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IMPACT OF CSR DISCLOSURE ON FINANCIAL PERFORMANCE: EVIDENCE FROM NSE-LISTED COMPANIES IN INDIA

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Abstract:

CSR disclosure has become a key component of corporate reporting in India, particularly after the implementation of the Companies Act, 2013, and SEBI's BRSR framework in 2021. This study examines whether CSR disclosure contributes to financial performance among 100 NSE-listed firms over the period 2020–21 to 2024–25. CSR disclosure was measured using a structured 28-item CSR Disclosure (CSRD) Index, developed in line with BRSR/GRI guidelines. Each item was scored on a binary scale (1 = disclosed, 0 = not disclosed) and grouped into four dimensions-Environmental, Community, Employee, and Consumer disclosures. The index was normalised to generate both dimension-wise scores and an Overall CSR Disclosure Index (OCSRD).

Eight panel regression models were estimated to assess the impact of overall and dimension-specific disclosure on ROA, ROE, NPM and Tobin's Q. The findings show that higher levels of overall CSR disclosure are associated with lower ROA and ROE, a marginal and statistically insignificant decline in NPM, and no meaningful relationship with Tobin's Q. At the dimension level, Environmental disclosure improves NPM, whereas Community and Consumer disclosures have negative effects on profitability. Employee disclosure shows no measurable impact on any financial indicator.

Overall, the results suggest that CSR disclosure imposes short-term costs and does not provide immediate financial or market benefits. However, the disclosure framework may still support longer-term, reputational, or strategic gains that extend beyond the study period.

Keywords: CSR Disclosure, Financial Performance, Panel Data, NSE-Listed Firms, ROA, ROE, NPM, Tobin's Q, India

1. Introduction

CSR disclosure has evolved into a key component of corporate governance worldwide. International studies show that CSR reporting helps firms enhance legitimacy, build stakeholder trust, and differentiate themselves in competitive markets (Buallay et al., 2020; Nguyen et al., 2021; Ahmad et al., 2024). During periods of crisis, transparent CSR communication also helps firms maintain stakeholder confidence.

In India, CSR disclosure has grown significantly following regulatory initiatives, but research highlights major inconsistencies in reporting practices. Early studies reported low disclosure levels and limited coverage of CSR categories among leading Indian companies (Bhatia & Chander, 2014; Maheshwari et al., 2014). Although reporting improved over time, studies found substantial variation across firms, with larger and state-owned companies disclosing more strategically than smaller firms (Jain & Winner, 2016). Even after the 2013 CSR mandate, CSR disclosures remained uneven across dimensions and industries (Kumar & Kidwai, 2018; Aspal & Singh, 2020; Maqbool & Zamir, 2019).

Given these mixed patterns, it is important to re-examine whether CSR disclosure enhances or reduces financial performance in the Indian context, especially after the introduction of the BRSR framework in 2021 and during the post-pandemic period.

2. Review of Literature

Buallay et al. (2020) Analyzed the impact of CSR disclosure on firm performance in 203 companies across six Mediterranean countries (2008-2017). Panel regression linked CSR with ROA, ROE, and Tobin's Q. Results showed CSR disclosure negatively affected operational (ROA) and market (Tobin's Q) performance, but had no significant effect on financial performance (ROE). The study indicated that in these markets, CSR reporting might decrease efficiency and market value if it does not meet stakeholders' expectations.

Erwin Althaf & Dalimunthe (2021) Assessed how CSR disclosure influences the financial outcomes of companies listed on the Kompas-100 Index between 2018 and 2020. Using sustainability reports aligned with GRI guidelines, CSR was measured against sales, profit margins, ROA, and Tobin's Q. Panel regression analysis showed that disclosure had a positive relationship with sales but a negative impact on net profit margins. No significant effect was observed on ROA or Tobin's Q. The findings indicate that CSR disclosure in Indonesia is more compliance-oriented than performance-driven.

