STEERING THE PLANET TO NET ZERO

EKI Energy Services Limited
+91 (0) 731 42 89 086
business@enkingint.org
www.enkingint.org

Date: 23.05.2022

To,
Department of Corporate Services
BSE Limited
P.J. Towers, Dalal Street,
Mumbai-400001
SME Platform

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

Scrip Code: 543284

Dear Sir(s),

With reference to our letter dated May 11, 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 Q4 and FY22 financial results held with the Investors/ Analysts on May 18, 2022 to discuss the Audited Financial Results of the Company for the quarter, half year and year ended March 31, 2022.

The transcript of the Investor Call is also available in the Company's website i.e., https://enkingint.org/

Kindly take the above information on records.

Thanking you

Yours Faithfully
For **EKI Energy Services Limited**

Itisha Sahu
Company Secretary & Compliance Officer

EKI ENERGY SERVICES LIMITED CIN No. L74200MP2011PLC025904 EKIESL INDORE INDIA INDORE

Encl: a/a

“EKI Energy Services Limited H2 & Full Financial Year 2021-2022 Earnings Conference Call”

May 18, 2022

MANAGEMENT:	**MR. MANISH DABKARA – CHAIRMAN & MANAGING DIRECTOR, EKI ENERGY SERVICES LIMITED** **MR. MOHIT AGRAWAL - CFO, EKI ENERGY SERVICES LIMITED**
MODERATOR:	**MR. JINAL FOFALIA – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Half Year and Year Ended 31st March 2022 Earnings Conference Call of EKI Energy Services Limited organized by Orient Capital. 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 operator assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Dabkara - Chairman & Managing Director. Thank you and over to you, sir.

Manish Dabkara: Hi, good afternoon everyone, I am happy to welcome you all today to our H2 & Full Financial Year 2021-2022 Earnings Conference Call.

Before we begin, on behalf of all of us at EKI Energy Services Limited, I truly wish that you and your family has been staying safe. Please take good care of yourself specifically for the worsening heat waves across the country. We are here with you today to share details of our company's performance for the H2 as well as full year of financial year 2021-2022. It is my pleasure to be briefing you all on this today. Joining me today is Chief Financial Officer at EKI Energy Services Limited – Mr. Mohit Agrawal and our Investor Relationship partner, Mr. Jinal Fofalia from Orient Capital.

Details of our Financial Results and Investor Presentation are now live at BSE as well as our website.

I will share with you key highlights of our performance of the H2 and year ending March 31st, 2022:

We are happy to report another set of robust result for H2 and Full Year for Financial Year 2021-2022. We have created history yet again in the international carbon markets industry to decarbonize the atmosphere with our stellar performance.

In 2022, we witnessed strong business momentum driven by higher demand and increasing carbon credit prices which resulted in near 2-year stellar growth in revenue by 844%, EBITDA by 193.7% and PAT by 1951%. Our EBITDA margins have more than doubled for financial year 2022 when compared to financial year 2021 due to the following reasons which is the first one is higher demand in carbon market on account of voluntary pledges by the corporates, commitment of government across the globe for reduction of greenhouse gas emissions, industry specific mandates like CORSIA which comes from international emission industry and awareness programs that had been conducted at various nations and further local laws and regulations. The second reason is geographical expansion done in last 18 months started generation of business from the countries like Turkey, Brazil, Kenya, Bangladesh, Sri Lanka, Indonesia and others. The third reason is price hike of carbon credits on account of high demand and limited supply.

Quarter 4 performance was phenomenal due to the reason because the buyer community which are located at the developed nations where in the last quarter that is starting from October to December is the last quarter for their financial year which is the carbon industry trend that the number of credit requirement to buy to meet the carbon neutrality and net zero emission goals used to be higher while the Quarter 1 as per our Indian Financial System used to be in the weakest one.

I am pleased to announce that our Board of Directors have approved the issuance of bonus shares in the ratio of 3:1. These shares on bonus for every one share, the board has also approved the migration of the company from SME segment to the main board on BSE subject to approval from concerned authorities. With an objective to create value for our company shareholders, we have declared and paid interim dividend of Rs. 20 for share for financial year 21-22. Few deals of quarter 4 had got delayed due to the impact of Russia-Ukraine war at European Union nations since they are the major buyer of voluntary credits as compared to other developed nations. Now, the market is coming again back on track. Our stellar performance is the result of team EKI who strive every day to ensure the best of the climate and for our customers and shareholders.

