

GLOBAL PRESENCE OF THE NATURE, FOR THE NATURE & BY THE NATURE !

EKI Energy Services Ltd. Works on the principles of nature. Just as environment constitutes of the entire globe, our presence has no peripheries as we work limitless with 100% dedication to the nature. Adopting informed and innovative practices, EKI is determined to conserve, preserve and restore natural resources.





LETTER FROM MANAGING DIRECTOR

Dear Stakeholders,

Eleanor Roosevelt (the First Lady of United States 1933-1945) once said, “*The future belongs to those who believe in the beauty of their dreams*”. For EKI, this saying was our foundation stone back in 2008 when we set out to give wings to the dream of restoring the planet and making it greener and safer. We believed in a future where life on Earth thrives and the planet itself is protected from climate change.

Today, 14 years later, we can proudly say that we surely are in the future that we had dreamt for ourselves back then, a future where we have enabled significant climate action with our efforts. In doing so, we have championed strategic solutions that directly aide in the reduction / absorption of harmful emissions from the atmosphere.

Over the years, we have also consolidated our leadership position in the global Carbon Credit Markets. Today, we are amongst the top five carbon asset management companies in the world and are growing fast to achieve newer heights. None of these accomplishments would have been possible without the support of the amazing you all our stakeholders including shareholders, clients, employees and others.

With your support, we have joined the global rigor for climate action with our strong efforts and continued commitment to offer best-in-class consultancy and advisory services for carbon asset management to companies across the world. As the market evolves further and countries come together in great unison to help revive the planet with

their net-zero commitments, we are super proud to have you all onboard with us as we steer ahead for newer achievements.

FY 21-22 has been one of the best years for us. We flagged of the year with our BSE listing and creating history in the climate industry by becoming the first and only carbon asset management company in the world that is listed at the Stock Exchange. We witnessed a stellar performance on BSE and our IPO was oversubscribed by ~3.66 times. This year, we also had a strong business momentum driven by higher demand, which resulted in our revenue growth by 844%, EBITDA by 1,937% and PAT by 1,951%. This is kudos to the efforts and consistent persistence of team EKI and each of you.

Today, we contribute to about 85% to 90% of the total carbon credit exports from India. As on date we have mobilized 180+ million credits, 87 million of which were done in the last year alone and through these credits, we enabled businesses globally to reduce their carbon footprint and also earn additional revenues through the carbon credits.

In the last quarter of the year, the carbon market witnessed under currents of the Russia-Ukraine war. The market is slowly gaining traction and is expected to witness growth opportunities from the second quarter of FY 22-23. COP26 had set the pace for this as it fast-tracked the implementation of Article 6. COP27 is expected to further operationalize Article 6.2 and 6.4 and this will bring increased cohesion in the market.

We are now championing the development of credits and backward integration of the supply chain through carbon reduction projects that have dual abilities of nature restoration and community development. Our green cooking project for example, replaces traditional mud/three stone cook stoves in rural homes with Improved Cook Stoves (ICS), empowering homes and lives with a cleaner, safer cooking alternative while enabling climate action through the fuel and energy efficient cook stoves. Our focus on Nature based Solutions is yet another example where we ensure the development of an ecosystem where both nature and community resilience are enhanced through our initiatives. In this quest to harness the power of nature to restore the planet through the conservation of nature and community upliftment; we have also joined hands with **Shell Overseas Investments B.V (The Netherlands)**. Today, we are a leading developer and supplier of carbon credits in the world.

With carbon sustainability advisory services for a wide range of projects like bio-methanation, renewable power, waste management, energy efficiency and water purification, we have established our presence in about 15 countries and entered new markets like Dubai, Switzerland amongst others. In the last 18 months, we have also started to generate businesses from countries like Turkey, Brazil, Kenya, Bangladesh,

Sri Lanka, Indonesia and others. We are fast expanding into other developed markets like Germany, U.S.A, Australia & others. We expect our business operations in countries like Latin America and Africa to grow in the next 12 to 18 months as we expand our global presence to 40+ countries within the same time period. Team EKI has also grown to become a 200+ strong team of climate experts. We continue to attract and onboard best talent who like us are equally passionate about climate.

As the market continues to evolve and propel ahead towards significant growth over the next few years, we continue to consistently identify projects that help reduce carbon emissions, protect biodiversity, and deliver measurable benefits aligned with the aims of the Kyoto Protocol, Paris Agreement and the UN Sustainable Development Goals. Even as we steer towards this, we want to propagate the thought that climate protection and economic progress are intrinsically interlinked and can go hand in hand.

