75% of their value chain partners (by value) must deliver data aligned with BRSR core, thereby bringing the subsidiary and affiliate innovation ecosystem under its purview (business-standard.com, 2024; india-briefing.com, 2024).

Further, Para 2.4.2 of the aforementioned master circular shall read as:  
"Listed entities shall mandatorily undertake assessment or assurance of the BRSR Core, as per the glide path specified in the following table:"

<i>Financial Year</i>	<i>Applicability of BRSR Core to top listed entities (by market capitalization)</i>
<i>2023 – 24</i>	<i>Top 150 listed entities</i>
<i>2024 – 25</i>	<i>Top 250 listed entities</i>
<i>2025 – 26</i>	<i>Top 500 listed entities</i>
<i>2026 – 27</i>	<i>Top 1000 listed entities</i>

Figure 2: Applicability of BRSR Core to top listen entities

(Source: sebi.gov.in, 2025)

**BRSR Key Principles**

Principle 1	Conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable
Principle 2	Provide goods and services in a manner that is sustainable and safe
Principle 3	Respect and promote the well-being of all employees, including those in their value chains
Principle 4	Respect the interests of and be responsive to all their stakeholders
Principle 5	Respect and promote human rights
Principle 6	Respect and make efforts to protect and restore the environment
Principle 7	When engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
Principle 8	Promote inclusive growth and equitable development
Principle 9	Engage with and provide value to their consumers in a responsible manner

Figure 3: 9 ESG Principles

(Source: india-briefing.com, 2024)

**2.2 Legal Obligations under Companies Act and Penal Provisions**

From a jurisdictional perspective, the Companies Act, 2013 under Section 134 and Schedule VII obliges directors to account for environmental risks and technological adaptation as part of their reports to shareholders (indiacode.nic.in, 2024). Additionally, the Rule 8 of the Companies (Accounts) Rules, 2014 mandates the disclosure of environmental aspects. Similarly companies and individuals can be sued under Section 447 (fraudulent act/misrepresentation of material information) of the Companies Act (punishable by imprisonment up to 10 years and fine up to 3 times the amount involved in the fraud), if the entity fails to disclose their ESG data embedded with IPR statistics (ca2013.com, 2024). Legal compliance is no longer seen as a fiduciary transparency but about exhibiting how the firm has contributed to boost India's economy through innovation while upholding India's global obligation to environmental stewardship. Therefore, in today's corporate governance, IPR has become a vital tool that serves as a legal shield and an ethical imperative. With over 90% global investors, suggesting ESG compliance as one of the strongest indicators of sustainable resilience, Indian companies are showing exceptional adaptability with over 80% voluntarily disclosing their sustainable targets and 50% large



companies having embedded ESG into their core operations (cfo.economictimes.indiatimes.com, 2024). Performance amongst the small and medium-sized enterprises (SMEs) have shown little adaptability at only 29% having defined their sustainability goals, indicating a huge void in policy implementation (cfo.economictimes.indiatimes.com, 2024).

### 3. Results

#### 3.1 Climate Technologies and Legal Convergence with IPR

One of the crucial topics in contemporary ESG discourse is climate technologies that refer to a vast range of systems, methods and equipment, designed to alleviate greenhouse gas emission or facilitate adaptation to climate risks. These tools include tangible assets such as solar panels and intangible ones such as sustainable methods (unfccc.int, 2024; unepccc.org, 2022). A striking difference can be observed in climate-resilient technological adoption rate between developed and developing nations with more than 80% low-carbon technology innovations being attributed to developed nations with Japan and U.S. leading the way (unepccc.org, 2022). The Intergovernmental Panel on Climate Change (IPCC) defines the versatility and utility of these tools not only to mitigate climate impact but also will help in the quest for achieving sustainable development goals, particularly for low-income countries that are functionally dependent on local technological maturity, institutional capacity and socioeconomic context (Figure 4) (ipcc.ch, 2023; unepccc.org, 2022). These technologies are classified into mitigation and adaptation technologies, which as per UNEP’s Technology Needs Assessment, are necessary solutions to formalise national ESG strategies, specifically where IP-linked assets, such as green patents and trademarks play significant role in promoting and fostering innovation and ensuring sustainable development (unepccc.org, 2022).

