



एमएसटीसी लिमिटेड

(भारत सरकार का उपक्रम)

MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring
INDIA

MSTC/CS/SE/541

3rd June, 2024

1. The Dy. Manager (Listing)
BSE Limited
PhirozeJeejeebhoy Towers,
Dalal Street, Mumbai 400 001.
(Scrip Code: 542597)

2. The Manager, Listing Department
National Stock Exchange of India Limited
Exchange Plaza, BandraKurla Complex
Bandra (E), Mumbai 400 051
(Scrip Code: MSTCLTD)

Dear Sir/Madam,

Sub: Transcript of Conference Call with the Investors/Analyst

The Company had organized a conference call with the Investors/Analyst on Tuesday, 28th May, 2024 at 12:00 Noon IST. A copy of transcript of conference call held with the Investors/Analysts is enclosed herewith for your information and records.

Copy of aforesaid transcript is also hosted on company's website www.mstcindia.co.in.

Thanking you,

Yours faithfully,

For MSTC Limited



(Ajay Kumar Rai)
Company Secretary & Compliance Officer

Encl: as above

www.mstcindia.co.in / www.mstcecommerce.com

पंजीकृत कार्यालय : प्लॉट सं. सीएफ 18/2 मार्ग सं. 175 एक्शन एरिया 1 सी न्यूटाउन कोलकाता 700156 प.ब.

Regd. Office : Plot No. CF18/2, Street No. 175, Action Area 1C, New Town, Kolkata-700156 W.B.



**“MSTC Limited
4QFY24 Earnings Conference Call”
May 28, 2024**



MANAGEMENT:

Mr. Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited

Mrs. Bhanu Kumar - Director Commercial, MSTC Limited

Mr. Subrata Sarkar - Director Finance, MSTC Limited

Mr. Ajay Kumar Rai - Company Secretary, MSTC Limited

MODERATOR:

Mr. Deep Modi – Equirus Securities

Equirus Securities : Ladies and gentlemen, good day, and welcome to Q4FY24 Earnings Conference call of MSTC limited, hosted by Equirus Securities. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Deep Modi from Equirus Securities. Thank you, and over to you.

Mr. Deep Modi : Thank you. Good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to Q4 FY 24 Earnings Conference call of MSTC limited. From the management we have with us today, Mr. Manobendra Ghoshal, Chairman and Managing Director, Mrs. Bhanu Kumar, Director Commercial, Mr. Subrata Sarkar, Director Finance, and Mr. Ajay Kumar Rai, Company Secretary. We will begin the call with the opening remarks from the management and then we can open the line for questions and answers, I now hand over the call to Mr. Manobendra Ghoshal. Over to you, sir.

Mr. Manabendra Ghoshal: Good Morning, everybody. It's a pleasure being connected with you here today. FY 24 has been a steady year for MSTC. Business volumes have remained largely similar to the previous year in the major sectors like coal. There has been an increase in iron ore, a marginal decrease in scrap, E sales have had its cyclical dip due to the absence of spectrum auctions during FY 24, which had pushed up the volumes in FY 23.

Revenue was also flat lined, with revenue from scrap being adversely affected due to fall in both volumes coming up for disposal, as well as average market prices having gone down over the year, and therefore auction revenues were also down in this segment by about 10%. Coal block auctions were about half the number as of FY 23. And also, as I mentioned, the fact that there was no spectrum auction in the year caused a dip.

On the positive side, Iron ore auctions, ELV auction volumes, property auctions. All of these showed significant gains. Revenues were maintained generally around the FY 23 levels, there have been increase also in employee benefit costs, which were higher on account of industry wide wage revisions. So, looking at consolidated financials, it's been a reasonably good year for the group with FSNL's performance being, standing out the group revenue levels as well as PBT showing an increase of about 4% year on year for consolidated basis. A similar trend has been there in the, year on year for Q4 results for the entire group, though, the revenue was largely flat.

We intend to use FY 25 as the year for consolidation of our traditionally strong areas, and to reach out into sectors where we haven't yet ventured into, mainly with respect to more comprehensive bundled offerings. We have also embarked on a very ambitious plan for building and enhancing capacity in terms of domain expertise, both in terms of manpower and in technology. We are quite confident that this approach shall show tangible results, tangible benefits, in Q3, Q4 of FY 25. I'd like to hand over to Mrs. Bhanu Kumar, Director Commercial for her remarks.

Mrs. Bhanu Kumar: Yes, Good afternoon, everybody. The key highlights of the performance for the year 2023-24, more or less, our CMD has already touched upon, the operational

performance volume wise, if we see we have done about Rs. 1, 41,586 crores of business, that is the value of goods that has been transacted through our portals and our financials if you see, then we have done about Rs. 961.37 crores as revenue, vis a vis the revenue of Rs. 879.17 crores in 2022-23. This is on a consolidated basis, and the PBT has been Rs. 340.18 crores in 2023-24 vis a vis Rs. 329.18, in 2022-23, that is about 3.34% high. For Coal mines we have done about 20 coal mines blocks which have been successfully allotted through the auction for commercial mining. For major mineral blocks also, it has been quite a successful year as far as this sector is concerned. And very recently we have signed the agreement for major mineral block auctions in the state of Bihar and Uttarakhand. We are expecting that these will culminate to business in this financial year.

