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October 28, 2024

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 October 24, 2024 and pursuant to Regulation 30 and 46 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, read along with SEBI (Listing Obligations & Disclosure Requirements) (Second Amendment) Regulations, 2021, please find enclosed the transcript of the Investor call held with the Investors/Analysts on Saturday, October 26, 2024 to discuss the unaudited standalone and consolidated financial results of the Company for the quarter and half year ended September 30, 2024.

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
Digitally signed by ITISHA SAHU
Date: 2024.10.28 14:56:51 +05'30'

Itisha Sahu
Company Secretary & Compliance Officer

Encl: a/a

"EKI Energy Services Limited

Q2 FY'25 Earnings Conference Call"

October 26, 2024

MANAGEMENT: **MR. MANISH DABKARA – CHAIRMAN AND MANAGING DIRECTOR – EKI ENERGY SERVICES LIMITED**
MR. MOHIT AGARWAL – CHIEF FINANCIAL OFFICER – EKI ENERGY SERVICES LIMITED

MODERATOR: **MR. HARSHIT KAPADIA – ELARA SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to EKI Energy Services Limited Q2 FY25 Earnings Conference Call hosted by Elara Securities Private Ltd. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harshit Kapadia from Elara Securities. Thank you and over to you, Mr. Kapadia.

Harshit Kapadia: Yes. Thank you, Neerav. Very good afternoon to everyone. We welcome you all for a conference call of EKI Energy Services Limited for Q2 FY25 and H1 FY25 Earnings Call. Today, we have the management of EKI Energy Services Limited represented by Mr. Manish Kumar Dabkara, Chairman and Managing Director and Mr. Mohit Kumar Agarwal, Chief Financial Officer to discuss the earnings results of Q2 FY25.

I now hand over the call to Mr. Manish Kumar Dabkara for the opening remarks. Over to you, sir.

Manish Dabkara: Yes. Thank you. Thank you for having me in the call. So, hello, everyone. I extend a welcome to all of you. We are grateful to have you with us as we discuss EKI Energy Services Limited's performance for the second quarter and the first half of FY 24-25.

Joining me on this call is our CFO, Chief Financial Officer, Mr. Mohit Agarwal. I trust you had the opportunity to review our investor presentation and press release, both of which are accessible on the stock exchange website, as well as on our company's official website.

Coming over performance amidst market volatility, so the carbon markets have seen or observed significant volatility in the recent months almost for the last one and a half, two years which is driven by the regulatory changes and increasing scrutiny of crediting mechanisms. Yet despite these challenges, I am pleased to report that EKI has weathered the storm with resilience and focus. Our consolidated revenue for the second quarter reflects stability with our strong liquidity and cost management strategies have allowed us to remain competitive and efficient in the markets.

Our subsidiaries have also been instrumental in this success. More orders for the Surya Nutan Indoor Solar Cook Stove device, which is the dedicated device of Indian Oil Company Limited, the IOCL and the Oorja Improved Cook Stove and further getting one step closer to our mission of universal clean cooking access increasingly makes it a big part of our operations.

Our power trading division continues to deliver profits further cementing our leadership in the sector and showcasing the resilience of our diversified business model. As EKI power trading enters its first year of operation, we are laying the foundation for a more streamlined and structured business approach with a clear plan to implement these improvements from the next financial year onwards.

So, gradually we aim to diversify our presence in the power sector, expanding our portfolio and driving sustainable growth in the long term. By capitalizing on the growing demand for clean energy, this division has remained a key driver of our financial success.

Amrut Nature Solutions Private Limited, one of the prominent subsidiaries, has demonstrated exceptional performance for this quarter. The strong focus on nature-based solutions, the subsidiaries achievement showcase our comprehensive approach to decarbonization. By diversifying our portfolio across multiple climate-friendly initiatives, we are well positioned to lead this transition to a low-carbon sustainable future.

Coming over navigating regulatory changes, one of the major developments impacting the global voluntary carbon market has been the ICVCM's rejection on several established renewable energy methodologies which were from CDM, VCS, gold standard mechanisms, many of which were there to easing carbon credit issuance for grid-connected renewable energy projects.

These changes have created more challenging environment for the renewable energy projects, especially in the emerging markets like India, China, and Turkey. Having worked on numerous renewable energy projects across the globe, we find the shift in policy to be a complex one for the business and for the industry.

While we respect the need for increased scrutiny and integrity in the voluntary carbon markets specifically at the international level wherein all the buyers are located in the developed economies, specifically the western world, we believe that grid-connected renewable energy projects still play a vital role in the global decarbonization journey, especially in the regions with low-capacity utilization and high distribution costs.