Nguyen et al. (2021)Investigated factors influencing CSR disclosure and its impact on financial performance among the top 100 firms on the Vietnam Stock Exchange in 2019. CSR disclosure was measured through a structured checklist, and performance was gauged by ROA and ROE. Regression results indicated that firm size, government ownership, liquidity, and industry sensitivity significantly improved disclosure, while firm age was insignificant. Importantly, CSR disclosure showed a strong positive effect on both ROA and ROE, demonstrating that transparent reporting enhances profitability.

Fayad Altawalbeh (2021) Examined how CSR disclosure directly and indirectly affects the financial performance of Jordanian industrial companies, using accounting conservatism as a mediator. Based on a 43-item disclosure index for 45 firms (2015-2019) and analyzed with SmartPLS3, the study found that CSR disclosure has a significant positive impact on financial performance. Additionally, accounting conservatism improves performance and plays a complementary mediating role.

Singh & Chakraborty (2021) Empirically examined the relationship between CSRD and the financial performance of Indian companies listed on the CNX Nifty 100. Using content analysis of annual reports (2012–2014) and multiple regression, they developed a multidimensional CSRD index covering six stakeholder groups. Results indicated that both the quality and extent of CSR disclosure positively impacted accounting-based measures like ROA and ROE, while market-based indicators such as Tobin's Q were not significantly influenced.

Jaisinghani & Sekhon (2022) Examined the effect of CSR disclosures on profit persistence among 97 Indian listed firms from 2008 to 2017. Using content analysis to create disclosure scores across six CSR categories and dynamic panel regression, they identified significant profit persistence in Indian companies. Overall, CSR disclosure, community development, and product-related reporting positively influenced profitability, while environmental and customer-related disclosures negatively impacted it. The study concluded that CSR helps sustain long-term profitability; however, results vary across different disclosure areas.

Dilrukshi (2022) examined the relationship between CSR disclosure and financial performance in Sri Lankan manufacturing companies. Using content analysis of 30 firms' annual reports (2014-2019) and applying regression models with ROA and ROE as indicators, the study confirmed a positive correlation between CSR disclosure and performance. Results highlighted CSR's significant influence on ROE, recommending firms to strengthen CSR practices for better profitability.

Ahmad et al. (2024) Assessed CSR disclosure's effect on profitability (ROA) and firm performance (Tobin's Q) in 75 Malaysian Halal food companies from 2012 to 2021. Using dynamic panel GMM models with content analysis across economic, social, and environmental dimensions, the study found that CSR disclosure significantly boosted both profitability and firm value. The findings indicate that CSR strategies not only foster consumer trust but also improve long-term competitiveness in the Halal sector.

3. Research Gap

Existing studies show contradictory evidence on how CSR disclosure influences financial performance. Research from the Mediterranean, Indonesian, and some emerging markets reports negative or mixed impacts. (Buallay et al., 2020; Erwin Althaf & Dalimunthe, 2021), while studies from Vietnam, Jordan, Sri Lanka, and Malaysia find positive effects (Nguyen et al., 2021; Fayad Altawalbeh, 2021; Dilrukshi, 2022; Ahmad et al., 2024).

Indian research also shows mixed and fragmented results. Earlier studies found low and inconsistent disclosure levels. (Bhatia & Chander, 2014; Maheshwari et al., 2014), while later studies reported improvements but continued variation across industries and CSR dimensions (Jain & Winner, 2016; Kumar & Kidwai, 2018; Aspal

& Singh, 2020). Financial outcomes remain equally inconsistent, with some studies showing positive effects (Laskar & Maji, 2017; Singh & Chakraborty, 2021) and others reporting dimension-specific negative or neutral impacts (Jaisinghani & Sekhon, 2022).

Furthermore, most Indian studies rely on small samples, single sectors, short timeframes, or overall CSR indices without examining dimension-specific effects. Very few analyse CSR disclosure in the post-BRSR regulatory environment using a multi-industry, multi-year approach. Therefore, there is a need for a comprehensive, dimension-wise analysis of CSR disclosure using large-scale, multi-year panel data to assess its true financial impact in India accurately.

