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(भारत सरकार का उपक्रम)

## MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring  
**iINDIA**

MSTC/CS/SE/585

14<sup>th</sup> November, 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 Monday, 11<sup>th</sup> November, 2024 at 12:00 P.M. 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](http://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](http://www.mstcindia.co.in) / [www.mstcecommerce.com](http://www.mstcecommerce.com)

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

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



“MSTC Limited  
Q2 FY '25 Earnings Conference Call”  
November 11, 2024



**MANAGEMENT:** **Ms. BHANU KUMAR – DIRECTOR (COMMERCIAL)**  
**MR. SUBRATA SARKAR – DIRECTOR (FINANCE)**  
**MR. AJAY KUMAR RAI – COMPANY SECRETARY**

**MODERATOR:** **MR. DEEP MODI – EQUIRUS SECURITIES**



**Moderator:**

Ladies and gentlemen, good day and welcome to MSTC Limited Q2 FY '25 Earnings Conference Call hosted by Equirus Securities. As a reminder, all participant line will be in 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, you may signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Deep Modi from Equirus Securities. Thank you, and over to you, sir.

**Mr. Deep Modi:**

Good afternoon, everyone. On behalf of Equirus Securities, I welcome all to Q2 FY '25 Earnings Conference Call of MSTC Limited. From the management, we have with us today, Ms. 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 will open the line for Q&A.

I now hand over the call to Ms. Bhanu Kumar, Director (Commercial). Over to you, ma'am. Thank you.

**Ms. Bhanu Kumar:**

Thank you. Good morning to all of you, and I'm really we appreciate that the investors are showing keen interest in the company's activities and you asked very pinpointed questions during these calls. So first of all, I would like to give you the key highlights that happened during the second quarter of this year.

So the main highlights being that the 100% subsidiary of MSTC that is FSNL, it is under sale, you almost have been aware of it. The transfer is supposed to be closed within 60 business days from the date of signing of SPA. The SPA was signed on 24th October 2024. Now as far application Ind AS shown as noncurrent assets held for sale in stand-alone financial and profit shown as income from discontinued operations and consolidated financials.

As far as the operational performance of MSTC is concerned, during the H1 '24-'25, the company crossed INR 476.16 billion in terms of value of goods transacted through its e-commerce and marketing verticals. The financial performance standalone, the PBT stands at INR 111.50 crores in H1 vis-a-vis INR 158.99 crores in H1 of '23-'24.

PAT during this period was INR 83.48 crores in comparison to INR 113.08 crores during '23-'24. The consolidated financial performance is PBT of INR 108.72 crores as against INR 136.40 crores in the last year and PAT of INR 118.29 crores vis-a-vis INR 105.95 crores in the corresponding period last year.

The key highlights for the better important projects that we are undertaking that we continue to undertake since last year are the spectrum auctions. We are managing the e-bidding portal for allocation of the spectrum, then the coal block auctions, of course, various tranches have already been carried out, and it is still under some more events are happening. Mines and mineral block auctions are also happening and various states from various points of time have advertised for sale of these mineral blocks.

The Exim platform that we have developed is very robust, and it is being actively used by the oil marketing companies, especially Indian Oil and ONGC Group of Companies. Then the Deep portal, which we had started almost 5, 6 years back, it's a very stable portal that is being used by the DISCOM for their PPU's.

The upcoming projects which we have very recently backed are the important one being the FM width radio wavelength allocation that will be done by MSTC. This will happen, and it is expected to happen in the last quarter of this year. Then we also have a contract from the Kendriya Police Kalyan Bhandar. This is actually a project driven by Ministry of Home Affairs for digitization of retail operations of KPKB. This also is likely to start by the end of this year. Then the e-auction of sale of timbers from Chhattisgarh Forest Department is also a very promising venture for us. This also the auctions are expected to start in this quarter. The listing portal for the NPA properties, which are not under the public sector banks, that is for the rural bank, private, cooperative banks and other institutes. That also is already almost ready, and it should be operational anytime soon.

We are also now thinking for operating infrastructure as a service. We have been talking about it in the last year also. But now we are seeing that the modules that we developed for our clients, we are offering the infrastructure facility also for that. And these are available in sectors like recycling, mining, e-commerce, etc.

