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Date: 05.08.2022

To,
BSE Limited
Corporate Relationship Department,
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai-400001.

Scrip Code: 543284
Symbol: EKI

Sub: Intimation under Regulation 30 and 46 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 - Transcript of Investor Call.

Dear Sir(s),

With reference to our letter dated July 29, 2022 and pursuant to Regulation 30 and 46 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 read along with SEBI (Listing Obligation & Disclosure Requirements) (Second Amendment) Regulations, 2021, please find enclosed the transcript of the Investor call for Q1 and FY2022-23 financial results held with the Investors/ Analysts on August 02, 2022 to discuss the Unaudited Financial Results of the Company for the quarter ended June 30, 2022.

The above information will also be made available on the website of the Company: www.enkingint.org

We request you to kindly take the above information on record.

Thanking you

For **EKI ENERGY SERVICES LIMITED**

Itisha Sahu
Company Secretary & Compliance Officer

Encl: a/a

"EKI Energy Services Limited Q1 FY23 Earnings Conference Call"

August 2, 2022

MANAGEMENT	**MR. MANISH DABKARA – CHAIRMAN AND MANAGING DIRECTOR, EKI ENERGY SERVICES LIMITED** **MR. MOHIT AGARWAL – CHIEF FINANCIAL OFFICER, EKI ENERGY SERVICES LIMITED**
MODERATOR:	**MR. SWARNIM MAHESHWARI- EDELWEISS SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q1FY23 Earnings Conference Call of EKI Energy Services Limited hosted by Edelweiss Securities Limited. As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Swarnim Maheshwari from Edelweiss Securities Limited. Thank you, and over to you, sir.

Swarnim Maheshwari: Thanks, Rituja. Hi. On behalf of Edelweiss, I welcome you all on EKI Energy Q1FY23 Results Conference Call. From the management today, we have with us Mr. Manish Dabkara – our Chairman and Managing Director and Mr. Mohit Agarwal – Chief Financial Officer. I would hand over the call to Mr. Manish for his opening remarks and post which we'll have a Q&A session. Over to you, sir. Thank you.

Manish Dabkara: Yes. Thank you, Mr. Swarnim. Good evening, everyone. I hope you and your families are healthy and safe and I pray for their wellbeing. I welcome you all for our Quarter 1 Financial Year '22-'23 Earnings Conference Call.

Before I provide an update on our business and performance, I would like to express my gratitude to all our stakeholders for being part of this growth journey. I'm joined on the call today by Chief Financial Officer at EKI Energy Services Limited – Mr. Mohit Agarwal and our Investors relationship partner, Orient Capital.

I hope everybody who has joined us today had a chance to go through detailed Financial Result Investor Presentation and Press Release on the BSE as well as our Company Website.

At the outset, I'm pleased to announce that the company has successfully completed migration from BSE SME platform to BSE main board. Further in our journey to grow and create value for our stakeholders, company has issued bonus shares in the ratio of 1:3, 3 shares for every one share held.

Coming back to our business. I'm proud of the performance that our team has achieved during the last quarter. EKI reported another set of strongly quarterly results with top line growth of 162.8%, EBITDA growth of 199.1%, and PAT growth of 199.7%. Globally, the economy is getting impacted due to rising inflation and there are fears of recession driven by geopolitical uncertainty. Further, euro is currently facing energy crisis and rising gas prices arising from the Russia-Ukraine war, despite this company has performed well in quarter 1.

On the business front, I'm happy to announce that GHG Reduction Technologies Private Limited, a subsidiary company of EKI Energy Services Limited, has started manufacturing of improved cookstoves at Nasik in the state of Maharashtra on 4th April 2022. This plant has an existing manufacturing capacity of 1.2 million cookstoves per year, with plans to increase up to 5 million cook stoves in the phased manner. In order to grow our international presence and expand EKI's brand recognition, we have incorporated a wholly owned subsidiary in Singapore called as Enking International PTE Limited, the operations are still to be started.

To continue contributing to the society, we have also incorporated a wholly owned subsidiary under Section 8 of the Companies Act called as Enking International Foundation, a not for profit organization to promote CSR corporate social responsibility with the following key objectives to promote and facilitate improvement of climate change and rural and urban development with social development. Our joint venture company with Shell in Overseas Investments B.V. Netherlands, Amrut Nature Solutions Private Limited is now operational and the company is on track to onboard 1-2 projects from this quarter although we do have a good number of consulting contracts, which we are executing but the projects are starting from zero stage, some 1 to 2 projects, they are at the final stages of getting into the contracts. Our target to contribute 1 billion carbon credits in next 5 years will play a significant role to meet the world's requirements of potential 20 billion carbon credits per annum to enable temperatures capping of 1.5 degree centigrade under the Paris Agreement, in an urgent and critical measure to save the planet.

