

CareEdge-ESG PULSE

Monthly Newsletter

January 2026



**Driving Sustainable
Growth with Measurable Benefits**

SEBI Registered

IFSCA Approved

ICMA Enlisted

Why ESG Matters more than ever: Beyond Compliance to Commercial Advantage

In today's business environment, where corporate responsibility and sustainability are imperative, ESG ratings serve as a crucial benchmark. They enhance brand reputation, reduce risk exposure, and increase attractiveness to both equity and debt investors. Solicited ESG ratings following the issuer-pays model provide independent assessments using public and non-public data to evaluate disclosures, policies, frameworks, transition strategy and performance.

Key benefits of stronger ESG ratings:

- Establish and communicate clear ESG goals to enhance appeal to investors
- Improve brand presence and stakeholder loyalty through demonstrated ESG commitment
- Diversify investor base and raise capital more efficiently
- Gain transparency via independent SEBI-regulated ERP assessments

Mitigate risks and capitalize on opportunities in climate, human rights and governance

Beyond Just Numbers

ESG ratings combine quantitative KIs and qualitative factors—frameworks and policies, leadership commitment, training to board and employees, value-chain engagement, and overall transparency—to present a holistic view. Benchmarks (e.g., scope-1 emissions, gender ratio medians) help set short- and long-term targets, gauge transition velocity and magnitude, and align sector-specific realities.

Regulatory Push

SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework standardizes disclosures for the top 1,000 listed entities, driving transparency and accountability. SEBI's 2023 guidelines mandate ERPs to assign ESG scores on a uniform 100-point scale with constituent E, S, and G scores and weights—bringing consistency and comparability. IFSCA (GIFT City) is enabling ESG rating services and mobilizing sustainable finance aligned to international best practices, while RBI's draft climate risk disclosure framework will require governance, strategy, risk, metrics and targets reporting from FY26/FY27.

India Taxonomy

India's budget announced work on a sustainable taxonomy to direct funds toward adaptation, mitigation, and reduced financed emissions. A clear taxonomy screens green projects, prevents greenwashing, and supports consistent, comparable disclosure frameworks—helping price financial risks and allocate capital to sustainable activities.

Why should you invest in ESG? What's in it for you?

- **Access to Cheaper Financing:** ESG-rated companies often secure better terms from lenders and investors.
- **Operational Efficiency:** Lower energy costs through renewable adoption and waste reduction.
- **Market Differentiation:** Strong ESG credentials attract global clients and partnerships.

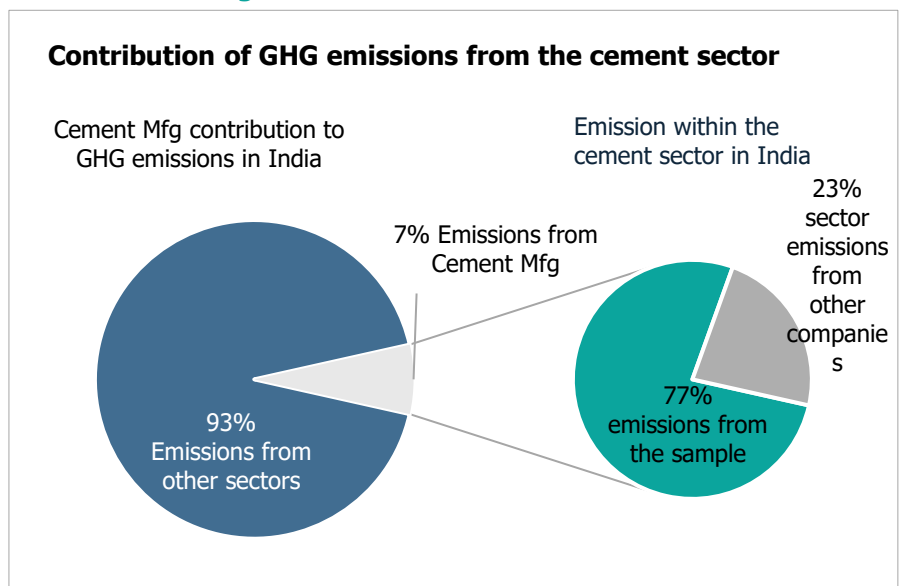
At CareEdge-ESG, we don't just assess risks—we help you **unlock value** through actionable ESG strategies.