4. Statement of the Problem

Although CSR disclosure aims to improve transparency and stakeholder trust, its actual financial effects are still unclear. International evidence is mixed-CSR disclosure can decrease performance because of the cost burden. (Buallay et al., 2020) or have mixed effects depending on indicators (Erwin Althaf & Dalimunthe, 2021). In other contexts, disclosure improves ROA and ROE by enhancing legitimacy and governance (Nguyen et al., 2021; Altawalbeh, 2021), while Sri Lankan and Malaysian studies also show beneficial effects (Dilrukshi, 2022; Ahmad et al., 2024).

Indian studies also reveal an uneven picture. CSR disclosure levels were initially low and largely qualitative (Bhatia & Chander, 2014; Maheshwari et al., 2014), later becoming more widespread but still inconsistent in depth and transparency (Jain & Winner, 2016; Kumar & Kidwai, 2018; Aspal & Singh, 2020). Financial effects vary widely: some studies find positive impacts on performance or brand value (Laskar & Maji, 2017; Singh & Chakraborty, 2021; Sarkar et al., 2020), while others show negative or dimension-specific effects (Jaisinghani & Sekhon, 2022). This inconsistency highlights the main research question: Does CSR disclosure enhance or weaken short-term financial performance in Indian listed companies, and how do various CSR aspects affect financial indicators?

5. Objectives of the Study

- To examine the impact of overall CSR disclosure on financial performance.
- To analyse the dimension-wise impact of CSR disclosure on financial performance.

6. Hypotheses of the Study

Hypotheses on Overall CSR Disclosure

- **H_{01}:** Overall CSR Disclosure has no statistically significant effect on Return on Assets.
- **H_{02}:** Overall CSR Disclosure has no statistically significant effect on Return on Equity.
- **H_{03}:** Overall CSR Disclosure has no statistically significant effect on Net Profit Margin.
- **H_{04}:** Overall CSR Disclosure has no statistically significant effect on Tobin's Q.

Hypotheses on CSR Disclosure Dimensions

- **H_{05}:** Environmental, Community, Employee, and Consumer disclosures have no statistically significant effect on Return on Assets.
- **H_{06}:** Environmental, Community, Employee, and Consumer disclosures have no statistically significant effect on Return on Equity.
- **H_{07}:** Environmental, Community, Employee, and Consumer disclosures have no statistically significant effect on Net Profit Margin.
- **H_{08}:** Environmental, Community, Employee, and Consumer disclosures have no statistically significant effect on Tobin's Q.

7. Methodology

7.1 Research Design and Sample

The study uses an analytical, quantitative research design based on secondary data from annual reports, CSR disclosures, and SEBI's BRSR filings. The sample includes a balanced panel of 100 NSE-listed companies chosen from eight major industries in India. The study spans five years, from FY 2020-21 to FY 2024-25, resulting in a total of 500 firm-year observations. The balanced nature of the panel ensures comparability across companies and over time.

7.2 Variable Measurement

Category	Variable	Formula / Scale
Dependent Variables	ROA	Net Income /Total Assets*100
	ROE	Net Income / Shareholders' Equity*100
	NPM	Net Profit/Revenue from Operation*100
	TOBIN'S Q	Market Value of Equity + Total Liabilities/Total Assets
Independent Variables **OCSRD -** Overall CSRD Index (CSRD Index of Sub-Categories) **ENVD -** Environmental Disclosure **COMID -** Community Involvement Disclosure **EMPD -** Employee Disclosure **COND -** Consumer Disclosure	OCSRD	$OCSRDIj = \frac{\sum Xij}{Nj}$ OCSRDIj = Overall CSR Disclosure Index of the individual category of firm j in the period t. $\sum Xij$ = 1 if item is disclosed, 0 if not disclosed. Nj = total number of items of the individual category of firm j in the period t.
	ENVD	
	COMID	
	EMPD	
	COND	
Control Variables	Firm Size	ln (Total Assets)
	Leverage	Ratio of total liabilities to equity
	Company Age	Current Year – Year of Incorporation (ln (Age)
	Year Effects	dummy variables capturing macroeconomic and regulatory variations across years.