Your continued support has helped us immensely in this journey. In the year ahead, we aim to maximize the return on your investments through cutting edge sustainable projects and by expanding our customer base. We also plan to increase our focus on community development projects and nature based solutions.

With more and more countries committing to work towards a future of net zero emissions, businesses around the world are increasingly aiming for carbon neutrality. We are well placed to tap this growing potential a comprehensive bouquet of strategic solutions. We are working towards new business avenues like waste management, EV, green metallurgy and green hydrogen, which can help fast track the stride to a green powered future. Acquisitions / partnerships are also expected to play a bigger role in our new growth avenues in global carbon asset management.

At EKI, we continue to dream. A dream where the future is greener and the planet is protected. We know, though this may seem distant, we know we are all heading to a future where this dream will come true. With an ardent desire to help the planet to transition to a net-zero future, we continue to work towards steering this journey with a dream to make the impossible, possible and make the planet net-zero.

With you all as our patron on this journey and your continued support, we know that this future will be here sooner than we assume and we can all together leave behind a safer planet for all our generations to come.

Yours sincerely,
MANISH KUMAR DABKARA
Managing Director

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- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Chairperson

INDUSTRY REPORT

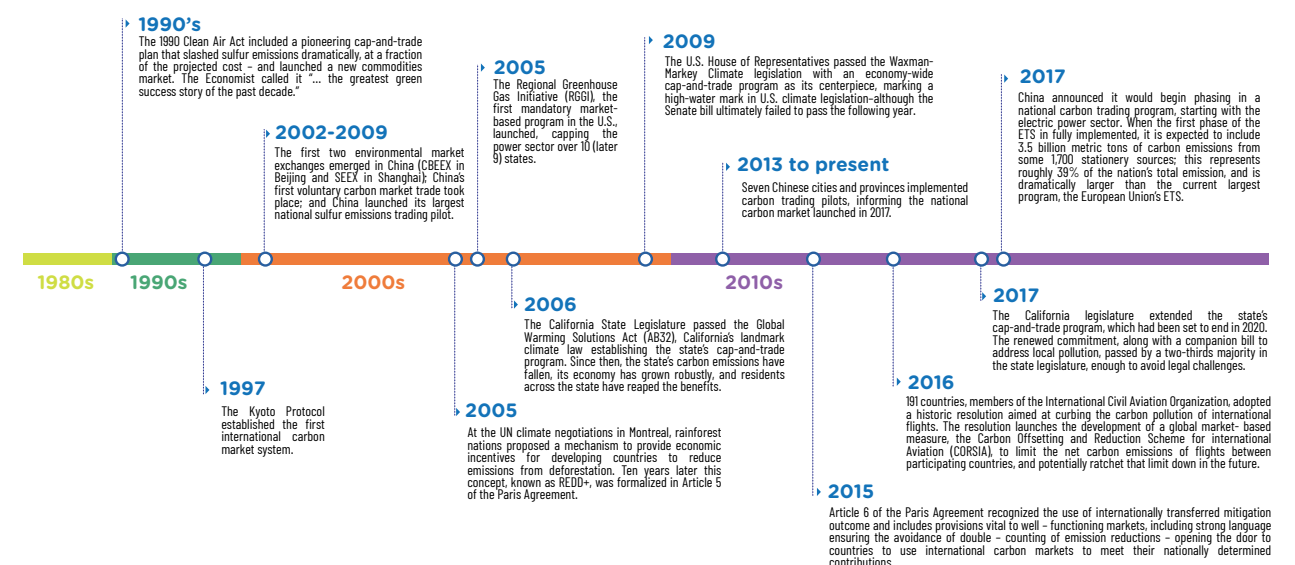
CARBON CREDITS AND ITS EMERGENCE

Carbon credit is an offset mechanism that is issued for an equivalent reduction or absorption of carbon emissions from the atmosphere as result of a targeted carbon reduction project. These credits are supplied to anyone and everyone aiming to reduce their carbon footprint. There are different standards of carbon credits like Verified Carbon Standards, Clean Development Mechanism, Gold Standard, and Global Carbon Council, amongst other international standards. By purchasing carbon credits, you are essentially investing in other projects that reduce greenhouse gas emissions on your behalf. In other words, you are offsetting your greenhouse gas emissions by removing/reducing it from some other location.

TYPES OF CARBON CREDITS

- 1. Credits generated from avoidance or reduction projects-** Avoidance projects include renewable power generation projects (solar / wind power generation). Projects that reduce the demand for energy (in other words energy efficient projects) also fall into this category. In addition, projects designed with the objective of capturing / destroying industrial pollutants also fall into the category of reduction projects. Methane collection & combustion project is an example of such projects.
- 2. Credits issued from removal category (projects which remove GHG directly from the atmosphere)-** These include projects in afforestation, wetland management, and direct air / GHG capture together with neutralizing it. All these projects are designed to remove GHG from the atmosphere.