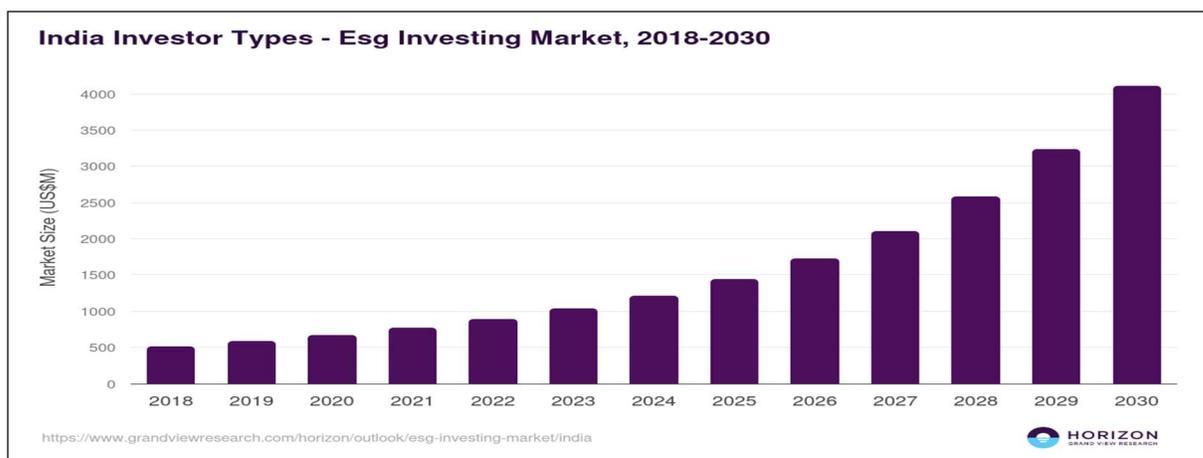


Figure 4: ESG investing market in India (2018-2030)

(Source: grandviewresearch.com, 2025)



### 3.2 Utility Models, Value Chains and Systemic Innovation

Another high-end discussion related to ESG-aligned innovation, particularly in developing economies entails utility models, which are also referred to as second-tier patents; these models have emerged as practical alternatives to conventional patents frameworks. Unlike, traditional models that involve high cost and are often inaccessible to local innovators, utility models offer less complex yet impactful inventions. According to Jee et al. (2024), these models are instrumental in spearheading adaptive innovation, in which existing technologies are modified and tailored to suit the requirements of local socio-technical contexts and environmental constraints. For instance, developing nations, such as India and South Africa are witnessing a growing demand for utility models regimes to promote climate innovation at grassroots level to catalyse low-cost environmental technologies. The acceptability of these models can be attributed to their less complex application process, shorter grant times and greater alignment with local industrial capabilities (Jee et al., 2024). These models are critical in economies where innovation ecosystems are fragmented and absorptive capacity remain stagnant (Danish et al., 2021). As noted by Jee et al. (2024), that WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), while intended to synchronise IP standards globally, often binds developing nations by restraining them into one-size fits all rule, limiting their tailoring potential. For instance, the absence of a formal utility model regime in India despite TRIPS' flexibilities under Article 27, exhibits this constraint (Jee et al., 2024). This is backed by Danish et al. (2021) as well, who stress aligning ESG-driven systemic innovation tailored for the local market with TRIPS-compliant national frameworks to ensure global credibility along with local accessibility of climate technologies.