The Ministry of Mines had, ambitiously hosted the auctions for critical mineral blocks. So out of the 18 blocks that were put up in the first tranche, six blocks were successfully sold off. We expect that, in this year, we will be able to sell the remaining blocks. The highlight of the performance has been the NPAs of the various banks that are being sold to our portal. More than 10,000 nos. properties have been sold, which is quite a record by itself. In properties, we have witnessed another big tranche of events for the Hyderabad Metropolitan Development Authority. Almost Rs. 7500 crores worth of, the properties have been sold in our auctions. In Udaan also, we had successfully conducted three rounds of auctions for the regional connectivity scheme. Plantation lease is something that we have been embarking upon for quite a few years, and, new addition to that is the Odisha State Cashew Development Corporation have successfully allotted about 4000 acres of cashew plantation on lease. Regarding financials, I will request my colleague, Director Finance to speak about, Thank you.

Mr. Subrata Sarkar : Good afternoon, everybody. As our CMD and Director Commercial explained, it was a flatter trajectory. But before I explain the financials, I would like to say that this year we have gone for a new tax regime with 25.168% of effective tax rate instead of 34.944%. Due to this, we have to restate the deferred tax asset and accordingly, the effect of this on PAT is Rs. 37.06 crore. So effectively, if we nullify this effect, our PAT is around Rs. 208 crore, as compared to Rs. 239.23 of last year. So far as revenue is concerned, total revenue has grown from Rs. 498.01 crores to Rs. 519.28 crores. In this marketing part is Rs. 123.89 crores and e-commerce is Rs. 364.09 crores and others is little bit lesser i.e. Rs. 31.30 crores from Rs. 33.58 crores. And with that PBT is down by 9% from Rs. 313.48 crores to Rs. 284.44 crores. PAT is Rs. 171 .91 cores. But as I already explained, because of that Rs. 37 crores adjustment, this has happened. Otherwise, it would have been Rs. 208 crores as compared to Rs. 239.23 crores of last year. EPS is Rs. 24.42 as compared to Rs. 33.98.

In the consolidated part, our revenue has gone up from Rs. 879.17 crores to Rs. 961.37 crores. And, this is mostly, powered by the growth, of course, from, our 100% subsidiary FSNL, where, you can see the scrap recovery and allied job has grown up from Rs. 414.16 crores to Rs. 467.73 crores. JV has suffered a little bit of loss because of low intake and availability of the vehicles for scrappage. And, with that, the consolidated profit, has gone up from Rs. 329.18 crores to Rs. 340.18 crores. And, the PAT of course if you add that Rs. 37 crores odd, it is almost on the flatter side.

But now the figure is Rs. 204.37 crores as compared to Rs. 241.96 crores of last year. EPS is Rs. 29.03 as compared to Rs. 34.37 of last year.

And so far, the P&L is concerned our revenue from operations in a standalone basis it is down from Rs. 324.72 crores to Rs. 316.25 crores. Other incomes are up from Rs. 173 crores to Rs. 203 crores. And in the expenses part also, a major increase is in the employee benefit as our CMD has explained earlier. This is because of industry wide wage revision, but we expect that afterwards there will not be that much of fluctuation. It will be a normal increase due to certain increase in the inflationary part. And the provisions and write offs, basically it has a both way effect on the other income also and write up also. It has got no effect bearing on the P&L, and this year no provisions has been created. Again, I repeat, no provision has been created from, bad and doubtful debts and advances. Other expenses have shown little bit of increase from Rs. 32.03 crores to Rs. 36.41 crores. And with that, total expenses comes to Rs. 234.85 crores to Rs. 184.52 crores. And profit before tax is down from Rs. 313.49 crores to Rs. 284.44 crores and with that tax expenses gone up by around, 50%. So it is because of that Rs. 37 crore effect on deferred tax, PAT Rs. 239.24 crores to Rs. 171.91 crores.

In the consolidated part, we are of course on a flatter trajectory, so far revenue from operation is concerned i.e. from Rs. 750.82 crores as compared to Rs. 720.97 crores increase because of the increase mainly in the revenue from operations in our 100% subsidiary FSNL. Other income has shown a little bit of increase. And, with that, expenses, our PBT has gone up from Rs. 329.18 crores to Rs. 340.18 crores. A little bit of increase because of that FSNL affect. And PAT, of course, is down from Rs. 241.96 crores to Rs. 204.37 crores, again due to that Rs. 37 crore effect on deferred tax.

And in the way forward, MSTC will enhance the user experience by automating the processes offering value added services. New business models will also be developed to cater to the market requirements, with focus on private sector using latest technology. So now I would like to hand over the call to Equirus team for further queries and answers.

Equirus Securities : Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touch Tone 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 gentlemen, we will wait for a moment while the question queue assembles. We'll take a first question from the line of Rushabh Arsha from Anubhuti Advisors LLP. Please go ahead.

Mr. Rushabh Arsha: Thank you for the opportunity. Sir, my first question is, with respect to the recent, I think, amendment in the object clause where you even inserted objectives like data center and, I think, fintech and recycling business. So what exactly are we planning in those segments, can you throw some light on that?

Mrs. Bhanu Kumar: I'll take that question. Regarding the focus on recycling and data center business, what we intend to say is, we want to, you know, utilize the state of the art data center technology that we have. And we do have some surplus capacity, which can definitely be monetized. And given the experience that we have gained in the past, about 2 to 3 decades, we would like to offer infrastructure as a service. So towards this end, we are already as in his opening remarks, our CMD has said that we will be having state of the art technology, technology upgradation and probably expand our, focus on, the, you know, the infrastructure that we have, hardware and software both. So, you know, we would like to, monetize the surplus capacities and efficiencies that we have in the system. That is as far as data center is concerned.