With the deep passion for climate, we have driven targeted efforts for climate actions in year gone by and now geared up to accelerate climate action to full throttle and step-up strategic efforts manifold. With a renewed vision for strong focus on climate action, we have embraced a new brand identity that brings together the sky, nature and ocean to stay the planet to a net-zero future. Our new logo has a leaf at its heart and forms a globe to symbolize our efforts to restore nature and rehabilitated the planet. The zero made by the globe together symbolizes zero for our strive to net-zero. We are committed to become a net-zero company by year 2030 and will also end to significantly contribute to offer to cals lower temperature to mobilize up to 1 billion carbon credits in next 5 years that is by year 2027.

In line with our vision to uplift the community, we have enhanced our green cooking initiative manifold. We have ordered book of around Rs. 200 crores from global energy giants for implementation of improved Cookstoves in rural and tribal communities of India. From order in hand, we are expecting to generate around 14 million plus carbon credits in next 5 years resulting in win-win situation both for the community and environment at large. This count is expected to grow on multiple basis which orders.

Our subsidiary, GHG Reduction Technologies Private Limited has also commenced its plant in Nasik to manufacture 1.2 million improved Cookstoves every year and we have further plan to increase this to 3 million improved Cookstove per year in a phased manner with aim to empower more homes and also enlighten the backward integration of the carbon credit supply chain. We have grown as a team to tune 200 plus employees and have also moved to a new corporate office.

We have also extended ESOP benefits for employees in recognition of their hard work and commitment to the company. Our team is our backbone and greatest asset. We have a dynamic team of climate experts who are especially to help restore the planet.

We now also have a new sustainability arm that takes us to the unit requirement to our customers. We have also renewed the structure of our service offerings in line with market dynamics with unique requirement for urgent climate action. The new business verticals are community based projects which includes water filters, LED, biogas projects apart from improved Cookstoves and the second one is the nature based solution projects which includes forest, wetlands, mangroves and sustainable agricultural practices. Consultancy for this project will be provided by our subsidiary company, Amrut Nature Solutions Private Limited for which we have partnered with Shell Overseas Investment BV, Netherland. In next 30 to 40 days, we are going to sign our first project of around Rs. 150 crores plus net investment, net-zero the third services the net-zero and ESG services. Company is establishing our methodology under international carbon credit program for being hydrogen projects and other innovative technologies which as of now they are not able to get their registration because of the absence of the methodologies available to get the project registered. We promised to continue our endeavor to stay the planet to net-zero and to aggressively drive our vision to build a greener tomorrow. We are geared up for yet another super year ahead, we will continue to restore the planet while also aligning economic recovery with long-term sustainability to help develop climate resilient global economy.

With this, I now hand over the call to our CFO – Mr. Mohit Agrawal who will discuss the financial performance in detail with you all. Over to Mohit.

Mohit Agrawal: Thank you Manish for your kind information. I would like to say thanks to all stakeholders for their support, guidance and mentorship.

To get the start on financial results, for second half of financial year 2022, we posted revenue of Rs. 1,163 crores which is an increase of 83% as compared to first half of financial year 21-22. EBITDA stood at Rs. 359 crores which is an increase of 130% as compared to first half of the financial year 2022. EBITDA margin stood at 30.9% versus 24.6% and profit after tax for second half stood at Rs. 266 crores versus Rs. 117 crores in first half of financial year 2022 resulting in growth of 128%. PAT margin for second half of financial year is 22.9% versus 18.4% in first half of financial year 2022.

Now, coming to the full year financial performance of the company, we posted revenue of Rs. 1,800 crores which is 844% increase as compared to the last period which was at Rs. 191 crores figure. EBITDA stood at Rs. 516 crores which is an increase of 1937% compared to same period last year. EBITDA margin has doubled that is 28.7% as compared with last year 13.3%. Profit after tax for the year stood at Rs. 383 crores resulting in a growth of 1951% as compared to last year. PAT is in the similar line that has been increased to 21.3% versus 9.8% respectively. With this, I would request the moderator to open the floor for question and answers.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Shubham Jain with Hem Securities Limited. Please go ahead.

Shubham Jain: Sir, I just want to know about quarter 4, why our company revenue was coming down in this quarter 4 as compared to quarter 3 December?