The CCP, that means Core Carbon Principle under ICVCM label, triggers a financial incentive and without that the pace of transitioning to clean energy will slow as renewable energy technologies like wind, solar and geothermal often have higher initial costs with many risks compared to the fossil fuel-based projects or power generation activities. This could reduce the overall growth of the renewable energy sector. With this, this will also stifle innovation. Incentives often provide the crucial funding needed for new technologies to be developed and scaled.

Without them, advancements in clean energy may stall and bring efforts to reduce global carbon emissions. Taking away incentives undermines global climate goals such as the Paris Agreement targets, making it harder for countries to meet their emission reduction commitments under the Paris Agreement. Developing countries in particular rely on these financial mechanisms to build their renewable energy infrastructure.

The removal of incentives coming from the carbon markets or climate finance would deem energy poverty, limit their ability to meet climate pledges and globally inequality in the fight against climate change will do happen. We remain optimistic that there will be future opportunities for dialogue with regulatory bodies at the national and international level, particularly as COP29 (Conference of parties meeting number 29), which is going to happen next month at Baku Azerbaijan approaches and that some of the methodologies will be re-evaluated to ensure a fair and equitable transition to the clean energy.

Growth in carbon markets is a milestone covering this topic. So, despite the regulatory turbulences, our outlook for the carbon market remains strong because these are temporary in nature -- all these turbulences are temporary in nature. The global demand for high quality carbon credits is only set to grow driven by mounting commitments to carbon neutrality and net zero goals by the private parties, not only in developed economies, but now it is getting more and more famous in the developing nations and more stringent emission reduction targets under the compliance carbon markets.

I also bring me great joy to share with you the remarkable milestones in our biomass briquette initiative, superheated by our subsidiary GHG Reduction Technologies Pvt. Ltd. Since April 2024, we have significantly ramped up the production, delivering over 400 tons of bio-briquettes to various buyers who are looking to decarbonize their thermal energy generation requirements. This initiative is an integral part of our mission to offer sustainable alternatives to traditional fuels, especially in rural communities that rely heavily on non-renewable energy sources like wood and specifically coal and other similar sources.

The production of bio-briquettes not only contributes to reducing deforestation, but also plays a crucial role in lowering carbon emissions. These briquettes are created from the agricultural residue or agricultural waste, offering a renewable and eco-friendly energy solution that supports clean energy or clean cooking practices at the rural communities and also it helps to reduce indoor air pollution and improves the health outcomes.

This achievement showcases our commitment to providing scalable, impactful solutions that address both environmental and social challenges. We are excited to continue expanding this initiative and contributing to the global efforts of creating a cleaner, more sustainable future for all.

Our new manufacturing unit in Nairobi, Kenya, an important expansion to our clean cooking initiative across Africa, this facility established in partnership with a local partner MCI Limited, is integral to enhancing our operational capacity and presence on the continent. By setting up production locally, we gain strategic access to a rapidly growing market and optimizing supply chain efficiencies. This move not only reduces logistical challenges but also minimizes costs associated with imports and transportation.

This facility will be key to scaling up production and increasing demand, expand our market share in the region and addressing energy needs sustainably on the continent. Partnering with a local entity aligns with our broader strategy of fostering collaborative relationships that drive sustainable growth, while ensuring local expertise and knowledge are leveraged.

Our clean cooking initiative in Malawi, Africa, which has already reached more than 25,000 households in the country, providing cleaner and more efficient clean cooking solutions, has been granted permission for the project to issue 1.4 million carbon credits by the local government, which would be under Article 6.2 of the Paris Agreement and the credits can be used for the voluntary and compliance applications, not only for countries to meet their NDC targets, for the airlines to meet their COSIA emission reduction targets, and for the voluntary carbon market to get the high integrity voluntary carbon credits. This means not only cleaner kitchen and air quality improvements in the region, but also financial sustainability for the project itself. The carbon credits will provide a revenue stream in reinforcing the project's long-term viability and EKI's commitment to environmental and social progress.

The initiative's success is further strengthened by the local partnerships enabling us to generate profound monetary yields while also making a meaningful impact on both the environment and the local communities. Coming over, building for the future with the EKI Academy. So looking ahead, one of the most important milestones in our journey of EKI as a group of companies, we know that the future of de-carbonization will require new skills, new perspectives, and bold innovation.