Linking Data to Solutions: Cement Sector Case Study

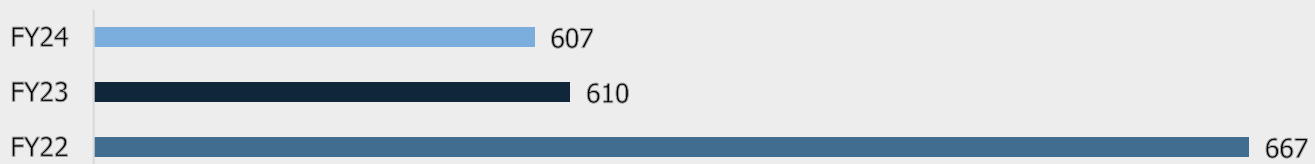
Cement plays a foundational role in India’s infrastructure-led growth trajectory, underpinning critical sectors such as housing, transportation, and industry. As the second-largest producer of cement globally, India accounts for approximately 8% of the world’s total installed cement capacity. Cement demand is projected to rise steadily, pushing national production from 334 million tonnes in 2019–20 to an estimated 1546 million tonnes by 2070. However, this anticipated growth must be reconciled with the imperatives of environmental sustainability. The cement industry significantly impacts the country’s carbon footprint, accounting for 7% of India’s total GHG emissions in 2024 (GCCA and TERI, 2025).

Overview of India’s Emissions from Cement Manufacturing

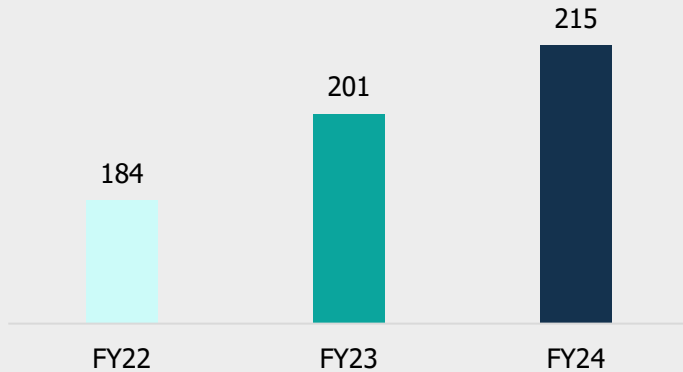
India’s greenhouse gas emissions in 2024 reached 4.13 GtCO₂e, with the cement sector estimated to contribute about 6% to 7%. An analysis of Scope 1 and 2 emissions from the sample reveals that 97% of total emissions are attributed to Scope 1, while only 3% fall under Scope 2. This is a result of the fact that cement manufacturing is a highly energy-intensive process, resulting in reliance on captive power generation to meet energy requirements and run economically viable operations. Hence, the bulk of Scope 1 emissions in cement manufacturing arises from the combustion of fossil fuels in kilns and other high-temperature processes.



