

CareEdge-ESG PULSE

Monthly Newsletter

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India's New NDCs

How ESG Rating & Sustainable Finance
Can Act As Enablers

SEBI Registered

IFSCA Approved

ICMA Enlisted

India's Climate Ambition Reaches a New High: What the New NDC Means for Business

In March 2026, the Union Cabinet approved India's Nationally Determined Contribution (NDC) for 2031–2035, marking one of the most significant escalations of India's climate ambition since the Paris Agreement. The new NDC is not merely an incremental policy update; this is a strategic signal that India's development pathway and its transition to a low-carbon economy are now inseparably linked.

For Indian corporates, financial institutions, investors, and ESG market participants, this announcement carries immediate implications. NDC targets will cascade into regulatory frameworks, capital market expectations, sector-level transition requirements, and sustainability-linked financing structures.

ESG ratings and sustainable finance are no longer supporting instruments; they are now front-and-centre tools for India to deliver on its climate commitments.

This edition of CareEdge-ESG Pulse refines those conversations into actionable insights for boards, CFOs, risk leaders, and sustainability teams.

India's New NDC: The Three Pillars of Ambition

India's new NDC, which is approved by the Union Cabinet in March 2026, commits to three quantitative targets to be achieved by 2035, anchored in the vision of Viksit Bharat @2047 and the long-term goal of achieving net-zero by 2070.

Emissions Intensity Reduction	Non-Fossil Power Capacity	Carbon Sink Enhancement
47% reduction in emissions intensity of GDP by 2035 from 2005 levels	60% of installed electric power capacity from non-fossil sources by 2035	3.5–4 BtCO₂ carbon sink through forest and tree cover by 2035 from 2005 levels

Importantly, these are not aspirational goals: India has a proven track record of early delivery. By February 2026, India already achieved 52.57% non-fossil installed power capacity, surpassing its 2030 target five years ahead of schedule. Its emissions intensity already declined by 36% from 2005 to 2020. The new NDC builds on this momentum, raising the bar further while embedding climate action into the country's broader Viksit Bharat narrative.

The result is clear:

- **For India:** Accelerated low-carbon growth becomes a core development strategy.
- **For corporates:** Faster transition pressure and clearer long-term certainty.
- **For markets and competitiveness:** Climate becomes a source of advantage.

From National Commitment to Corporate Imperative

India's NDC is not solely a government mandate, its delivery is contingent on actions of Indian businesses, financial institutions, and capital markets. Each of the three quantitative targets translates to specific pressures and opportunities for the corporate sector:

NDC Target	Corporate Implications
47% Emissions Intensity Reduction by 2035	Energy-intensive sectors (cement, steel, chemicals, aluminium) will face growing pressure to reduce GHG intensity per unit of output. ESG ratings that benchmark emissions performance will become critical signals for investors and lenders assessing transition readiness.
60% Non-Fossil Power Capacity by 2035	Corporates with high grid-electricity dependence must accelerate the shift to renewable power purchase agreements (RPAs), captive solar, and green hydrogen. Demonstrated renewable adoption will directly influence ESG scores and sustainability-linked financing eligibility.
3.5–4 Billion Tonne Carbon Sink by 2035	Companies with significant land footprints in agriculture, mining, plantations, and infrastructure will be expected to contribute to biodiversity and afforestation goals. Nature-based solutions are increasingly recognised under sustainable finance taxonomies.

Why ESG Ratings Are Pivotal To NDC Delivery

India's NDC commitments cannot be delivered by government policy alone. They require a vast mobilisation of private capital, a credible measurement and reporting infrastructure, and transparent benchmarks for performance. ESG ratings sit at the intersection of all three requirements.

ESG Ratings as Transition Benchmarks

For India's NDC to translate into corporate action, businesses need credible baselines to measure progress. CareEdge-ESG's ratings evaluate emissions intensity, renewable energy adoption, climate governance, and transition readiness—precisely the metrics that NDC delivery demands. By benchmarking companies against sector peers, ESG ratings reveal which entities are tracking ahead of or behind the national transition curve.

As investors and lenders increasingly require NDC-aligned transition plans, companies with strong ESG ratings backed by independently validated data are better positioned to access capital on better terms and from a wider investor base.

ESG Ratings as Regulatory Compliance Enablers

India's regulatory landscape is rapidly aligning with its NDC ambitions. SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework mandates standardised disclosures for the top 1,000 listed entities. RBI's evolving climate-risk framework is extending similar expectations to banks and their corporate borrowers. The Ministry of Finance's Draft Climate Finance Taxonomy provides the definitional layer that ties disclosures to financing eligibility.

ESG ratings provide companies with an independent, structured view of how well their disclosures, governance, and performance meet these requirements and where gaps remain. As regulatory enforcement intensifies, companies with proactive ESG ratings will be better prepared to comply, avoid penalties, and maintain stakeholder confidence.