EVOLUTION OF THE CARBON CREDITS MARKET



Carbon trading started formally in 1997 under the United Nations' Kyoto Protocol on climate change that had over 150 nation signatories. Parties with commitments under the agreement agreed to limit or reduce their greenhouse gas emissions between 2008 - 2012 by 5.4% that were well below the levels of 1990. This led to the creation of instruments that help signatories meet this target. Offset became the policy of choice for emission reduction. This also led to the emergence of other instruments, most notably carbon tax and Emission Trading System (ETS) / Cap & Trade system allowing countries to sell the excess capacity of emission units to countries that had levels well over their targets.

The Kyoto Protocol of 2005 played an important role in increasing awareness on emission reductions. It is since then that almost the entire world - both developed and developing countries started formulating carbon emissions standards and guidelines for controlling harmful gas emissions. Carbon credit is today, one of the most efficient and widely accepted solutions that businesses globally are increasingly adopting.

The Kyoto Protocol also laid down the foundation of Market Based Instruments (MBIs) for emission reduction, one of which was the Clean Development Mechanism (CDM) which allowed a country with an emission reduction or limitation commitment to implement or fund a project in the developing world that can earn saleable certified emission reduction (CER) credits to meet Kyoto targets.

International initiatives and ratifications related to climate change, from Kyoto Protocol to Paris agreement on climate change have reiterated the need to cap the temperature rise at 2 degree Celsius in this century. With almost all the countries

agreeing to this objective in Paris accord, actions for capping temperature rise has gathered much traction across the world.

CDM was the first global, environmental credit scheme and investment of its kind. The mechanism gave developed countries some flexibility on how they meet their emission reduction targets. The Kyoto Protocol set targets for developed countries while developing countries didn't have any emission targets to meet.

Cap & trade system as well as Carbon tax were two of the instruments launched during the past couple of decades as a response to this need for an alternative system. In both the cases, opportunity for emitters to benefit from voluntary emission cuts replaced the mandatory emission targets that were unilaterally set by Governments.

CARBON MARKETS - COMPLIANCE & VOLUNTARY MARKETS

"Imposing a price on carbon sends a financial signal to investors that low-carbon investments are

valuable today and will be even more valuable in the future."

• Philippe Le Houérou, Chief Executive Officer of International Finance Corporation

There are two types of markets for carbon credit – **the compliance or the mandatory carbon markets and the voluntary carbon markets.**

a) Compliance carbon markets are those developed as part of a nation's / region's obligation to cut their emission or bring it under a defined gap, with this limit being set up global accord like Kyoto Protocol or Paris Climate Change accord. In compliance markets, countries that are signatories to accords like Kyoto Protocol must take steps to lower their emissions. This is done either through imposing carbon tax or setting up a mandatory carbon market. The allowances or permits that form the core of such market are termed as Certified Emission Reduction (CER) credits. Some examples of compliance carbon credit mechanisms/standards are as follows:

Clean Development Mechanism (CDM)	Low & Middle Income Countries	Certified Emission Reductions (CER)
California Compliance Offset Program	United States	Air Resources Board Offset Credit (ARBOC)
Joint Implementation (JI)	High income countries	Emission Reduction Unit (ERU)
Regional Greenhouse Gas Initiative (RGGI)	Northeast United States	RGGI CO ₂ Offset Allowance (ROA)
Alberta Emission Offset Program (AEOP)	Alberta, Canada	Alberta Emissions Offset Credit (AEOC)

b) Voluntary markets are those wherein companies / other entities take measure to lower their carbon footprint as part of their own initiatives. The credits that are part of such voluntary market is termed as Voluntary Emission Reduction (VER) credit.

American Carbon Registry	Emission Reduction Tonne (ERT)
Climate Action Reserve (CAR)	Climate Reserve Tonne (CRT)
The Gold Standard	Verified Emission Reduction (VER)
Plan Vivo	Plan Vivo Certificate (PVC)
The Verified Carbon Standard (VCS)	Verified Carbon Unit (VCU)
Global Carbon Council (GCC)	Approved Carbon Credits (ACCs)

EVOLUTION OF VOLUNTARY CARBON MARKETS

An increasing number of companies are pledging to contribute to global climate action by reducing their own greenhouse gas emissions. Yet many businesses find it difficult to fully eliminate or reduce their emissions as quickly as they might like. It is especially challenging for organizations that aim to achieve net-zero emissions. The voluntary carbon market helps companies to achieve their climate goals by complementing

internal emission reductions with the purchase of carbon offsets.