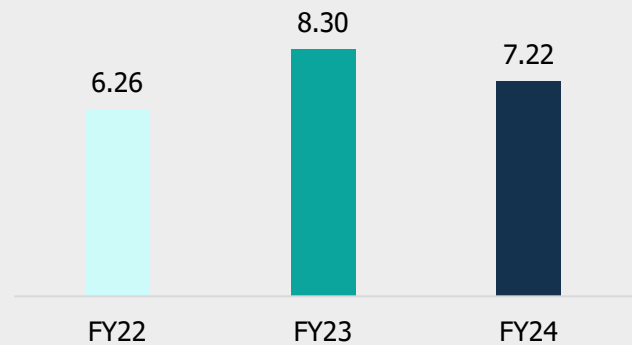
Scope 1 and 2 emission intensity in KgCO₂e/ tonne of cement produced



Total Scope 1 Emissions of the sample
(In Million Metric Tonnes of tCO₂e)



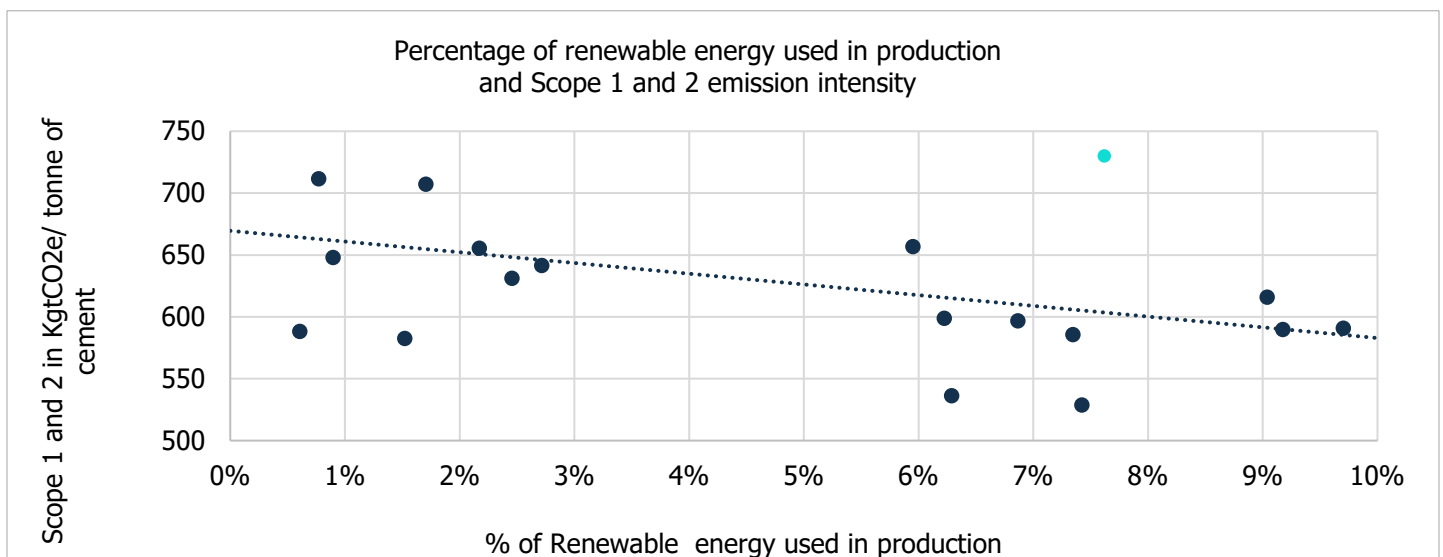
Total Scope 2 Emissions of the sample
(In Million Metric Tonnes of tCO₂e)



Despite the rise in total emissions, the emission intensity per tonne of cement produced has decreased, reflecting the sector's responsible initiatives. The combined Scope 1 and 2 emission intensity dropped by 9% from FY22 to FY24, driven by improvements in production efficiency and emission reduction efforts measures.

Renewable Energy incorporation in Production

One of the key factors contributing to the decline in emission intensity could be the increased adoption of renewable energy within the sector. The charts below illustrate a consistent inverse relationship between the share of renewable energy in total energy consumption and emission intensity (measured in Kg CO₂e per tonne of cement produced).