That is -- that is why we are pumped to launch the EKI Academy, an initiative designed to equip the next generation of climate warriors with the knowledge and expertise needed to drive sustainability forward. The Academy will offer training in areas like GHG accounting, greenhouse gas accounting, sustainability, and emerging trends like nature-based solutions and extended producer responsibility. It has a lot more to offer and we are confident that this new initiative will fuel a new energy in the operations of EKI.

In conclusion, I would like to extend my heartfelt appreciation to our employees, clients, vendors, shareholders, stakeholders for their steadfast support. Their dedication and commitment have been instrumental in driving our success this far. Thank you for being with us today and the times might be turbulent, but I see progression as I look forward to sharing our continued success and as working together towards a sustainable future.

With that, I will now hand over the call to our CFO, Chief Financial Officer, Mr. Mohit Agrawal, who will provide an overview of our financial performance. Thank you very much. Over to you, Mohit.

Mohit Agrawal: Thank you. Thank you, Manish Ji. And good morning, everyone. Turning to our financial performance for the second quarter of financial year ’24 -25, our standalone revenue for this quarter is INR45.95 crores and reporting profit after tax is INR4.09 crores. Cash flow from operation of the company is INR31 crores after reduction of advances of creditors, realization of inventory, and trade receivables, and other measures taken by our company from time to time. We anticipate substantial revenue booking from cook-a-stove projects due to the issuance of the credits during the remaining period of current financial year, as well as from other clean cooking initiative projects.

We assure you that we are well-liquidated and well financially – robustly financially strong company, and we will stand by throughout this all turmoil. Thank you. Thank you, everyone. And over to Harshit.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask the question may press star and one on their touch down telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentleman we will wait for a moment, while the question queue assembles.

Participants, you may press star and one to ask the question. Ladies and gentleman, you may press star and one to ask the question. The first question is from the line of Sajjan, an Individual Investor, please go ahead.

Sajjan: Congratulations Mr. Dabkara for coming back into the profits after a few quarters. I just want to know what is the revenue breakup of this INR143.12 crores into carbon, briquette, and power trading?

Manish Dabkara: Mohit, can you please support?

Mohit Agrawal: Yes, Yes. I can give you. INR46 crores you can take from carbon, INR95 crores from this one, from power sector. And approximately INR2 crores from briquette, briquette business that is GHG Reduction Technologies Private Limited.

Sajjan: So, this is INR143.12 crores.

Mohit Agrawal: Yes, approximately this is the breakup.

Sajjan: Another thing, what I have seen, how much million unit of carbon has been sold?

Mohit Agrawal: Carbon has been sold, right? So, quantity you are asking, 5 million in first half. During the first half from April to September, we had sold approximately 5.1 million credits.

Sajjan: Okay, 5 million. Another thing what I have seen that this quarter, our other expenses has been reduced by more than INR6 crores. The Q1 was INR17.7 crores and this quarter it is INR11.02 crores. So, this reduction is a long-term type of thing, or it is only seasonal?

Mohit Agrawal: No, it is long-term. I have already mentioned in my speech also, sir. We are taking various reduction methodology like reduction of you can say rental premises or whatsoever we can do in a company to reduce any admin charges, anything so that our company can generate a profit or save the money in this turmoil period. That we are taking care, and this is the result of that only.

Sajjan: So, it is going to sustain?

Mohit Agrawal: Yes, it is going to sustain. You are right.

Sajjan: The last question is the other income also has increased by approximately INR3 crores this quarter? Can you tell me what is this other income, INR5.98 crores?

Mohit Agrawal: Other income is from the treasury function as we are generating a cash, and we were having a cash in first quarter also. That has given a boost to our other income. Approximately INR4 crores we have got from interest and other mutual funds and other NAV parts.

Sajjan: And another INR1.98 crores?

Mohit Agrawal: That is majorly, sir. I will say that approximately INR5 crores from this one treasury function itself only. And another you can say INR50 lakhs amount is from forex exchange and other and very small amount from a scrap or something sale.

Sajjan: So, here also as we are coming into a good positive cash flow, so probably we are going to see a higher other income in the coming quarters.

Mohit Agrawal: Yes, you are right, sir. Yes, sir. This income is going to increase gradually, sir.

Sajjan: Okay, thank you very much sir, thank you. Thank you, sir.

Moderator: **Thank you very much. Participants, you may press star and one to ask the questions.** Next question is from the line of Sandesh Mathre, an Individual Investor, please go ahead.

Sandesh Mhatre: Sir, my question is on a consolidated basis for this power business including the power business. So, I see the profit margin currently being less than 1%. So, is it always going to be like that or how is it?