The market for carbon credits purchased voluntarily is important for other reasons. It has become a mainstream tool for driving finance to climate action activities or projects that reduce greenhouse gas emissions. These projects can have additional benefits such as pollution prevention, biodiversity protection, public-health improvements amongst others. Over time, the voluntary carbon markets have evolved into

a robust and effective means to tackle climate change.

The global voluntary carbon offsets market size is growing exponentially. It is expected to grow at a CAGR of 11.7% during 2021-2027. The market now also has different international standards of carbon credit such as Gold Standard, Verified Carbon Standards, Clean Development Mechanism and Global Carbon Council amongst others.

CARBON PRICING

There are many ways to value a carbon credit, whether using market dynamics, basing it on the cost of implementation, or the value that the project delivers. Pricing can also vary by project type, size, location, vintage, SDG parameters and other determining factors.

There are two main ways of determining the prices of carbon credits - **Internal pricing and External pricing.**

The first option works for organizations that set internal carbon credits prices to guide their investment decisions. Such carbon offset companies have their internal mechanisms of determining carbon credits prices based on various factors.

External pricing is however fixed by market forces of supply & demand and it is influenced by a host of factors like existing regulations and international climate change protocols.

The second alternative is Crediting Mechanisms and it entails determining emissions from a set of activities, then assigning the activities credits to ensure the availability of finance to offset the emissions. These credits are sold and traded in the carbon marketplace. Organizations keen on offsetting emissions can opt for projects related to their firm and purchase the credits.

The last option, carbon tax, entails setting a base price for greenhouse gas emission reduction activities. Companies releasing emissions can then buy credits at the rates set per unit of carbon dioxide emitted into the atmosphere. This option is preferred because the prices charged are stable and fixed.

Carbon credit pricing varies immensely on the project type, the technology used, and the global carbon market standardization under which a project is accredited. Even beyond the scope of the type of project, a carbon credit's price can vary by the size or location of a project. This is largely due to the factors that go into the cost of actually implementing one of these carbon offset projects.

According to a study published by Trove Research and University College London (UCL), with the demand for carbon credits expected to increase fivefold or even tenfold over the next decade as companies seek to deliver on their net zero

emissions pledges, carbon credit prices are expected to rise exponentially which would also help incentivize investments in climate action by encouraging land owners to shift some of their income away from agriculture and towards preserving forests and planting trees.

GLOBAL CARBON CREDITS MARKET

The global volume of carbon credits traded reached 188 Million tons CO₂ eq (tons carbon dioxide equivalent) in 2020, taking the annual traded value to \$ 473 Million. The global market for compliance carbon credit is estimated to be worth € 238 Billion, with annual trading volume estimated to be 10.7 billion giga tons (Gt).

In 2020, the consolidated number of carbon credits issued by some of the largest standards reached 186 million (equivalent to 186 Mn tons of CO₂ eq). During 2017-20, the number of issuances has increased by a CAGR of 43%. Most of the offset credits were issued to nature-based solution projects (forestry & land use projects, among others) followed by renewable energy projects. In 2020, the offset credits issued originated from nearly 3,850 registered projects. Meanwhile the total number of carbon offset that were retired reached 92 million units in 2020, increasing by a CAGR of 29% during 2017-20 period.

Cumulative number of carbon credits issued is estimated at 1,117 million units, of which nearly 570 million units has been retired. This puts the total number of non-retired credits still in circulation (that are available) at 547 million units. The total volume of carbon credits available in 2020 reached 93.3 million units, increasing by a CAGR of 73% during 2017-20.

Although the demand for voluntary carbon credit has been increasing, the growth pattern has been erratic. It is the only during the past three years that the demand growth has shown a stable growth trend. In between 2017-20, the annual demand almost doubled which is a testimony to the seriousness among the corporate sector to tackle climate change. This growth in demand also coincides with the rapid increase in the number of companies who have pledged to work towards a net-zero or a carbon neutral target.

Highest demand for voluntary carbon credits came from financial services, which accounted for nearly 18% of the credits retired in 2019. This was followed by petrochemicals (including oil & gas) sector with nearly 13% share. None of the other sectors accounted for more than 10% of the total credits retired. Nearly 52.3% of the total voluntary credits retired in 2019 were concentrated among ten sectors.

