

ANALYZING THE INFLUENCE OF ESG SCORES ON FINANCIAL PERFORMANCE OF THE COMPANIES: A CRITICAL STUDY

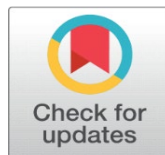
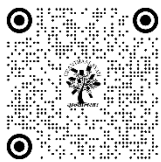
Jyotika Verma ¹, Dr. Rashmi Singel ², Dr. Richa Nangia ³, Dr. Anshika Prakash ⁴

¹ Research Scholar, SOMC, K. R. Mangalam University, Sohna Road, Gurugram, Haryana, 122103, India

² Associate Professor, Manav Rachna International Institute of Research and Studies, Sector 43, Faridabad, Haryana, 121004 India

³ Associate Professor, SOB, Sushant University, Sec - 55, Golf Course Road, Gurugram, Haryana, 122003, India

⁴ Associate Professor, SOMC, K. R. Mangalam University, Sohna Road, Gurugram, Haryana, 122103, India



DOI

[10.29121/shodhkosh.v5.i6.2024.4487](https://doi.org/10.29121/shodhkosh.v5.i6.2024.4487)

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Copyright: © 2024 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](#).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.



ABSTRACT

Globally, one can find a growing need on business organisations to take social responsibility seriously. The financial performance of a firm is closely linked to its information disclosure of ESG operations, and this is being scrutinised by a wider range of stakeholders because of the inconsistent findings of current research. These stakeholders include consumers, workers, communities, regulators, and investors. In light of the lack of an integrated analytical framework worldwide that particularly assists businesses in developing indices and indicators that gauge an enterprise's sustainability. Thus, the company's management processes and code of ethics can have an impact on the primary factors that determine the quality of ESG reporting and later its scoring. Sustainable finance can be found to be highly beneficial in scaling up the field and so promoting the achievement of significant objectives such as the UN Sustainable Development Goals and the Paris Agreement. This study looks at the linkage between ESG factors and Financial Performance of the companies.

Keywords: Environment, Social, and Governance (ESG), Sustainable Development, Environmental Policy, ESG Scoring, Green Initiatives, Sustainable Finance

1. INTRODUCTION

In a consumer-driven market, ESG concerns are important for investors and other parties involved. While in the past investors just cared about a company's bottom line, in the modern era of sustainability, they are taking a broader view that includes non-financial metrics in environmental, social, and governance performance (Taliento et. al., 2019). An important factor propelling ESG concerns is investors. Businesses are always being pressured to divulge their numerous projects by them. Increasing data transparency and accountability has the potential to spark a movement toward non-financial reporting, but simply making ESG data more widely known and implementing strategies may not be enough to satisfy investors. Investors are interested in seeing several ESG factors, such as organization emission scenarios, human rights, and biodiversity, continuing to expand. Now more than ever, investors are watching how businesses follow the climate financing disclosure guidelines considering the mounting climate change crisis (EY, 2021).

The process of revealing data regarding an organization's environmental, social, and governance (ESG) performance is known as ESG reporting. It entails routinely informing both internal and external stakeholders about a variety of ESG-related KPIs, activities, and plans (Arvidsson & Dumay, 2022). The goal of ESG reporting is to make a company's sustainability and ethical business practices transparent to all relevant parties, such as investors, clients, staff, regulators, and the public. Evaluating the company's effects on society, the environment, and its governance framework is beneficial (Chouaibi, & Affes, 2021). A company's operations, including greenhouse gas emissions, energy efficiency, waste management, labor practices, human rights, diversity and inclusion, board composition, executive compensation, and other pertinent governance issues, are often covered in an ESG report (Silk & Lu, 2023).

Environmental, social, and governance (ESG) scoring is the process of analyzing and assessing a company's actions in these areas. An organization's performance in these areas, which are gaining importance among stakeholders, investors, and the public, can be measured and rated using this method (Rajesh, 2020). As per environmental factors, it can be ascertained how a business uses resources, manages trash, produces carbon emissions, and uses energy. Social elements encompass an organization's approaches to diversity and inclusion, human rights compliance, employee treatment, and social influence on communities. Factors about governance examine an organization's executive compensation policies, ethics, transparency, board composition, leadership, and ethics (Esty & Winston, 2009). To make firms' sustainability efforts more transparent and accountable, ESG grading was developed. Companies' ESG performance can be evaluated and compared using frameworks, methodologies, and scores that have been created by various organizations and rating agencies. Insightful decision-making, the ability to spot businesses with good ESG practices, and backing for sustainable investing strategies are all possible thanks to these ratings. Attracting more investors and stakeholders is one benefit of ESG rating, which also acts as an incentive for businesses to implement and enhance sustainable practices (Gerged, et. al., Beddewela, 2023).

A company's ability to incorporate sustainability concerns into its business strategy and operations can be gauged by looking at its ESG scoring results. Environmental, social, and governance (ESG) rating agencies often use factors including carbon emissions, board diversity, employee relations, and risk management to determine these scores. Companies are typically believed to demonstrate their dedication to sustainable practices and long-term wealth generation by achieving higher ESG performance rankings (Rajesh, & Rajendran, 2020).

2. OBJECTIVE OF THE STUDY

- To study and understand essence and adaptability of ESG framework and financial performance;
- To study the current standpoint and, determine its link between ESG performance and financial performance;
- To analyse top Nifty 50 company ESG scoring and its impact on financial performance.

3. RESEARCH METHODOLOGY

Secondary data served as the study's foundation. Magazines, websites, journals, reports from the Indian government, ESG regulatory bodies, and other sources have all been used to gather data and information. The sources include scholarly publications, yearly reports, research papers, and bank websites. Numerous efforts and problems were found and coherently presented after a thorough literature study. We have taken ESG disclosure score computed by Bloomberg as the proxy for ESG disclosure levels of companies. ESG scoring from Bloomberg Professional Services provides the ESG information collected from firm's annual reports, sustainability reports, press releases, and third-party research and covers information on board structure, such as the percentage of women on the board and independent directors. The transparency of ESG information is indicated by the index called ESG performance score, in which every data point is weighted in terms of importance and tailored to different industry sectors. Financial reports extracted from company's website. Financial measures such as ROE and ROA are extracted from Nifty Historical Index Data.

4. LITERATURE REVIEW

Maji, S. G., & Lohia, P. (2023) investigated the effects of "environmental, social and governance" (ESG) performance on the business results of a few Indian enterprises. The study, which used 222 Indian enterprises as a sample and was

based on secondary data, was provided in the report. The financial information was taken from the ACE Equity database and the ESG performance for Indian companies was founded on the CRISIL "Credit Rating Information Services of India Limited" ESG score. The measurements of firm performance employed are both accounting- and market-based. Additionally, using quantile regression in the Indian context, a modest effort was made to investigate the impact of ESG performance at various points along the distribution of company performance.

Panchalan, R. (2023) noted that a subset of sustainable investments, "ESG," or "Environmental, Social and Governance," assesses a company's moral influence on the triple bottom line. The investing and sustainability are combined in ESG ratings and indicators. The emphasis of institutional investors and the businesses support has switched from maximizing short-term shareholder gains to minimizing adverse consequences on society. Thus, the goal of the study was to determine the connection between Indian company's commercial performance and their ESG ratings. The study used an exploratory research methodology.

Shin, J., et al., (2023) investigated the moderating impact of a nation's culture as an external contingency factor on the correlation between an organization's financial performance and its "environmental, social and governance" (ESG) performance. The study claimed that the financial benefit of engaging in ESG varies based on the cultural characteristics of the various countries using ESG performance data from 4978 enterprises across 48 countries over 17 years. The study discovered that a nation that promotes a high degree of individuality or masculinity has a tendency to appreciate and consider this more openly, which strengthens the link between a company's ESG performance and financial performance.