Manish Dabkara: Since it is the first year of our business and we are trying to gain as much client as we can. So, since we are new in the market of related to the power trading, we are offering our services at lowest as much as we can. So, that is why the margin is lower, but in the coming few quarters, we believe that once we do have a very good position. So the clients like we do have client base of more than 3000 clients across the world. And this new service definitely would help them to decarbonize their scope two emission.

So, definitely we do believe that with the increasing number of clients, with increasing market share within the trading of power markets. So, definitely, it should increase and that is the thing we believe.

Sandesh Mhatre: And the other question I had is for the upcoming COP. Is this a part of the agenda already that this topic of carbon markets will be covered?

Manish Dabkara: Definitely, sir. So, under Article 6.2 and under Article 6.4 of the Paris Agreement, two nations can do trading of carbon credits to meet their national determined contribution goals to achieve their net zero emission targets. And for last before COPs, this specific agenda is one of the prime agenda.

And if you can see the COP 29 website also, they do have a very strong agenda to start carbon markets, international carbon markets within the Article 6 of the Paris Agreement, while clearing or passing all the guidelines, rules, regulations under the meeting agenda items. So, yes, definitely it is one of the prime agenda under the COP discussions.

Sandesh Mhatre: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Mohammad Afroz Khateeb an Individual Investor. Please go ahead.

Mohd Afroz Khateeb: Good afternoon, sir. This is Mohammad Afroz Khateeb. It is nice to speak with Mr. Manish Dabkara sir. Congratulations for recovering all revenue impact. My question is when we can expect Jospong Group and FARI Solutions and other countries' revenue in our upcoming quarter, sir?

Manish Dabkara: Yes. So, we have done the declarations, and we are at the finalization stages while signing the shareholder agreements and further formation of the JV. So, probably during this quarter or probably before the end of the financial year, we would be able to start the business operations through that specific generations.

Mohd Afroz Khateeb: Also, about IOC, sir.

Manish Dabkara: IOC.

Mohd Afroz Khateeb: We got solar cookstoves project from IOC. This PAT and revenue when we can expect?

Manish Dabkara: So, we are getting very good traction because this IOCL Surya-Nutan cookstove is being added by Government of India, MOFCC notification for addition of this technology and Article 6.2 and Article 6.4 of the Paris Agreement. Further, the voluntary carbon markets also do allow the registration, verification, trading of these credits. But since the technology, the cost is very, very high.

So, we are very much dependent on the CSR fund, philanthropic fund, and the Article 6.2, 6.4 support for the investors to invest into this project activity. So, recently as we have also submitted the information over the exchange that from Bill Gates and Melinda Foundation, we have received INR5 crores fund and definitely it will be reflected, the numbers will be reflected very soon in our books.

Further, the projects around 600 cookstoves are going to be on ground in three different states and we are in talk with various Japanese, Korean and other international investors who are very much interested to work with the IOCL and with this specific technology. So, in coming few quarters, we would foresee that we would gain a very good traction for this specific technology.

Mohd Afroz Khateeb: Sir, last question. When in India, carbon market is going to start and how much you are confident about carbon credit business in India, sir?

Manish Dabkara: Sir, there are four different years of the carbon market. One is driven by the International Treaties like Article 6 of the Paris Agreement. Second one is the CBAM mechanism. CBAM that is the International, not International Treaty, but that is the text which would be imposed by the European Union and similarly other developed nations are also looking to impose the similar penalty. The third thing is the CORSIA.

So, these are the first layer is driven through the International Treaty. Second layer is driven through the national laws like in India under the Energy Conservation Act 22; we are going to have two different markets. One would be the compliance carbon market. Second one would be the voluntary carbon market.

So, under compliance market, 9 different sectors had been identified by Government of India and probably in next month or two they will do come up with the list of around 500 different companies wherein the targets would be given to them to reduce their emissions and if they would not be able to reduce then the trading of carbon credits will do happen within India. So, more deepening of the sectors will do happen, addition of the new sectors will do happen in near future.

Further, the offset mechanism that is the voluntary carbon market is going to get established under the same similar this Energy Conservation Act 22. And we are very much optimistic that these two, these three different markets which are going to start in next 6 months to 12 months timeline or before that will do definitely help us to open new avenues to explore and to ensure our growth in those specific sectors.

Further, the international voluntary carbon market in which we worked for last 5 years, 10 years is struggling because of the quality of carbon credit concern and because of the green washing issue and probably with the establishment of this three markets, the 4th market will do also take many learnings and the trust transparency issue will do get over and probably that specific market, international voluntary carbon market will also gain good traction in coming few quarters. So, we are very much optimistic that this three different avenues of the carbon market and the fourth one which is struggling with the specific issues as I mentioned, we would come back with good numbers.