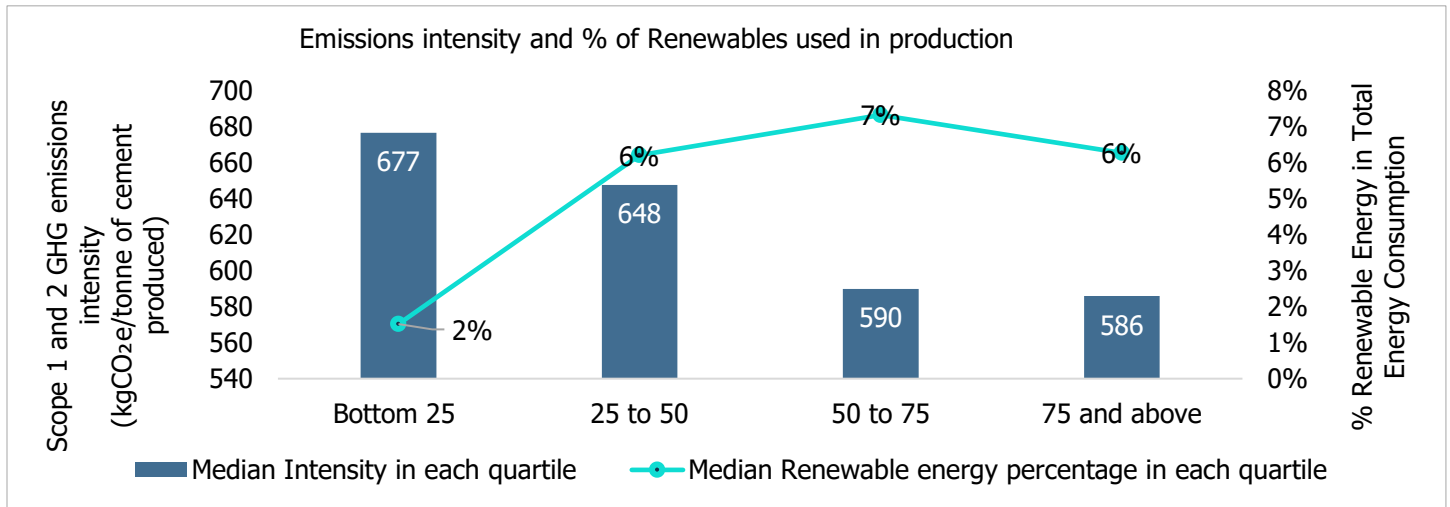


The red dot represents an outlier entity. The data appears inconsistent with the analysis

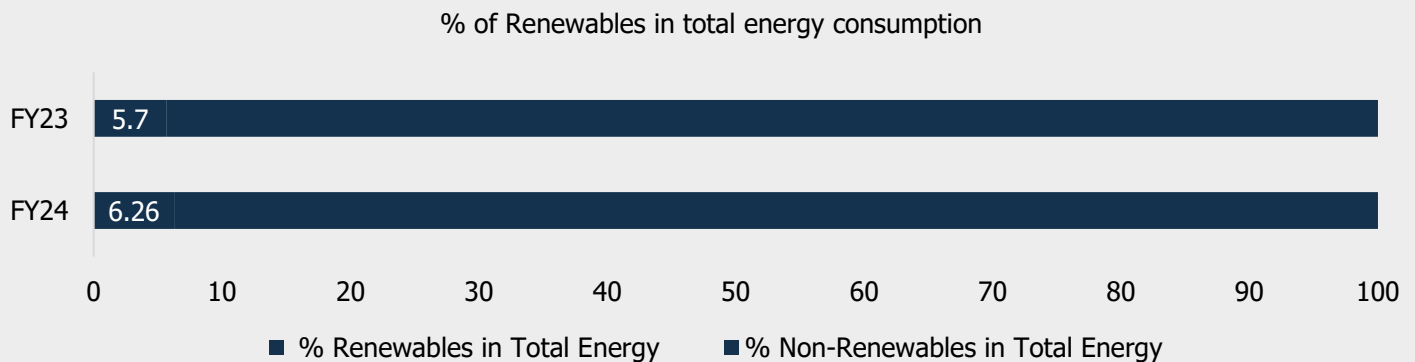
The analysis below segments companies into production-based quartiles (N=20), revealing that those with above-median production tend to use more renewable energy and exhibit lower emission intensities. Interestingly, although the highest-