ESG Ratings as Risk Pricing Inputs

With India's NDC raising the ambition bar, transition risk is no longer a theoretical concept; it is a quantifiable financial variable. Companies that fail to demonstrate credible transition pathways will face higher financing costs, stricter lending conditions, and diminished investor confidence. Conversely, those with demonstrated ESG performance and robust transition strategies stand to benefit from lower risk premia and preferential capital access.

CareEdge-ESG's ratings capture backward-looking performance and forward-looking transition readiness, giving lenders and investors the intelligence they need to differentiate between climate leaders and laggards within sectors.

Sustainable Finance: The Capital Bridge Between NDC Commitment and NDC Delivery

India's new NDC will require an unprecedented mobilisation of capital. Estimates suggest the country will need US\$200–250 billion annually through 2030 alone for its energy transition. For extended targets through 2035, total investment requirements across renewable energy, storage, green hydrogen, climate-resilient infrastructure, and industrial decarbonisation will be substantially higher.

Sustainable finance across green bonds, social bonds, sustainability-linked loans, transition bonds, and blended finance is the primary vehicle through which this capital will be mobilised. CareEdge-ESG's role in this ecosystem is foundational.

Second Party Opinions: Anchoring NDC-Aligned Finance

As ICMA-enlisted External Review Providers, CareEdge-ESG issues Second Party Opinions (SPOs) that validate the alignment of sustainable finance frameworks with ICMA Green Bond Principles, Sustainability-Linked Bond Principles, and India's emerging regulatory frameworks (SEBI ESG Debt Securities Circular, IFSCA Transition Bond Framework, and the Draft Climate Finance Taxonomy).

An SPO from CareEdge-ESG on an NDC-aligned instrument validates:

- That use-of-proceeds genuinely finance activities aligned to India's 47% emissions intensity or 60% non-fossil capacity targets
- That KPIs and Sustainability Performance Targets (SPTs) in SLBs/SLLs are calibrated to the trajectory required by India's NDC
- That governance, reporting, and MRV mechanisms are robust enough to maintain investor confidence over multiple reporting cycles
- That transition instruments for hard-to-abate sectors are credible pathways, not greenwashing exercises

Transition Bonds: Unlocking Capital for Hard-to-Abate Sectors

India's NDC requires decarbonisation across renewables, cement, steel, chemicals, and heavy transport sectors, who cannot simply switch to green assets overnight. Transition bonds, supported by IFSCA's transition bond framework and the Ministry of Finance's taxonomy, are designed precisely for these entities.

CareEdge-ESG's SPOs for transition instruments evaluate whether sector-specific transition pathways, including fuel switching, energy efficiency, alternative raw materials, and early-stage CCUS or hydrogen adoption, are credible, sequenced realistically, and governed appropriately. This provides the investor assurance that NDC-aligned transition capital is genuinely driving change.

Taxonomy Alignment: The Common Language of NDC Finance

The Ministry of Finance's Draft Climate Finance Taxonomy represents a turning point for India's sustainable finance ecosystem. By defining 'climate-supportive' and 'transition-supportive' activities, the taxonomy creates a common language for issuers, lenders, and investors directly supporting India's NDC delivery.

CareEdge-ESG integrates taxonomy screening into its SPO process, ensuring that sustainable finance frameworks issued in India are not only principle-aligned but also taxonomy-eligible. This reduces greenwashing risk, accelerates deal execution, and builds long-term investor confidence in India's labelled debt market.

CareEdge-ESG View: The NDC as a Capital Markets Catalyst

India's new NDC (2031–2035) is more than a climate policy update. It is a structural signal to capital markets that the trajectory of India's economy is irreversibly shifting toward a lower-carbon, more resilient model. The 47% emissions intensity target, 60% non-fossil power target, and 3.5–4 billion tonne carbon sink target together define parameters within which Indian businesses will operate, compete, and raise capital in the next decade.

For issuers, this means transition plans must be credible, time-bound, and independently validated. For lenders, it means climate risk must be integrated into credit appraisal and portfolio management. For investors, it means NDC alignment will increasingly determine portfolio construction and risk-return expectations.

CareEdge-ESG sits at this intersection—providing ESG ratings that translate national climate ambition into corporate-level performance signals, and SPOs that anchor sustainable finance instruments to India's NDC trajectory. As India moves from climate commitment to climate delivery, the role of credible, independent ESG intelligence will only intensify.

"India's NDC is India's transition roadmap. ESG ratings and sustainable finance are its implementation engines."

How CareEdge-ESG Enables Sustainable Finance Instruments Like Transition Bonds

As sustainable and transition finance volumes grow in India, the central question for markets is no longer the availability of capital, but **credibility**. Investors and lenders are increasingly aligned on one principle: climate-labelled capital must be anchored in robust governance, measurable outcomes, and transparent reporting. This is where the role of independent ESG assessment becomes critical.