7.3 Analytical Approach

The study used eight panel regression models to analyse how overall CSR disclosure and its four dimensions affect financial performance. Model selection followed standard econometric procedures: F-test to compare

Pooled OLS and Fixed Effects, Breusch–Pagan LM test to compare Pooled OLS and Random Effects, and Hausman test to decide whether Fixed Effects or Random Effects is suitable. The researcher built the following models for empirical analysis.

1. $ROA_{it} = \beta_0 + \beta_1(OCSRD_{it}) + \beta_2(FirmSize_{it}) + \beta_3(Leverage_{it}) + \beta_4 ln(Age_{it}) + \Sigma^{t}\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$
2. $ROE_{it} = \beta_0 + \beta_1(OCSRD_{it}) + \beta_2(FirmSize_{it}) + \beta_3(Leverage_{it}) + \beta_4\, ln(Age_{it}) + \Sigma_t\,\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$
3. $NPM_{it} = \beta_0 + \beta_1(OCSRD_{it}) + \beta_2(FirmSize_{it}) + \beta_3(Leverage_{it}) + \beta_4\, ln(Age_{it}) + \Sigma_t\,\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$
4. $TOBINQ_{it} = \beta_0 + \beta_1(OCSRD_{it}) + \beta_2(FirmSize_{it}) + \beta_3(Leverage_{it}) + \beta_4\, ln(Age_{it}) + \Sigma_t\,\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$
5. $ROA_{it} = \beta_0 + \beta_1(ENVD_{it}) + \beta_2(COMID_{it}) + \beta_3(EMPD_{it}) + \beta_4(COND_{it}) + \beta_5(FirmSize_{it}) + \beta_6(Leverage_{it}) + \beta_7 ln(Age_{it}) + \Sigma^{t}\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$
6. $ROE_{it} = \beta_0 + \beta_1(ENVD_{it}) + \beta_2(COMID_{it}) + \beta_3(EMPD_{it}) + \beta_4(COND_{it}) + \beta_5(FirmSize_{it}) + \beta_6(Leverage_{it}) + \beta_7\, ln(Age_{it}) + \Sigma_t\,\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$
7. $NPM_{it} = \beta_0 + \beta_1(ENVD_{it}) + \beta_2(COMID_{it}) + \beta_3(EMPD_{it}) + \beta_4(COND_{it}) + \beta_5(FirmSize_{it}) + \beta_6(Leverage_{it}) + \beta_7\, ln(Age_{it}) + \Sigma_t\,\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$
8. $TOBINQ_{it} = \beta_0 + \beta_1(ENVD_{it}) + \beta_2(COMID_{it}) + \beta_3(EMPD_{it}) + \beta_4(COND_{it}) + \beta_5(FirmSize_{it}) + \beta_6(Leverage_{it}) + \beta_7\, ln(Age_{it}) + \Sigma_t\,\gamma_t(FY_t) + \mu_i + \varepsilon_{it}$

Comprehensive diagnostic tests were conducted to assess heteroskedasticity, serial correlation (autocorrelation), cross-sectional dependence (CSD), and multicollinearity. Given evidence of heteroskedasticity, serial correlation, and CSD, the study applied Driscoll–Kraay robust standard errors, which provide reliable and consistent inference despite these violations. This approach is widely recommended for long and medium-length panels with cross-sectional dependence.