Manish Dabkara: The numbers, the topline during the quarter 4 is less as compared to the quarter 3 because quarter 3 used to be the most strong quarter since the buyers which are looking at the developed nations, there the financial year ending used to be the quarter 4 that means which is the quarter 3 as per the Indian financial system, so the demand for the carbon credits to meet the net-zero emission targets and to meet the net zero emission targets used to be high during that particular quarter as compared to other quarters that is quarter 1, 2, and 4 as per the Indian financial system. So, that was the one reason and the other reason is the war, the Russia-Ukraine war because of which various companies majorly for our carbon markets, European Union Emission, so they are the major buyer of such kind of voluntary carbon oxides and because of the impact of high prices of oil and gas and other issues for which they were sustaining because of the war. The few deals had got shifted from quarter 4 to new financial years per our Indian financial system. So, that was the few of the reason because of which and that quite natural as for our industry related to the maximum demand used to be there during quarter 3 while during quarter 1, 2 and 4 it used to be lesser than the same.

Moderator: Thank you. The next question is from the line of Meet Sangoi with Prabhudas Lilladher. Please go ahead.

Meet Sangoi: Sir, if you can just breakup the revenue in terms of the number of carbon credit sold, the volume of carbon credits along with the carbon credit price that will be very helpful, that is number one? And also if you can give any guidance that you will have for financial year 23 for the volume of carbon credits?

Manish Dabkara: So, during last financial year, the volume that we have supplied is around 55 million credits, up to quarter 3 it was around 70 million and during quarter 4 it was around 17 million, so during last financial year, the 55 million was during 2020, 2021, and during 21-22, it was around 87 million, so that is around 60% growth was there in terms of the volume. During next financial year, we are expecting that 20% growth we should be able to achieve as compared to 87 million achieved during last financial year and since the pipeline of the project that we are executing is very strong, so we are anticipating that it should exceed 20% growth as compared to the last financial year.

Meet Sangoi: Sir, if we assume 20% growth, so for financial year 23, we are expecting close to around 110-120 million credits, is that correct?

Manish Dabkara: Yes.

Meet Sangoi: And in terms of, this I just break this down, I think Q3, you had mentioned that you had sold close to 20-25 million credits, so in terms of volume that has come off by may be around 30%, so the pricing more or less has remained the same for carbon credit, is that assumption correct?

Manish Dabkara: So, the prices used to vary based on the vintage, country of origin, program, technology and various other factors are there, so we would not be able to comment over the prices because different set of credit originate from different country from different technology used to be having different prices, so everything calculating through the averaging of the volume as compared to turnover would not give the correct figure, but yes, we are having strong progress on the numbers that means on the volume numbers and the value growth shall automatically we will get from the volume growth based on the international carbon market size as well.

Meet Sangoi: And my last question is on the cooking stove subsidiary that you have, so if you can just break down the realization of the 1 lakh unit that you are selling distributing per month, what kind of realizations and margins are we seeing in the cooking stove subsidiary?

Manish Dabkara: Cooking stove as of present business model, we do have we used to sign contracts with our current organization, EKI Energy Services Limited and the manufacturing on cost plus small margin basis, we used to give orders to the subsidiary company, so most of the value used to get captured within EKI only since we have to give comprehensive end-to-end services starting from manufacturing to distribution, to leading the project registration, then verification and then supplying the credits or selling the same in the international carbon market. So, overall accountability used to be there over EKI only and the majority of the value accretion used to be there into the EKI Energy Services Limited only.

Meet Sangoi: And additional CAPEX that will be needed to increase from 1.2 million to 3 million a year guidance for the cooking stove?

Mohit Agrawal: As you have asked and we have already told as and when our order will increase, we will increase the capacity of the cooking stove manufacturing unit also and that will come around Rs. 5 to Rs. 10 crores which includes CAPEX as well as OPEX also. It will range between Rs. 5 to Rs. 10 crores.

Meet Sangoi: So, that will be for additional 1.8 million unit?

Mohit Agrawal: Yes, additional for 1.8 million, you are right.

Moderator: Thank you. The next question is from the line of Nitin Ratilal Mehta with Twin Earth Securities Private Limited. Please go ahead.

Nitin Ratilal Mehta: Most of the questions, of course you have already answered, I just wanted to understand, do you give any guidance for margins for the coming year, will you be able to maintain the growth in the volume as well as the margin or you will surpass that?

Manish Dabkara: So, margin is going to sustain, we do not see any pressure and the 20% growth we are targeting internally in terms of volume and obviously based on international carbon market prices, our topline will then get yielded, so the situation is quite attractive during this new financial year also.