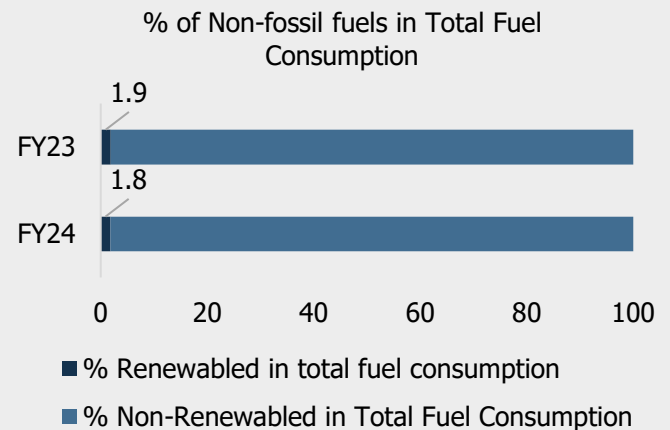
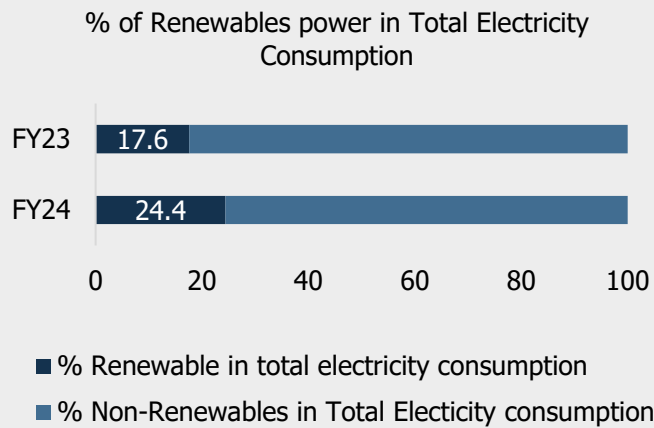
producing companies make up about 50% of total output in the sample, their use of renewable energy is still lower than that of companies in the third quartile.

Since the top five companies alone represent nearly half of the country's cement production—and a large portion of sector emissions—it is essential for them to boost their adoption of renewable energy to reduce overall emissions.



Data demonstrates that the adoption of renewable energy in the Indian cement sector has progressed more in electricity use than in fuel. The share of renewables in electricity consumption has increased significantly, supported by solar power and waste heat recovery systems (WHRS).

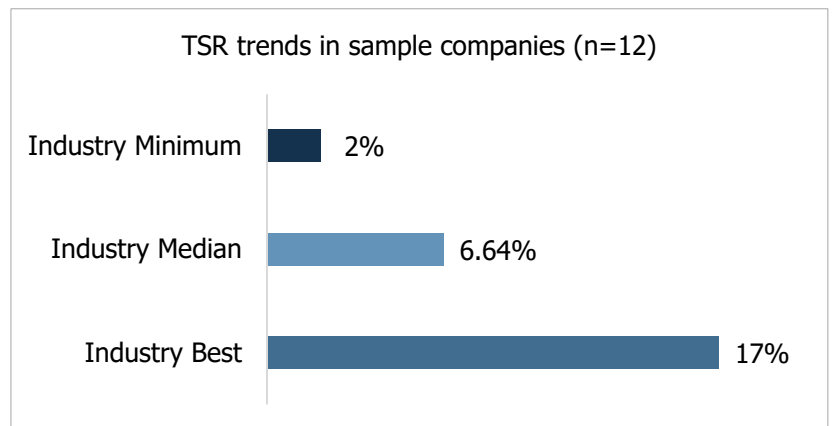




In contrast, fuel consumption remains predominantly fossil-based, with coal and pet-coke continuing as the primary fuels for clinker production. Hence, the transition to renewable alternatives has been limited.