8. Results and Discussions of the Study

8.1 Impact of OCSRD on ROA, ROE, NPM, and Tobin's Q - Random Effects Model with Driscoll–Kraay Robust Standard Errors

Variable/ Statistics	ROA		ROE		NPM		TOBIN'S Q	
	Estimate (β)	p-value	Estimate (β)	p-value	Estimate (β)	p-value	Estimate (β)	p-value
(Intercept)	23.4133	< 0.001 ***	34.1206	< 0.001 ***	16.1828	0.0042 **	11.3812	< 0.001 ***
OCSRD	–7.6305	< 0.001 ***	–12.7374	< 0.001 ***	-2.9468	0.0831	0.1225	0.8207
Firm Size	–0.2039	< 0.01 **	–0.2925	0.2821	0.482	0.0994 ***	–0.2529	0.0014 **
Leverage	–0.8985	< 0.001 ***	–0.9422	< 0.001 ***	-0.9706	< 0.001 ***	–0.0851	0.0629 †
Ln (Age)	–1.2014	< 0.05*	–0.7377	0.3182	-1.937	< 0.001	–1.1627	0.0819

						***		†
FY2022	1.7681	< 0.001 ***	3.9589	< 0.001 ***	1.5978	< 0.001 ***	0.4794	< 0.001 ***
FY2023	1.3059	< 0.001 ***	3.5128	< 0.001 ***	0.6741	< 0.001 ***	–0.3226	< 0.001 ***
FY2024	2.0986	< 0.001 ***	5.1619	< 0.001 ***	1.2305	< 0.001 ***	0.4586	< 0.001 ***
FY2025	2.0409	< 0.001 ***	4.6524	< 0.001 ***	1.8391	< 0.001 ***	0.1461	0.2195
R^2 Overall	0.156	—	0.084	—	0.073	—	0.056	—
Adjusted R^2	0.142	—	0.069	—	0.058	—	0.041	—
Wald F-statistic	F= 24,182.09	< 0.001 ***	F= 37.563	< 0.001 ***	F= 858.8	< 0.001 ***	F= 89.679	< 0.001 ***

Significance levels: † p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001
Source: Computed by Researcher using panel data of NSE-listed firms (2020-21 to 2024-25).

Interpretation:

The findings indicate that Overall CSR Disclosure (OCSRD) does not improve financial performance during the study period. OCSRD has a strong negative impact on ROA ($\beta = –7.6305$, $p < 0.001$) and ROE ($\beta = –12.7374$, $p < 0.001$), which suggests lower operational and equity-based profitability for firms with higher disclosure levels. Its effect on NPM is weak and only marginally significant ($\beta = –2.9468$, $p = 0.0831$), while its impact on Tobin's Q is statistically insignificant ($\beta = 0.1225$, $p = 0.8207$), indicating no influence on market valuation.

Control variables behave as expected; leverage consistently reduces ROA, ROE, and NPM (e.g., ROA $\beta = –0.8985$). Firm size shows mixed effects, and firm age generally has a negative impact in most models. The year dummies are positive and highly significant across FY2022-FY2025, reflecting strong post-pandemic economic recovery rather than CSR-driven gains. The models' explanatory power is modest-ROA ($R^2 = 0.156$; Adjusted $R^2 = 0.142$), ROE ($R^2 = 0.084$; Adjusted $R^2 = 0.069$), NPM ($R^2 = 0.073$; Adjusted $R^2 = 0.058$), and Tobin's Q ($R^2 = 0.056$; Adjusted $R^2 = 0.041$)-indicating that while CSR disclosure and firm characteristics help explain performance variations, other factors also influence outcomes. Wald tests confirm all models are jointly significant at $p < 0.001$, meaning the predictor set significantly impacts financial results. Overall, the results suggest that CSR disclosure incurs short-term costs and does not generate immediate financial or market returns.