The outlook for business is looking brighter as our Honorable Prime Minister, Mr. Narendra Modi will launch a regulation on domestic carbon market as India aims to achieve net zero emissions country by year 2070. Carbon credits have proven to be one of the most effective drivers of reducing emissions and offering low cost emission reductions. Carbon market will enable India to participate effectively in the interlinked global carbon markets. We, at EKI, are looking forward to such development so that we can strengthen our reach in India to concerned companies in different sectors who are looking to achieve net zero emissions and potential compliance on them to reduce emissions through domestic carbon markets. Domestic carbon market is expected to be similar to the international carbon trade market. And since EKI is working in the global carbon markets for the last 30 years, we are very well positioned with this new business opportunities. Similarly, domestic carbon markets, which includes compliance sector and voluntary sector, establishment is expected at various developed and developing nations in next 1 to 3 years' timeline. Further, Article 6.2 and Article 6.4 carbon markets which comes under Article 6 of the Paris Agreement ,those 2 market opportunities will get more clarity over establishment during the COP 27, that means Conference of Parties meeting number 27, which is going to be held in Egypt during end of this calendar year, means November '22. Present international voluntary market as per the public report titled a blueprint for scaling voluntary power market to meet the climate challenge prepared by the taskforce on scaling voluntary carbon markets sponsored by Institute of International Finance with knowledge partner from McKinsey estimates that the demand for carbon credit could increase by a factor of 15 or more by year 2030 by a factor of 200 by year 2050, specifically for the international voluntary carbon markets. So, overall, the market for carbon credit would be upward in the range of 50 to 100 billion by the year 2030.

To conclude, I would like to reiterate that we will continue to remain disciplined and maintain prudent financial practices now while we aim to execute our strategic growth initiatives.

Now I would like to hand over the call to Mr. Mohit for financial updates. Thank you very much.

Mohit Agarwal: Thank you, Manish ji, Swarnim and Rituja. Good evening, everyone.

Let me review on the financial highlights for Quarter 1 of Financial Year '23:

In quarter 1 financial year '23, our standalone revenue increased by 162.8%, that is a Rs. 508 crores compared to the same quarter last year. For quarter 1, our standalone EBITDA stood at Rs. 142.9 crore and EBITDA margin stood at 28.1%.Quarter 1 standalone PAT stood at Rs. 106.9 crore and PAT margin stood at 21.1%.

This is all from myself. We can now open the floor for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from DAM capital. Please go ahead.

Mohit Kumar: Sir, the first question is what is the carbon credit market inventory with us right now? And this can be sold in the near future. And isn't expiry of this carbon credits due to the new climate Paris Agreement in a sense, do they expire at some point of time? And has the European crisis affected you in any ways?

Manish Dabkara: Sir, can you please repeat your first question?

Mohit Kumar: So, what is the carbon credit market inventory with us right now and is there any expiry to this carbon credit?

Manish Dabkara: So, we are working for various different kinds of carbon credit commodity originated from the programs like Clean Development Mechanism or Verified Carbon Standard or Gold Standard of Global Carbon Council or International Renewable Certificate. So, these are the 5, 6 standards with which we work globally and in any standard specifically, you can see for the CDM, VCS, Gold Standard and GCC, there is not any expiry timelines like after a specific point, after a specific time period, the carbon credits are no more eligible to get traded, So, no such guidelines used to be there in our carbon markets. While in case of international renewable certificates, again there is no any timeline, but the buyers for IREX, they used to like to buy the credits which are 12 to 18 months old. If the more older credits are there then the acceptability in the International Renewable Certificate market used to reduce although we have negligible inventory of such kind of credits. While the credits which we do have in CDM, VCS, GS, GCC, there is no any problem related to the expiry, and related to the Russia-Ukraine war, yes, Energy prices has gone super high in the energy sector thereat European Union, while usually if you see during quarter 4 and quarter 1, if you see the past trend of last 5 to 6 years, the major buying used to happen at the end of the calendar year or financial year thereat European Union or USA for example or the developed economies. So, quarter 3 and quarter 4 used to bring very high momentum as per the calendar year in those economies. So, we do foresee that whatever the price hike that happened because of the high gas prices specifically for example. So, we do foresee that high demand would be there during quarter 3 and quarter 4 of this calendar year.

Mohit Kumar: My second question is what is our scope in National Carbon Credit markets whenever it gets implemented, if we have to crystal gaze, I know that the information are very sketchy at this point of time, but how big is the market you think it can be in terms of a million-ton carbon dioxide, if you can?