DEMAND DRIVERS FOR GLOBAL CREDITS MARKET

Carbon credit market is set up aim up in the next few years owing to multiple factors:

- i. As nations collaborate more for a global fight against climate change and guidelines like Article 6 further encourage these collaborations, carbon offset solutions and its increasing exchange amongst countries will increasingly become an important solution for climate action. Consequently carbon credit pricing will also increase as its demand soars in times to come.
- ii. With ESG witnessing an increasing importance in times to come, it will help consolidate the industry as policymakers across the world lay down ESG frameworks that will be binding on companies, financial institutions, investors, employees, regulators and the ecosystem in its entirety.
- iii. As the voluntary carbon credit market becomes increasingly mainstream for carbon financing, it can evolve into a robust and effective means to tackle climate change. The global voluntary carbon offsets market size is growing exponentially. It is expected to grow at a CAGR of 11.7% during 2021-2027.

- iv. The market cap projections of the voluntary market, domestic carbon market and the Article 6 markets are high and these may together help give the much needed impetus to the industry.
- v. The improvements in the trade and post-trade infrastructure of the carbon market in addition to the rising demand from end-user industries like aviation will also lead to greater consolidation and growth of the carbon market.
- vi. As businesses increasingly understand their environmental and social awareness with greater focus on sustainability, the demand for carbon credits will increase. With greater demand for carbon credits, its pricing will improve and in times to come this will also lead to an improvement in the trade and post-trade infrastructure which will together lead to greater adoption of carbon credits as an offset mechanism.
- vii. The mandatory implementation of CORSIA from 2027 will create high demand for carbon credits by the aviation sector.
- viii. Maritime initiatives is yet another positive step towards rehabilitating the planet that will enable in the growth of the carbon market.