8.2 Impact of CSRD Dimensions on ROA, ROE, and Tobin's Q - Random Effects Model with Driscoll–Kraay Robust Standard Errors

Variable / Statistic	ROA		ROE		TOBIN'S Q	
	Estimate (β)	p-value	Estimate (β)	p-value	Estimate (β)	p-value
(Intercept)	21.7106	< 0.001 ***	29.0138	< 0.001***	11.4749	< 0.001***
ENVD	–0.2035	0.778	2.4782	0.292	0.6415	0.2168
COMID	–4.9848	< 0.001***	–7.2556	< 0.001***	–1.1553	0.0781†
EMPD	–0.0128	0.969	1.2108	0.534	–0.1128	0.8938
COND	–1.6021	0.062†	–6.6433	< 0.001***	0.6248	0.2341

Firm Size	–0.1527	0.014*	–0.1679	0.428	–0.2454	0.0036**
Leverage	–0.9008	< 0.001***	–0.8977	< 0.001***	–0.0926	0.0832†
Ln (Age)	–1.1409	0.017*	–0.5945	0.332	–1.1551	0.0776 †
FY2022	1.7143	< 0.001***	3.8996	< 0.001***	0.4573	< 0.001***
FY2023	1.0389	< 0.001***	3.4796	< 0.001***	–0.4899	0.0008**
FY2024	1.7332	< 0.001***	4.9055	< 0.001***	0.2674	0.1406
FY2025	1.8368	< 0.001***	4.7683	< 0.001***	–0.0276	0.8783
R^2 Overall	0.168	—	0.098	—	0.06	—
Adjusted R^2	0.149	—	0.078	—	0.038	—
Wald F-statistic	F= 18.625	< 0.001***	F= 352.643	< 0.001***	F= 876.993	< 0.001***

Significance levels: † p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001
Source: Computed by Researcher using panel data of NSE-listed firms (2020-21 to 2024-25).

9.3 Impact of CSRD Dimensions on NPM - Fixed Effects Model with Driscoll–Kraay Robust Standard Errors

Variable / Statistic	Estimate (β)	p-value
ENVD	8.7614	< 0.001***
COMID	−1.5878	0.338
EMPD	−0.9423	0.361
COND	−5.2298	< 0.001***
Firm Size	0.2962	< 0.001***
Leverage	−1.5143	< 0.001***
Ln (Age)	−4.6531	0.021*
FY2022	1.6211	< 0.001***
FY2023	0.7587	0.027*
FY2024	1.1226	0.008**
FY2025	1.8544	< 0.001***
R^2 (Within)	0.144	—
Adjusted R^2 (Within)	−0.097	—
Wald F-statistic	F= 580.549	< 0.001***

Significance levels: † p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001
Source: Computed by Researcher using panel data of NSE-listed firms (2020–21 to 2024–25).

Interpretation

The results show that the four CSR disclosure dimensions impact financial performance unevenly and do not consistently generate short-term gains for firms. For ROA, Environmental (ENVD) and Employee (EMPD) disclosures have no significant influence, while Community Disclosure (COMID) has a strong negative impact ($\beta = –4.9848$, $p < 0.001$). Consumer Disclosure (COND) also lowers ROA, but its effect is only marginally significant ($\beta = –1.6021$, $p = 0.062$). A similar trend appears for ROE, where COMID ($\beta = –7.2556$, $p < 0.001$) and COND ($\beta = –6.6433$, $p < 0.001$) significantly reduce shareholder returns, whereas ENVD and EMPD are statistically insignificant. For Tobin's Q, none of the four dimensions enhances market valuation; COMID shows a weak negative association ($\beta = -1.1553$, $p = 0.0781$), and the others have no significant effect.

The explanatory power of the Random Effects models is modest- ROA ($R^2 = 0.168$; Adjusted $R^2 = 0.149$), ROE ($R^2 = 0.098$; Adjusted $R^2 = 0.078$), and Tobin's Q ($R^2 = 0.060$; Adjusted $R^2 = 0.038$), though each model is jointly significant based on Wald tests ($p < 0.001$), indicating that the predictors collectively influence outcomes even if individual coefficients are weak.