Gossain, R. (2023) studied the environmental, social, and governance (ESG) trends at the global level, including the changing nature and composition of ESG frameworks. Along with the rise of ESG strategic applications like risk management, the effects of the enormous growth in the scope and dissemination of legal foundations over the past ten years have been investigated. The study examined the evolution of these legal foundations and discusses how important they have been in assuring ESG advancement. There are significant ramifications for India and Indian businesses because of the strong push made by international financial investors for "ESG-based risk assessment and investments", as well as the establishment of required ESG compliances for businesses and trade.

Chouaibi, S., et al., (2022) investigated the direct and indirect relationships using the mediating role of green innovation between "environmental, social and governance (ESG)" methods and commercial success. Design, method, and strategy from 2005 to 2019, the authors used "panel data from the Thomson Reuters ASSET4 and Bloomberg databases from a sample of 115 UK and 90 German companies" selected from the ESG index to do linear regressions to test the study's assumptions. The findings also provide information to the board of directors and the government about potential future opportunities for the organization and the country to prosper. The study stands out because it investigates how green innovation affects the relationship between ESG principles and economic prosperity.

Chen, H. M., et al., (2022) estimated that governmental institutions, civil communities, and businesses worldwide have started standardizing and putting into practice appropriate measures taken as a backup to prevent or adapt to changing climates. These dangers to the global system are brought out by climate change. The study investigated the businesses gave a higher priority to climate change concerns and, as a result, increased investments in and implementation of corresponding environmental performance indicators. As a result, the positive influence of environmentally friendly performance on company revenue gradually decreased to the point where it hurt companies' operating profits. In addition, the performance of private companies and social indices was negatively impacted but positively moderated.

Zahid, R. A., et al., (2022) explored the moderating effect of audit quality on the link between "corporate financial performance (CFP) and environmental, social and governance (ESG)" aspects in Western European nations. From 2010 to 2019, 620 companies with headquarters in Western Europe including "Austria, Belgium, France, Germany, Luxembourg, Monaco, the Netherlands, and Switzerland" were included in the research sample. The direct and moderating impacts are examined using panel data estimations. The conclusion supported the trade-off hypothesis, which claimed that investing in ESG activities boosts a company's cost of doing business. The results revealed the impact of third-party auditor expertise on the relationship between ESG and CFP, adding to the body of information on ESG. They also look at ESG features "environmental, social and governance" as well as total ESG scores.

Koundouri, P., et al., (2022) analysed that attaining climate neutrality, as mandated by international agreements like "the Paris Agreement, the United Nations Agenda 2030 and the European Green Deal", all facets of society must participate. The business sector as a whole and large firms play a crucial position in this endeavour. Businesses can assist in this effort by setting up a reporting and operating structure in line with "Environmental, Social and Governance (ESG)

standards". The purpose of the study was to test the hypothesis that excellent ESG performance and corporate financial health are related. Which ESG methodology they use to examine their performance should be determined; they first looked over their reporting. Their findings showed that, while it cannot be proven for other characteristics, such a correlation seems to exist, at least for a few particular individuals.

Zhou, G., et al., (2022) noted that the establishment of sustainable businesses is gaining popularity. How the "environmental, social and governance (ESG)" performance of listed firms affects the company's market value has drawn a lot of attention considering ongoing financial crises and the COVID-19 epidemic. The study noted that the financial performance was included as a mediating variable, and a mediating effect model and a linear regression model are developed based on an examination of the connection between ESG performance and economic performance, financial efficiency and business valuation as well as the factors influencing each of these variables. The results show that improving a publicly traded company's ESG performance can increase its market value, with the organization's commercial performance acting as a mediating factor. The study concluded with pertinent recommendations for investors, listed firms and regulators.

Hwang, J., et al., (2021) examined the impact of a company's "environmental, social and governance (ESG) initiatives on its financial performance amid the COVID-19 pandemic's extreme uncertainty". The COVID-19 epidemic caused unforeseen commercial challenges for most Korean companies in early 2020 and their financial performance dramatically declined as a result. The study aimed to experimentally investigate if an organization's ESG actions have an impact on its financial success in times of economic crisis. The findings demonstrated that businesses' profitability drastically decreased in the first quarter of 2020 because of the "COVID-19 pandemic". Additionally, the findings implied that information about nonfinancial activity performance might help stakeholders make decisions concerning market uncertainty.

5. DATA ANALYSIS

- **Financial performance**

- 1) **ROA (Return on Assets %)**

Table 1: Return on Assets

Return on Assets%									
List of Top Nifty 50 Companies 2023	2015	2016	2017	2018	2019	2020	2021	2022	Return on assets
Cipla Ltd	7.77	9.59	6.24	8.59	10.25	11.36	10.74	11.62	9.52
Dr. Reddys Laboratories Ltd	10.20	7.71	8.41	3.31	7.86	15.08	10.10	6.62	8.6612
Divis Laboratories Ltd	18.92	22.03	16.96	12.77	16.57	16.12	18.22	22.15	17.967
Sun Pharmaceutical Industries Ltd	-3.93	-3.13	-0.06	0.83	2.16	8.36	5.48	-0.24	1.1837
NTPC Ltd	5.22	5.00	3.96	3.97	4.03	3.08	4.01	4.54	4.2262
JSW Steel Ltd	2.89	-4.80	4.41	5.40	7.55	4.33	6.29	10.25	4.54
Hindalco Industries Ltd	1.21	0.68	1.79	1.73	1.47	0.77	1.12	5.55	1.79
Axis Bank Ltd	1.59	1.56	0.61	0.03	0.58	0.17	0.66	1.10	0.7875
Mahindra & Mahindra Ltd	10.08	9.02	9.11	9.18	9.10	2.63	0.45	7.35	7.115

HDFC Bank Ltd	1. 73	1. 73	1. 68	1. 64	1. 69	1. 71	1. 78	1. 78	1.7175
Maruti Suzuki India Ltd	11 .06	12 .79	14 .34	13 .00	11 .91	9. 03	6. 03	5. 13	10.411 25
Larsen & Toubro Ltd	5. 81	5. 47	5. 33	4. 65	6. 00	4. 71	7. 66	4. 67	5.5375
ITC Ltd	21 .73	19 .88	18 .81	17 .99	17 .85	20 .11	18 .20	20 .05	19.327 5
Titan Company Ltd	14 .01	11 .06	9. 15	12 .37	11 .98	11 .50	5. 52	10 .82	10.801 25
Reliance Industries Ltd	5. 71	5. 98	5. 74	5. 44	4. 53	3. 18	3. 65	4. 44	4.8337 5
Ultratech Cement Ltd	5. 72	6. 18	6. 68	4. 10	3. 48	7. 59	6. 64	8. 76	6.1437 5
Coal India Ltd	60 .42	77 .61	76 .77	50 .33	54 .98	50 .36	33 .95	49 .91	56.791 25
HDFC Life Insurance Company Ltd	1. 13	1. 06	0. 93	1. 00	0. 98	0. 98	0. 75	0. 57	0.925
State Bank of India	0. 63	0. 42	0. 38	- 0.18	0. 02	0. 36	0. 45	0. 63	0.3387 5
Bajaj Finance Ltd	2. 73	2. 75	2. 88	3. 16	3. 58	3. 53	2. 85	3. 77	3.1562 5
Asian Paints Ltd	18 .25	19 .09	19 .09	16 .35	15 .58	19 .53	17 .35	15 .74	17.622 5
Grasim Industries Ltd	3. 68	5. 61	7. 85	3. 29	0. 99	2. 59	1. 65	4. 87	3.8162 5
Eicher Motors Ltd	0. 00	36 .12	28 .15	21 .97	21 .67	17 .99	10 .53	11 .10	18.441 25
Power Grid Corporation of India Ltd	3. 14	3. 37	3. 86	3. 86	4. 03	4. 23	4. 69	6. 89	4.2587 5
Hindustan Unilever Ltd	31 .65	29 .71	30 .43	30 .53	33 .78	34 .37	11 .67	12 .64	26.847 5
ICICI Bank Ltd	1. 72	1. 34	1. 26	0. 77	0. 34	0. 72	1. 31	1. 65	1.1387 5
Kotak Mahindra Bank Ltd	1. 76	1. 08	1. 58	1. 54	1. 55	1. 65	1. 81	1. 99	1.62
Nestle India Ltd	9. 26	13 .61	16 .64	19 .86	27 .44	26 .36	26 .12	26 .62	20.738 75
Oil & Natural Gas Corporation Ltd	8. 52	7. 27	7. 23	6. 84	8. 83	4. 53	3. 53	11 .95	7.3375
Tata Consumer Products Ltd	7. 90	13 .86	6. 25	10 .92	8. 21	4. 34	4. 61	6. 22	7.7887 5
Bharti Airtel Ltd	10 .44	4. 20	- 5.17	0. 03	- 0.83	- 12.0	- 9.07	- 1.27	-1.71
Adani Ports and Special Economic Zone Ltd	8. 45	9. 52	7. 90	5. 89	5. 56	3. 73	3. 29	0. 39	5.5912 5
Bajaj Auto Ltd	18 .08	23 .83	18 .38	17 .07	21 .46	25 .59	18 .07	18 .81	20.161 25