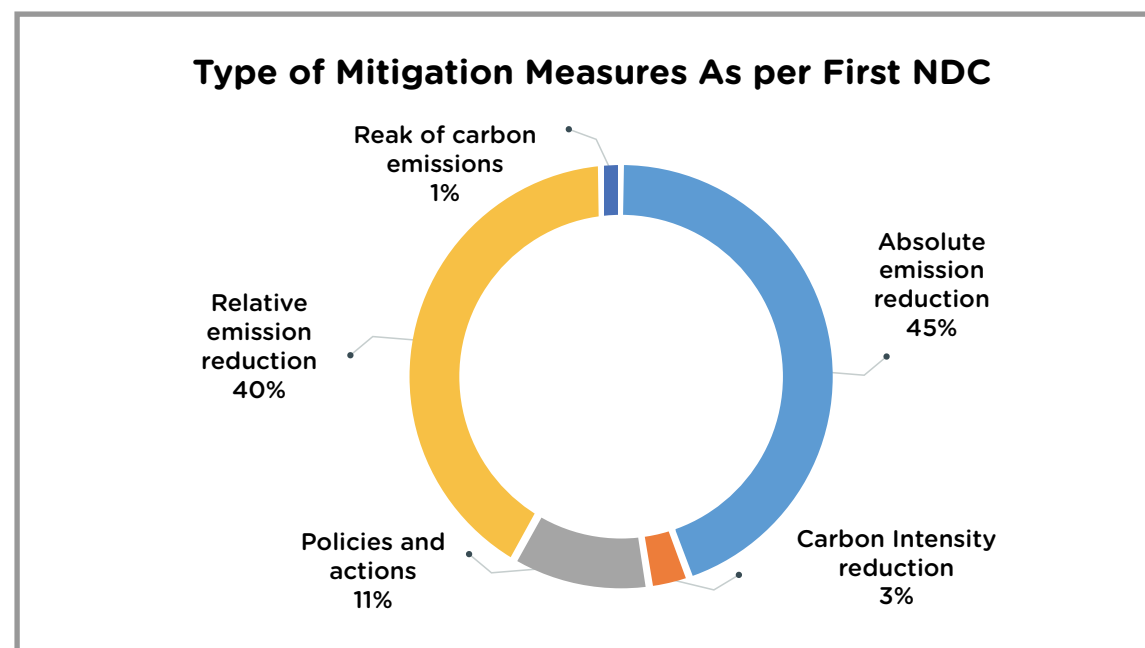
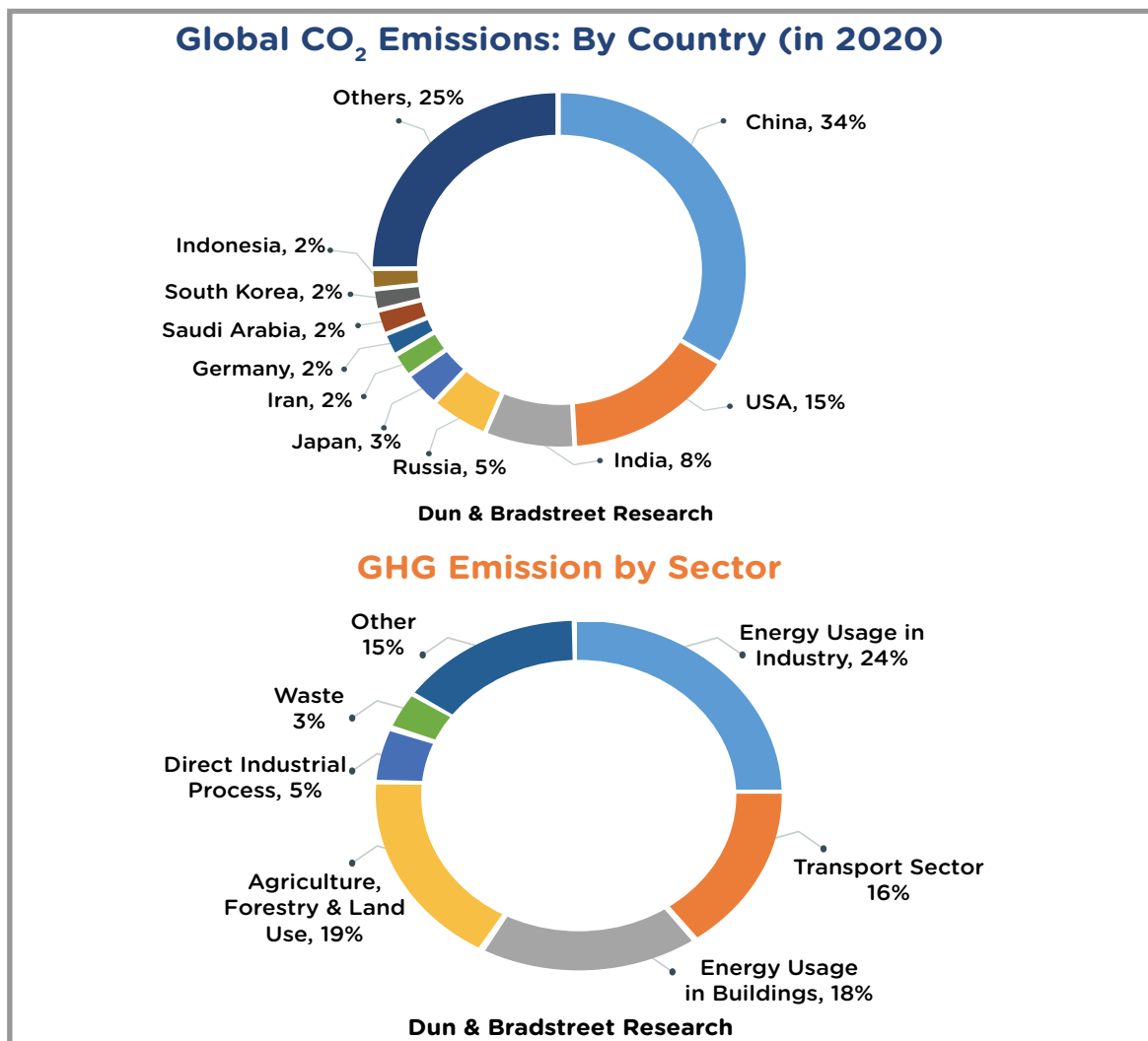
EMISSION REDUCTION WITH NATIONALLY DETERMINED CONTRIBUTIONS (NDCs)

National Determined Contributions (NDCs) - also known as Intended Nationally Determined Contributions (INDCs) - form the core of achieving the ambitious climate change targets set out in the 2015 Paris Accord. These are broad non-binding plans that are prepared and communicated by each of the signatory of the accord and lays out their emission reduction targets, and policies & measures intended to achieve those targets.

The first round of NDCs were pledged during the Paris climate change convention (in 2015), followed by the revised NDCs in 2020. Thereupon the signatories are requested to submit revised NDCs in five-year intervals, irrespective of their implementation milestones / plans. All the 191 signatories of the Paris Accord have issued their

first NDCs, while only half have released their second revised NDC (which was due in 2020).

The 197 countries that are part of UNFCCC account for 97.5% of annual GHG emissions, and out of these 193 countries who have submitted first NDCs accounts for ~94% of annual GHG emission. Hence, in terms of coverage, NDC can be termed as the widespread policy tool used by UNFCCC to mitigate climate change, till date. The mitigation measures outlined by countries that have submitted first NDCs is categorized into five broad segments: Absolute Emission Reduction, Carbon Intensity Reduction, Peak of Carbon Emission, Policies & Actions, and Relative Emission Reduction. More than 80% of the countries have given 2050 as the mitigation target year and have not provided any milestone targets.