Then, regarding recycling business as, see, we have two, revenue streams in from the recycling of ELVs. One is by way of, our, you know, partnership in the JV with Mahindra where the recycling activity actually happens. But then we have also launched a portal for sale of all ELVs in the country that hasn't seen much traction, though the trend is quite good, and we expect that this will grow many fold in the coming years. So here, once the system is accustomed to recycling the ELVs, we would see more traction happening in this area. Apart from ELVs, we would also like to focus on other materials that can be recycled. We are still in very nascent stage working on all those proposals. So maybe in the coming, meetings/interactions, we will be able to update you in a more specific manner.

Mr. Rushabh Arsha: Okay, So just wanted to add on to this thing. So I think for financial year 24, if I see the Cash flow statement, you have done, CapEx of roughly Rs. 132 crores. So, is this regarding the whole, this data center, capacity expansion, you needed this extra slippage.

Mr. Subrata Sarkar: So regarding Cash flows, capital expenditure is a big, outflow, of course. It is partially, yes. We are trying to have some offices, somewhere else, other than our main data center. So, we can utilize that space for future expansion in this particular business. Of course, the space will be utilized for the business augmentation and marketing purposes also. So not directly as such, in the true sense, in the hardware and software particularly that amount has been spent, rather it is being spent on other infrastructure. And, we will be gradually spending in the coming years to augment that. Meanwhile, we have spent on strengthening our Calcutta data center also, with some latest equipments which were required and software. So, it is a mixed bag, sir.

Mr. Rushabh Arsha: Okay, So, just a final question on this part. So, from when can we actually expect some sort of revenue inflow from data center business. Can we see some part of this in FY 25 itself?

Mr. Manabendra Ghoshal: May I take that one! You see, it would not be very fair to put an exact time or exact prediction as to because it is a revenue stream, which is, in any case, already there to a certain extent. There would be naturally, the more capacity gets built up, the more, physical infrastructure keeps getting supplemented, So revenue streams then starts increasing on those areas. But this is as, we pointed out, that this is, a sector where we have seen a lot of promise and possibility, and which is why we, have intended to go into this in a bigger way than we are doing at this point.

Mr. Rushabh Arsha: Obviously, I think being an only PSU which has expertise in this space, I think you can very easily capitalize on this. And Sir just one last final question from my side, I think we heard from Railway Ministry that they will be scrapping out a large number of trains, basically, which will be replaced by Vande Bharat series. So are we by any chance, working on, railways on scrapping of those old trains? And, if it is, then how much revenue potential can we see from that space going ahead?

Mr. Manabendra Ghoshal: That is something that the railways would be able to better answer because, you see, the railways have their own, disposal systems in place. So that is not really a question that we would, you know, that you should ask us.

Mr. Rushabh Arsha: But by any chance, are we working with them on any space?

Mr. Manabendra Ghoshal: We would be open to looking at all kinds of possibilities of collaborating. As of the moment, no, we are not in that space.

Rushabh Arsha: Okay, Sir. Thank you.

Equirus Securities: Thank you, before we take the next question, we'd like to remind participants to press star and one to ask a question. The next question is from the line of Anant from Mount Infra Finance. Please go ahead.

Mr. Anant: We charge revenue on percentage of value basis for scrap and iron ore. Are there any other commodities where we charge revenue on value basis and not event basis? Because, for example, for mineral blocks or coal blocks you are charging revenue on event basis.

Mrs. Bhanu Kumar: So if you see our e-sale revenues a part of it is on percentage basis and a part of it will be on event basis. Basically, what happens is, other minerals apart from iron ore and coal, we are giving it under the head of e-sale and all the forest produce like timber, teak wood, red sandals, all of it is on percentage basis. Now, as we had clarified earlier also the percentage depends on the scope of services and the volume of business. So, we for each client and each kind of product, we do have a different model, different revenue stream.

Mr. Anant: Okay, My next question is, you said you saw some traction in the ELV business. Could you quantify that? The number of government vehicles coming through your portal, or the average price and the percentage charge on each vehicle?

Mrs. Bhanu Kumar: You see, scrapping of vehicles is not totally in our hands. The government has made a formal policy, and they are, you know, pushing it to the extent possible. But it doesn't happen overnight. When you scrap a vehicle, you need to have the budget to acquire a new vehicle. So, apart from that, for scrapping, you also need to have good infrastructure, good ATS facilities all across the state. And, you know, a lot many factors are involved in scrapping a vehicle. So as and when this entire ecosystem gets developed, we will be having more traction in the ELV recycling business. Now it is only having a very steady flow. Though exact number that we can say, there are so many vehicles which will be coming in this year or so, and so there must be, you know, millions, at least 2 million vehicles, as on date, which are ELVs all

across the country. But definitely all of it is not going to be or cannot be scrapped overnight. So, it's going to take a few years at least.

Mr. Anant: No, ma'am, that wasn't my question. My question is the government vehicles which have been, portrayed as scrap. How many of those vehicles have come across to you up to date? You would have a number because over 15 years, as the government has made a rule, all vehicles are supposed to be scrapped to your portal. So, I'm just trying to understand the number of vehicles till date that has come to your portal. As of last year, I remember it was around 2000 odd. So, I just want to understand that number and the average price and the percentage you are charging.

Mrs. Bhanu Kumar: As far as the numbers are concerned, I do not have it readily. As far as the percentage is concerned, it is on a percentage basis. But there again, you know, there are different ways in which we are scrapping something that is coming as a ELV that is, going into our ELV portal and that is how we are, auctioning it. But there are some parts and there are some obsolete material of scrap.

Mr. Anant: Ma'am any average percentage would be, any average percentage, just a rough number.