Manish Dabkara: Yes. If you see like India is positioned as the third largest greenhouse gas emitter in the in the global GG emissions. The domestic carbon market, so there would be 5 different markets that would be there in the next 1 to 3 years' timeline. So, the first one will be the domestic compliance market. Second one would be the domestic voluntary market and that would be India originated or India specific only. The third thing would be the international voluntary market under which we work very heavily. So, as of now the majority of the credits which we are developing, will get consumed in the international voluntary carbon markets. Then again, 2 more markets are upcoming, Article 6.2 market under Article 9 and the second one is the Article 6.4 carbon market that comes under Article 6 of the Paris Agreement. So, for any seller, there will be 5 different options that would be there in the next 1 to 3 years' timeline, and that position would not be there in India, but globally that will do happen like China had also started China Emission Trading Scheme South Korea, South Africa and various other developing nations like Indonesia, Thailand, Philippines or many nations there at LATAM and Africa, they are planning to start such kind of domestic emission delivery scheme. So, for any nation, to meet the target that they have declared through signing of national determined contribution to meet the Paris Agreement targets, it is very important for any nation to implement emission trading scheme as compared to the carbon tax mechanism. So, India since it's the third largest emitter in the global GHG Emission industry, so, definitely India and China specifically, if you see, so first one is China, second one is US and third one is India, all these three nations are planning to have their own emission trading scheme in the near future. China had already started. In India as per Energy Conservation Act 2001, so that Energy Conservation Act 2001 is going to be amended to become Energy Conservation Act 2022. And so, various production sector, various emission sectors specifically, so, those sectors will get the capping over the emissions when they are doing. And then again similar to other Emission Trading Schemes, India would also be having its own emission trading scheme in the near future. So, obviously, for us, there would be high opportunity to provide similar consulting services which we are providing globally. We will do provide locally or nationally. So, there is a very big opportunity for EKI to work because if you see the number of companies which are there in India, under different sectors, very high emitting sectors are also there. So, all those companies then would be requiring to do GHG accounting, then they will be getting the cap over the emission. So, that means that they need to go for energy efficient technologies, renewable energy projects or ultimately buy carbon credits either generated locally or through international voluntary markets or through Article 6.2 or 6.4 markets. So, that means, there will be a very big opportunity not only in India, but in all 3 nations India, China and United States.

Moderator: The next question is from the line of Vetri Raju, an equity analyst. Please go ahead.

Vetri Raju: Thanks for the elaborate explanation on how the Indian carbon markets will work. Now already we see that the European carbon credit market is much more buoyant in terms of the price discovered for 1 carbon credit is far higher than what is there in the United States. So, likewise India being a developing economy, maybe there will be volumes, but the price discovery may be very low, isn't it? Like as we already know that our company's per carbon credit prices which we realize is far lower than even what is traded in the United States price discovery. Any comments on that?

Manish Dabkara: Yes. So, globally, we do have only 2 very successful emission trading systems. One is located there at Europe and another one is there at South Korea. While in USA, the emission trading schemes are at the nascent stage. In the European Union, the rates for each carbon credit ranging in between nearly $100 and similarly around $25 to $35 is the rate which is happening there at South Korea emission trading scheme. So, it's very clear, depending on how this emission trading scheme will get formulated or established by the Government of India, that means the Bureau of Energy Efficiency and the Ministry of Power indeed going to make this particular scheme. So, the prices definitely will depend on the suppliers, the number of suppliers and the number of buyers. So, the obligated entities or the obligated sectors, so government needs to create a very well-established system or emission trading scheme so that the market will not get over supplied. If it will get over supplied then obviously the rates will be super low. And if it's balanced, then the market will remain very much competitive. So, it depends on actually the government decision, who will be the buyer, who will be the seller and what would be the volume that will do come into the national emission trading scheme. And this concept plays very well. They are at EU ETS and with the Korea ETS also. So, again it depends on the regulatory body, how they will formulate this emission trading scheme during the initial years. So, as of our information, India's emission trading scheme, they will do launch exactly the terms and conditions, all the forms and procedures and company policy, they will get launched in next one year timeline. For next 3 years, it will be voluntary in nature and after that, it may get converted into the mandatory status as of our information which is considering the public information, which is available, although in the near future Government of India may declare the complete plan and then we'll be able to comment how the market get structured To become a very successful emission trading scheme in India.

Vetri Raju: That was acceptable answer given the very cloudy and insufficient information we have at this time. My question is on our valuation, on the stock valuation, though I understand that management's focus will be on running the business very efficiently and should not be focused on the price of the stock and valuation of the company. Nevertheless, creating shareholder value is also equally important component of the Board of Directors, I find that, in this buoyant market in India, our price earnings ratio is something like 12 or 13 or something like that very, very low. I am aware that such low valuation is given to companies only if markets think that our business is not sustainable in the long run. I'm just saying what markets may be thinking I'm not saying that's what our company is. Or maybe markets may think that this is after all, at the end of the day, this is a consulting industry and you have global big 4 and at any point they may just come and conquer the market pushing our company to maybe third, fourth or fifth or sixth spot. So, possibly market is thinking there is a lot of competition. Now what is the senior management and the Board thinking about, how sustainable we are going to make this business? How are we going to compete with the big 4? Or is there any thinking that we can cooperate with the big 4?Any such thought Mr. Dabkara?