CARBON CREDITS MARKET IN INDIA

Although India does not have a formal carbon market, the country is no stranger to carbon credits which it has accumulated through participation in Clean Development Mechanism (CDM) projects.

India is an active participant in the global CDM market, with first such project getting off ground as early as 2005. So far over 1,500 CDM projects have been registered in India, making it the second largest destination after China. This represents little more than 21% of the total CDM projects that has been registered across the world. The abundance of CDM projects mean India was one of the largest recipients of CERs.

India does not have a cap & trade policy. This is compensated by the presence of an array of schemes and mechanisms aimed at reducing GHG emissions.

Despite this, CDM and CER has helped in laying the groundwork for the development of VCM in the country. VCM started as an alternative carbon trading mechanism to CDM, comprising credits from projects that failed to meet CDM compliance either due to high cost involved or rigid rules. Although VCM started as an extension of CDM projects in India, the increasing awareness among Indian corporates to control their GHG emissions as well as launch initiatives to tackle the climate change led to its strengthening. However, compared to developed markets like the US, VCM in India is still in its infancy.

The strong experience in CDM projects has helped India in developing projects that qualify for voluntary carbon credits. This experience gained is reflected by means of a dominance in the voluntary carbon credit compliant projects executed around the world. India accounts for nearly one fifth of

such projects, and till date 186 million units of voluntary carbon credits has been issued in India, of which 95 million has been retired. This meant there is close to 91 million voluntary carbon credits that are non-retired, which is the highest volume in the world. US and China, the second and third in the order has nearly 47 million and 43 million non-retired voluntary credits.

The future demand for voluntary carbon credits is directly linked to the emission control pledges made by the corporate sector. As on date about 1,500 companies in India have pledged to achieve net zero carbon targets, over the course of next three decades (with the end date of 2050). Together, these companies account for nearly 4 Gt of CO₂ emission.

The year 2021 is widely expected to be a landmark year for global voluntary carbon market as it looks to scale more than USD 1 billion in traded market value. Till August 2021 nearly 239 million credits have been traded in VCM.

GHG EMISSIONS IN INDIA

India is the third largest GHG emitter in the world, after China and the US, accounting for approximately 8% of annual global emission. However, per capita basis, India is well below global average. Per capita GHG emissions by India is estimated to be 1.96 tons of CO₂ eq, as against a global average of 6.55.

Between 2010 and 2018, GHG emissions in India have risen by an annual average value of 5.6%, to reach 2.6 Billion tons of CO₂ eq. The annual growth rate fell to 1% in the subsequent year before declining by 7% in 2020 to 2.4 Bn tons CO₂ eq.

The low growth in 2019 was on account of the slower economic growth and associated dip in industrial activity. Decline in GHG emissions in 2020 was a global phenomenon because of dip in economic activity across the world with the spread of Covid-19 pandemic. Considering these two factors, the lower growth rate in the last couple of years can be treated as an aberration rather than a trend.

Although India's GHG emissions remain far lower than average levels in G20 countries, the historical trend present a bleak picture. While the average GHG emissions of G20 countries have been declining, it has been steadily going up in India.

Energy sector is the largest GHG emitter in India, accounting for 68 - 70% of annual emissions. This follows with agriculture, industrial processes, land-use change and forestry. Amongst this, agriculture is estimated to account for 18 - 19% of emissions followed by industrial processes with nearly 6%.

INDIA'S NET-ZERO COMMITMENT

At the COP 26, India committed a net-zero carbon target by 2070. India reiterated on its

climate change commitment, building upon the aggressive goals set during the Paris round of talk. Prime Minister Narendra Modi announced a five-point action plan, labeled as Panchamrit, to combat climate change in the country. The new announcement presents an aggressive approach as it binds India to steeper emission cuts and strict policies. The five point action plan include the Country's definitive target to achieve net-zero emissions as well as emission reduction goals and changes in energy mix.

As per the Panchamrit plan, by 2030 India will:

- Expand its non-fossil fuel energy generation capacity to 500 GW
- Meet 50% of its annual energy demand from renewable sources
- Lower the total projected carbon dioxide emission by one billion tons
- Reduce the carbon intensity of the GDP by 45% over 2005 levels.

In line with this, the country has made reasonable progress for a massive transformation of its energy systems, which is futuristic and also enables strong compliances for achieving global climate change goals.

India has also been aggressively enabling the phasing down of coal. India is amongst the first signatories of the Paris Accord and the INDC published by India states an emission intensity reduction in the range of 33 - 35% of GDP and 40% power generation capacity to be contributed by renewable power by the year 2030.