### 3.3 Institutional Mechanisms for Climate Adaptation

Contemporary ESG compliance demands a sharp shift from traditional IP exclusivity towards open innovation, more vehemently in developing nations like India, where adaptation to climate-resilient technologies directly translates into sustainable market positioning. As noted by Jee et al. (2024), adaptation-oriented solutions are often context-dependent and require knowledge sharing across businesses, institutions and borders. A trend of increasing reliance of Indian firms on institutional mechanisms such as joint development agreements, co-financed R&D models and multi-stakeholder alliances is observed to build climate-resilient innovations. The cross-border collaboration is also backed by UNEP's Technology Needs Assessment (TNA) that upholds co-development and regional technology sharing platforms on a public-private-partnership (PPP) mode as the most effective model for achieving nationally determined contributions by governments (Figure 5) (unepccc.org, 2022).



Figure 5: ESG Impact on organisations

(Source: infotech.com, 2022)

### 3.4 Leveraging TRIPS Flexibilities and Joint Licensing

While certain amount of flexibilities are provided under Articles 7,8 and 27 of WTO's TRIPS Agreement, developing economies like India lacks a formal and robust joint licensing framework and a utility model regime, significantly limiting the domestic potential for shared IPR-led ESG innovation. Danish et al. (2021) highlight the importance of an ecosystem where IP is treated as an enabler and not a barrier. Cooperative IP arrangements can also pre-empt green patent hoarding and ensure that technologies are tailored to local needs and not monopolised by large entities. Through structured and voluntary disclosures under BRSR, firms can report joint licensing activities and cross-border IP collaborations, thereby adding value to ESG narratives and reinstating investor confidence.

## 4. Discussion

### 4.1 Evolving Quantification Standards

As the regulatory scaffolding gets more stringent, Indian firms are compelled to inculcate ESG metrics with IP frameworks to meet the demands encompassing disclosure and assurance requirements. The SEBI through its BRSR Core framework mandates structured disclosures of ESG aligned with nine principles (discussed above), which requires firms to not only demonstrate their intent, but also the quantifiable impact of their operations (ranging from environmental to overall social and economic impact) (india-briefing.com, 2024). Although, BRSR Core does not lay down IP-specific KPIs, yet the

disclosures revolving innovation, sustainable production and environmental efficiency inevitably combine the firms' R&D portfolios, licensing frameworks and proprietary technologies, as SEBI pushes for standardisation of reporting through reasonable assurance and third-party verification (sebi.gov.in, 2025).

#### 4.2 IP-Centric Metrics in Performance Evaluation

When framed within sustainability-linked targets, IP in the form of green patents, utility models and trademarks can function as both qualitative and quantitative ESG indicators (Figure 6). According to Jee et al. (2024), adaptive innovation grounded in indigenous contexts, often emerges through utility models that circumvent the formal rigidity of traditional patent systems. These models can be measured through counts of environment-related registrations, co-development projects and licensing arrangements. Likewise, evaluating ESG performance through IP assets enable the firms to benchmark innovation capacity while maintain alignment with both climate adaptation and mitigation goals (Danish et al., 2021). Institutional mechanisms, such as IP-backed financing, technology transfer agreements and joint ventures also account for tangible ESG contributions that can be tracked and improved.