Manish Dabkara: Yes. So, if you see the global carbon market under voluntary segment or the compliance segment, under the Paris Agreement, for 1.5 degrees centigrade temperature capping, we need around 58 billion tons of carbon dioxide emission reduction from the atmosphere on a per annum basis, for example, through the implementation of National Determined Contribution document attendance plays by all the nations, specifically individually, you can say. So, for example, if all those NDCs would get implemented then almost we do foresee around 60%, 70% of the target, the nations will meet by their own and 20%, 30% will be the requirement of the carbon credit that will happen. So, if you do consider say 58 billion tons and 30%, so around 20 billion carbon credits would be required on per annum basis in the next 1 to 5 years' timeline on per annum basis. Considering this super high market size or the number of credits which are required to meet the Paris Agreement target. As of now, as you know, during last financial year, we had developed around 87 million carbon credits and every year-on-year basis, we will be then developing specific growth in reference to the volume of these credits. So, we do not foresee like the market is very small and if for example, big 4s or other international companies will do come in India also, specifically we are not working in India, but we are working in 16 nations. So, all those potential risks related to the high growth of the competition or potential competitor we will able to come either we need to lose our market share, the market share is the business market share. So, we do foresee that is not going to happen because 20 billion carbon credits is per annum, If you see during last 15 years in our carbon credit industry, less than 10 billion carbon credits had been developed and been traded globally in the CDM, VCS, GS or GCC markets, specifically standard. So, we do not foresee that there will be very higher risk for us or very high problem for us in the long-term sustainability of the organization. So, our main core work is the comprehensive advisory services they will provide starting from document collection up to revenue realization and there is very large number of sectors within the economy or internationally within other developing nations like you'll see around 150 nations are there, which comes under the developing nation category, we are working in only 16 nations. And specifically we are working in the renewable energy, energy efficiency that now we are working slowly and slowly to the NDS, national database solution sector and community based sector. So, the exploitation of the carbon credits under various sectors, under geographies are being untapped. And this Paris agreement had bought a very, very big opportunity for companies like us to grow at a very, very, very high pace. So, we do not foresee any such similar kind of risk because of the competition because the market size is very, very large.

Moderator: The next question is from the line of Faisal Hawa from HG Hawa and Company. Please go ahead.

Faisal Hawa: So, sir, since I'm new to the call, can you just give a brief history of how we evolved over the last 17 years, and what was it we were doing previous to this, which was related to climate change or even carbon credit? That's one. Second, what happens is in stock markets and particularly the listed markets, when many participants or any holders are not able to understand the business model of the company and yet the company keeps on giving good numbers. Many participants with absolute due respect, tend to believe that the company's numbers are not really in order. So, can you in some way undertake a small buyback or even a small dividend or moreso a buyback actually to gain confidence straight up, right at the beginning of our main exchange listing?

Manish Dabkara: So, such kind of solution definitely, we will do, bring this suggestion to our Board and let's see how this specific decision will be taken. Since it's a high growth sector for us and the company that initial thought that I can comment is the company need to develop multi-million carbon credits since the market had just started. So, the best thing is to reinvest whatever the revenue that we are generating from within the business. But still, we will do consider whatever the best actions that the Board should take to create high confidence within the investor community.

Faisal Hawa: Sir, can you just give a brief history of how we have evolved into those international carbon credits and to the extent that we now have a JV with Shell. Are there more such JVs that we are talking to people with? And is there chances that we can be doing some more JVs the same way.

Manish Dabkara: So, we are considering the continuous high growth, we are looking for all such kind of similar opportunities and any ones although, specific opportunity will get materialized, definitely make public disclosure for the same. The second thing related to the history of our carbon market. So, the whole carbon market had got started during year 2005 with the enforcement of Kyoto Protocol. Under the Kyoto Protocol, as you know, all developed nations had been made responsible that they should reduce emissions and if they are not able to reduce them, they are allowed to buy the credits originated from the developing nations, and that particular mechanism we call it as the clean development mechanism. So, that particular market had started from 2005, ended during 2020 Then again from 1 January 2021, we are into the Paris Agreement era under which all developing or developed nations or small nations or big nations are now obligated to reduce the emissions to cap global temperature rise to 1.5 degree centigrade and it should not be more than 2 degree centigrade. To achieve this target of capping 1.5-degree centigrade global temperature rise, all the nations had submitted a document called as National Determined Contribution Document under which they have mentioned how each nation is going to achieve their target to reduce their emissions. And if they are not able to achieve then they can buy and sell the credits to meet their NDC commitments under or through Article 6 of the Paris Agreement. So, this is the whole international treaties that I have talked about to you. So, this is one segment. Second segment is the domestic emission trading schemes. So, to meet the targets under this Paris Agreement or maybe Kyoto protocol, nations used to formulate or establish a domestic carbon market. So, in India also we are going to have such kind of similar domestic carbon markets. And the third stream is the international voluntary markets. So, as of now, for any credit, which is being originated from any developing nation, the majority of the credits, more than 95% of the credits used to get consumed under the international voluntary markets. So, there's BCM voluntary carbon markets. Last year, the market size was around $1 billion. By 2030, it is expected or anticipated that it will be around $50 to $100 billion. So, that is only one market. Again, then domestic carbon markets, Article 6.2 and 6.4 market under the Paris Agreement. So, these are the 4 different markets, which are upcoming, will create very big market opportunity for the company like us to grow to provide advisory services, to identify the project or to educate the obligated entities who are looking to reduce the emissions to offer the energy efficient technology or renewable energy technology and whatever the non-avoidable emissions are there, which they cannot avoid, they cannot reduce, they cannot optimize, they buy carbon credits which are being originated nationally or internationally. So, this is how the whole carbon market used to work.