Mohd Afroz Khateeb: Okay, sir. Wish you all the best. Thank you so much, thank you so much for your time.

Manish Dabkara: Thank you.

Moderator: Thank you. Next question is from the line of Mr. Prabhu, Individual Investor. Please go ahead.

Prabhu: Thank you for giving me the opportunity. So, I have two questions with respect to the segment reporting which has been reported in the consolidated financials. So, the first one is on the trading segment part. I could see the segment expenses is more than the revenue. Could you please explain what is the nature of the trading segment and also why expenses is higher?

Mohit Agrawal: Can I explain you, sir?

Prabhu: Yes.

Mohit Agrawal: In segment reporting we have our own generated segment and trading segment. Own generated segment that means the credit which we are generating from our own project. If you will see the balance sheet, you will find that there is a capex item of approximately INR100 crores in our books where you - from where we are generating the cookstove credits which we are showing separately in a generation segment first.

Second trading segment is where we are doing the trading of carbon credits from the projects which is owned by other owners like Adani, Greenko whosoever is our client. Okay. So, that is where that's why you can see that there is a loss – in a gross loss. We are making profit at a cumulative basis, but on a trade-to-trade basis. Hello, is it audible?

Moderator: Yes.

Mohit Agrawal: So, in that way we are booking some of the losses. That is the reason, there is a losses of 6,000 minus 8,000, approximately 2,500 lakhs.

Prabhu: So, in that case, the INR100 crores of inventory which we have, so will there be, will it be incurring the future losses from those INR100 crores?

Mohit Agrawal: No. Right now, whatever the inventory is there, that is approximately INR91 crores, which is fairly valued as of now and we are following the valuation method is NRV and cost whichever is lower, and all the inventories are fairly valued in this quarter on a market value that is NRV, Net Realizable Value. That is why we do not believe any further losses in, from this quarter onward, but still that is a market. We will see in that, but in last 1 month, we have not booked any losses in selling the credits from inventory.

Prabhu: So, in the next questions, we have cash portion of around INR150 crores in our balance sheet. So, we just wanted to understand how we are going to put in use of those cash balances and what would be the ROE which we can expect from that?

Mohit Agrawal: Our other income is the function of that cash flow itself. You can check that also. And we are deploying those funds in a well manner and through our own treasury policy, through our own reverse monitoring process. However, in the long term, if you will ask, no doubt those funds will be used for the business only.

Prabhu: Okay, sir. Thanks. That is all I have. Thank you.

Moderator: Thank you. Next follow-up question is from line of Sajan, Individual Investor. Please go ahead.

Sajan: Mr. Dabkara, thank you again for giving me opportunity. Can I know this impact of this ICVCM rejection order for this renewable energy? How this can impact the EKI energy?

Manish Dabkara: Sir, ICVCM, you know, had come up with the principle called as core carbon principles. And under this CCB principles, all the programs like VCS, Gold Standard had applied for getting the approval and already they have passed the same. Further, for the renewable energy projects that they had rejected because they had first approved the landfill gas projects or methodology or category, you can say.

Then, ultimate substances category had also been approved by them. Further, gas leaking systems or the projects which do come under the pipeline gas leak reduction category had also been approved. But recently, they had disapproved whatever the way the projects used to get registered from the renewable energy domain under the VCS and Gold Standard specifically.

So, they had rejected that the way the projects are getting registered is not aligned with the CCB principles. So, now VCS and Gold Standard again are working towards revising their criteria. Once that will be approved within VCS and Gold Standard system, it will be then approved by the ICVCM. Further, it will be approved by, then further, once it will be approved by the ICVCM, then further all the projects which are already registered for last 10 -15 years, they need to migrate based on the criteria that would be set by the VCS and GS.

So, all this process definitely will do take almost 1-2 years and once the criteria that will do come from VCS and Gold Standard, we would be able to evaluate what is the clear impact based on the ICVCM decision and how many number of projects are allowed to get migrated. If they are allowed, then the prices, we would be able to get better prices. If it would not be allowed, then the credits would be called as non-ICVCM label credits, and their prices will be less than the CCB label credits. So, we have to wait for coming few quarters to get the clear information from the regulatory body that means ICVCM.

Sajan: Okay. So, you mean to say that it will improve the price if it is approved by the ICVCM in a later stage?

