Green Financing in Borosil Renewables Ltd

Ashishya Binod[1], Jinali Doshi[2], Shubhankar Sinha[3]

[1]PGDMBDI2/2114, Universal Business School, Maharashtra, India.

[2]PGDMBDI2/2132, Universal Business School, Maharashtra, India.

[3]PGDMBDI2/2178, Universal Business School, Maharashtra, India.

Corresponding Author: shubhankarsinha2007@gmail.com

Abstract: This study examines the relationship between Environmental, social, and governance factors and its impact On Borosil Renewables Ltd. On precise note we will study impact on investors, impact on financial statements, BRL'S green stock, and how the qualitative measurement in quantifiable manner impacts the company's profitability and image. We will study the overall impact of ESG compliance and also change in image as well as investment after launching ESG stock. We will study how ESG relates to green investments and green stocks.

Key Words: —G*reen economy, Investment pooling, Antimony Free Solar glass, Less carbon footprint, Borosil renewables, Inno-vest.*

I. Introduction

ESG stands for Economic, social and Governance. ESG not a mandatory part of financial reporting. ESG leads to sustainable development. Sustainable means meeting needs of present without sacrificing the future needs.

ESG gives rise to responsible investment it goes beyond economic value of company.

Investing for Sustainability Impact (IFSI) refers to an investing strategy where an investor emphasizes positive behaviour changes among companies, corporations, or policymakers with the goal of benefitting broader social or environmental aims. This could include influencing these entities to reduce or eliminate behaviour that results in negative sustainability outcomes or increase positive outcomes.

- Environmental: - to look after how company performs in taking care of nature around.
- Social: - This criterion measures how company manages its relationships with employees, suppliers, customers, and society.
- Governance: - it deals with company's internal structure and shareholder rights.

1.1 Need for the Study

The purpose of ESG measurement is that, it has a long-term material impact on the company which adds economical value to the company. So, ESG is a standard to measure the ethical impact of the company which gives an economic edge to it.

1.2 Objective

To understand the purpose of green stock of BRL and its contribution in pooling of investment and how reporting under ESG is different.

II. Research Methodology

BRL has formed an ESG committee to assist the Board and the Company in fulfilling the ambitions committed in the ESG vision of the company. The Committee has overall responsibility for

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- Endorsing the ESG vision and goals set out on an ongoing basis.
- Monitoring the progress against the stated vision and goals.
- Reviewing any statutory performance obligations on Sustainability/ESG. The purpose and responsibilities of the Committee shall include such other items/matters prescribed under applicable law or prescribed by the Board in compliance with applicable law from time to time. The Committee is also responsible for reporting progress of various initiatives and in making appropriate disclosures on a periodic basis.

BOROSIL renewables

2.1 Environmental Commitment

- Making the skies safer to fly through anti-glare glass.
- World's first Antimony Free Solar glass to prevent the end-of-life pollution
- 22% Less carbon footprint
- 0 discharge of toxic, liquid waste
- 2 c differential
- Treating waste with care

2.2 Social Commitment

- Rural Development and empowerment.
- Sports and women empowerment
- Health and nutrition
- Education

2.3 Governance Commitment

ESG committee is formed assist the Board and the Company in fulfilling the ambitions committed in the ESG vision of the company.

III. Literature Review

Derwall, Guenster, Bauer and Koedijk (2005, FAJ, ABS 3 F) study the returns to a strategy based on Inno-vest Strategic Value Advisors' corporate eco- efficiency. They find that more eco-efficient firms exhibit higher stock returns than their less eco-efficient counterparts over the period 1995-2003. Given the very short time period, it is not surprising that the results are not robust. Specifically, long-short alphas are only significant in the 4-factor model (at the 5% level), whereas the 1-factor alpha is insignificant. Moreover, the authors backfill data as they only have Inno-vest scores starting in 1997. This is not standard procedure in finance research, as it can introduce severe look-ahead biases.12

Edmans (2011, JFE, ABS 4F) convincingly shows that firms with high employee satisfaction exhibit high future stock returns. As the paper notes, a "value- weighted portfolio of the '100 Best Companies to Work for in America' earned an annual four-factor alpha of 3.5% from 1984-2009, and 2.1% above industry benchmarks. The results are robust to controls for firm characteristics, different weighting methodologies, and the removal of outliers." The analysis appears to be carefully executed. In particular, characteristic-adjusted returns are used. In this procedure, returns of similar stocks are subtracted from the test stock before running factor regressions. This allows for controls for interaction effects which could otherwise result in the Fama-French model mispricing certain stocks. Also, Fama-MacBeth regressions (table 6) confirm results of the factor regressions.