Then we have created an ERP for the mineral sector, where our presence and our activities are quite large. So we are doing a lot of pre-auction activities and post-auction activities and integrating with the databases of our clients. Now we have also bagged a very major scrap sale agreement with BPCL, which was earlier done by some private entities, but now they have given this to MSTC. Now these are certain ventures, which we expect will be giving us good revenue in the coming months. Thank you.

Now for the financials, I'll hand over the call to Mr. Subrata Sarkar, Director (Finance).

**Mr. Subrata Sarkar:**

Yes, very good afternoon to our investors. So let me first narrate the standalone financial highlights. So for the half one of '24-'25 versus half one of '23-'24. The total revenue has been lesser by 18.98% i.e. around 19% from INR 221.29 crores to INR 179.27 crores. And EBITDA is down by 28.19% from INR162.41 crores to INR116.63 crores.

PBT is down by 29.87% from INR 158.99 crores to INR 111.50 crores, and PAT is down by 26.18% from INR 113.08 crores to INR 83.48 crores. Obviously, with going by that trend, the EPS is also down by 26.18% from 16.06 to 11.86%.

Now in the Consolidated part, Of course, segmental part, the basic cause of the fall of the revenue that we can see is down of the e-commerce revenue like from INR 185.03 crores to INR 168.04 crores and in which the e-auction, e-sale is down from INR 142.6 crores to INR 120.31 crores. E-procurement is, of course, on a flatter trajectory and other incomes are also on a flatter trajectory. And the marketing part is also on the flatter trajectory from INR 11.46 crores to INR 11.20 crores.

Exceptional item is INR 1.94 crores as already disclosed in the note. This is due to the payment of a provision to a segment of an old arbitration award. And with that, that PBT has gone down from INR158.99 crores to 111.50 crores, and PAT has gone from 113.08 crores to 83.48 crores, down by 26.18%.

And as a whole, in the group performance also, in the group, group comprises of our 100% subsidiary company Ferro Scrap Nigam Limited and our 50-50 joint venture Mahindra MSTC Recycling Pvt Limited. So as this FSNL is on sale, held for sale, it's revenue has not been consolidated, and it is shown as a discontinued operation.

So however, if we take that figure, so like total revenue in the group level has gone down from INR 202.09 crores to INR 179.27 crores and EBITDA has gone down from INR 143.22 crores to INR 116.63 crores. And the share of loss from JV as compared to last year, it is little bit lower, from minus INR 3.40 crores to minus INR 2.78 crores. PBT has gone down from INR 136.40 crores to INR 108.72 crores. And from the continuing operation, PAT is down from INR 90.48 crores to INR 80.70 crores. And from the discontinued operation, that is FSNL, PAT is up from INR 15.47 crores to INR 37.58 crores. Profit after tax from continuing and discontinued operation, INR 105.95 crores in corresponding last period and this year is up to INR 118.29 crores. And EPS is also up from INR 15.05 crores to INR 16.80 crores.

So the basic premises of increase in the group performance is the good performance by FSNL. So that is the overview. And now going to the summary of the P&L, in the revenue from operations in the standalone part is down from INR163.47 crores to 140.96 crores. And other income is down from INR 57.82 crores to INR 38.31 crores, mainly because of non-receipt of dividend from FSNL in this half year as compared to last half year.

Employee benefit is remaining on the flatter side from INR 42.40 crores to INR 44.71 crores. And total expenses, other expenses before exceptional items is also on the flatter tract from INR 16.47 crores to INR 15.99 crores. Exceptional item is INR 1.94 crores. Total expenses being INR 67.77 crores as compared to INR 62.29 crores last half year.

And PBT is 111.50 crores as compared to 158.99 crores and profit after tax is INR 83.48 crores as compared to INR 113.08 crores. And in the consolidated part, of course, with the continuing operation the profit has gone up from INR 105.95 crores to INR 118.29 crores.

That's all from our side. Thank you, Hand over to the operator.

**Moderator:** Thank you very much, sir. Thank you, ma'am. Ladies and gentlemen, we will now begin the question and answer session. We have first question from the line of Mr. Rakesh, who is an Individual Investor.

**Mr. Rakesh:** I have this question regarding competition that MSTC faces from the GeM portal, can you please share some light on this?

**Ms. Bhanu Kumar:** Yes. As far as GeM is concerned, the government has made it mandatory for the government departments as well as PSUs, to use that portal extensively for all their procurement needs. But

then we need to see that GeM offers very standard kind of a portal, where things are, the model is very standardized.