CareEdge ESG enables sustainable finance by serving as a **bridge between climate intent and financial credibility**. Our work strengthens the trust architecture that allows green, sustainability-linked, and transition instruments to move from niche products to mainstream funding tools. At its core, CareEdge ESG provides **credible ESG ratings** that go beyond disclosure checklists. Our assessments evaluate not only outcomes, but also the systems that deliver them policies, governance structures, transition strategies, internal controls, and implementation discipline. This ensures that ESG performance is interpreted as a forward-looking risk and opportunity signal, rather than a backward-looking score.

Building on this assessment layer, CareEdge-ESG plays a pivotal role in **sustainable debt markets through Second Party Opinions (SPOs)**. As ICMA-eligible external reviewers, CareEdge-ESG SPOs validate alignment of sustainable finance frameworks with international principles while embedding India-specific regulatory realities, such as BRSR Core, RBI guidance, and the emerging national climate taxonomy. Importantly, this approach to sustainable finance is **transaction-relevant and outcome-oriented**. CareEdge-ESG does not view SPOs as a labelling exercise. Instead, it evaluates whether an instrument genuinely supports a borrower's transition and whether its structure will withstand investor scrutiny over time.

CareEdge-ESG enables sustainable finance across the full spectrum:

- **Transition Finance and Transition Bonds**

For hard-to-abate sectors, CareEdge ESG supports credible access to capital through transition-aligned instruments. Our assessments examine whether transition plans are science-aligned, whether capex is sequenced realistically, and whether governance mechanisms prevent carbon lock-in or greenwashing.

Across all instruments, CareEdge-ESG places strong emphasis on **measurement, reporting, and verification (MRV)**. Sustainable finance does not end at issuance. Ongoing allocation reporting, impact disclosures, and performance tracking are essential to preserve market integrity and issuer reputation. Our assessments are designed to be issuance-ready and post-issuance-ready, reducing future compliance and reputational risks.

From a market perspective, the value is clear. Independent validation from CareEdge-ESG, a SEBI-registered, IFSCA-approved, ICMA-recognised ESG assessment provider, helps:

- **Expand investor participation**, especially from global ESG and transition-focused funds
- **Improve pricing efficiency** by reducing perceived ESG and transition risk
- **Accelerate execution timelines** through standardised, regulator-aligned frameworks
- **Strengthen issuer credibility**, particularly for first-time or transition-focused issuers

Ultimately, CareEdge-ESG enables sustainable finance not by simply certifying instruments, but by **embedding sustainability into financial discipline**. By aligning strategy, risk, disclosure, and capital markets execution, we help Indian corporates and financial institutions convert climate ambition into bankable, investable, and resilient outcomes.

Credible transition is not about perfection; it is about clarity, governance, and measurable progress. Independent ESG assessment is what turns that journey into investable reality.

Your Benefit?

- NDC-aligned transition plans + strong ESG rating = **access to green and transition financing**
- Investor confidence and ICMA-aligned SPOs = **lower cost of capital and wider investor base**
- Transparent, BRSR-assured disclosures = **enhanced reputation and stakeholder trust**
- Independent benchmarking against NDC metrics = **early identification of transition risks and opportunities**

What Can You Do? Practical Steps for Immediate Impact

- **Align your transition plan with India's NDC trajectory:** set science-aligned interim emissions intensity targets, capex roadmaps, and renewable energy milestones calibrated to the 2035 goals.
- **Strengthen climate governance:** assign Board-level responsibility for NDC alignment; integrate climate risk and transition metrics into ERM frameworks.
- **Upgrade disclosure quality:** BRSR Core readiness, data assurance, and ISSB S1/S2 alignment are foundational for investor and lender confidence.
- **Choose the right financing instrument:** Green bonds, SLBs/SLLs, transition bonds, calibrated to your sector's NDC-relevant KPIs and transition pathway.
- **Engage CareEdge-ESG early for ESG Rating & SPO:** de-risk execution timelines, validate KPIs against NDC benchmarks, and access credible independent review.

Why CareEdge-ESG? Your Partner in NDC-Aligned Transition

Unlike generic ESG reports, our approach:

- **Identifies actionable levers** for emissions intensity reduction and renewable energy transition
- **Quantifies peer benchmarking** against sector-level NDC trajectories
- **Offers ICMA-aligned Second Party Opinions (SPOs)** for green, social, sustainability, sustainability-linked, and transition bonds/loans

Ready to Begin Your ESG Journey?

Contact us to:

Get Your **ESG Rating & SPO** | 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](#)

Mining Sector:

- [CareEdge-ESG's rating rationale for Gujarat Mineral Development Corp](#)

Banking Sector:

- [CareEdge-ESG's rating rationale for Bank of India](#)
- [CareEdge-ESG's rating rationale for Union 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](#)

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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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