Manish Dabkara: Definitely, because those credits which would be approved by the ICVCM, CCB label, if the projects are getting ICVCM, CCB label, then those projects would be called as high integrity carbon credits and definitely the prices would be better as compared to the non-ICVCM label credits because there are different buyers which exist in our market, some are price sensitive, some are quality sensitive. So, for the quality sensitive people, they would be buying ICVCM label credits. For people which are price sensitive, definitely they will go for non-ICVCM label credits. So, whole market will not get shifted directly from this one, only CCB label credits, but definitely the demand would be there. But we have to see in near future how the market will do react over this segmentation.

Sajan: But overall, whatever carbon credit units we are having through this renewable energy, you will be able to sell it but at a lower price.

Manish Dabkara: Pardon, sir?

Sajan: Whatever this carbon credit units will be having in stock through this renewable energy, if this is not approved also through ICVCM, then also you will be able to sell it but at lower price.

Manish Dabkara: Definitely sir, definitely because VCS and gold standard, they are still doing the registrations, they are still doing the verifications and still the credits are coming into the market. Only for the people who are quality conscious or who are looking to get VCMI rating system, then definitely they would be looking for only CCB label credits. But in near few quarters, we have to see how the market segmentation will do happen, that means how much demand will do come from the CCB label domain and how much would do remain for the non-CCB one.

Sajan: Okay, one more question, last question. Since last, I believe 2 years, we are seeing a poor demand and the lower prices prevailing in the voluntary carbon market. So, how do you see the immediate future of the prices and demand of VCM?

Manish Dabkara: Yes sir, as I have mentioned, during the last session that there are four different layers, out of which three layers, that means international compliance, national compliance, national voluntary do not exist as of now, that will get established in next 6 to 12 months timeline, which I do foresee. Further, the voluntary carbon markets in which we work, international voluntary carbon markets in which we work, wherein the developing nations or the companies like us who are located in developing nations are the sellers, and the companies who are located in developed nations are the buyers.

So, once these two concerns, quality and green washing issue will do get over, then it has been estimated by various different agencies, which you can, which is also available over the Google, that the market size as of now is less than a $1 billion globally, but it is being anticipated and it should be in between $10 billion to $200 billion in next coming 6 to 7 years.

That is only for the international voluntary market and remaining three markets which do not exist as of now. So, all cumulatively, it will do create as per the market research reports available over the Google, it would do create a $1 trillion industry in next 5 to 10 years timeline. So, for any company, for any nation, if they are looking to become a carbon neutral or net zero company or nation, for the residual emissions, they need to buy carbon credits and that the carbon credits are the final solution for anyone, who is looking to decarbonize their company, supply chain or country.

So, the future is very, very bright for our industry and we are very well positioned at the present point in time.

Sajan: Okay. Thank you, Mr. Dabkara. Thank you very much.

Manish Dabkara: Thank you.

Moderator: Thank you. Reminder to all the participants, you may press star and one to ask a question. Next question is from Rajiv Jain, Individual Investor. Please go ahead.

Rajiv Jain: Yes. Good afternoon. Thank you for giving me the opportunity. My question is regarding this Surya Nutan Stove. Does this have any role in terms of revenue contribution in the company?

Manish Dabkara: Sir, recently, a few months back only, we have signed an MOU with IOCL, exclusive MOU to work with the help of carbon market. We have to raise funds for that specific technology and also, we do have our own manufacturing set up there at Nashik wherein we would be doing manufacturing further with the help of our partners.

We will be doing distribution. So, the whole package, service package, we would be giving to the investors coming from CSR domain, from philanthropy or from article 6.1 to 6.4. And we do, we are very much optimistic that in near few quarters, we would be able to get good contracts for this specific technology, which is quite associated with the compliance carbon, international compliance carbon markets.

Rajiv Jain: So, how this business will contribute to the revenue of the company? Through carbon credit only or do we have any?

Manish Dabkara: We would be getting the comprehensive EPC contracts from the investors coming from various domains. So, we will do manufacturing, we will do distribution, we will do registration, verification, and issuance of credits, which either we would be able to sell. Finally, once the credit will be issued, we would be able to sell and bring in the revenue for our investors, the project level investors.

And further, if the investors who are looking to trade by their own or if it is required for their internal compliances, for example, if someone is located, any company is located there in Japan and if they do have the compliance target and they can also buy the international offsets, international compliance credits under article 6 of the Paris Agreement.

So, they can meet their targets with the help of such kind of credits. So, that is how the credits will get positioned in the compliance and voluntary carbon market. So, majorly the investors would come from the carbon markets and at the second level may also come from the philanthropic funds or CSR funds.

Rajiv Jain: **Okay** and what is the quantity of the inventory in terms of carbon credit at the end of this quarter?