Faisal Hawa: And sir, will we ever look at since we are constantly growing at expanding equity also through any kind of QIP or preference share allotment to investors?

Manish Dabkara: So, as of now, whatever the funds we have internally are quite sufficient for the business bureau that we are looking in coming few years and so we look forward to work or grow with the internal funds only.

Moderator: The next question is from the line of Meet Sangoi from Prabhudas Liladher. Please go ahead.

Meet Sangoi: congratulations Mohit ji, Manish ji and team for a very good set of numbers. My first question is regarding voluntary markets in India, you've mentioned a bit about this already. So, the Bureau of Energy Efficiency has already proposed a phased approach to develop carbon markets in India, which will mainly start with the development of voluntary carbon markets first. Now how will that directly impact our business specifically in terms of volumes and margins and also competition. You have highlighted about competition, but does this directly also impact competition in a way that other players come in given the opportunity? And how do you look at the development of Indian markets for your business?

Manish Dabkara: So, we do anticipate that under the National Carbon markets, for next 2 to 3 years, it would be voluntary in nature. So, voluntary in nature means there would not be obligation for the potential compliant companies to buy the credits during the initial few years, but obviously, they will do try to buy and test the whole market. So, since we do develop credits originally from developing nations and do sell the credits to the developed nations. So, for the sellers, like we do have various clients in India, in China. In China also, there is a similar emission trading scheme. So, for the sellers it's their choice, either if they want to sell within Indian market or any international carbon market. So, whosoever market will do pay high, they would be very open to supply the credit. So, for our clients also if we would be able to get higher prices in the domestic market, definitely we will do sell here. Otherwise we will do sell at the international carbon market. So, since as you say it's a voluntary carbon market, the name also mentions, it's a voluntary one. You'll see in our markets now voluntary word is very well going to get replaced with the verified carbon market because for the companies who are now obligated with their ESG pledges that they have taken that they want to become carbon neutral company, that they want to become Net Zero company without having the statutory compliance from their nations, so they buy this voluntary carbon credits to meet their ESG requirements or their commitments or the pledges that they have signed with various international bodies like United Nations or maybe IMF or for example, other public institutions. So, we do not foresee that there will be any conflict, while the sellers or our client should be given 2 different options to sell their credits at the domestic market or at the international market.

Meet Sangoi: And just if I've missed, just some granular details from the quarter, what was the total number of credits that we have sold in this quarter? And does the guidance for this year remain the same at around 105-210 million credits?

Manish Dabkara: So, around 20 million credits we had supplied to the buyer community during last quarter and we are well on track because quarter 1 and quarter 4 used to remain weaker as compared to quarter 2 and quarter 3. So, definitely we are on track to achieve the goals that we have decided for this year.

Meet Sangoi: And just one last one on the margin side. So, decent margin performance in terms of the 28% that we have clocked in this quarter. Going forward assuming global slowdown that is kind of happening right now, do we foresee margins at current levels and if carbon markets were to see a slight decline, carbon prices had to see a slight decline, what could your guidance for margins for this year and a steady state level of margins going forward?

Manish Dabkara: Yes. So, as you know, this Russia-Ukraine war had got started during quarter 4 of last financial year and this quarter 1 also. So, definitely, there will be an impact within the voluntary carbon market, because for the organizations, the first priority is to cope up with the high energy prices and definitely then the pledges that they have signed to become a carbon neutral company or net zero company is the second priority. Before war also, that was the similar one because the production is very important for any organization and then the other pledges that they have signed at least they can see. So, during quarter 4 and during quarter 1, we do not foresee any super impact over the top line and bottom line and during next 2 quarters. And during next financial year also, we do not see any big impact on our voluntary carbon markets globally.

Meet Sangoi: So, is there any ballpark when it comes to the steady state margins that you're targeting, ballpark number?

Manish Dabkara: So, our main focus is to generate the volumes, the number of carbon credits and we intend to maintain all the numbers that the steady growth that we had showcased during last 5 quarters. So, we do foresee that, we are targeting to maintain the similar growth figures.

Moderator: The next question is from the line of Mudita from Abakkus Asset Management. Please go ahead.

Mudita Nahar: Sir, just a couple of questions. Sir, on the revenue side, if I see quarter on quarter, it's grown by 7%. So, how much would we attributable to the volume side and how would be to the pricing side, sir?