If India is to meet the 2070 target, the coal-based energy generation in India will have to peak by 2040, thereafter decrease by nearly 99% between 2040 and 2060. Both RE and nuclear energy needs to be scaled up on the same time to ensure the spiraling energy demand is met. According to a study by CEEW-Center for Energy Finance, India will require nearly USD 10 Trillion in total investment to achieve net zero carbon emission by 2070.

INDIA'S INDC TARGETS

India was one of the first signatories of the Paris Accord, who shortly published its INDC thereafter, laying out its path to address the GHG emissions.

India's INDC lists out the following goals:

- (i) Reduce GHG emission intensity of its GDP by 33 - 35% by 2030, as compared to 2005 levels. This represents a 75% increase over its target that was set for 2020.
- (ii) Lower the avoided GHG emissions, under Business as Usual (BAU) scenario, to 3.5 Bn tons of CO₂ eq.
- (iii) Maintain per capita GHG emission lower than the global average, as well as keep the

annual emission levels below global average.

- (iv) Increase the share of renewable power to 40% of total power generated; thereby reduce the consumption of coal - which is the single largest GHG emission source in the country.
- (v) Enhance forest carbon sink by creating an additional sink of 2.5 - 3 billion tons of CO₂ eq by increasing forest cover.

India has not announced any specific target year when its GHG emissions will peak. This provides greater flexibility to pace its emission mitigation efforts while ensuring the strong economic growth is not disrupted.

STEPS OUTLINED TO MEET THE TARGET

- Develop 175 GW of renewable power generation capacity by 2025, which will result in reduction of 326 million tons CO₂ eq. The renewable power generation program embarked by India is one of the largest in the world. On execution these programs will result in increasing the share of renewable power capacity by 33%, over its 2015 levels.
- Solarization of all petrol pumps as well as toll collection points across the Country.
- Development of 25 solar parks, ultra mega solar power projects, canal top solar projects, and distribution of one hundred thousand solar pumps to farmers.
- Development of additional carbon sinks. India will implement Green India mission, green highway project (which involves tree lining of 140,000 kms of roadways), and tree plantation along riverbanks.
- Steps to reduce the usage of wood / biomass as fuel.
- Proposal to allocate USD 6 Billion to state Governments from the compensatory afforestation fund.
- Other policies include REDD plus, National Agro-Forest Policy, Joint Forest Management, and National Afforestation program.

INDIA'S CLIMATE CHANGE JOURNEY INTO THE FUTURE

The topic of climate change has been gaining momentum in India, with major corporates actively considering the environmental impact while doing business. COP 26 saw an aggressive approach by India towards combating climate change. All the five goals outlined by India is ambitious than those agreed upon in Paris Accord. This aggressive approach marks India's seriousness in combating climate change.

This renewed focus towards controlling GHG emissions and moving towards carbon neutrality, with specific milestone / targets brings the much-needed uncertainty in India' climate change policy. This clarity is expected to encourage a broader private sector participation in combating climate change.

In November 2020, in what could be seen as the most significant step taken till date on combating climate change in the private sector, 24 major Indian corporates have signed a declaration pledging voluntary move towards carbon neutrality. The measures to be taken include promotion of renewable energy, improving energy efficiency, green mobility, planned afforestation, waste management & recycling, among others. These measures are in line with the India's NDC as per Paris Accord.

The commitment by 24 of the largest private sector players in India towards carbon neutrality, as well as the expectation of broadening of this base - encouraged by clarity in India's climate change policy - would drive the demand for voluntary carbon credits in the years to come. Assuming the above conditions hold, the annual demand for voluntary carbon credit in India would be in the range of 455 million units and 547 million units by 2030.

THE WAY FORWARD

Carbon markets have been successful in controlling GHG emissions by enabling their trading to achieve the emission limits. In this context, countries are working towards developing domestic compliance markets. China for example, recently launched a national carbon market. In India, the Bureau of Energy Efficiency (BEE) has proposed a draft blueprint for National Carbon Market to reduce emissions and pursue a low carbon path more vigorously. The proposal discusses the present infrastructure of the carbon markets and examines the projected view of an independent National Carbon Market.

In addition, International Carbon Markets with centralized connections to all national registries can play a key role in reducing global greenhouse gas emissions.

HEADING TOWARDS A LOW CARBON FUTURE

The global trend of an increasing number of countries committing to turn this decade into a decade of significant climate action, though is a significant step for climate action, it still requires a drastic and rapid reduction in GHG emissions. While many companies and other organizations can achieve the targets by adopting new technologies and energy sources, a significant number of companies will require carbon credits to supplement their own abatement efforts. A robust and effective carbon credits market would make it easier for companies to locate trustworthy sources of carbon credits, benefitting both buyers and sellers and ultimately, supporting progress toward a low-carbon future.