Moderator: Thank you. The next question is from the line of Nilesh Maurya with AMSEC. Please go ahead.

Nilesh Maurya: My first question is with respect to the JV that you have announced, could you give up little more highlight on what is the role between both the parties are because in terms of what would be our role in contributing towards that JV?

Manish Dabkara: So, the name of joint venture company that we have formed with Shell Overseas Investment BV, Netherlands is Amrut Nature Solutions Private Limited and EKI is having 51% shareholding while our Shell Overseas Investment BV is having around 49% shareholding. Our main focus of this Amrut Nature Solutions Private Limited is to invest into the forest, into the nature based solution project since you know carbon sequestration technologies are not economically feasible or viable as of now, so for the whole world, nature based solution is the best option to remove carbon dioxide or greenhouse gases from the atmosphere, so this nature based solution projects includes forestry projects, so installation of new forest, saving the degradation of forest, the reforestation activity, then wet lands, installation of mangroves over the seashore, adapting sustainable agricultural practices, so these are the kind of projects which are specifically focused through this Amrut Nature Solutions Private Limited. So, we will be doing two activities, one is giving advisory services to the other investors, either in India or abroad, so we will not have geographical boundaries for giving advisory services and how to put all such kind of projects if some other investors are there, which brings their own projects along with their funds, so we would be able to help them to put such kind of nature based solution projects on ground and then apply for the registrations, apply for the verifications to earn carbon credit from such kind of business activities while this is the one activity related to the advisory services since you know there are different kinds of projects which can be developed in our carbon credit industry, one sector is renewable energy sector that is technologically driven projects and other one is renewable energy, third one is waste management projects, electrical vehicle projects, so these are all technology based projects and we call them as carbon wide and space projects while the carbon removal based projects comes from the nature based solution. The other set of activity that we will be doing is to identify new projects in the investment opportunity, so that will be the responsibility of EKI Energy Services Limited and our JV to identify such kind of projects specifically in India and nearby nations and then showing the same to Shell team through their internal criteria to approve the project to invest, Shell would be having 93% investment rights while EKI Energy Services Limited would be having 7% investment rights, while the whole implementation of the projects including putting projects on ground up till registration, verification and then generation of carbon credit will be the accountability of joint venture company, so these are the two different activities you would be doing through this JV.

Nilesh Maurya: So, Shell's major responsibility is about project financing, so just to follow up on the description that you just gave right now, thus getting these clientele or the new project, is it EKI's rule or this is Shell Overseas' rule and if we look at the clientele that we are trying to look because the operations of the JV and our operations are very much similar, you know how will you differentiate that who brings in the client and which goes under the JV and who finances it, so I am a little confused on that?

Manish Dabkara: The second activity that I have mentioned which is related to identification of the projects for getting the investments so that is the accountability of EKI, all three different entities can do such kind of activities. Shell can also identify the project and can bring it to get invested, EKI can also do similar activity and JV could also do similar activity while the exclusivity whosoever, either EKI or JV or Shell, whatsoever business activity that they will do identify under the NBS regime need to be exclusively executed through joint venture company only. So, that is the exclusivity binding contract we do have between Shell and EKI that each and every activities related to the NBS consultancy and investment and finding the investment for targets will be executed through JV only.

Nilesh Maurya: And just a common question towards it, since Shell Overseas Investment sounds like an investment vehicle, the promoters that are part of this company are, do they come from carbon trading background or they are just financing guys or people with experience of project finance and banking?

Manish Dabkara: The team with which we are in touch with, they are having such kind of experience related to the structured finance into the carbon credit industry specifically related to the NBS, nature based service and projects, so while Shell do various business activities like overall, they do various business activity related trading of various environmental commodities and other oil and gas commodities, so that business vertical is quite different from this business vertical with which we used to work on day to day basis.

Nilesh Maurya: And my final question on this is, in terms of carbon credit, we have not seen much regulation coming in India, so do you foresee any regulatory changes that might, like the ESG space are just building up, so do you see any regulatory changes that might be coming in which could kind of give a boost to our business as well as the whole sustainability space?