Manish Dabkara: So, volume, the prices during last financial year, the prices in the voluntary carbon markets were the highest as compared to the last 5, 6 years. During this financial year, the prices we had observed that they are oscillating because of this high energy prices within the European Union. And over the volume, yes, so 20 million carbon credits we had supplied during the last financial year. So, if you see, our main focus used to be there over supplying the volumes, while the prices definitely we go with the International movement related to the same.

Mudita Nahar: So, that means quarter-on-quarter, there is some impact on the pricing side sir. Is it?

Manish Dabkara: So, the prices if you see while the prices will do get impacted, because if the number of sellers are more as compared to the number of buyers, then the prices definitely are going to get impacted because of this buyer, supplier and the quantum or the volume that may impact because there is a very high logic if the number of sellers are more than the number of buyers and the prices will go down, and if buyers are high and the number of sellers are lower, then the prices will go up. If you see the commitments that have been taken by various international companies to become a net zero company or the carbon neutral company. So, the high number of companies are signing such kind of pledges, various countries are now implementing their domestic carbon markets. They are updating their National Determined Contribution documents. And still the Article 6 is going to create a very big demand under the compliance and voluntary market. So, all these factors showcase us that in the near future, the number of buying commitment will be very high. And then again, we'll be able to see the actual scenario in the near future.

Mudita Nahar: And sir, your revenue has grown up sequentially by 7%, EBITDA has actually de grown. So, any flavor on that on the expenses side, sir?

Manish Dabkara: I request Mohit to answer this specific question.

Mohit Agarwal: Can you repeat the question?

Mudita Nahar: Sir, I'm saying, sequentially our revenue has grown up by 7%, but our EBITDA has actually degrown by 2%. So, any color on that, sir.

Mohit Agarwal: 2% EBITDA margin has been reduced on account of salary hike was first thing. If you will see, our cost of employment, we are asset light company and our employee cost has grown up because of hike given in April month and we have hired few people outside as well as in India also, right? On account of that, that cost has increased as well there are some price on supplier side also where we have negotiated and that has impacted. Overall impact has been given at around 2% to 2.5%

Moderator: The next question is from the line of Nirav Dalal from MIB Securities India. Please go ahead.

Nirav Dalal: I had 2 questions. So, first question is on the cooking stove business. Last quarter, you had spoken about an order book of Rs. 200 crore. So, any change in that? And the second question is, I believe you've done that with Whitehall and Whitehall would be using these or distributing these cooking stoves in Africa. So, I just wanted to understand, is there any opportunity in India per say and are there any new contracts that you signed there?

Manish Dabkara: Yes. So, that specific $20 million contract which was signed with Whitehall, the distribution area is in India only, not Africa and we are in conversation with good number of project level investors in India and abroad. And so, in quarters we would be having good size orders from such kind of project investors.

Nirav Dalal: So, no further addition to that orderbook, right, at the moment?

Manish Dabkara: Yes. So, that order book is also like the production capacity versus distribution. So, that number also is very high like Rs. 200 crore project size for example or Rs. 150 project size, that means, it takes some 3 to 6 months timeline to execute such kind of projects. So, to take more orders to increase the similar number of projects, we are now enhancing the production capacity and once that will be there in line, we will be getting big or small or medium scale orders from various project level investors.

Nirav Dalal: So, the contract here is for 700,000 stoves or it is for more than that.

Nirav Dalal: Yes. So, that specific information is specifically that means, since we have signed NDA with the client, it would be tough to share some detailed information about those numbers, but, yes, I can only comment over the good number of orders which are there in the pipeline, they're related to this specific sector of the business which we are doing.

Nirav Dalal: And the second question is so 6.2 also talks about corresponding adjustment. So, would that restrict cross border transactions in terms of carbon credits generated in India, the Indian government might say that okay, we have our NDC. So, should we allow that to happen? So, are you foreseeing anything of this sort and what are your comments on this?

Manish Dabkara: So, we do not foresee any problem related to the corresponding adjustment under Article 6.2 or under Article 6.4 of the Paris Agreement. Since, under the voluntary carbon market, if we are selling any carbon credit originated from India and if any German buyer is here Spanish buyer is here, so whosoever voluntary buyers are there they do not use to report such kind of purchasing or buying or credit to achieve your net zero emission goals or carbon neutrality goals, they do not report the same today for example, Spanish government or German government. And if they do not report then, there is no any concern related to the corresponding adjustment because such kind of credits if are being originated from India and 2 nations are mentioning the same carbon credit in their emission register system or inventory, then there would be issues related to the corresponding adjustment that means only one book, one only one emission registry system can book the particulars specific carbon credits which are being originated from any developing nation or developed nation. So, under the voluntary market during the COP 26 last year, it had been made very clear then that there is no new requirement for corresponding adjustment under the voluntary carbon market, but specifically if you'd see for 6.2, 6.4, yes, corresponding adjustments are required, because such kind of carbon credits will be used by nations to meet their national determined contribution pledges that they have signed to meet the Paris Agreement goal of 1.5 degree centigrade temperature goal. So, definitely such kind of corresponding additional requirements would be required under Article 6.2 and 6.4, and any nation till date, including India has not declared their position, which kind of projects they will do allow to be get traded under Article 6.2 and 6.4. But, specifically under the voluntary carbon markets, globally, we had not foreseen any issue after this COP 26 which had happened during November 21. So, we do not foresee any such kind of potential conflicts between the two markets.