Manish Dabkara: Mohit?

Mohit Agrawal: Yes, 8.7 million.

Rajiv Jain: 8.7 million? Okay. And the last question is, what is the expectation from COP 29, which is in next month is in Baku? What is the expectation?

Manish Dabkara: As I mentioned during the last question that once all the regulations or the guidelines, rules, regulations, guidelines will get passed by all the nations during the negotiation at COP 29, article 6.2 market will get strengthened and article 6.4 market will get started. So, these are the two expectations we do have from COP 29.

Moderator: Thank you. Reminder to all the participants, you may press star and one to ask the question. Next question is from the line of Nimesh Sundar from ASK Investments. Please go ahead.

Nimesh Sundar: Yes. So, on a first question is on a macroeconomic level. So, I just wanted to understand like so far in the US, the Biden-Harris administration, they have a favourable view on the climate change. So, if Trump returns to power in the next election, then how do you foresee the impact on the international carbon credit market and also for us as a whole, because America is one of the major drivers of climate change.

Manish Dabkara: So, as you know, during the last 10 year of Trump, he had ordered to withdraw US from the Paris Agreement during year 2017. And while having three years during 2020, US came out of the Paris Agreement, but Biden again signed this Paris Agreement treaty during '21. And then the whole traction or high traction that was there during year 21-22 because of one of the reason was USA again came back into the Paris Agreement and voluntary carbon market had given very good response for the same.

If he will do come back into the presidency position, for example, then whatever the actions which are happening there at USA will do definitely get impacted. We need to understand how it will do get impacted because there are two different markets which used to exist. As I mentioned during the last questions also, there are four different layers.

One layer is because of the Article 6 of the Paris Agreement and as present point in time, USA is not doing anything related to the buying of carbon credits in the Article 6. So, there would not be any impact for this specific market, which is going, which is about to come. Further, they do not have any national compliance system.

They do not have any government. Recently, government had endorsed the establishment of the voluntary carbon market or recognition of the voluntary carbon market within USA. The fourth is international voluntary carbon market wherein 40% of the credits which are being developed within the developing economies like India, China, 40% credit goes to Europe, 40% goes to the US, Canada and the remaining 20% used to get consumed by all the nations, by remaining nations, which include all developing and developed.

So, if USA will do come out from the Paris Agreement, for example, then there would not be, we do not see any impact because the compliance market, two compliance market international and national do not exist there in USA at the present point in time also. Further, the voluntary carbon markets definitely will do survive because governments do not usually govern international voluntary carbon markets.

This is the market, which is driven by, because the companies are looking to improve their ESG rating, because companies are looking to have their sustainable supply chain, because the companies based in USA need to compete because of the peer pressure within the European Union. They also look to become carbon neutral net zero.

So, there are various different reasons wherein the voluntary, the demand for the voluntary carbon credits used to be there and it will not definitely impact whatever the position that would, that the new president may have after this election. So, we do not foresee very minor impact would be there, but not significant one….

Nimesh Sundar: Thank you so much sir and all the best.

Manish Dabkara: Thank you.

Moderator: Thank you. The next question is from line of Lalit Agarwal from Krishna Agencies, please go ahead.

Lalit Agrawal: Thank you, sir, and good afternoon.

Manish Dabkara: Good afternoon, sir.

Lalit Agrawal: Sir, you have spoken that you have the INR8.7 million carbon credit in stock right now. So, what is the value of this carbon credit?

Mohit Agarwal: INR91 crores,

Lalit Agarwal: And can you bifurcate how much is generated during this financial year and what was the stock last year?

Mohit Agarwal: Major stocks are from 2019 onwards, but I do not have any ready data as of now, year wise.

Lalit Agarwal: Approximately can you tell the percentage?

Manish Dabkara: Sir, if you can email, the information is not available as of now, but you can, if you can email, we will be happy to share looking over the compliances.

Lalit Agarwal: And can you share the average selling price of the carbon credit during this financial year, during this half year?

Manish Dabkara: As of now, Mohit as of now in the international carbon markets, the prices for the renewable energy credits are ranging in between USD0.5 to USD2, depending on the volume, country of origin, vintage, program, there are various different factors because of which the prices used to change. So, we could not divide the turnover that we have achieved by the number of….

Lalit Agarwal: Average selling price during this quarter or first half of this current financial year?

Manish Dabkara: So, that will not give us the correct information because each credit is unique in nature, and we cannot average it out. But definitely we can divide the turnover which we have achieved from the sale of credits divided by the number of credits which we have sold. So, how much it would be, Mohit, do you have the data?