Manish Dabkara: Yes, as you know, in India, ministry of environment, forest and climate change is the model agency for dealing with all such kind of issues at the national and international level. So, this MOEFCC had given their mandate to ministry of power through the specific department that you do have under ministry of power is Bureau of Energy Efficiency, so Bureau of Energy Efficiency had got the mandate to establish our domestic carbon market in India. They are at the initial stage, they had published few of the white papers and now they had plotted a center for the policy formation stakeholder engagement for establishing such kind of domestic emission trading scheme. So, initially for first few years, we foresee that it would be voluntary nature while it will get converted to the mandatory in nature similar to the other big penetrators which they do have like the European Union Emission Trading Scheme is one of the example, South Korea Emission Trading Scheme is another example, China is also having their own emission trading scheme than South Africa, US, Canada, everyone that is few states that means few countries, such kind of activities are at the matured stage like the formation of emission trading scheme and operationalizing the same while a few other nations like us, we are in the nascent stage of formation of such kind of activity. So, in future, as of now, from last 2012 to till 2022, for example, only the market do exist for the credits originated from developing nations are voluntary carbon markets, we call it as VCM or international voluntary carbon markets. So, this is the only market we do have and if you know the growth that had been anticipated during the year 2020 was around 0.4, the market cap of voluntary carbon market was around $0.4 billion. During the last calendar year 2021, it was around $1 billion. During 2030, it is anticipated through the market research company called Strobe Research, they had the research guided by 2030, the market size owing for the voluntary carbon market, international voluntary market it would be $10 to $25 billion. During 2040, it would be $40 to $115 billion and by 2050, mid of the century it would be around $90 to $480 billion. So, this is the only market cap which may come from international voluntary carbon markets while as you know each nation is planning to have their own domestic market which during initial years it may be involuntary in nature and then it may get converted into the compliance emission trading scheme similar to the Korea or similar to the European Union. The other carbon markets which are rising through the Paris Agreement article 6 or because 6.2 cooperative approaches carbon market and article 6.4 which is quite similar to article 12 of Kyoto Protocol under the Kyoto Protocol, called as clean development mechanism. So, these are 5 different segments, so 4 segments are at the raising stage, one is domestic voluntary market, domestic compliance market, then article 6.4 market, article 6.2 market and then international voluntary markets, so as of now only international voluntary market for the country is like us for the developing nations, this is the only option we do have to sell the credits in the international carbon markets while this 4 different markets are quite upcoming in next 2 to 5 years. They will do come into the existence and whatever the billion dollar market cap which may come from the international voluntary carbon market, this new 4 markets will do more market cap and so it will be, immense development opportunity would be there for our organization. EKI.

Moderator: Thank you. The next question is from the line of Neerav Dalal with MIB Securities India. Please go ahead.

Neerav Dalal: First one clarification, you spoke about cooking stove we have Rs. 200 crores order book and you said carbon credits of more than 14 million over the next 5 years what was that number, I just want to get the clarification on that, 14 million, right?

Manish Dabkara: So, 14 million revenues would be generated from this Rs. 200 crores investment, so each Cookstove you used to generate around 44 carbon credits, so if you divide 14 million divided by 5, it comes out to be around 2.8 million credits per annum and divided by 4 would be around 7 lakh Cookstoves order we do have out of the numbers that had been covered during my speech, so these are the numbers.

Neerav Dalal: My second question is, broadly if you can give us a thumb rule in terms of if a customer pays, so if you realize say Rs. 100 on selling carbon or you realize Rs. 100 from the customer, how would it be split between say services and the carbon credit for you, is there any ballpark number that one can work on in terms of what would be your split of services in carbon credit?

Manish Dabkara: Actually, we do give comprehensive advisory services to our clients wherein we do not charge anything upfront, we do work on the revenue sharing orders. So, whatever the investments which are required for our working capital, our financing cost, the fee that we need to pay to third party inspection company, then travel expenses, the fee that we need to pay for getting the project registration, for getting the project verification and then the other associated cost. So, finally once when the credits will get issued, we do sell the same in the international carbon markets and based on the revenue sharing model that we used to sign with our project owners, we get the revenue. So, we do not do different bifurcation of cost versus revenue, so that is the only one line through which the revenue used to come and then expenses we used to reduce, so we do not give such kind of bifurcations as there.

Neerav Dalal: And we book on gross basis, not on net basis, so gross realized from selling of the carbon credit would be what we book and then our expenses and sharing with customer will be in the cost item?

Manish Dabkara: Yes.

Neerav Dalal: My third question is regarding, for us, we will always be playing in the voluntary carbon market, we will never be able to play in the ETS market, is that the right assumption?

