

# Indian Companies Accounting For Rs 120-trillion Market Cap Make Net-zero Commitments

Number of Companies Surge 400% over Last 2 Fiscals



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Of the top 300 listed companies in India, 78 companies with a market cap of Rs 120 trillion have disclosed commitments to achieving net-zero status, shows a study by CARE Advisory Research and Training Ltd (CareEdge Advisory & Research). The study analysed the sustainability disclosures of 300 companies across 11 key sectors over the last 3 fiscals. These 300 companies combined have a market cap of Rs 221 trillion or ~90 % of the market cap of the top 1000 listed entities.

**Sushmita Majumdar, co-CEO, CareEdge Advisory & Research, says, "While for FY21 the companies making net-zero commitments may seem low at just about 26% of the top 300, this number has doubled over FY20 and is at four times the number for FY19. This trend is heartening for India and gives a fillip to the country's commitments to become carbon neutral and achieve net-zero emissions by 2070."**

About 20% of the companies in the services sector comprising largely IT and financial sector entities have committed to net-zero status as compared to ~30% in the manufacturing sector – led by materials, industrials and utilities.

However, the targets set by the service sector entities are steeper given their intrinsic low emission levels. Most of those aim to achieve net-zero status in the next 10-15 years as compared to an average of 30 years for manufacturing entities.

**Kedar Deshpande, Associate Director, CareEdge Advisory & Research, says, "The services sector has seen the highest reduction in total emission levels with a 35% reduction in FY21 as compared to FY20. The IT industry specifically, has seen a decline in their Scope 1 and Scope 2 emissions by 11% and 37%, respectively, in FY21 compared to FY20. In contrast, utilities witnessed an increase in total emissions at 0.6% in FY21 as compared to FY20, due to newer categories of Scope 3 emission being captured as part of the disclosures in FY21."**

The total emissions are calculated as the summation of Scope 1, Scope 2 and Scope 3 emissions:

- Scope 1: Direct emissions from company-owned and controlled resources such as emissions released while running its own boilers and vehicles.
- Scope 2: Indirect emissions from purchased energy such as indirect greenhouse emissions associated with the purchase of electricity for heating or cooling.
- Scope 3: All indirect emissions that are not included in Scope 2 that occur in the value chain of the company.

Sebi's push towards increased sustainability disclosures through the Business Reporting and Sustainability Report (BRSR), which is mandatory for the top 1,000 listed entities from FY23, is expected to increase the focus by corporates on their emission intensity and alignment with the country's goals on net-zero status over the next few years.

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