Mrs. Bhanu Kumar: It was very difficult for us to spell out the average percentage. As far as the numbers that you were talking about, total number of vehicles sold is about 37,000. Government vehicles mostly. Out of this, the central government vehicles is about 21,000 and state government vehicles is about 15,000. There are some transport corporations which are dismantling the vehicle and selling only certain parts of the vehicle. So that is not added to this.

Mr. Anant: Okay and could you give me just a figure of how much of these Vehicles have come through to the JV with Mahindra, say out of 37,000, just a rough number.

Mrs. Bhanu Kumar: It is of about 250-300 crores or so, averaging it out would not be fair because, there will be a lot many two wheelers, a lot many will be busses or cars or something. So you can't simply be averaging out the number, Right?

Mr. Anant: I'm just asking you the number of vehicles that have come through to MMRPL, because I understand that they have to bid as well, because it's a RVSF.

Mrs. Bhanu Kumar: MMRPL is also getting vehicles through auction system through our portal. They are not getting any vehicle directly apart from the tie ups that they have with automakers or the test vehicles or 1 to 1 tie up with some institutions. Apart from that, they are procuring mostly from our portal, from the retail segment also, i.e. the Mahindra vehicles, the channels that they have. So apart from that, major procurement is happening through our ELV portal only. They are competing with other RVSF and they are getting the vehicles.

Mr. Anant: Okay, ma'am, Thank you so much.

Equirus Securities: Thankyou, We have a next question from the line of Bhavesh Kanani from ASK, please go ahead.

Mr. Bhavesh Kanani: Ma'am, In the last quarter's earnings call, you had promised us that you will share details regarding the size of opportunity in various segments we are operating in. And you had mentioned that in the next call, that is this one, you will help us understand various business opportunities available to you in better detail. Can you please share that?

Mrs. Bhanu Kumar: Of business opportunities as we have spelt out in our MOA. That has been, recently we talked about, first thing is we would like to offer infrastructure as a service, monetize the assets that we already have. Second thing is we would like to augment on the property sector that we have recently entered just a couple of years back, we had entered the sector and we see good promise in this area. Then of course, minerals, we have been the biggest player for quite many years. So all the mined minerals, we would definitely not just in the government sector but also in the private sector. We would like to sell through our portal and we would also like to give value added services, not just auctioning it off. Maybe, something like logistic arrangements, insurance, actual door delivery, sampling, all those things are there in our mind and these are areas in which we will work upon. Apart from that, our traditional scrap business, we do have lot of scrap coming through from the public sector and the government sector, but the private sector is still an untapped area. And the concern in that area is mainly the systems and processes that we have for the government sector probably doesn't suit them. They want quicker the timelines and the milestones will have to be a lot quicker than what we have. So maybe we are thinking of having new business models for them. So, these are areas that we are working upon right now and any other opportunities that comes our way, definitely. And apart from that, the government projects that are there, where we may customize softwares for them. That is, again, a very focus area for us because that is how we are going to learn and adopt new technologies.

Mr. Bhavesh Kanani: Ma'am related question is if you can share what kind of revenue mix we may be looking at, let's say three years down the line.

Mr. Manabendra Ghoshal: May I take that one? We were talking about, essentially a kind of revenue mix in terms of, the way forward. So at the moment we have, somewhere to the tune of maybe 45 to 50% of business from scrap, maybe about 30 to 35% of E-sales, E-procurement and others. And the balance would be made up by minerals. So this is the kind of product mix that we are working in at this point of time. We would be looking to add certain other products. Once the pie increases, that, part of the scrap would get supplemented by other product, new areas, which what we had talked about, for example, data center, virtual data services, as well as other software offerings, which we would be looking at as a supplementary upstream and downstream activities to the basic options.

Mr. Bhavesh Kanani: This last one from my end. Given the revenue mix you have shared, clearly scrap business is the largest segment for us. And as Ma'am was saying, we want to tap the private sector clients as well. Ma'am, alluded to a few things related to turnaround times, which are demanded by the private clients. But other than that, what are the steps we are taking so that the scrapping related business growth can be accelerated.

Mrs. Bhanu Kumar: Basically, the business model itself, we are planning to have a new product for the private sector. We don't have anything, any readymade solution where the turnaround time will be much less and a lot more activities can be done by the seller

himself rather than being dependent on us. So for that, we have to enhance our capacities as well as give lot more facilities and access to the portals. So that we are building upon. Definitely, with that, we are hopeful that the volumes will also increase and the revenue stream also from the private sector, we will see quite a good growth.

Mr. Manabendra Ghoshal: I'd also like to add a little bit here, like I talked about in my initial speech, when I, mentioned that we are embarking on a major capacity building exercise. So that is both in terms of manpower as well as in terms of technology. So, this is the kind of technology that would make user interfaces easier.

Mr. Bhavesh Kanani: Any more details you can provide on the, let's say, human resource side, the team would have built for tapping the private clients.

Mr. Manabendra Ghoshal: As far as the marketing part of the interface with clients, is concerned that we have a very strong team, which has built up MSTC's reputation, till all this time. We are supplementing in the areas of newer technology, which is where we intend to build up a base so that we can offer customized solutions to the client as per their requirements. So it's not going to be something that this is the kind of product that we have off the shelf. And, that is the standard offering that we would like to give. We would like to go to a client with a customized solution, understand his requirements, develop the solution in-house to the extent possible and supplement with partnerships and give it to him as a very user friendly, usable product. That is the approach we have.

Mr. Bhavesh Kanani: The last bit on the cloud, ma'am mentioned that, you know, we have spare capacity there and we would like to offer that to, you know, external entities. How big, you know, is the spare capacity and what kind of revenue we can generate out of that.