Manish Dabkara: Yes, because the credits which are originated from Indian territory or majority of the developing nations like China or Brazil or may be Southeast Asian countries or Latin American countries or African countries, so we do have only 3-4 established compliance carbon markets or emission trading schemes, one is the European Union ETS and other one is South Korean ETS. At some parts, we can consider in Singapore also we do have one carbon tax mechanism is here, not exactly the ETS, while in South Africa we do have mix of ETS plus tax. So, any credits which are originated from developing nations like us used to not then directly consumed under such kind of compliance market which was the scenario during 2005 to 12, so as of now, yes we do work under only voluntary carbon market because the credits originated from the nations in which we are operational ETS do not get consumed and may be compliance carbon markets, so that is the barrier, international carbon market barrier we seen.

Neerav Dalal: But as you said the voluntary carbon market is there for us to play with and it is going to be a big market, so who would then be the player, if all the countries have their own ETS then who would be the people who would be wanting to do the voluntary carbon market if you could just give a brief explanation in terms of that?

Manish Dabkara: Let us take example of the company which is situated in Germany that is regulated through compliance emission trading scheme called EU-ETS, so every year for example that particular company is emitting 100 tons of CO2 and every year ETS used to cap their emissions that they are doing , so for during the year for example they are doing emission of 100 tons, during year one they may get their target to reduce 5 tons CO2, so net emission they can do is 95 tons may be by next second year, it may be around 90 tons, so these are the caps used to be given by the nations or the compliance regulations to reduce the emissions with ex-factor. It is not possible that under the ETS, for example EU-ETS can give the emission reduction target of all 100 tons CO2 during year 0 or during year 1 only, it is impossible because if that is possible that means they must have 100% renewable energy or whatever the emissions they are doing because of their business operations should be net-zero and that is impossible and that is the only reason why our carbon credit industry came to the existence, so one company which is not able to reduce the emission, so it can buy the credits originated from the other company which is able to reduce the emissions through different tools and techniques.

Neerav Dalal: So, what you are trying to say is that they will always be, so the ETS market would not be able to fulfill all the demand, so there will always be a voluntary market that would?

Manish Dabkara: So, the companies, specifically the products or services that they are offering and it would be domestic or international markets, once they declare that they want to become carbon neutral they want to achieve net-zero emission, so whatever the emissions did they are able to achieve through compliance ETS, they would be able to do the same, otherwise if they are not able to meet them, they have to buy compliance credits only like in the ETS they are called as European Union allowances, while for example, the baseline emission is around 100 tons and 2 bps they are allowed to reduce only 10 tons, so remaining 90 tons they used to buy from the voluntary carbon markets and that is why the voluntary carbon market is going to survive till we would not be able to achieve net-zero emission goals. So, as you know most of the developed nations they do have declared it, they want to become net-zero by year 2050, Chinese government had declared by 2060 and Indian government had declared for 2070. So, once we will do achieve net-zero emission goal, then that means the compliance emission trading will do cover 100% sector, 100% emission. Till the date, if they are not able to achieve the same, so voluntary market is going to begin existence with the compliance carbon market across the world.

Moderator: Thank you. The next question is from the line of Venkatesh with Introhive. Please go ahead.

Venkatesh: This is Venkatesh from Chennai, my question is on the company subsidiary, so far we have invested around Rs. 100 crores in the subsidiaries and there is no revenue stream yet generated from these companies and if revenue streams and how did the actual revenue shrink and will it be a carbon credit generation or by selling the product Cookstoves or LED bulbs like that, what will be the revenue stream for the same?

Manish Dabkara: So, if I understood your question correctly, the main revenue stream for us is giving the comprehensive advisory services to our clients whosoever had invested into the renewable energy or the projects which are eligible to get the registration under different carbon credit mechanisms like clean development mechanism or verified carbon standard, gold standard or global carbon council, **(Inaudible) 44.15,** so there are various plethora of international emission, carbon dioxide standards are there, so we do give comprehensive advisory services and most of the revenue, majority of the revenue, more than 95% of our revenue used to come from giving such kind of comprehensive advisory services to the project investors, not only in India while in other 40 nations we do have clients which avail our services while the recent development related to commission of two subsidiaries, one is Amrut Nature Solutions Private Limited and other one is GHG Reduction Technologies Private Limited, so the contribution from these two companies is around 1% to 2% as compared to the parent company and the numbers that we are going to achieve through parent company comprehensive **(Inaudible) 45.18** services so this I hope I would be able to answer the question that you asked.

Venkatesh: And one of the final questions is what are the opportunities that will get open from the COP27?