For NPM, estimated using a Fixed Effects model, Environmental Disclosure has a positive and significant impact ($\beta = 8.7614$, $p < 0.001$), while Consumer Disclosure has a strong negative effect ($\beta = -5.2298$, $p < 0.001$). Community and Employee disclosures show no measurable impact on profit margins. While the within-model R^2 for NPM is modest (0.144), and the adjusted value is negative due to the fixed-effects structure, the model remains jointly significant ($F = 580.549$, $p < 0.001$). Across all models, leverage consistently reduces financial performance; firm size has mixed effects, and year-specific improvements from FY 2022 to FY 2025 reflect post-pandemic economic recovery rather than CSR-related benefits.

Overall, CSR disclosure dimensions tend to incur short-term costs, offer limited profitability benefits, and have no significant effect on market valuation.

9.4 Summary of Hypothesis Testing

Hypothesis	CSRD Variable(s)	Financial Measure	p-value	Decision
H_{01}	OCSRD	ROA	< 0.001	Rejected
H_{02}	OCSRD	ROE	< 0.001	Rejected
H_{03}	OCSRD	NPM	0.083	Accepted
H_{04}	OCSRD	Tobin’s Q	0.821	Accepted
H_{05}	CSRD Dimensions	ROA	< 0.001 (COMID)	Rejected
H_{06}	CSRD Dimensions	ROE	< 0.001 (COMID, COND)	Rejected
H_{07}	CSRD Dimensions	NPM	< 0.001 (ENVD, COND)	Rejected
H_{08}	CSRD Dimensions	Tobin’s Q	> 0.05	Accepted

The hypothesis testing results based on the p-values indicate that overall CSR disclosure significantly affects ROA and ROE ($p < 0.001$), leading to the rejection of H_{01} and H_{02}. Its impact on NPM ($p = 0.083$) and Tobin’s Q ($p = 0.821$) is not significant, so H_{03} and H_{04} are accepted. Regarding the CSR dimensions, ROA is significantly influenced by Community Disclosure ($p < 0.001$) and ROE by both Community and Consumer disclosures ($p < 0.001$), resulting in the rejection of H_{05} and H_{06}. NPM is significantly affected by Environmental and Consumer disclosures ($p < 0.001$), leading to the rejection of H_{07}. Tobin’s Q shows no significant p-values across all four dimensions ($p > 0.05$), resulting in the acceptance of H_{08}.

10. Conclusion

This study examined the impact of CSR disclosure on the financial performance of 100 NSE-listed firms over five years. The results indicate that higher levels of CSR disclosure do not provide short-term financial gains and instead lower ROA and ROE, while having only a weak effect on NPM and no impact on Tobin’s Q. These findings are consistent with studies reporting negative or insignificant short-term financial effects of disclosure. (Buallay et al., 2020; Erwin Althaf & Dalimunthe, 2021) and reinforce evidence from India showing uneven financial outcomes despite expanding CSR reporting practices (Bhatia & Chander, 2014; Aspal & Singh, 2020). At the dimension level, environmental disclosures boost operational profitability, consistent with findings that environmental initiatives can improve efficiency. (Ahmad et al., 2024), while community and consumer disclosures create financial pressure, similar to earlier evidence that resource-intensive CSR activities might reduce margins (Maheshwari et al., 2014; Jaisinghani & Sekhon, 2022). Employee-related disclosures show no measurable financial effects, echoing studies that demonstrate limited short-term financial benefits for internal CSR initiatives. (Singh & Chakraborty, 2021).

Overall, the results show that CSR disclosure in India has immediate costs and does not lead to short-term profitability or market valuation increases. However, consistent with arguments that CSR helps build long-term legitimacy, reputation, and stakeholder trust. (Maqbool & Zamir, 2019; Laskar & Maji, 2017), The benefits of disclosure may develop gradually rather than within a short five-year period. Firms should therefore see CSR disclosure as a strategic, long-term investment instead of a tool for immediate financial gain.

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