Jacobs, Sinhal and Subramaniam (2010, JOM, ABS 4 NF)* examine the stock market reaction to the announcement of various types of corporate environmental initiatives, including environmental business strategies, environmental philanthropy, voluntary emission reductions, econ-friendly products, renewable energy, and recycling. They mostly find insignificant results, except for voluntary emission reduction, for which they also find significantly negative returns consistent with Fisher-Vanden and Thorburn, and for environmental philanthropy, for which they find significantly positive returns.

Krüger (2015, JFE, ABS 4 F)* studies the stock market response to 2,116 corporate events identified by KLD as either negative or positive along an ESG dimension. He finds a significantly negative response to negative ESG events. However, this is not surprising, as the news often imply negative cash flows, for instance a product recall or a court decision against the company. ESG efforts may strive to minimize the occurrence of such events, but measuring returns to negative events does not account for the costs of this minimization. Of course, the question for investors is whether the net effect of ESG efforts is positive.

Halbritter and Dorfleitner (2015, RFE, ABS 1 F/NF) perform an analysis similar to the portfolio return part of BDKH. They do confirm the findings of initial outperformance followed by insignificant ESG returns in the subsequent period. Halbritter and Dorfleitner also investigate the returns to ESG scores provided by two other companies, ASSET4 and Bloomberg. Those samples only cover the more recent periods, namely 2003-2012 for ASSET4 and 2006-2012 for Bloomberg. Alphas are generally also insignificant for portfolios constructed based on the ASSET4 or Bloomberg data, confirming the KLD results for the later period.

Humphrey and Tan (2014, JBusEth, ABS 3 NF) use the KLD ratings and SIC codes to construct four SRI portfolios based on positive and negative screening. The sample period is 1996-2010. The two negative screens exclude based on tobacco, alcohol, gambling, weapons and nuclear. Relatively few stocks are 17 excluded in the negative screen, so there is a large overlap between the SRI and the benchmark portfolios, while the two positive screens select about one-third of the full-sample stocks.

IV. Findings

- The company has reported total income of Rs.482.3972 crores during the 9 Months period ended December 31, 2021 as compared to Rs.310.7316 crores during the 9 months period ended December 31,2021.
- The company has posted net profit / (loss) of Rs.119.4667 crores for the 9 Months period ended December 31, 2021 as against net profit / (loss) of Rs.22.7698 crores for the 9 Months period ended December31,2020.
- The company has reported EPS of Rs.9.18 for the 9 months period ended 31st dec 2021 as compared to Rs.1.98 for the 9 months period ended 31st dec 2020.

Financials	9 Months Ended FY2022	9 Months Ended FY2021	% Change
Total Income	₹482.3972 crs	₹310.7316 crs	↑ 55.25%
Net Profit	₹119.4667 crs	₹22.7698 crs	↑ 424.67%
EPS	₹9.18	₹1.98	↑ 363.64%

Shares of BOROSIL RENEWABLES LIMITED was last trading in BSE at Rs. 689.25 as compared to the previous close of Rs. 696.00. The total number of shares traded during the day was 170656 in over 8589 trades. The stock hit an intraday high of Rs. 739.05 and intraday low of 680.05. The net turnover during the day was Rs. 120429193.00.

V. Observations

The company is expanding its manufacturing capacity to satisfy increased demand projected as a result of increased solar module output and a transition to bifacial modules. Such modules require thinner glass in order to regulate the module's weight, but solar sales grow, necessitating greater glass thicknesses, resulting in better efficiency solar modules. The addition of a third solar glass line (SG3) with a capacity of 550 metric tonnes will boost production from 450 to 1000 tonnes per day. Solar glass selling prices have been progressively rebounding since September's end, according to the company, and are now roughly 18% to 20% higher than the norm for the current quarter. Imports from Vietnam, which began in April 2021, continue to be duty-free. So yet, the volume of such imports has not been considerable. The antidumping tax imposed on China is in effect until August 2022. The corporation has requested a sunset review of the same, with a request to extend the charge for another five years, with a decision due in the coming months. The CVD against Malaysia was imposed in March 2021, and it will be in effect for the next five years.

VI. Conclusions

These are the best of times for Borosil Renewables. The company, which is India's only maker of solar glass, has had a fantastic run since completing its capacity increase last year, which coincided with the implementation of import tariffs on imports from Malaysia, Vietnam, and China, as well as growing demand in India. All of this has resulted in the firm's shares having an incredible run on the stock markets, with the stock being the talk of the town for its future potential as well as the turnaround it has achieved. The supply problems among solar glass producers in China earlier this year, which resulted in a considerable increase in the price of this important ingredient for solar modules, have added to the rising demand. Making both domestic and international sales more profitable for the company. We combed through the firm's analyst call transcript for important points that serve as a forecast for the company's future as well as its outlook on the solar industry as a whole.

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