Nirav Dalal: Right. Just one small follow up on this. Now that even India is coming up with the national carbon market and as you've clearly said that it will be voluntary in the first 3 years. So, do you see that if not now, but in the in the coming years the Indian government or say the African government might look at restrictions on this.

Manish Dabkara: Per the voluntary markets for any seller either if they were to sell in the domestic carbon market or the international carbon market, wherever they will be able to get the best price, the sellers will be entrusted to sell the credits. So, we do not foresee any such kind of restriction under the voluntary market. But for example, if anything will do come, that means related to the domestic compliance market, which, so for the domestic compliance credit, definitely the government will do use all those credits to reach there NDC targets. But those compliance credits can also take benefit of the voluntary carbon markets, if the rates are super low, as compared to the international carbon market prices.

Nirav Dalal: And what will be the inventory at the end of the quarter? Last quarter, it was about 8 million. So, if you would wish to share the number this quarter.

Manish Dabkara: So, during this quarter, it's around 13.26 million credits are there in the books.

Nirav Dalal: The inventory.

Moderator: The next question is from the line of Nikhil Chandak from JM Financial. Please go ahead.

Nikhil Chandak: I had a basic question. So, when you take these carbon credits on your books, there is obviously an inherent price risk which is there. So, if I just look at your revenues, for example, Rs. 1800 crore in FY22, how much of this is just pure consulting and how much of this is pure trading on your books?

Manish Dabkara: So, since our business model is related to the providing comprehensive advisory services, starting from document collection, then getting the registration, then getting the verifications and ultimately get the credits on our books and supply to the international carbon market. And we work under the revenue sharing model either at the gross revenue and net revenue and sharing or carbon credits. So, it's a comprehensive advisory services, which we give under the revenue sharing model, so we do not separate or make different streams for revenue since it's a whole stream. There's a bunch of services, the stream of services we do provide to our clients under the comprehensive business model. So, we do not segregate such kind of revenues out of different streams, because we do investments to pay for the auditors for paying registration fee, issuance fee, and various different expenses.

Nikhil Chandak: Frankly, what I'm trying to understand is, , what is the risk to a particular year or a quarter's revenue and profit estimates. For example, if a significant portion of the revenues is purely on account of trading of carbon credits, which are on your books, then naturally there is a price risk, I mean, longer term all will be good, but safer, you know, in the near term for 6 months, 1 year, there could be some price destruction, which could be there in the carbon credit market. So, how would that impact? Your P&L is what I'm trying to understand and hence this question of what portion of revenues actually comes from trading and how much portion of revenues actually comes from proper consulting services? It becomes a very important question frankly for a shareholder.

Manish Dabkara: Definitely. So, usually, we do keep this inventory for 30 to 60 days within our books. And within that specific period, we used to supply or we used to replace those credits with the new inventory which are being generated internally or being procured externally. So, since our market, the policy changes that used to happen within our market used to happen annually after this COP or any new international treaty or similar formation of some domestic carbon markets, if they are happening. So, because of this one or two event, only the new things the new composition the market used to come and so, the prices used to remain not subjected to very high fluctuation of the prices in very short period. So, that is considering that particular specific.

Nikhil Chandak: Prices remain flat for example, for the next 1 year –

Manish Dabkara: Not for 1 year, for around 3 to 5 months, the price will remain stable.

Nikhil Chandak: So, if it is flat for example, theoretically then there will be no corresponding growth in the revenues. Is that right? Volume has grown basically how much will be trade-in, trade-out.

Manish Dabkara: Yes. Our main focus is to generate the volumes and the prices used to get definitely being defined by the global carbon markets.

Nikhil Chandak: Is it a slightly more riskier business model by itself. Because, I mean, if a big chunk of the P&L is dependent on your trading of credit, then inherently, it's a lot more riskier business model itself, right?

Manish Dabkara: See, trading of credit means we are not giving any advisory services, as we are buying the credit from the market and selling the same to the market. So, the minority of our business used to remain into such kind of stuffs while majority of the revenue comes from the comprehensive advisory services. Under the comprehensive advisory services, we do have 2 different models. One is the fixed pricing model and another one is a floating one. So, majority of the business that we do sign under the comprehensive advisory services, under the revenue sharing model used to remain on the floating business model. So, that means whatever the best price we will be able to get from the market, we will do bring that particular specific rate on the project to project basis or credit to credit basis for our clients or our project investors or the project owners, who had invested for the projects, which we call as the carbon credit projects. So, we do have our internal risk policy related to the 2 different model contracts that we have to sign, one is the fixed pricing model and one is a floating pricing model. And since majority of the credits are related to floating pricing model, and so that is why we are less prone to such kind of super hiatus.