Analyzing the Influence of ESG scores on Financial Performance of the Companies: A Critical Study

Adani Enterprises Ltd	79	1.	44	3.	51	1.	27	1.	36	3.	03	5.	83	2.	32	3.	5	2.8187
Bajaj Finserv Ltd	73	2.	75	2.	88	2.	16	3.	58	3.	53	3.	85	2.	77	3.	5	3.1562
LTIMindtree Ltd	.61	26	.97	28	.25	22	.96	22	.69	23	.66	18	.90	17	.31	19	75	22.543
Tata Steel Ltd	56	5.	97	3.	09	3.	33	3.	66	7.	48	4.	46	9.	.87	14		6.5525
UPL Ltd	06	6.	47	8.	15	2.	54	4.	91	2.	33	3.	43	1.	98	5.	5	4.3587
Tata Consultancy Services Ltd	.53	30	.8	29	.35	26	.72	27	.21	30	.68	31	.3	28	.49	31		29.51
IndusInd Bank Ltd	64	1.	63	1.	6	1.	62	1.	18	1.	43	1.	78	0.	14	1.		1.3775
Hero MotoCorp Ltd	.67	22	.38	25	.98	22	.08	22	.18	19	.37	19	.37	13	.38	11	25	19.551
Bharat Petroleum Corporation Ltd	29	7.	78	9.	73	8.	96	7.	16	6.	12	2.	.54	13	83	5.	5	7.6762
Infosys Ltd	.67	19	.45	17	.29	17	.29	21	.62	18	.17	19	.21	19	.36	21	5	19.257
Tech Mahindra Ltd	.25	13	.59	15	.84	12	.92	14	.43	14	.95	14	.7	12	.03	14	75	14.088
Apollo Hospitals Enterprise Ltd	95	5.	4	5.	96	3.	98	2.	59	3.	63	4.	07	1.	39	6.	5	4.2462
Britannia Industries Ltd	.28	25	.42	24	.82	22	.48	20	.85	19	.46	20	.73	23	.89	22	25	22.491
SBI Life Insurance Company Ltd	09	1.	03	1.	93	0.	94	0.	9	0.	85	0.	64	0.	55	0.	5	0.8662
Tata Motors Ltd	9.48	-	0.1	-	4.12	-	1.74	-	31	3.	11.6	-	3.68	-	2.17	-		3.7025
Wipro Ltd	.34	15	.91	13	.92	12	.16	13	.36	11	.29	13	.3	15	.09	15	25	13.796
HCL Technologies Ltd	.47	25	.74	17	.23	21	.43	22	.85	21	.75	16	.79	15	.35	20	25	20.201

