

Farmers applying biochar. Photograph supplied by Varaha ClimateAg.

The Carbon Contract Reaches the Farm: Varaha's Next Scale Test

India-based Varaha is turning rural carbon-removal practices into long-term commercial agreements, including a 2026 deal with Microsoft.

Varaha · Carbon removals / rural climate services · India
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A climate project needs a buyer

For many farmers, adopting different land-management practices can create costs or uncertainty before a financial benefit appears. For companies buying carbon removal, the problem runs in reverse: they want credible, measurable environmental outcomes delivered across years. India-based Varaha is building an enterprise between those two needs. It works with rural partners and agricultural projects to develop carbon-removal credits that can be purchased by large corporate buyers. The business challenge is not merely calculating carbon. It is coordinating real activity on the ground with verification systems and buyer contracts.

From the soil to a commercial agreement

Varaha's model involves developing projects such as biochar and other forms of carbon removal, working with farmers, agricultural suppliers and technology partners. Biochar is a carbon-rich material produced from biomass under controlled conditions and can retain carbon for long periods when appropriately produced and used. But neither the word 'biochar' nor the existence of a farm project guarantees high-quality credits. Measurement, additionality, permanence, project boundaries and third-party standards determine credibility. A carbon developer must also demonstrate who receives the proceeds and whether local participants understand the arrangements.

Microsoft's 2026 commitment

On January 15, 2026, Varaha announced a carbon-removal purchase agreement with Microsoft covering more than 100,000 tonnes of removals over three years. This is an agreement for future delivery, not proof that the full amount has already been removed and independently verified. It is nevertheless a notable commercial milestone because a large technology buyer is committing to a defined purchasing programme. It also raises the operational bar. A developer needs project execution, measurement and delivery controls reliable enough to match contractual expectations, even when projects operate across scattered rural locations.

A financing milestone with an important distinction

In early February 2026, Varaha announced a planned US$45 million Series B round, including an initial US$20 million tranche reported as secured. News coverage described the first tranche as a tangible funding milestone. The larger amount should not be described as money already received unless subsequent closings are verified. The financing supports a company trying to expand beyond pilots into an infrastructure-like platform for climate outcomes. But investors will expect the operating systems, project economics and quality controls to grow alongside the headline size of the pipeline.

The integrity challenge

Carbon markets have experienced scrutiny over credit quality, permanence and the gap between marketing claims and verified outcomes. These questions matter directly to Varaha. Rural projects must generate real climate benefits, not paper estimates that disappear under rigorous examination. Contracts should be fair to landholders and transparent about monitoring obligations. Buyers need assurance that a credit has not been double counted, that the expected carbon duration is accurately described and that any reversal risks are managed. Growth measured only in announced credits or project acreage would be an incomplete picture.

GCEIP Analysis

Varaha's transformation is the emergence of a commercial platform between distributed rural climate activity and sophisticated international procurement. The 2026 Microsoft agreement and financing announcement support the view that buyer and investor interest is developing. However, purchase agreements, pledged funding and verified delivered removals are distinct categories. A strong enterprise evaluation should track those separately, while examining independent audits, local participant economics and real-world project delivery.

GCEIP View

Varaha shows how a climate enterprise can create a commercial connection between farms and global carbon buyers. The idea is promising because it gives rural activities a potential new revenue channel. The next test is whether that channel generates reliable, verified climate value and fair local outcomes over time. Each delivered credit will need records linking it to verified work on the ground.

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