Nikhil Chandak: And just one last question, like you have these, so to say green cooking stoves, would you get into more such products which are eco friendly or would you restrict only this one particular product? Or would you expand this offering into several other products?

Manish Dabkara: Yes. So, we have plans to provide the similar kind of projects that we are doing in cook stove, not only in India or in Southeast Asia, while in Africa or Latin America, we have also planned to expand our services to deploy similar kinds of projects, that is cookstove. Now further the other community-based projects, like LEDs or maybe water filters, or similar technologies, which are there, which are being very well accepted by the community and in the standard with which we used to work. So, yes, we do have a plan in terms of addition of new technologies and addition of new geographies for similar kind of community-based projects.

Nikhil Chandak: And so, this will not be like a B2C brand? It would be like a regular consumer B2C brand under which you would launch these products, or this will be more the community roads which you're talking about.

Manish Dabkara: I'm not able to understand your question.

Nikhil Chandak: So, what I mean is like, for example, would you detail these products, would launch it under a brand and retail it to the end consumer?

Manish Dabkara: As of now, as per the present business model, we distribute all these kinds of technologies free of cost to the rural communities.

Nikhil Chandak: I understand that, but what I'm trying to understand is that would you want to commercially sell these products to say the end retail consumer, the end consumer at large? For example, under your own brand, would you look to get into that kind of business is what I'm trying to understand?

Manish Dabkara: As of now, we do not have such kind of plan because the internal consumption or the internal requirements for such kind of technology is very high as compared to the production capacity that we do have. Once we do have the overproduction capacity as compared to the internal requirements, we may think for the same but as of now, we are highly concentrating to develop similar kinds of projects across various geographies and technologies.

Moderator: The next question is from the line Swarnim Maheshwari from Edelweiss Securities. Please go ahead.

Swarnim Maheshwari: Manish, just wanted to better understand there is a likely rollout of carbon trading in India finally. So, your thoughts on same and also the fact that, is the infrastructure in place for the launch? And would it be accompanied by a dedicated exchange? How do we actually look at that aspect?

Manish Dabkara: So, during the last few questions I'd mentioned, the Energy Conservation Act 2001 is going to be amended to become Energy Conservation Act 22. And under which government will create a framework under that particular Act to establish a domestic carbon market. Now Bureau of Energy Efficiency under Ministry of Power, it will get mandate through that particular Act to establish domestic carbon market and so, all the nitty-gritty policy procedures will get. So, that specific thing is under the formation stage by December of this calendar year, the first draft may come thereafter, in next 5, 6 months after getting all the stakeholder comments, the final rollout of the voluntary carbon market will be there in place while working for next 1 to 3 years under the voluntary regime, it will then get converted into the compliance because any such kind of emission capping to the Indian emitting sectors or manufacturing sectors, it will be super tough for them to cope up. So, for initial few years, it will be voluntary nature. So, it will help them to understand the whole scheme and their low carbon pathway and after that it may get converted into the compliance scheme. Once all these things we will do be there in place. So, if you see under EU, US or under Korea ETS, 2 types of different trading mechanisms will be there, either one is to trade through exchange and other one will be the OTC. So, it depends how this regulatory body, Bureau of Energy Efficiency or this new policy, which is going to get in place, we'll do formulate all such kind of policies. And so in next 1 to 3 years' timeline, you'll be able to comment how this whole structure of or the framework of domestic carbon market will take its own shape and size.

Swarnim Maheshwari: So, just to understand this, it's not that the rollout is going to happen in the next 1 or 2 months. It is going to take about at least about 2 to 3 quarters before it actually gets rolled out and the rollout will start from the voluntary side.

Manish Dabkara: Yes.

Swarnim Maheshwari: Unlike in China and Korea, where you see it's on the compulsory side, we will actually start on the voluntary side?

Manish Dabkara: Yes. So, as of now, the public information which is available at the Bureau of Energy Efficiency website, they mentioned that it would be voluntary in nature for the initial few years, but maybe after getting passed through the parliament, maybe Indian government may plan for the mandatory scheme during the initial years for few of the sectors. So, as of now, we will not be able to comment specifically because the law is not there in place and the policies are there under the development stage. So, that is only the anticipation based on the public information which is available.

Moderator: Thank you. Ladies and gentleman, due to time constraints, that was the last question for today. I now hand the conference over to Mr. Swarnim Maheshwari for closing comments.

Swarnim Maheshwari: Thanks to Mr. Manish and Mr. Mohit for such an elaborative Q&A session. Thank you so much for your insights. Manish ji, would you have a closing comment over here?

Manish Dabkara: Yes. So, the closing comment, I have already covered in my last initial conversation. So, thank you very much, everyone to attend the call. And we look forward for the super exciting journey of net zero emission under the Paris agreement within India and globally, with the formation of 5 different carbon markets in the near future. Thank you very much.

Swarnim Maheshwari: Thank you.

Moderator: Thank you. On behalf of Edelweiss Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.