Source: NIFTY Historical Index Data

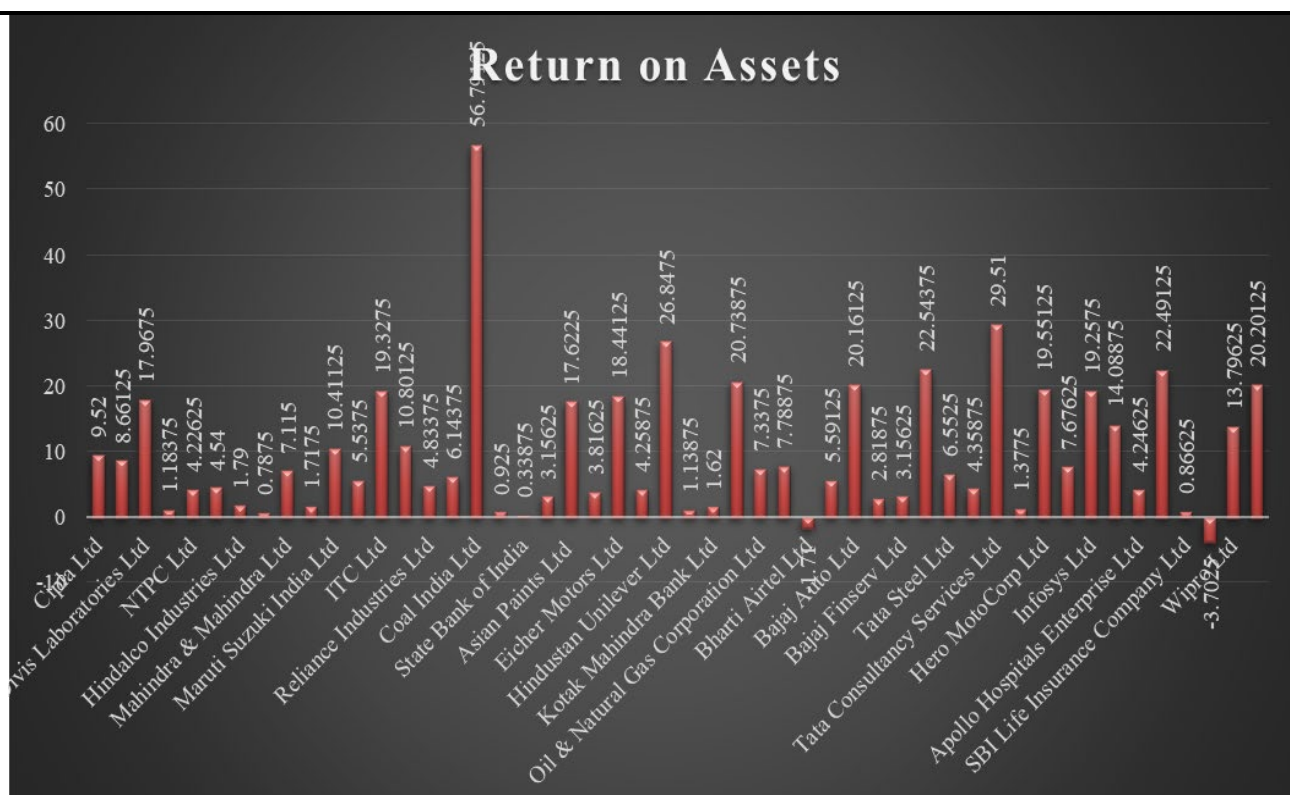


Figure 1: Return on Assets

This table 1 and figure 1 shows the Return on Assets (ROA) of the top 50 companies listed on the Nifty 50 index in India, for the years 2015 to 2022. ROA is a measure of a company's profitability relative to its total assets. A higher ROA indicates that the company is generating more profit from its assets. For Cipla Ltd, ROA has been consistently above 6%, with a peak of 11.36% in 2020. This indicates strong profitability and efficient use of assets. For Dr. Reddys Laboratories Ltd, ROA has been more volatile, ranging from 3.31% to 15.08%. The recent years have seen a decline, suggesting potential challenges in asset utilization. For Divis Laboratories Ltd, ROA has been consistently high, above 16%, reflecting exceptional profitability and efficient asset management. For Sun Pharmaceutical Industries Ltd, ROA has improved significantly in recent years, but still remains negative in some years. This indicates challenges in turning around assets into profit. For NTPC Ltd, ROA has been stable around 4-5%, indicating consistent but moderate profitability and asset utilization. For JSW Steel Ltd, ROA has been volatile, with negative values in some years and reaching 10.25% in 2022. This suggests fluctuations in profitability and asset efficiency. For Hindalco Industries Ltd, ROA has been generally low, below 2%, indicating challenges in generating profit from assets. For Axis Bank Ltd, ROA has been consistently low, around 1%, suggesting inefficiencies in asset utilization within the banking sector. For Mahindra & Mahindra Ltd, ROA has been fluctuating but recently improved, reaching 7.35% in 2022. This indicates potential for better asset utilization. For HDFC Bank Ltd, ROA has been consistently around 1.7%, indicating stable but moderate profitability and asset utilization within the banking sector. For Maruti Suzuki India Ltd, ROA has been declining in recent years, from 14.34% in 2017 to 5.13% in 2022. This suggests potential challenges in the automobile industry. For Larsen & Toubro Ltd, ROA has been stable around 4-6%, indicating consistent but moderate profitability and asset utilization in the engineering and construction sector. For ITC Ltd, ROA has been consistently high, above 17%, reflecting exceptional profitability and efficient use of assets in the consumer goods sector. For Titan Company Ltd, ROA has been fluctuating but generally strong, above 10%, indicating good profitability and asset utilization in the luxury goods sector. For Reliance Industries Ltd, ROA has been declining in recent years, from 5.98% in 2015 to 4.83% in 2022. This suggests potential challenges in the oil and gas sector. For Ultratech Cement Ltd, ROA has been fluctuating but generally above 5%, indicating moderate profitability and asset utilization in the cement industry. For Coal India Ltd, ROA has been exceptionally high, above 50% for most years. This is due to the company's near-monopoly position in the Indian coal market. For HDFC Life Insurance Company Ltd, ROA has been consistently low, around 1%, indicating challenges in generating profit from insurance assets. For State Bank of India, ROA has been consistently low, below 1%, suggesting inefficiencies in asset utilization.

within the state-owned banking sector. For Bajaj Finance Ltd, ROA has been stable around 3%, indicating moderate profitability and asset utilization in the financial services sector. For Asian Paints Ltd, ROA has been consistently high, above 15%, reflecting exceptional profitability and efficient use of assets in the paints and coatings sector. For Grasim Industries Ltd, ROA has been fluctuating but generally improved in recent years, reaching 4.87% in 2022. This suggests potential for better asset utilization. For Eicher Motors Ltd, ROA has been highly volatile, with negative values in some years and reaching 36.12% in 2016. This indicates significant variations in profitability and asset efficiency.

For Power Grid Corporation of India Ltd, ROA has been increasing steadily in recent years, reaching 6.89% in 2022. This suggests improved profitability and asset utilization in the power transmission sector. For Hindustan Unilever Ltd, it exhibits consistently high ROA, showcasing effective asset utilization and profitability in the consumer goods sector. For ICICI Bank Ltd, its ROA demonstrates moderate but stable returns, indicating steady asset efficiency and profitability in the banking industry. For Kotak Mahindra Bank Ltd, Similar to ICICI Bank, Kotak Mahindra Bank maintains a stable ROA, reflecting consistent asset efficiency in the banking sector. Nestle India Ltd, it shows a consistently high ROA, indicating efficient asset utilization and profitability in the consumer goods sector. For Oil & Natural Gas Corporation Ltd, it exhibits a relatively high ROA, reflecting effective asset utilization and profitability in the energy sector. For Tata Consumer Products Ltd, it demonstrates variations in ROA, suggesting changes in asset efficiency and profitability in the consumer goods industry. For Bharti Airtel Ltd, It has faced challenges with negative ROA in some years, reflecting difficulties in generating profits from assets in the telecommunications sector. For Adani Ports and Special Economic Zone Ltd, it shows a moderate and relatively stable ROA, indicating consistent asset efficiency and profitability in the logistics and infrastructure sector. For Bajaj Auto Ltd, It exhibits a consistently high ROA, showcasing efficient asset utilization and profitability in the automotive industry. For Adani Enterprises Ltd, it shows variations in ROA, reflecting changes in asset efficiency and profitability in the diversified business sector. For Bajaj Finserv Ltd, It maintains a moderate and stable ROA, indicating consistent asset efficiency and profitability in the financial sector. For LTI Mindtree Ltd, it exhibits variations in ROA, suggesting changes in asset efficiency and profitability in the IT and consulting sector. For Tata Steel Ltd, it shows fluctuations in ROA, reflecting changes in asset efficiency and profitability in the steel industry. For UPL Ltd, it demonstrates variations in ROA, indicating changes in asset efficiency and profitability in the agrochemical sector. For Tata Consultancy Services Ltd, it exhibits consistently high ROA, showcasing efficient asset utilization and profitability in the IT and consulting sector. For IndusInd Bank Ltd, its ROA reflects moderate and stable returns, indicating consistent asset efficiency and profitability in the banking industry. For Hero MotoCorp Ltd, it exhibits variations in ROA, suggesting changes in asset efficiency and profitability in the automotive industry. For Bharat Petroleum Corporation Ltd, it shows variations in ROA, reflecting changes in asset efficiency and profitability in the oil and gas sector. For Infosys Ltd, it exhibits variations in ROA, suggesting changes in asset efficiency and profitability in the IT and consulting sector. For Tech Mahindra Ltd, it demonstrates variations in ROA, indicating changes in asset efficiency and profitability in the IT and consulting sector. For Apollo Hospitals Enterprise Ltd, it exhibits variations in ROA, suggesting changes in asset efficiency and profitability in the healthcare sector. For Britannia Industries Ltd, It shows variations in ROA, reflecting changes in asset efficiency and profitability in the food and beverage sector. For SBI Life Insurance Company Ltd, it demonstrates variations in ROA, suggesting changes in asset efficiency and profitability in the insurance sector. For Tata Motors Ltd, it faced challenges with negative ROA in some years, indicating difficulties in generating profits from assets in the automotive sector. For Wipro Ltd, it exhibits variations in ROA, suggesting changes in asset efficiency and profitability in the IT and consulting sector. For HCL Technologies Ltd, it demonstrates variations in ROA, indicating changes in asset efficiency and profitability in the IT and consulting sector.

2) Return on Net worth / Equity (%)

Table 2: Return on Net worth / Equity

Return on Net worth / Equity (%)									
List of Top Nifty 50 Companies2023	2015	2016	2017	2018	2019	2020	2021	2022	Return on Network/Equity (%)
Cipla Ltd	1 0.65	1 2.20	7. 61	1 0.40	1 1.96	1 3.32	1 2.38	1 3.13	11.45 625