Mr. Manabendra Ghoshal: You ask us to put numbers to it. But, as I said, capacity of hosting, users requirements and users data on our website, It is a continuous process that is a model we have been working on. And naturally, as you go down the line, you enhance your capacities, you strengthen your own systems, So that is a part of it. Suffice to say that we have adequate capacities for our requirements at this point of time, and we have been adding on to the extent that we anticipate additional requirements coming in from clients.

Mrs. Bhavesh Kanani: Wonderful, sir. Thank you, Thank you for all the responses.

Equirus Securities: Thank you, ladies and gentlemen, to ask question. Please press star and one on your phone now. We'll take our next question from the line of Atreya Pal, an individual investor. Please go ahead.

Mr. Atreya Pal: Yes, My question is, I understand that there is quite a lot of penetration of e-commerce in government, B2B sales, and we are seeing that in the growth of financial numbers. But can you give us a sense of what is the share of e-commerce in total government B2B sales, and is that growing over time?

Mr. Manabendra Ghoshal: Well, it's a very difficult question because this is a kind of data which is not really there in the public domain as to what the extent of our total government business which is there, this is not something which is generally been compiled.

Mrs. Bhanu Kumar: No one has done this kind of a study as to what is the total potential of e-commerce business, especially government business that was transacted on paper can definitely be done through e-commerce. So that kind of resource mapping has never happened. It's very difficult for us to put a number to the what is our share.

Mr. Atreya Pal: Understood as we are deeply entrenched in this segment. So, can you give us a, I just wanted to know, I just wanted you to give us a sense of share of e-commerce growing over time?

Mr. Manabendra Ghoshal: It is definitely the way forward because that is the direction over the last 15 years that not only government, but in general business has shifted over from the physical format to the E format in a lot of areas, such as particularly procurement, auctions. So, as far as, these two activities, these two major activities are concerned, over the next ten years, we would have a substantial part of the business being transacted electronically.

Mr. Atreya Pal: Understood, Thank you. I have one more question. Can you give us a sense of who you are competing with, for the auctions that you are participating with and what competitive advantage does MSTC bring to the table?

Mr. Manabendra Ghoshal: I'm glad you really asked that question. As far as competition is concerned, I would say that as far as the PSU space is concerned, we are probably the only people who, offer this, major e-commerce as a service. And as far as, competition with everybody else in the market is concerned, there is almost a nobody who offers the full gamut, the full range of services that is offered by MSTC. Most of our competitors would offer basically just the auction as a service, not the upstream and downstream parts that go into making it a complete service for the customer, right from building up their requirements, helping them create the auctions and right up to the final last mile points.

Mrs. Bhanu Kumar: We do have some advisory role as far as the scrap disposal is concerned, or even minerals and other materials. But, I would here like to point out that now the government is thrusting for use of GeM, especially for procurement, Of course, it has become mandatory now. For forward sale GeM has come up with a standard portal. So we'll have to see how much of business actually gets transacted there, but the kind of services that we are offering that is not available with any government or with any, private sector portal.

Mr. Atreya Pal: Thank you. And is the business growing in the private B2B e-commerce segment as well? What has been your journey there?

Mrs. Bhanu Kumar: Absolutely! We started off with sale of scrap for some big entities in the private sector. But now we are in a position to sell their iron ore and other minerals. So going forward, we definitely expect that the sale from auctioning, especially from the private sector, will go up.

- Mr. Atreya Pal:** Okay, Thank you. I joined the queue for further questions.
- Equirus Securities:** Thank you, we have a next question from the line of Kethan Atole from Robo Capital. Please go ahead.
- Mr. Kethan Atole:** Hello Sir. Thank you for the opportunity. I wanted to know what is our scrappage capacity currently. And do we plan to commission, new capacities any time?
- Mrs. Bhanu Kumar:** I think you are referring to our JV company MMRPL, which is actually into the scrapping business.
- Mr. Kethan Atole:** Yes
- Mr. Manabendra Ghoshal:** So at this point of time, the JV that is MMRPL has seven RVSFs and which is adequate capacity for, in fact, the current load that we, anticipate as well as for the anticipated load for maybe the next couple of years and as and when the capacities get saturated, setting up further facilities would be a continuous process.
- Mr. Kethan Atole:** Got it. And can you give a revenue and margin guidance for next, FY 25 and 26?
- Mr. Manabendra Ghoshal:** I'm sorry. Could you repeat that, please?
- Mr. Kethan Atole:** Can you give revenue and margin guidance for FY 25 and 26?
- Mr. Manabendra Ghoshal:** It is not really fair to talk about numbers, but we are looking at growth naturally. And, we, with the kind of the capacity building that we have been doing over the past some time and the outlook for the market itself, we would expect there to be a healthy growth in all the parameters.
- Mr. Kethan Atole:** Okay and just last question. So, if you can give how much commission did we earn on the 37,000 vehicles that we sold through our portal? So, can you give that number?
- Mrs. Bhanu Kumar:** See, as I said, it's a mixed bag. So it depends on volume, the kind of services that we give. So we can't be giving any kind of numbers as to what we earn from the sale of 37,000 vehicles. All this is in a clubbed format.
- Mr. Manabendra Ghoshal:** Let us say that it was as per the industry norms. In fact, we are very competitive in that sphere.
- Mr. Kethan Atole:** Okay, Got it. Thank you so much.

Equirus Securities: Thank you, ladies and gentlemen, to ask a question, please press star and one on your phone. Next question is from the line of Rakesh, an individual investor. Please go ahead.

Mr. Rakesh: Hello, sir. You recently made a few changes in the MOA relating to e-commerce and fintech. So, what exactly do you plan to do? As far as these things are concerned.