Lalit Agarwal: Can I have the breakup of the last two, three quarters, the carbon credits sold, average selling price?

Mohit Agarwal: Mr. Agarwal, we can give you everything, you can drop a mail, but for your information, we have clocked INR87 crores a standalone turnover during this first half, against which we have sold 5 million credits. You can generate the numbers from there, 87 divided by 5 million.

Lalit Agarwal: Okay, right, so it comes to an average around INR170.

Mohit Agarwal: INR 170, that means INR2.5 crores, you can say.

Lalit Agarwal: And the valued you carbon credit today is INR91 crores, and we divide this by INR8.7 million. This 8.7 million carbon credit is around 100, you estimated in your books.

Mohit Agarwal: Yes, that's why I told Mr. Agarwal, that our inventory is fairly valued as of now, against the market value. Yes.

Lalit Agarwal: We can expect this change in inventories, this is reddening down your profit, every quarter, plus 5 quarters will be stopped in coming 1-2 quarters.

Mohit Agarwal: We can't give the guidance, but our management is working towards that the balance sheet should be in positive shape, our bottom line and top line should be on a growing path.

Lalit Agarwal: Standalone also we can be positive.

Mohit Agarwal: Standalone also, Yes.

Lalit Agarwal: Thanks a lot, sir. Thank you.

Mohit Agarwal: Thank you.

Moderator: Thank you, the next follow-up question is from line of Mr. Prabhu an individual investor, please go ahead.

Prabhu: Thank you for giving me the opportunity, sir. I wanted to check on the non-current liabilities. So, major of this portion will be contract liabilities, like of this INR195 crores. So, I just wanted to understand, these would be recognized as a revenue in the future years. So, there are two questions, one is that, based on the segment revenue, which has been reported, whether we can expect a similar margin percentage of around 70% of margin? That is first question. And what is the timeline in which this will be recognized as revenue over a period of time?

Mohit Agarwal: As I told you that we have started issuance of the projects, carbon credit. In last quarter itself, we have booked INR3.3 crores of revenue out of that contract liability. And we are expecting that the total, whatever the amount lying in that, as of now, will get reversed or will get rebooked in next three to four years' time horizon. But it totally depends on the issuance. If the issuance happened in particular quarter, then only it will get reversed.

Prabhu: So, can we expect a margin of around 70% which has been reported in the current period, like for instance?

Mohit Agarwal: See margin, 70%, we can't say. But accordingly, the cost will also be reversed, which is lying in a contract asset, on the asset side of the balance sheet. That will go hand on hand. And that will be in the range of somewhere around 40% to 60% kind of thing, depending on the particular projects, particular cost involved in that project. That's why, I can't give you a ballpark number as of now. It totally depends in that particular contract basis only.

Prabhu: The 40 to 60% which you had mentioned, is it cost or is it margin, sir?

Mohit Agarwal: It will, see, if the cost is 60%, the margin will be 40%. That means, that's why I'm telling to you, it depends on contract-to-contract basis, which contract is coming in particular quarter, we have to reverse contract liabilities and contract asset in that manner only. That's why I can't comment on the ballpark number of the margin as of now.

Prabhu: Okay, sir. Thanks. I got it. Thank you.

Moderator: Thank you. We'll take the last question from the line of Sandesh Mathre an individual investor. Please go ahead.

Sandesh Mathre: So, my question is in reference to the collaboration we have with WOCE. How much is that contributing to the vision of EKI and how much is that contributing in terms of revenue?

Mohit Agarwal: As of now, WOCE is in incubation period, and they are in discussion with multiple clients in India as well as outside India. We are expecting the revenue from them by the next quarter itself. But as of now, they are not contributing significantly in our consolidated balance sheet.

Sandesh Mathre: Okay. Thank you.

Moderator: Thank you very much. I now hand the conference over to Mr. Harshad Kapadia for closing comments.

Harshad Kapadia: Thank you, Neerav. We would like to thank the management, Mr. Manish Kumar Dabkara and Mr. Mohit Kumar Agarwal for answering the questions on a very promising note and giving a very strong outlook. Wishing you all the best for the future. And any closing remarks, Manish, do you want to tell your investors?

Manish Dabkara: So, as I mentioned earlier, the market is still there in the turbulent stage. And in the coming few quarters, with the establishment of three different layers related to compliance and voluntary market. We are very much optimistic to come up with very good numbers. So, thank you very much for all the support to all the stakeholders of the organization. Thank you.

Mohit Agrawal: Thanks to all the stakeholders for their support and for their confidence on us.

Moderator: Thank you very much. On behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.