Dr. Reddys Laboratories Ltd	1 5.79	1 1.67	1 1.93	4. 80	1 0.07	1 9.33	1 2.87	8. 85	11.91 375
Divis Laboratories Ltd	2 3.78	2 5.46	1 9.47	1 4.59	1 9.11	1 8.76	2 1.08	2 5.21	20.93 25
Sun Pharmaceutical Industries Ltd	- 6.48	- 4.99	- 0.10	1. 36	3. 57	1 3.16	8. 54	- 0.40	1.832 5
NTPC Ltd	1 2.60	1 1.79	9. 75	1 0.16	1 2.58	1 1.57	8. 90	1 0.93	11.03 5
JSW Steel Ltd	8. 67	- 17.29	1 4.84	1 6.57	2 3.27	1 3.79	1 7.86	2 6.30	13.00 125
Hindalco Industries Ltd	2. 48	1. 30	3. 28	2. 90	2. 48	1. 36	1. 98	6. 38	2.77
Axis Bank Ltd	1 6.46	1 5.46	6. 59	0. 43	7. 01	1. 91	6. 48	1 1.30	8.205
Mahindra & Mahindra Ltd	1 7.25	1 4.29	1 3.60	1 4.37	1 4.01	3. 86	0. 77	1 2.66	11.35 125
HDFC Bank Ltd	1 6.47	1 6.91	1 6.26	1 6.45	1 4.12	1 5.35	1 5.27	1 5.39	15.77 75
Maruti Suzuki India Ltd	1 5.65	1 7.95	2 0.17	1 8.49	1 5.65	1 7.95	2 0.17	1 8.49	18.06 5
Larsen & Toubro Ltd	1 3.63	1 3.04	1 1.89	1 0.99	1 1.74	1 8.76	1 2.80	1 4.96	13.47 625
ITC Ltd	3 1.31	2 9.94	2 2.49	2 1.83	2 1.50	2 3.63	2 2.08	2 4.52	24.66 25
Titan Company Ltd	2 6.61	2 0.08	1 7.66	2 2.38	2 2.23	2 2.23	1 1.61	2 3.25	20.75 625
Reliance Industries Ltd	1 0.51	1 1.41	1 0.89	1 0.68	8. 67	7. 89	6. 73	8. 28	9.382 5
Ultratech Cement Ltd	1 0.68	1 0.95	1 0.97	8. 60	8. 64	1 4.24	1 2.32	1 4.34	11.34 25
Coal India Ltd	7 9.97	1 03.41	1 04.17	7 3.20	7 4.79	6 7.09	4 5.60	6 8.47	77.08 75
HDFC Life Insurance Company Ltd	2 6.84	2 6.32	2 3.24	2 3.35	2 2.57	1 9.06	1 2.15	7. 80	20.16 625
State Bank of India	1 0.20	6. 89	6. 69	- 3.37	0. 39	6. 95	8. 86	1 2.33	6.117 5
Bajaj Finance Ltd	1 8.70	1 7.21	1 9.13	1 6.02	1 9.88	1 5.34	1 1.00	1 5.10	16.54 75
Asian Paints Ltd	3 1.37	3 2.18	2 5.39	2 4.29	2 4.11	2 8.07	2 5.24	2 3.48	26.76 625

Grasim Industries Ltd	4. 73	7. 70	9. 61	3. 94	1. 22	3. 41	2. 10	6. 27	4.872 5
Eicher Motors Ltd	0. 00	5 6.03	3 9.77	3 1.88	2 8.82	2 3.00	1 3.70	1 4.69	25.98 625
Power Grid Corporation of India Ltd	1 3.04	1 4.10	1 5.09	1 5.14	1 6.84	1 6.77	1 7.15	2 2.44	16.32 125
Hindustan Unilever Ltd	1 15.87	6 5.88	6 9.18	7 4.02	7 8.80	8 3.89	1 6.76	1 8.08	65.31
ICICI Bank Ltd	1 3.89	1 1.19	1 0.11	6. 63	3. 19	6. 99	1 1.21	1 3.94	9.643 75
Kotak Mahindra Bank Ltd	1 3.19	8. 72	1 2.35	1 0.89	1 1.47	1 2.25	1 1.01	1 1.90	11.47 25
Nestle India Ltd	1 9.98	3 0.74	3 5.81	4 3.74	1 02.58	1 03.12	1 02.89	9 7.20	67.00 75
Oil & Natural Gas Corporation Ltd	1 2.26	9. 73	9. 64	1 0.31	1 3.16	6. 91	5. 49	1 6.99	10.56 125
Tata Consumer Products Ltd	1 1.66	1 9.61	7. 29	1 2.68	9. 29	9. 29	5. 53	7. 54	10.36 125
Bharti Airtel Ltd	1 6.86	6. 96	- 9.80	0. 07	- 1.90	- 35.70	- 32.57	- 4.59	- 7.58375
Adani Ports & Special Economic Zone Ltd	1 9.49	2 1.85	1 8.56	1 3.29	1 2.97	9. 81	8. 91	1. 12	13.25
Bajaj Auto Ltd	2 6.31	2 9.62	2 2.46	2 1.29	1 7.07	2 0.58	1 4.44	1 5.72	20.93 625
Adani Enterprises Ltd	3. 95	1 3.94	5. 88	5. 04	1 4.99	1 8.58	8. 93	1 5.23	10.81 75
Bajaj Finserv Ltd	1 8.70	1 7.21	1 9.13	1 6.02	1 9.88	1 5.34	1 1.00	1 5.10	16.54 75
LTI Mindtree Ltd	4 0.17	5 0.34	3 1.49	3 1.19	3 1.29	2 9.68	2 5.76	2 6.9	33.35 25
Tata Steel Ltd	9. 65	6. 95	6. 93	6. 77	1 4.95	9. 04	1 8.08	2 6.31	12.33 5
UPL Ltd	1 3.14	1 7.57	3. 19	6. 87	5. 08	5. 74	2. 82	1 4.33	8.592 5
Tata Consultancy Services Ltd	4 2.4	3 5.49	3 0.31	3 3.27	3 8.1	4 4.72	4 1.39	4 9.48	39.39 5
IndusInd Bank Ltd	1 7.49	1 3.2	1 4.14	1 5.35	1 2.52	1 2.84	6. 58	9. 73	12.73 125
Hero MotoCorp Ltd	3 6.47	3 9.42	3 3.39	3 1.41	2 6.32	2 5.7	1 9.5	1 5.66	28.48 375

Bharat Petroleum Corporation Ltd	2 2.63	2 7.36	2 7.09	2 3.36	1 9.41	8. 07	3 4.91	1 7.69	22.56 5
Infosys Ltd	2 5.3	2 0.78	2 0.31	2 5.44	2 3.44	2 4.97	2 5.23	3 0.63	24.51 25
Tech Mahindra Ltd	2 0.04	2 3.75	1 8.04	2 0.46	2 1.21	2 0.35	1 6.94	1 9	19.97 375
Apollo Hospitals Enterprise Ltd	1 0.96	1 0.77	7. 96	6. 31	7. 79	1 1.79	2. 01	1 0.88	8.558 75
Britannia Industries Ltd	5 0.37	4 4.05	3 2.67	2 9.29	2 7.78	3 4.72	5 3.02	6 6.72	42.32 75
SBI Life Insurance Company Ltd	2 0.03	1 8.16	1 7.46	1 7.62	1 7.51	1 6.26	1 1.09	1 2.95	16.38 5
Tata Motors Ltd	- 31.93	- 0.26	- 11.48	- 5.13	9. 11	9. 11	- 12.57	- 6.97	- 6.265
Wipro Ltd	2 3.66	1 9.89	1 7.47	1 8.27	1 5.41	1 8.68	2 2.23	2 2.32	19.74 125
HCL Technologies Ltd	3 2.7	2 1.95	2 6.46	2 6.7	2 6.88	2 4.04	2 0.07	2 5.53	25.54 125