Mr. Manabendra Ghoshal: Rakesh, we started off basically as a canalizing agency for scrap. So, the MOA, which had been there, was essentially designed as a physical auction agency and a canalizing agency. Now, over a period of time, MSTC has morphed into an e-commerce platform, and that is what we wanted to bring our MOA and AOA in line with the kind of work that we have been doing over the last 10-15 years and not legacy prior to that. And also, since we are delving, more into e-commerce and associated bundled value-added services. So, to enable ourselves to be able to do that. That was the purpose of the change, the modification and amendments that we, put in in our MOA and AOA.

Mr. Rakesh: Great! Sir, regarding fintech?

Mr. Manabendra Ghoshal: Fintech is, of course, an area that all services do have an upstream and downstream, additionality. So, these are also areas that we will evaluate when we look at other offerings.

Mrs. Bhanu Kumar: Some kind of fintech is already clubbed in our services for implementing the kind of activities that we are undertaking. So maybe going forward, we can offer that as a service also. So as of now, we are using fintech technology for our own activities, for our own e-auction services.

Mr. Rakesh: Okay, Regarding the data center, you mentioned that there is excess capacity and which you want to offer as a service or infrastructure as a service. So, the plan, of the company was to get into this business only because you had spare capacity.

Mrs. Bhanu Kumar: No, that was during our interactions with our various clients, especially the smaller and medium sized clients, we saw that they didn't want to invest heavily on the infrastructure, you know, buying servers and keeping their data. So that is one opportunity we thought will definitely be bringing some revenue for us as well as we will be able to utilize our excess capacity.

Mr. Manabendra Ghoshal: And apart from this, MSTC has built up a reputation for transparency and data safety, which is an area where there are a lot of our clients, particularly government clients who are very concerned about. So that is why we saw an opportunity, because that is where we can leverage the fact that MSTCs systems are considered very strong. They are certified as strong, and therefore clients are quite comfortable placing their data on our servers, this is something that we should leverage.

Mr. Rakesh: Okay. So, in the data center business you'll be competing with the likes of AWS, Microsoft Azure. These are global players in billions of dollars of investment.

Mr. Manabendra Ghoshal: Our capacities are much, much smaller. And, this as I said, we would be basically leveraging the fact that MSTC systems are considered very strong and transparent. So those kinds of clients who would have data which have, optimum sensitivity, there would be certain government clients who would not be comfortable having data in any other third-party servers. So those are the kind of people that we would cater to in the initial stage.

Mr. Rakesh: Got it. So, regarding scrap income, what percentage is generated through customers in the private sector?

Mrs. Bhanu Kumar: It depends on the scope of services. If somebody is offering scrap just to find out the rate from the market and we do have value added services, we do handle this business up to delivery. So based on what is our scope of services it varies from client to client. And of course, the volumes also. Somebody is giving me just two crores worth of scrap and somebody is giving 200 crores, obviously, I will have to have different slabs for different volumes.

Mr. Rakesh: Got it. So, madam, my question was that out of the total e-commerce revenues generated. So it is, 314 crores this year or 306 crores, one of these figures. So what percentage of that was scrap? So, which is normally around 45 to 50%. So let's assume around 50% of scrap, Yes, So say around 150 crores were generated through the scrap income. And what percentage of that comes from the private sector.

Mr. Manobendra Ghoshal: So we are looking at somewhere around maybe 10 to 15% at this point of time.

Mrs. Bhanu Kumar: Yes, about 10, 11%.

Mr. Rakesh: Okay Sir, one last question was regarding the steep increase in the employment costs. It has gone up by 27% from 69 to 88 crores. So, any particular reason, although you did touch upon, that there was increase, industry wide increase, but can you please share more details?

Mr. Subrata Sarkar: If you look at the financials, so you will see that last year there was we had written back one provision of around five crore. So, the comparison is not that steep if we add that thing. So, the increase is around 13 to 14 crore of course. And industry wise now means there were some wage revision spending that was already available in the annual report that we had given a note under the balance sheet, the wage revisions of the non-executive employee and of course, some facilities given to the executives were under revision. So that has been implemented.

So, we hope afterwards there will not be this type of jump, but the jump will increase on two things. One is the inflationary pressure on the basis of which the day rates are divided. Again, the discounting rate through which the retiral benefits are decided. These two factors will decide the future increase. But of course, that will be normal. And, of course we have a wage revision due in 2027, because every ten years government, revises the wages. So that effect will also come into subsequently.

Mr. Rakesh: Okay, Thank you. Thank you so much.

Equirus Securities: Thank you. We have a next question from the line of Satish Kumar from Wealth Aggregator Financial Services. Please go ahead.

Mr. Srinivas Reddy: Yes, Good afternoon. I'm Srinivas Reddy, So, regarding this, as you remember, I am old shareholder more than ten years old, and I need a few clarifications regarding these provisions and write offs are, we have been informed earlier that the last two year's concalls that they are done with. But again, this year, they have crossed 100 crores. Can I get a clarification on that?

Mr. Subrata Sarkar: Yes, I am just clarifying it. It is basically we have written off bad debt this year of around 100 plus crore. So, it is the provision even you see that other income part also that has been increased because of that and for that it is a two way entry. No effect on the profit and loss account. There is no effect. We again say, there is no provision charged on P&L this year. It is merely a book entry because we have written off one bad debt for which provisions were created earlier in the year, and this year no provisions has been created.

Mr. Srinivas Reddy: So we can expect these things are done with or in the future again this write offs might be there in the future.

