

Early progress in key sectors is encouraging as India embarks on the rocky road to net-zero by 2070, says Axis Capital's new ESG report on India's de-carbonization agenda

Mumbai, 23rd February, 2024: *Axis Capital's study of carbon benchmarking and mitigation measures in India Inc. reveals strong commitment and pockets of impressive progress despite the rocky road. The flurry of action follows India's pledge to a net-zero emission target by 2070, committed at COP26 in Paris in Nov'21. Regulations regarding emissions are evolving in India and even while the carbon credit market opens locally and matures globally, analysts begin the long vigil to 2070 and Axis Capital's Amit Murarka advises investors to do likewise.*

[Click here for the abridged report](#)

Report Highlights

Ambitious de-carbonization targets make carbon credits a currency to watch

- Flagging FY26 when activity in carbon credit activity begins as India launches its Carbon Credit Trading Scheme (CCTS).
- This target will underpin the CCTS scheme and its benchmark rubric of greenhouse gas emission targets for energy-intensive sectors (cement, steel, aluminum, petrochemicals, etc.).
- Carbon credits, amassed by companies that beat their targets, will become available to firms that fall short.
- Carbon credit purchases will impact P&L, compelling companies to tread carefully.

Cement: ahead of global peers with early targets

- Indian cement companies have a lower carbon footprint to 0.56 t of CO₂ per ton of cement production vs the global average of 0.61. This is on account of better blending ratios.
- Dalmia and ACC lead the pack, with CO₂/t of only 0.46 and 0.47, respectively.
- All major Indian cement companies have committed to achieving net-zero emission by 2050; Dalmia aims to do so by 2040.

Metals: lagging global peers but aiming high; expect onerous, aggressive progress

- Indian metal companies depend highly on coal-based energy for production, giving them a larger carbon footprint than their global peers.
- Indian steel companies emit ~2.5 t of CO₂ per ton of crude steel vs a global average of 1.9 t.
- India's aluminum sector emits ~18 t of CO₂/t vs the global average of ~14 t.
- Private-sector steel companies have committed to net-zero emission targets by 2050, which is ambitious and 20 years ahead of official targets.

Oil & Gas: relatively insulated due to lower direct emissions

- Oil & Gas companies have relatively smaller carbon footprints, going by direct emissions though indirect emissions are significant.
- Expect an impact on consumer demand in the long term, as greener products like electric vehicles gain traction.



[Click here for more.](#) ‘India’s Rocky Road to Net Zero’ – Amit Murarka, Darshan Mehta, Jayant Gautam, Manish Divekar February 09, 2024, Axis Capital Ltd.

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Media contact:

Axis Capital	Adfactors PR
Gisele Castelino Gisele.Castelino@axiscap.in +91 99202 59427	Sailee Nayak Sailee.nayak@adfactorspr.com 99301 67115 Siddhanth Unnikrishnan siddhanth.unnikrishnan@adfactorspr.com 9004380023