Source: NIFTY Historical Index Data

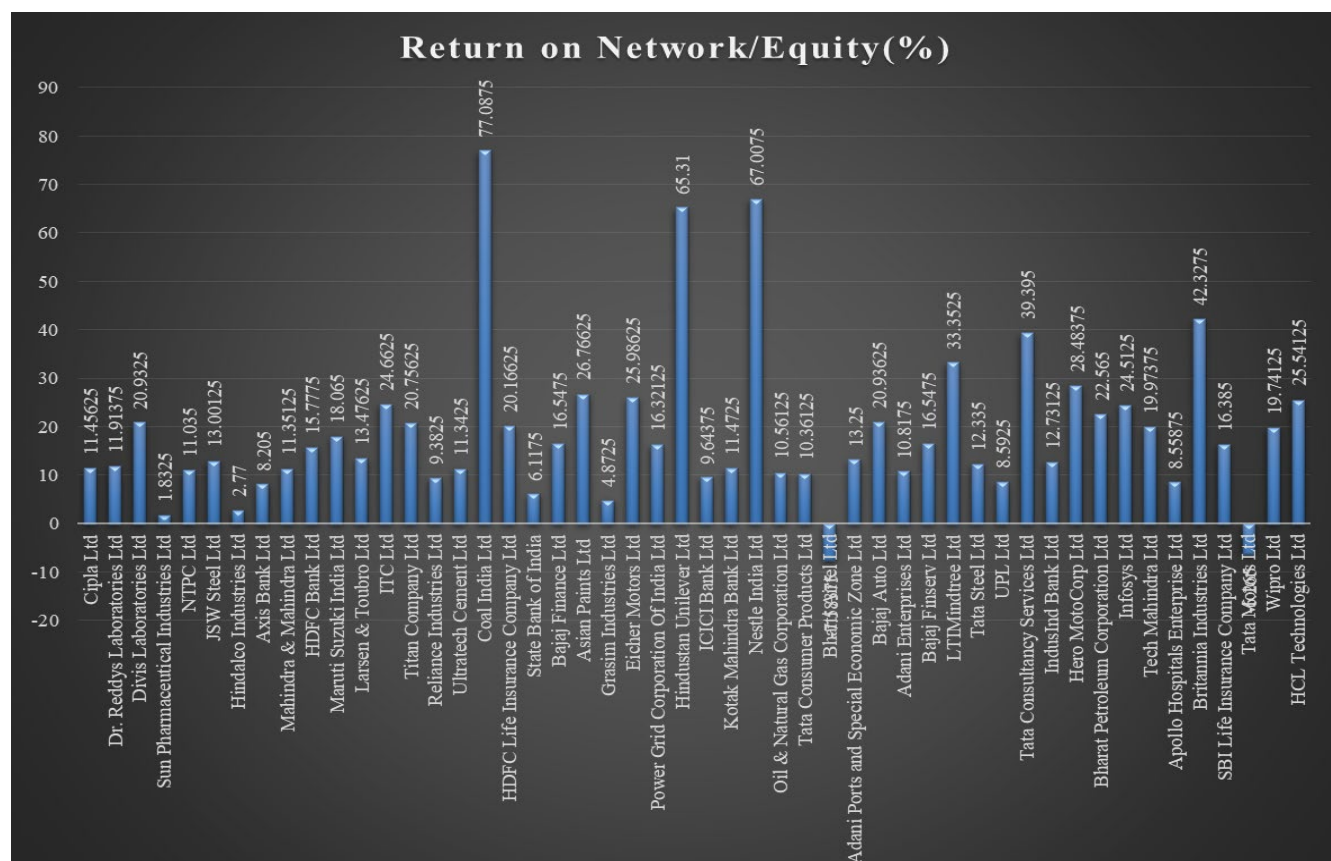


Figure 2: Return on Net worth / Equity.

The table 2 and figure 2 provides the Return on Net Worth/Equity (RONW/ROE) percentages for the top Nifty 50 companies from 2015 to 2022, offering insights into their financial performance and efficiency in generating returns for shareholders. For Cipla Ltd, it demonstrates a consistent upward trend, indicating effective utilization of equity to generate returns. For Dr. Reddys Laboratories Ltd, it exhibits variations in RONW, with fluctuations reflecting changes in the pharmaceutical industry. For Divis Laboratories Ltd, it shows a generally upward trend in RONW, signalling efficient use of equity to generate returns in the pharmaceutical sector. For Sun Pharmaceutical Industries Ltd, it faces challenges with negative RONW in some years, suggesting difficulties in generating returns from equity. For NTPC Ltd, it maintains a positive RONW, indicating efficient use of equity in the power generation sector. For JSW Steel Ltd, it exhibits variations in RONW, reflecting the cyclical nature of the steel industry. For Hindalco Industries Ltd, it shows a generally positive RONW, indicating effective utilization of equity in the aluminium industry. For Axis Bank Ltd, It demonstrates fluctuations in RONW, reflecting changes in the banking sector's dynamics. For Mahindra & Mahindra Ltd, it maintains a positive RONW, showcasing effective utilization of equity in the automotive sector. For HDFC Bank Ltd, it exhibits a consistent positive RONW, indicating stability and efficiency in the banking industry. For Maruti Suzuki India Ltd, it shows a generally positive RONW, reflecting efficiency in generating returns from equity in the automotive sector. For Larsen & Toubro Ltd, It exhibits variations in RONW, reflecting changes in the engineering and construction sector. For ITC Ltd, it demonstrates a positive RONW, showcasing effective utilization of equity in the diversified industry. For Titan Company Ltd, It shows variations in RONW, reflecting changes in the jewellery and watch industry. For Reliance Industries Ltd, it exhibits variations in RONW, reflecting changes in the conglomerate's business dynamics. For Ultratech Cement Ltd, it maintains a positive RONW, indicating efficiency in the cement industry. For Coal India Ltd, it exhibits a generally positive RONW, reflecting efficient use of equity in the coal mining sector. For HDFC Life Insurance Company Ltd, it maintains a positive RONW, indicating efficiency in the insurance sector. For State Bank of India, it demonstrates variations in RONW, reflecting changes in the banking sector. For Bajaj Finance Ltd, it exhibits variations in RONW, reflecting changes in the financial sector. For Asian Paints Ltd, it maintains a positive RONW, indicating efficiency in the paint and coatings industry. For Grasim Industries Ltd, It exhibits variations in RONW, reflecting changes in the diversified industry. For Eicher Motors Ltd, it shows variations in RONW, reflecting changes in the automotive industry. For Power Grid Corporation of India Ltd, it maintains a generally positive RONW, indicating efficiency in the power transmission sector. For Hindustan Unilever Ltd, it exhibits variations in RONW, reflecting changes in the fast-moving consumer goods sector. For ICICI Bank Ltd, it demonstrates fluctuations in RONW, reflecting changes in the banking sector. For Kotak Mahindra Bank Ltd, it maintains a positive RONW, indicating stability in the banking industry. For Nestle India Ltd, it shows variations in RONW, reflecting changes in the food and beverage sector. For Oil & Natural Gas Corporation Ltd, it maintains a generally positive RONW, indicating efficiency in the oil and gas sector.

For Tata Consumer Products Ltd, it exhibits variations in RONW, reflecting changes in the consumer goods sector. For Bharti Airtel Ltd, it faces challenges with negative RONW in some years, suggesting difficulties in generating returns from equity in the telecommunications sector. For Adani Ports and Special Economic Zone Ltd, it maintains a generally positive RONW, indicating efficiency in the logistics and infrastructure sector. For Bajaj Auto Ltd, it shows variations in RONW, reflecting changes in the automotive industry. For Adani Enterprises Ltd, it exhibits fluctuations in RONW, reflecting changes in the diversified business sector. For Bajaj Finserv Ltd, It demonstrates variations in RONW, reflecting changes in the financial sector. For LTIMindtree Ltd, it maintains a positive RONW, indicating efficiency in the IT and consulting sector. For Tata Steel Ltd, it exhibits variations in RONW, reflecting changes in the steel industry. For UPL Ltd, it shows variations in RONW, reflecting changes in the agrochemical sector. For Tata Consultancy Services Ltd, it maintains a positive RONW, indicating efficiency in the IT and consulting sector. For IndusInd Bank Ltd, it exhibits variations in RONW, reflecting changes in the banking sector. For Hero MotoCorp Ltd, it shows variations in RONW, reflecting changes in the automotive industry. For Bharat Petroleum Corporation Ltd, it exhibits variations in RONW, reflecting changes in the oil and gas sector. For Infosys Ltd, it maintains a positive RONW, indicating efficiency in the IT and consulting sector. For Tech Mahindra Ltd, it shows variations in RONW, reflecting changes in the IT and consulting sector. For Apollo Hospitals Enterprise Ltd, it exhibits variations in RONW, reflecting changes in the healthcare sector. For Britannia Industries Ltd, it maintains a positive RONW, indicating efficiency in the food and beverage sector. For SBI Life Insurance Company Ltd, it demonstrates variations in RONW, reflecting changes in the insurance sector. For Tata Motors Ltd, It faces challenges with negative RONW in some years, suggesting difficulties in generating returns from equity in the automotive sector. For Wipro, it maintains a generally positive RONW, indicating efficiency in the IT and consulting sector. The company demonstrates stability and consistent performance in generating returns for its shareholders. For HCL Technologies exhibits a positive RONW over the years, showcasing efficiency in the IT and

consulting industry. The company's consistent performance indicates effective use of equity to generate returns for its stakeholders.