Mr. Subrata Sarkar: First, Reddy sahab, let me explain you that Write offs have no effect on the profitability of the company right now, number one. Number two, apprehensions regarding charge on P&L due to bad debts, provisions, so that much I can say that the marketing part is already over. That part has been done away with. There will be, of course, very minuscule provisions because in a business environment where you generate a revenue of 300 crores around, there will be some minuscule provisions. We have got a provisioning policy in place. So we make conservative thing, but that will be very, very minuscule and will not have major impact on the profitability of the company. So, this year we do not have any such provisions. So accordingly, trends will go, but even if it is there, it will be very, very minuscule. I repeat, very, very minuscule.

Mr. Srinivas Reddy: Okay. My second question is regarding this FSNL disinvestment. So, what is the progress? And, are you expecting in this financial year at least, to be happening?

Mr. Subrata Sarkar: Let me answer your second question first. So, this is all dependent upon the government of India, which is being taken care of by DIPAM. DIPAM is the wholly and solely deciding authority on this matter. Second thing, if we look at the DIPAM website, so UI has already been finalized. So that is the progress that is available in the site and that is in the public domain. You can also access and see from that. So, we have got that much of knowledge available with us also sir.

Mr. Srinivas Reddy: Okay! But regarding the other most important, in the last few years, our both revenue and sales are getting stagnated. There is no structural growth, whereas other e-commerce companies are growing at much faster pace of 30%, 40%. But we are not able to scale our business in terms of profitability or the sales revenue also, either one thing goes up or the other one will go down and, marketing and other things. So is there any long term, structural plan, I mean, path, the management has for the secular growth possibilities.

Mrs. Bhanu Kumar: So, you are talking of, you know, 30%, 40% growth in e-commerce, mainly in the B2C sector, where, you know, the consumers are now largely using these facilities rather than going to the shop and buying in person. But as far as government business is concerned, it is mainly the natural resources that are getting auctioned. So, there are lot of policy directions, a lot of procedural aspects that have to be taken care of. So that kind of growth can never happen overnight as far as government business and in B2B scenario, especially. Again, if you see, in the year 2019-20 our e-commerce revenue was in the range of about 183 crores, 20-21 it showed a steady increase to 202 crores and in 21-22 there was a jump by about almost 30%. Mainly because of this major mineral block, coal blocks and, lot of iron ore that got sold. So, when the policies and the market conditions favor these volumes and the revenue streams go up. It cannot happen that every year you see a growth of 30% to 40% in this type of business, especially B to B. So, 8% to 10% is something that we have been witnessing which is average and which will we expect to continue.

Mr. Srinivas Reddy: Okay, Thank you.

Equirus Securities: Thank you, We have a next question from the line of Kamlesh Jain from Lotus Asset Managers, Please go ahead.

Mr. Kamlesh Jain: Yeah, thanks for the opportunity. Just one on the part of the presentation

Equirus Securities: May I request you to use your handset mode, please.

Mr. Kamlesh Jain: Yeah, I'm on handset only, Am I audible now?

Equirus Securities: Yes, please go ahead.

Mr. Kamlesh Jain: Yeah, So just on the part of your results, like if we see the presentation and the clarification which you have provided on the other income and the provision side But if I go through the presentation, it's just a statement of facts. No clarification, no other information has been provided how the earnings have moved. Like if I see the marketing revenue, it has gone up from 455 crore to 107 crore. But if I see the EBIT, it has fallen from five crore to four crore and same way e-commerce like say, there is no explanation how the earnings move, how our business model is panning out. What is our like, say, in the last quarter You are guiding that You are focusing on the infrastructure, on the real estate business, how we are focusing on different businesses, how our earnings trajectory would be going forward. There is no clarity on that, that particular part. Even on the presentations on the historical data as well, it's very difficult to culminate that how the earnings are flowing through by on the basis of the, your reporting, like the data as well. So how we are going to place our entire business model going forward? Because honestly, over the last three, four years, it's very difficult to take a call how our business is going to flow out in the coming years.

Mr. Subrata Sarkar: Sir, question is well taken because, you see, it is very difficult so far, we are basically e-commerce service provider with different kind of segments that we are working on so far, If we book a revenue from operations, so, only one source of revenue is the service charge that we earn from our customer. And time and again, we explain to our esteemed investors about the way that we are going on. In every investor call we are saying this, but the basic still that you have rightly pointed out like, in the past years, we are basically e-commerce service provider and basic rate earner is of course, we are dependent upon the scrap revenue and other e-commerce thing. And just now our director commercial explained like there were some growth in between, when we get some windfall because of certain e-auction that is being allotted and some scrap prices get spurred in the scrap prices, so that is the point. But even it is not possible for giving explanation in the financial statement to each and bit and bit of our because it comes to us from our e-commerce segment. B2B also, it comes from our n number of customers. So, it is very difficult for that way to explain, but so far future outlook is concerned, we are talking about in this investor call also. So, I will now hand over to our CMD to talk about some future outlook that is happening.

Mr. Manabendra Ghoshal: One thing I wanted to say is that when you look at e-commerce as a business, it is necessarily sector agnostic. So, there would be some sectors which would be performing differently year on year. And, as far as e-commerce opportunities in those particular sectors are concerned, they can vary widely. What is important is that we are able to look at opportunities in terms of the type of e-commerce product that we offer and categorize those types into segments, which is why, I mean, at some point of time, there might be a major increase in property sales in some other year because of regulatory differences there may be a lot of, let us say, mineral blocks coming up for auction. So those kinds of changes are always going to be there. But it is the kind of product categorization which we can do, which is what our reporting is always going to be. It is not necessarily going to be the same sector year on year. Well, that is one part of it. Now, as far as the way forward is concerned. The basic product that all e-auction or e-commerce platforms provide has been basically either

E-procurement or E-auction. To be able to enhance the overall, business scenario, it's essential that we add on services which are prior to the point of either procurement or auction and also, post the process add in components like the fintech, the deliveries and the downstream activities which would enable the customer and the buyer and the seller to basically interact only at a single platform at a single point of time. So those are the kind of value-added services and offerings that we are looking at, talking to other people who are experts in those particular domains, and then trying to deliver a product which would be an amalgamation of all of these.