Manish Dabkara: So, as you know during COP26, the majority of the confusion had been cleared related to the existence of Emission Trading Scheme or you can say the carbon markets which will derive from article 6 of the Paris agreement and the existence of the voluntary carbon markets. Now, during COP27, the major thing that may happen is related to the operationalization of article 6.2 and 6.4 what are the modalities, which kind of this can get registered under that particular article 6 of the Paris agreement, so all those modalities will do get cleared during COP27 and in fact I think it may take another one year. During COP28, we will be able to get all the modalities, forms, procedures, guidelines, everything related to the getting the project registration issuance and then supplying of the carbon credits while voluntary market will do at least co-exist along with the four different markets that may come in next 1 to 3 years timeline. So, during COP27, we will do bring good progress to the article 6 carbon markets, while we do anticipate it may take another 1 year. By COP28, we would be able to have complete guidelines on how this article 6 carbon market will do bring more business opportunities to the international carbon markets.

Moderator: Thank you. The next question is from the line of Yash with Param Capital. Please go ahead.

Yash: I would like to know that what exactly is the current pricing trend of carbon credits?

Manish Dabkara: Before during quarter 3 of our financial year, the prices were at the peak, so as you know during May actually the rise of the carbon markets had happened and up to December it was there at the peak. After that during January you see exactly during February because of the war, the prices if you see in the voluntary carbon markets as well as into the EU-ETS, European Union Emission Trading Scheme earlier to that the prices had reached more than 100 Euros for European Union allowances and then because of the war, it came up to 60 Euro and now again it is around 90 Euros. So, that was the impact that we had observed at EU-ETS and similar observation we have found for the voluntary carbon market, so the EU-ETS market is there at the upfront, you can say as the positive trend, similarly the voluntary market is going at the similar pace.

Yash: So, basically like the pricing trend is again recovering from the source which was there in the Q4, am I right?

Manish Dabkara: Yes.

Yash: Due to Russia-Ukraine war, there was an impact not only on the demand but also on the pricing, right?

Manish Dabkara: Definitely.

Yash: Anyway I would like to know like this Rs. 150 Cr. what we are getting into the Amrut subsidiary, so what exactly are we going to do there, just like there would be a nature based solution only, but what kind of revenue generation do we expect from such kind of projects going ahead, just a qualitative, I would like to know?

Manish Dabkara: Yes, the contract is there at the finalization stage and once all the numbers will get fixed, we will be able to give you the correct number, so we need to wait for some time to get the clear picture about that particular project, so many projects are there at the finalization stages during this financial year and we do foresee that good number of projects would be there and we would start those projects as soon as possible and as you know the technology based projects can be implemented whether in 6 to 12 months' time period while the nature based solution projects used to take too much time around 2 to 3 years will be the period under which only the investment will do go and then the carbon credits will do come, but once the carbon credits will do get start yielding after 3 years, the technology based projects used to get applied for the registration or verification for the period ranging from 7 years to 21 years while for the nature based solution projects they are allowed to clean credits for minimum 30 years up to 90 years, so such kind of long-term sustainable supply is going to definitely help our sustainability.

Moderator: Thank you. The next question is from the line of Kamlesh Kotak with Asian Market. Please go ahead.

Kamlesh Kotak: Sir, firstly, can you just help me again understand the number of units you sold, you said, I missed it, how many units we sold this year and last year?

Manish Dabkara: During 2020-2021, it was around 55 million, during last financial year, it was around 87 million credits.

Kamlesh Kotak: And Q3 and Q4, how much?

Manish Dabkara: During Q4, it was 17 million and up to Q3, it was around 70.

Kamlesh Kotak: And we already have inventory of Rs. 140 crores, so what number of units are lying there?

Manish Dabkara: Around 8 million.

Kamlesh Kotak: Another question, Manish ji, I wanted to understand that now that we have sizable amount invested in the receivable and inventory, so is it going to be the new norm now that if you want to grow the business, we will have to invest this kind of money in terms of securing the inventory first and then monetizing or realizing it, how you see the working capital cycle will play out?

Manish Dabkara: Actually the market, the buying market I used to work like whenever the demand used to come with us, we must have some good portfolio readily available with us to supply, so during this, previous will be a cycle during the one, for example, the buyer used to come to do say yes or no related to whatever the volume or inventory we do have and during day 3, they used to decide, sign contract and supply the credits. So, for that particular purpose, we must have some good volume readily available with us, so that we will be able to supply the same while we do have internal metrics, how much credit we should keep within our inventory and how much credit we should get hedged depending over the procurement price. So, these are few metrics with which we used to work on day in day out basis.