3) ESG Score

Table 3: ESG Score of Top Nifty 50 Companies

List of Top Nifty 50 Companies 2023	Environment Score	Social Score	Governance Score
Cipla Ltd	59	68	78
Dr. Reddys Laboratories Ltd	56	67	73
Divis Laboratories Ltd	31	50	68
Sun Pharmaceutical Industries Ltd	57	66	60
NTPC Ltd	45	59	62
JSW Steel Ltd	41	51	69
Hindalco Industries Ltd	31	53	75
Axis Bank Ltd	65	58	79
Mahindra & Mahindra Ltd	59	48	70
HDFC Bank Ltd	59	64	84
Maruti Suzuki India Ltd	38	46	63
Larsen & Toubro Ltd	56	65	68
ITC Ltd	57	55	68
Titan Company Ltd	41	54	72
Reliance Industries Ltd	41	46	68
Ultra tech Cement Ltd	45	58	73
Coal India Ltd	30	54	56
HDFC Life Insurance Company Ltd	43	52	71
State Bank of India	60	56	71
Bajaj Finance Ltd	64	60	71
Asian Paints Ltd	58	62	76
Grasim Industries Ltd	46	50	71
Eicher Motors Ltd	42	58	65
Power Grid Corporation of India Ltd	37	48	58
Hindustan Unilever Ltd	53	61	76
ICICI Bank Ltd	59	50	76
Kotak Mahindra Bank Ltd	69	59	80
Nestle India Ltd	38	47	77
Oil & Natural Gas Corporation Ltd	29	47	62
Tata Consumer Products Ltd	49	62	77
Bharti Airtel Ltd	60	61	70
Adani Ports and Special Economic Zone Ltd	46	61	59
Bajaj Auto Ltd	27	41	65
Adani Enterprises Ltd	30	58	57
Bajaj Finserv Ltd	64	60	71

LTIMindtree Ltd	61	62	72
Tata Steel Ltd	39	49	72
UPL Ltd	35	42	71
Tata Consultancy Services Ltd	78	72	78
IndusInd Bank Ltd	63	56	72
Hero MotoCorp Ltd	47	60	60
Bharat Petroleum Corporation Ltd	40	54	64
Infosys Ltd	77	69	81
Tech Mahindra Ltd	79	72	77
Apollo Hospitals Enterprise Ltd	41	57	71
Britannia Industries Ltd	49	55	73
SBI Life Insurance Company Ltd	37	50	68
Tata Motors Ltd	46	50	68
Wipro Ltd	77	67	77
HCL Technologies Ltd	69	65	77

Source: Bloomberg Professional Services Database

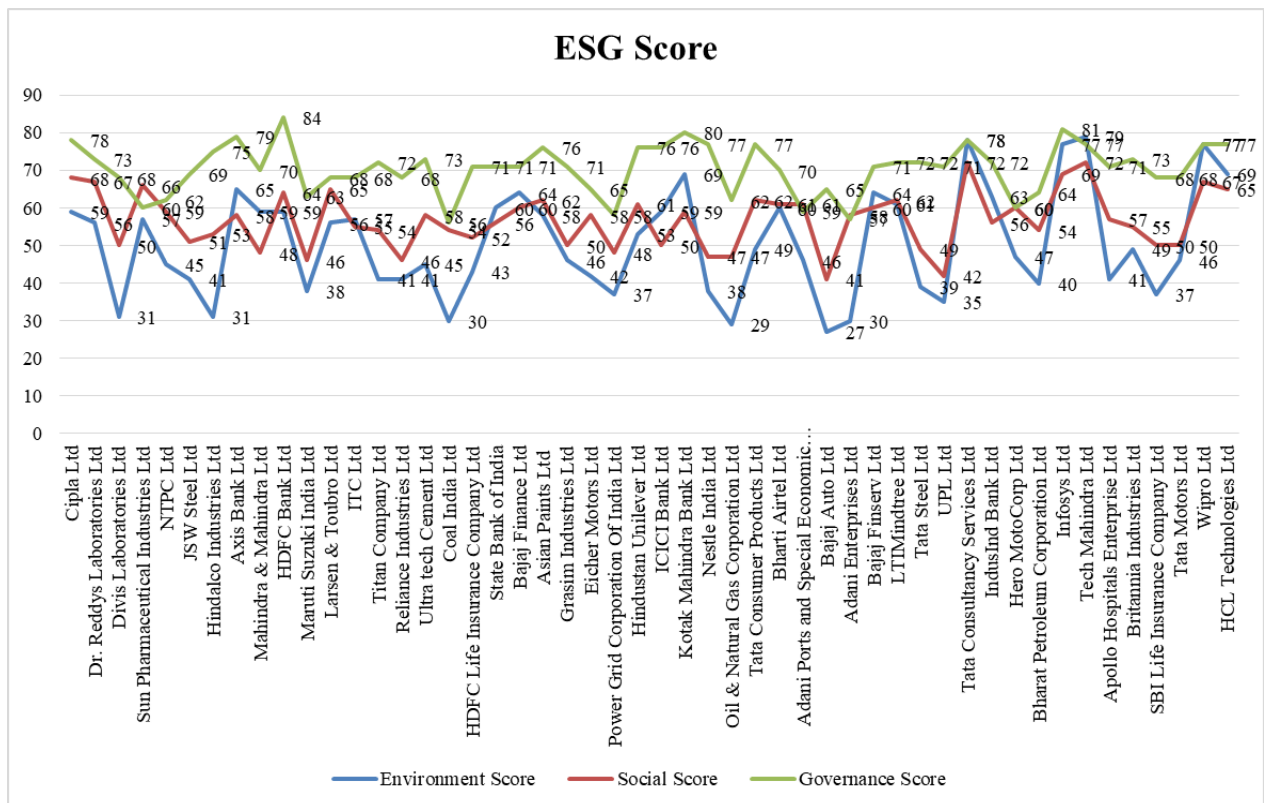


Figure 3: ESG Score of Top Nifty 50 Companies; Author's presentation

The above table 3 and figure 3 presents the Environment Score, Social Score, and Governance Score for the top Nifty 50 companies in 2023. For Cipla Ltd, it demonstrates relatively strong scores across all three categories, indicating a balanced approach to environmental, social, and governance practices. For Dr. Reddys Laboratories Ltd, it exhibits

commendable social and governance scores, reflecting a focus on social responsibility and robust governance practices. For Divis Laboratories Ltd, it achieves a higher governance score, suggesting a commitment to effective corporate governance, while also maintaining respectable scores in the environmental and social dimensions. For Sun Pharmaceutical Industries Ltd, it maintains balanced scores, showing a commitment to environmental sustainability, social responsibility, and governance practices. For NTPC Ltd, it scores relatively well in social and governance dimensions, indicating a commitment to social initiatives and strong governance practices. For JSW Steel Ltd, it exhibits a higher governance score, highlighting a focus on strong corporate governance, along with notable efforts in environmental and social aspects. For Hindalco Industries Ltd, it demonstrates a strong governance score, suggesting a commitment to effective corporate governance practices, along with respectable scores in environmental and social dimensions. For Axis Bank Ltd, It achieves high scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and strong governance practices. For Mahindra & Mahindra Ltd, it achieves well-balanced scores across environmental, social, and governance categories, reflecting a holistic approach to sustainable business practices. For HDFC Bank Ltd, it demonstrates strong scores across the board, showcasing a commitment to environmental sustainability, social responsibility, and robust governance practices. For Maruti Suzuki India Ltd, it scores well in the environmental and governance dimensions, reflecting a commitment to eco-friendly practices and strong corporate governance. For Larsen & Toubro Ltd, it achieves balanced scores across all three categories, indicating a commitment to environmental sustainability, social responsibility, and effective governance practices. For ITC Ltd, it demonstrates strong scores in environmental and social dimensions, reflecting a commitment to sustainability and social responsibility, with a respectable governance score. For Titan Company Ltd, it achieves a balanced scorecard, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Reliance Industries Ltd, it scores relatively well across all three dimensions, indicating a comprehensive approach to environmental, social, and governance practices. For UltraTech Cement Ltd, it achieves balanced scores across all three categories, highlighting a commitment to environmental sustainability, social responsibility, and effective governance practices.