Mr. Kamlesh Jain: What we can do one thing like in the presentation for our clarity, you can at least provide your revenue breakup from different sectors, because that would give much more clarity to us that how a particular sector is important for us. Because honestly, this presentation doesn't add any value to us because the data which you provide is data on various websites.

Mr. Manabendra Ghoshal: As I said, this also is not something which reflects an e-commerce platforms performance, because an e-commerce platforms performance is a reflection of how the particular sector is performing, and those sectors can vary from year to year.

Mr. Kamlesh Jain: But at least we can provide a sector breakup for each quarter or yearly because it would give much more clarity to us. Because honestly, like how your marketing revenue pans out e-commerce, it doesn't add much value to our thought process because over the last five, three, ten years, like the way our revenue has been out, like from March 2014 from 55,200 crore revenue, we are at like say around 316 crore revenue for the year as a whole.

Mr. Manabendra Ghoshal: In fact, a kind of product that the company has shifted from.

Mrs. Bhanu Kumar: Vertical in fact. The business vertical itself has changed. If you see, about 10-12 years back in our financials, we have been reporting a lot of revenue from our trading segment, and probably e-commerce was almost non-existent, except for some scrap sale that was happening here and there. But, because of the inherent risk in the business model and the kind of huge provisions that we made about five years back, we had to slowly withdraw ourselves from that business vertical. And today we are focusing only on the e-commerce business vertical. So, if you see our presentations, we have categorically stated that these were our business verticals and this is what we are going to do. We are going to have more focus on the e-commerce sector and probably some focus on the recycling sector. But trading, definitely we are not pushing and we are not going to do any transactions under that vertical. So, if you compare ten years back and now there is probably no reasonable comparison.

Mr. Manabendra Ghoshal: Because the kind of businesses are totally different. May I ask the director finance to take further.

Mr. Subrata Sarkar: If you have a part of our IPO presentations, during our presentations in the IPO, we categorically promised our investor that this business we have already decided to leave away. And right now, while answering the question to one of our esteemed investors, we categorically said, this is foregone. And all the provisions has been done away with. Now if you can go through the last few investor meetings where we have categorically told, the only segment in the marketing is left is that the business backed by guarantee. So, whoever provides us the bank guarantee of a schedule bank, we do the business with that particular customer. So, it is 2019 when we went for an IPO, that is a paradigm shift in the focus. So, that is already been explained number of times. If you can see the annual reports also if you see the chairman's speech also, Sir. But your suggestion is well accepted and of course we will from the next presentations we will also clarify that the marketing business has been tapered down for the sake of clarity and the transparency to the investor. Sir, well accepted suggestion, sir.

Mr. Kamlesh Jain: Yes, thanks for that. And lastly, can you provide, sector wise breakup of e-commerce revenue?

Mr. Subrata Sarkar: Right now, basically we do not, as in my opening remarks, for us it is basically, we capture it as a service charge. So, for us it is a client wise, not sector wise. We tap suppose let us take an example, I have a client X, he has got mineral, he has got scrap, he has got something different product, he comes to us say I want to dispose of. He wants to dispose of some bulk goods, he wants to dispose of his scraps. We do the jobs and services as per our model. And we record the revenue as a service charge. It is very difficult that way to predict accurately what minerals fetched what amount of service charge. It is very difficult so far as accounting is right now. But going forward, as we have said, if our business grows and it grows beyond a certain limit, obviously we will look at capturing those data also in our accounting system.

Mr. Kamlesh Jain: Okay, Thanks a lot, sir.

Equirus Securities: Ladies and gentlemen, we'll take that as last question for today. I would now like to hand the conference over to management for closing comments. Over to you, sir.

Mr. Manabendra Ghoshal: At the end of this, call, I would like to express our gratitude to all the advice, all the questions which has given us a set of guidance for the way forward, advices on how else and how better we can take our company forward, your company forward, for performing even better over the coming quarters. And, also a very hopeful prognosis that over the next few quarters we should be able to see a healthy growth in all the parameters. Thank you very much.

Equirus Securities: Thank you, on behalf of Equirus Securities. That concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Safe Harbour: The transcript for the Investors' Call has been made for purposes of compliances under SEBI (Listing and Disclosure Requirements) Regulations, 2015. For the transcript, best efforts have been made, while editing translated version of voice file

for grammatical, punctuation, formatting, others etc., that it should not result in any edit to the content or discussion. The audio recording of transcript is available at website of the company, viz., [www.https://www.mstcindia.co.in/](https://www.mstcindia.co.in/). In case of discrepancy, the audio recordings available at website of the company shall prevail. This discussion contains based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, are reasonable and may include forward-looking statements. Forward-looking statements involve known and unknown risks, contingencies, uncertainties, market conditions and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company or industry results, to differ materially from the results, financial condition, performance, or achievements expressed or implied by such forward-looking statements. The Company disclaims any obligation or liability to any person for any loss or damage caused by errors or omissions, whether arising from negligence, accident, or any other cause. Readers of this document should each make their own evaluation and assessment of the Company and of the relevance and adequacy of the information and should make such other investigations as they deem necessary.