Kamlesh Kotak: Which means that if you are targeting 20% higher volume next year, we will according sizably have to invest in inventory as well as receivables, right?

Manish Dabkara: Yes, at some point of time, we may be able to say yes, but at some point of time that may not be the situation, so the situation used to change based on different market dynamics around the year.

Kamlesh Kotak: Secondly, can you separately let us know how much investment has been made in the two entities, GHG carbon and Amrut separately, how much investment till now you have made?

Manish Dabkara: At Amrut, whatever the seed capital is required or authorized capital is required, we are going to invest the same because the company had got the recently formed and then the new contracts we do start contracting over the same, so that is the position we do have with Amrut and while for GHG Reduction Technologies.

Kamlesh Kotak: How much for GHG Reduction technologies?

Mohit Agrawal: For GHG Reduction, we have invested somewhere around Rs. 70 lakh in equity wise to get the stake in that company and the company is itself generating a profit for **(Inaudible) 54.52**.

Kamlesh Kotak: So, the Rs. 100 crores investment which is showing in the current asset, what is that sir?

Mohit Agrawal: Rs. 100 crores investment in current asset that is the receivable which we have to pay as RCM and out of that Rs. 100 crores I can say you in last 45 days we have already realized Rs. 60 crores from GST department. We have to receive the refund of around Rs. 60 crores in last 45 days. It is a normal business activity where we have to pay the RCM on import of services or any carbon credits being purchased or services which we have taken from outside, on that portion we have to pay the GST in India and then we have got the refund.

Kamlesh Kotak: And then you can claim the refund?

Mohit Agrawal: Yes and then with its claim period, itself includes somewhere around 60 to 75 paisa in GST.

Kamlesh Kotak: Secondly sir, can you help us understand your geographic revenue mix, which geographies contributed this Rs. 1,800 crores of revenue if you can just get some sense on that?

Mohit Agrawal: Yes, I can give you, we have now present in 15 countries across the world right now and we have done a geographical expansion in last 12 to 18 months, every country and every place are generating a revenue for us. As of now, the biggest contribution is from Turkey, then Bangladesh we have received our business in last quarter itself, but we are expecting that major contribution will be from Latin America and Africa down the line after 12 to 18 months and we are expanding our team and we have a plan to have our presence in more than 30 countries down the line within next 12 to 18 months, we are hiring people and we are establishing our companies as well as offices across the globe.

Kamlesh Kotak: Europe is not your major country contributing the revenue?

Manish Dabkara: Actually, the whole world is divided into two parts, one is the buying nations and the other one is the selling nations, so the sellers the project owners to whom we give advisory services, they are looking into developing nations and the buyers are looking in the developed nations and Europe Union is the major contributor, apart from that Russia and Japan they do have very less contribution to the international voluntary carbon markets as of now, so the first you can say is this European Union, second one is USA, third one is Australia, New Zealand and the smaller part, also some smaller nations, some smaller developing nations like in India now slowly and slowly the buying community is getting on right like the airports are buying the credits, few food delivery companies are also buying the credits. The companies which are majorly focused on the ESG are net-zero emissions or carbon neutrality goals and the developing nations, they are also buying the credits and few companies which are based in Middle East, they are also feeling responsible to buy the credits to make their business operations carbon neutral and net zero emission to meet their net zero emission targets, but majority of the whole world developed nations and specifically European Union are major buyer, but slowly and slowly the other developed nations, you can say comes under the second position and that third position comes for the rest developing nations like India and China.

Kamlesh Kotak: Finally sir, any funding plans over the next 1 year, what kind of investments you will make and how you will fund it, can you help us understand that sir across the three entities?

Manish Dabkara: So, the internal whatever the funds we do have, we are trying to deploy to get the maximum return on investment either to develop more or more projects, to take more and more advisory services to render a revolutionary model, the second one is to develop Cookstove or community based projects and third one is nature based solution project, so we do have a plan to mobilize our internal fund which are there with the significant numbers, so this is the plan and if we get good opportunities in the future, then we will also look for good collaborations for the same.

Kamlesh Kotak: Any numbers you can put in terms of the investment amount?

Manish Dabkara: So, that is not being the main agenda as of now within the organization. We are trying to use internal financial resources at its peak.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. On behalf of the company, I would like to thank you for participating on this call. You may now disconnect your lines.