

CareEdge-ESG Assigns First ESG Rating of a Power Sector Company

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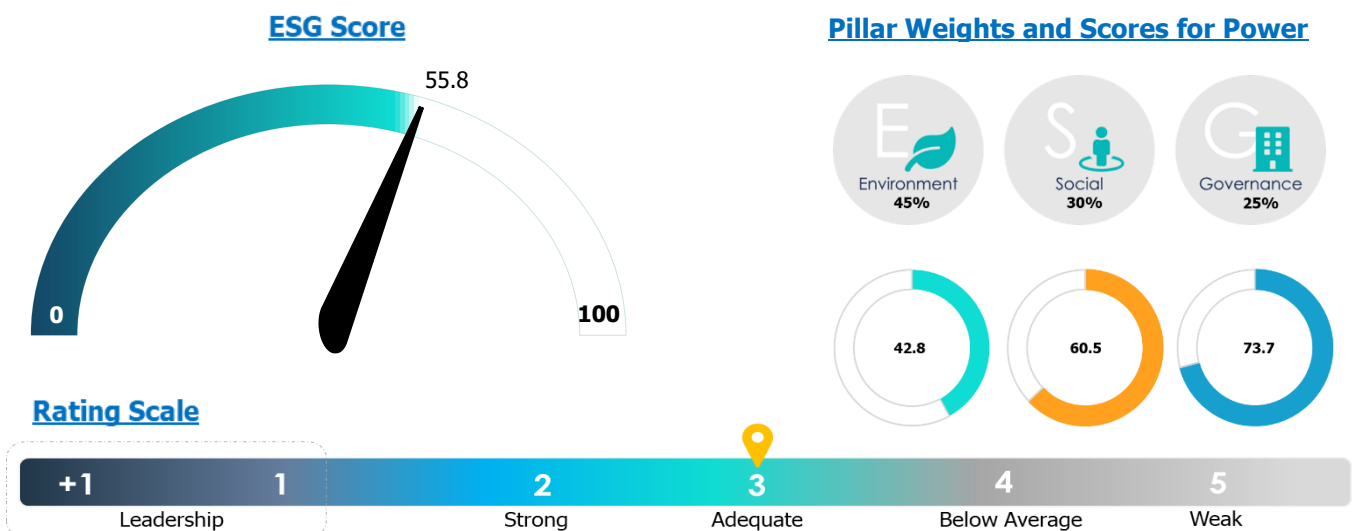
CARE ESG Ratings Limited (CareEdge-ESG) assigns ESG rating to NLC India Limited

CARE ESG Ratings Limited (CareEdge-ESG), a Securities & Exchange Board of India (SEBI)-registered Issuer-pays ESG Rating Provider (ERP) and a wholly owned subsidiary of CARE Ratings Limited, assigned the first ESG Rating of a power-sector entity to NLC India Limited (NLC).

Sate-owned NLC India Limited (NLC) is a Navratna company established in 1956. With its strong manufacturing base in Tamil Nadu, the company operates with a diversified revenue model, deriving approximately 75% of its revenue from electric power production and 25% from coal and lignite mining. As a key Central Public Sector Enterprise, NLC plays a crucial role in meeting the electricity demands of several states, including Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telangana, Rajasthan, and parts of the Union Territories of Andaman and Puducherry.

NLC is dedicated to sustainability and community growth by implementing effective waste management systems, promoting biodiversity conservation, ensuring robust ESG compliance, and actively supporting social welfare initiatives that enhance local communities. NLC received a CareEdge-ESG 3 rating with an ESG score of 55.8. The ESG rating demonstrates its adequate capability in managing ESG risks through modest disclosures, policies, and performance. Please follow the [link](#) for a detailed rationale of NLC's ESG rating.

The rating given to NLC indicates its dedication to sustainable practices within the power sector. NLC has made significant strides in its ESG efforts, especially in biodiversity conservation, boosting renewable energy usage, and enhancing human welfare capital. NLC has demonstrated performance ahead of the industry median in driving R&D on sustainable solutions, efficiently managing waste, and initiating comprehensive employee benefits programs. The company's strategic emphasis on community development, enhancing energy efficiency, and diversifying its energy mix positions it favourably in transitioning towards greater sustainability in operations.



CareEdge-ESG's ratings are derived from a comprehensive analysis of the environmental, social, and governance risks and opportunities associated with a company. A composite score is calculated based on the company's performance across key indicators, addressing significant themes from the three pillars of ESG. CareEdge ESG's methodology encompasses approximately 308 indicators across 18 themes for the power sector. The sector's environmental pillar holds considerable relevance due to its large-scale ecological impact, which includes high emissions, substantial energy consumption, extensive water use, and waste generation. The environmental pillar has been assigned a weight of 45%.

Although ESG ratings are relatively new, their importance is rapidly increasing among investors, regulators, and other stakeholders. These ratings help investors make informed decisions by highlighting an entity's exposure to and management of non-financial risks and long-term performance objectives and values. Companies with strong ESG credentials often demonstrate superior financial performance and are more successful in attracting a diverse array of investors and raising capital. Moreover, ESG ratings offer valuable insights to rated entities through peer benchmarking and industry medians, allowing them to pinpoint areas for improvement, incentivising them to design sustainable transitions, and encouraging responsible business practices.

Nikunj Dube, Director & Head of CareEdge-ESG Ratings, commented, "With the release of India's ESG rating of an entity from the power sector by an issuer-pays ERP, CareEdge-ESG aims to be a catalyst for change by providing the most credible ESG assessments. Using ESG ratings, a business can assess its relative position in the industry and take action to strengthen its sustainability strategies. These ratings shall provide deeper insights into corporate sustainability practices of entities in the power sector and benchmark their sustainability against competitors, driving improvements in policies and practices. CareEdge-ESG ratings empower businesses to lead purposefully and responsibly, making sustainability a core element of long-term success."

About CARE ESG Ratings Limited

CareEdge-ESG is a category I ERP registered with SEBI and a wholly owned subsidiary of CARE Ratings Limited. With over thirty years of experience as an Indian credit rating agency, CARE Ratings' move to expand into ESG ratings through its subsidiary would help to enhance investor confidence while promoting accountability and transparency in businesses. Through our comprehensive and nuanced ESG assessments, CareEdge-ESG enables stakeholders to make informed sustainability decisions, fostering positive transformation and enhancing stakeholder trust.

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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.

Disclaimer:

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