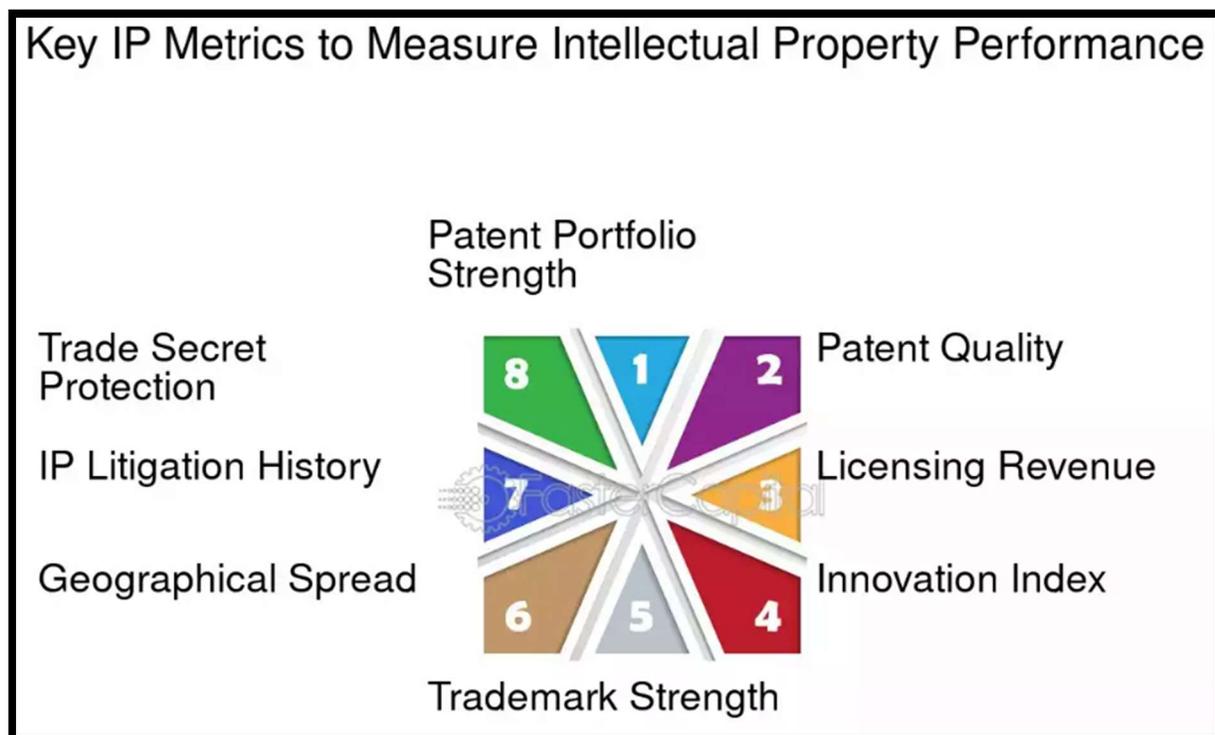


Figure 6: Key IP metrics to measure IP performance

(Source: fastercapital.com, 2024)



## 5. Conclusion

The incorporation of IPR within ESG disclosures under the evolving regulatory architecture of India demonstrates a sharp shift from voluntary narratives to enforceable, gaugeable commitments. Instruments, such as the BRSR Core and the Companies Act transcended the role of IP from its conventional proprietary role to becoming a benchmark in institutional credibility and sustainable innovation. Nevertheless, gaps remain in consistency, assurance and localisation of ESG-IP frameworks due to fragmented implementation of regulating structures with SMEs bearing the burnt the most. India's future corporate governance must design models that promote seamless integration of legal compliance with innovation to ensure green claims are verifiable, compliance is universal and innovation benefits extend beyond profit. Below lies the list of recommendations to smoothen integration of ESG and IPR:

- **Institutionalise Utility Models:** Formalise a utility model regime in India to incentivise grassroots ecosystem of innovation without legislative and financial barriers of conventional patenting.
- **Enhance IP-ESG Synchronisation in BRSR:** IP-specific KPIs under BRSR Core must be introduced, including metrics for green patents, licensing and R&D for climate technologies.
- **Mandate Third-Party Assurance for IP Disclosures:** Mandate third-party assurance to curb greenwashing and strengthen institutional accountability.
- **Leverage TRIPS Flexibilities:** Tailor national IP laws under WTO's TRIPS Agreement to safeguard indigenous ESG innovations while meeting the global requirements.
- **Develop IP-Backed ESG Financing Tools:** Promote instruments like green bonds indexed to IPR assets that contribute to SDGs.
- **Facilitate Value Chain Reporting:** Build IP awareness and compliance capacity among suppliers and MSMEs to meet the 75% BRSR value chain mandate.

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