Thermal Substitution Rate

Although many cement companies have begun using alternative fuels—such as municipal solid waste (MSW), industrial waste, used tyres, and biomass—for thermal substitution in kilns and pre-calciners, overall adoption remains limited. This is mainly due to challenges related to availability, cost, logistical constraints, and the need for pre-processing before these fuels can be utilised effectively. The extent of thermal power replacement through alternative fuels is measured by the Thermal Substitution Rate (TSR).



CareEdge-ESG sees India’s cement industry at a pivotal stage, poised for rapid growth while sharing the burden of the country’s decarbonisation efforts. Analysing leading cement firms shows notable advancements in lowering emission intensity, mainly through better energy efficiency and more renewable electricity adoption. However, despite progress in reducing emissions per tonne of cement and increasing renewable energy use, there is still a long path ahead. The industry remains largely reliant on fossil fuels, with minimal adoption of cleaner options like biomass or waste-based fuels. A few companies account for most production and emissions, and their decisions will significantly influence the industry’s efforts at decarbonizing itself.

Your Benefit?

- Lower carbon footprint = **better ESG rating**
- Better rating = **access to green financing and investor confidence**

What Can You Do? Practical Steps for Immediate Impact

- **Increase Renewable Energy Share:** Even a 5% rise can cut emission intensity significantly.
- **Adopt Thermal Substitution:** Replace coal with waste-derived fuels to reduce costs and emissions.
- **Engage in ESG Rating:** Benchmark your performance, identify gaps, and attract sustainability-linked funding.

Why CareEdge-ESG? Your Partner in Transition

Unlike generic ESG reports, our approach:

- **Identifies actionable levers** for improvement
- **Quantifies peer benchmarking** (comparative advantages)
- Offers **Second Party Opinions (SPO)** for green bonds and sustainability-linked loans

Ready to Begin Your ESG Journey?

Contact us to:

Get your **ESG rating** | Explore **transition assessment** | Assess **sustainable finance framework**

CareEdge-ESG rating press release

Road and Infra Sector:	• CareEdge-ESG's rating rationale for National Highways Infra Trust
Aerospace and Defense Sector:	• CareEdge-ESG's rating rationale for Bharat Electronics Limited
Auto Components Sector:	• CareEdge-ESG's rating rationale for JK Tyre and Industries Limited
Electrical Equipment Sector:	• CareEdge-ESG's rating rationale for Apar Industries Limited
Iron & Steel Sector:	• CareEdge-ESG's rating rationale for Godawari Power and Ispat Limited
Cement Sector:	• CareEdge-ESG's rating rationale for Shree Cement Limited
Heavy Electrical Equipment Sector:	• CareEdge-ESG's rating rationale for Thermax Limited
Power Sector:	• CareEdge-ESG's rating rationale for NLC India Limited
Banking Sector:	• CareEdge-ESG's rating rationale for Bank of India
Small Finance Banking Sector:	• CareEdge-ESG's rating rationale for ESAF Small Finance Bank Limited
Non-Banking Financial Company (NBFC) Sector:	• CareEdge-ESG's rating rationale for Muthoot Microfin Limited • CareEdge-ESG's rating rationale for MAS Financial Services Limited

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About Us:

CareEdge is a knowledge based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE ESG Ratings Limited (CareEdge-ESG) is one of the India’s leading ESG rating provider fostering sustainability with ESG insights. With an aim of being a catalyst of change for a sustainable future with the most credible ESG assessments, CareEdge-ESG provides a 360-degree appraisal for the ESG performance benchmarking cum transition enabling ESG risk mitigation and enhanced decision-making capabilities for all stakeholders.

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