For Coal India Ltd, it demonstrates a stronger governance score, suggesting a focus on robust corporate governance practices, while also maintaining respectable scores in environmental and social dimensions. For HDFC Life Insurance Company Ltd, it achieves well-balanced scores, indicating a commitment to sustainability, social responsibility, and effective governance practices. For State Bank of India, it achieves strong scores in environmental and governance dimensions, reflecting efforts in sustainability and robust governance practices. For Bajaj Finance Ltd, it demonstrates strong scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices. For Asian Paints Ltd, it achieves balanced scores across all three categories, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Grasim Industries Ltd, it demonstrates a strong governance score, suggesting a commitment to robust corporate governance practices, while also maintaining respectable scores in environmental and social dimensions. For Eicher Motors Ltd, it achieves well-balanced scores, indicating a commitment to environmental sustainability, social responsibility, and effective governance practices. For Power Grid Corporation of India Ltd, it demonstrates respectable scores in environmental and social dimensions, with a focus on governance practices. For Hindustan Unilever Ltd, it achieves balanced scores across all three categories, indicating a commitment to sustainability, social responsibility, and effective governance practices. For ICICI Bank Ltd, it achieves well-balanced scores, reflecting a commitment to sustainability, social responsibility, and effective governance practices. For Kotak Mahindra Bank Ltd, it achieves high scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices. For Nestle India Ltd, it demonstrates balanced scores, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices.

For Oil & Natural Gas Corporation Ltd, it achieves higher scores in environmental and social dimensions, indicating a focus on sustainability and social responsibility, with a respectable governance score. For Tata Consumer Products Ltd, it achieves well-balanced scores, indicating a commitment to sustainability, social responsibility, and effective governance practices. For Bharti Airtel Ltd, it demonstrates balanced scores, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Adani Ports and Special Economic Zone Ltd, it achieves well-balanced scores, indicating a commitment to sustainability, social responsibility, and effective governance practices. For Bajaj Auto Ltd, it demonstrates respectable scores, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Adani Enterprises Ltd, it achieves well-balanced scores, indicating a commitment to sustainability, social responsibility, and effective governance practices. For

Bajaj Finserv Ltd, it demonstrates strong scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices. For LTI Mindtree Ltd, it achieves well-balanced scores, indicating a commitment to sustainability, social responsibility, and effective governance practices. For Tata Steel Ltd, it achieves balanced scores, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For UPL Ltd, it demonstrates respectable scores, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Tata Consultancy Services Ltd, it achieves high scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices. For IndusInd Bank Ltd, it achieves well-balanced scores across all three dimensions, indicating a commitment to environmental sustainability, social responsibility, and effective governance practices. For Hero MotoCorp Ltd, it achieves a balanced scorecard, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. The company's commitment to these areas is evident in its scores across the board. For Bharat Petroleum Corporation Ltd, it demonstrates balanced scores, indicating a commitment to sustainability, social responsibility, and effective governance practices. BPCL's scores reflect its efforts in maintaining a holistic approach to business operations. For Infosys Ltd, it achieves high scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices. For Tech Mahindra Ltd, it demonstrates strong scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices. For Apollo Hospitals Enterprise Ltd, it achieves a balanced scorecard, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Britannia Industries Ltd, it achieves balanced scores across all three categories, indicating a commitment to environmental sustainability, social responsibility, and effective governance practices. For SBI Life Insurance Company Ltd, it achieves well-balanced scores, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Tata Motors Ltd, it demonstrates respectable scores, reflecting efforts in environmental sustainability, social responsibility, and effective governance practices. For Wipro Ltd, it achieves high scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices. For HCL Technologies Ltd, it demonstrates strong scores across all three dimensions, indicating a comprehensive commitment to environmental sustainability, social responsibility, and effective governance practices.

6. CONCLUSION

Both national and global institutional investors are incorporating environmental, social, and governance (ESG) factors into their choices for investing. They acknowledge the potential influence of risks and possibilities related to ESG on financial performance. Companies that have strong environmental, social, and governance (ESG) practices are seen as more durable and better equipped to negotiate a swiftly evolving commercial environment. Despite facing hurdles related to accessibility and excellence, regulatory compliance expenses, and the requirement for capacity building, Indian firms can benefit greatly by adopting ESG principles. Companies may enhance their ability to compete, attract investment, and make a contribution to sustainable development by improving their ESG performance. The readiness of Indian industries to adhere to ESG regulations and report on them with financial performance is crucial for ensuring for a long time sustainability and growth.

The findings indicated the Return on Assets (ROA) of the biggest 50 companies included on the Nifty 50 index in India from 2015 to 2022. Return on assets (ROA) is a financial metric that quantifies a company's profitability to its total assets. A higher return on assets (ROA) signifies that the business is effectively generating greater profits from its assets. Based on the results, the Return on Net Worth/Equity (RONW/ROE) percentages for the leading Nifty 50 firms from 2015 to 2022 provide valuable information about their financial performance and effectiveness in creating returns for shareholders.

Environment performance has a positive and significant impact on all the accounting measures, that is to say, ROA and ROE respectively. Social performance and Governance performance both have a positive and significant impact on all the accounting measures as well as market measures. The environmental, social, and governance scores of the top Nifty 50 corporations in 2023. The scores in all three areas reflect a rather excellent performance, indicating a well-balanced commitment to social, governance, and environmental principles. These results will enable firms to select their ESG strategies, which may make a material impact on their financial performance.

CONFLICT OF INTERESTS

None.

ACKNOWLEDGMENTS

None.

REFERENCES

- Maji, S. G., & Lohia, P. (2023). Environmental, social and governance (ESG) performance and firm performance in India. *Society and Business Review*, 18(1), 175-194.
- Panchalan, R. (2023). Financial Performance of Indian Companies In Relation To Their Environmental, Social, and Governance (ESG) Ratings. *The Online Journal of Distance Education and e-Learning*, 11(2).
- Shin, J., Moon, J. J., & Kang, J. (2023). Where does ESG pay? The role of national culture in moderating the relationship between ESG performance and financial performance. *International Business Review*, 32(3), 102071.
- Gossain, R. (2023). Legal Underpinnings Drive ESG amidst Global Flux. *Paradigm*, 27(1), 27-46.
- Chen, H. M., Kuo, T. C., & Chen, J. L. (2022). Impacts on the ESG and financial performances of companies in the manufacturing industry based on the climate change related risks. *Journal of Cleaner Production*, 380, 134951.
- Chouaibi, S., Chouaibi, J., & Rossi, M. (2022). ESG and corporate financial performance: the mediating role of green innovation: UK common law versus Germany civil law. *EuroMed Journal of Business*, 17(1), 46-71.
- Zahid, R. A., Khan, M. K., Anwar, W., & Maqsood, U. S. (2022). The role of audit quality in the ESG-corporate financial performance nexus: Empirical evidence from Western European companies. *Borsa Istanbul Review*, 22, S200-S212.
- Zhou, G., Liu, L., & Luo, S. (2022). Sustainable development, ESG performance and company market value: Mediating effect of financial performance. *Business Strategy and the Environment*, 31(7), 3371-3387.
- Koundouri, P., Pittis, N., & Plataniotis, A. (2022). The impact of ESG performance on the financial performance of European area companies: An empirical examination. *Environmental Sciences Proceedings*, 15(1), 13.
- Kumar, K. (2022). Emerging phenomenon of corporate sustainability reporting: Evidence from top 100 NSE listed companies in India. *Journal of public affairs*, 22(1), e2368.
- Hwang, J., Kim, H., & Jung, D. (2021). The effect of ESG activities on financial performance during the covid-19 pandemic—evidence from korea. *Sustainability*, 13(20), 11362.