So wherever the customer has a requirement of a different kind of procurement methodology, like standard item products may be available in GeM. But there are certain products and services that are not available in GeM as of now. So those clients are the ones that we are targeting.

And we have made some foray. We are earning something. Of course, this has made a dent in our earnings i.e. e-procurement earnings. But then we do have a market. It's not that we have stopped our e-procurement services completely.

**Mr. Rakesh:** Madam, my question was regarding the auctioning, like I saw a lot of government departments auction on the GeM portal. So isn't the GeM portal directly in competition with MSTC?

**Ms. Bhanu Kumar:** Yes, it is. But there again, GeM doesn't have all the kinds of features that we have. We are giving an end-to-end kind of a service and GeM is more like a platform service. So for the low-value items, yes, definitely, gem will be more useful. But then when you also sell high-end or high-value items of scrap, which are the PSUs have in a large number.

There, definitely, they are looking for more of advisory role regarding the, then the statutory compliance requirement, the terms and conditions, the payment terms and actually realizing the contract management, everything is still there. So our scrap business has in fact been more or less stable.

In fact, it should have gone up, had the prices of scrap have not gone down since last year, but the volumes are more or less stable. So I wouldn't say that GeM is not a threat, maybe in future, definitely. But as on date, we are still able to hold our forte as far as scrap action are concerned.

**Mr. Rakesh:** What if tomorrow, there is a mandate from the government like as far as procurement is concerned, the government mandated that all the purchases will have to be done through the GeM only. So if they come out with such a mandate for selling their scrap, that everything has to be done through GeM only, then what happens to MSTC?

**Ms. Bhanu Kumar:** Yes. So this mandate for procurement through GeM only has been there for more than 2-3 years now. In spite of it, most of the organizations are finding it difficult to procure everything through GeM. So it is not that the GeM is the only platform that is to be used by these organizations. Wherever materials or products or standard things cannot be done, definitely, there is a market for it, and we are the solution for that.

We are the platform for that. So we do have a market. We do have a very niche kind of service as far as auction is concerned or even procurement is concerned. So that is something that we wish to enlarge not just to the government clients, but to the private sector also.

**Mr. Rakesh:** And madam, in this quarter, what portion of the revenues from the scrap business has come from the private sector?

**Ms. Bhanu Kumar:** See, it has been more or less stable at around 10% to 12% of the total revenue.

- Mr. Rakesh:** Okay. Okay. Madam, my second question is, how does the company plan to utilize the sale proceeds of FSNL?
- Mr. Subrata Sarkar:** Yes, let me response, sir. So like that you people are informed that the deal has to be closed within 60 business days from 24th of October. So we hope around 15<sup>th</sup> January, it will be done, as it comes to around 15th of Jan. So what we have planned, we will have a kind of internal management meetings and there will be, of course, board meeting to decide on that utilization of the proceeds because one of the parts will be taken by the government as an advanced tax, right!
- So net of capital gains, of course, there will be a deliberation how to utilize the thing. So we will come up with that solution on that point of time. Right now, we are more concentrating on the smooth transaction so that the transaction happens in a smooth and steady manner. We are concentrating on that particular thing.
- Obviously, it will be known to you. Without giving any kind of intimation being a listed company it will not be done. So the thought process will be shared to you as and when it factored by our management, our board, right, sir!
- Mr. Rakesh:** Got it, sir. Sir, one last question was regarding the update on the new businesses that the company has just stated in presentation. So it is written that you have signed a contract with BPCL. So now does it mean it's like an exclusive contract for all BPCL activities taking place throughout the country?
- Ms. Bhanu Kumar:** BPCL scrap material, yes, the marketing division of BPCL, it is exclusive contract. They will not be selling it directly or through any other service provider. It will be only through MSTC portal. And for refineries, we already have an agreement for the past many years. So that business will continue.
- Mr. Rakesh:** Okay. And so what is the potential of this marketing business madam?
- Ms. Bhanu Kumar:** Marketing business means you are talking about trading business of MSTC?
- Mr. Rakesh:** No, the marketing, that you just mentioned, the marketing division of BPCL...
- Ms. Bhanu Kumar:** Volumes are pretty high. I mean till the time it actually procures, it's a little too early to talk about the volumes that we will be transacting through this portal. Maybe by the end of this year, we will get to know what is the potential. But we thought it is substantial compared to our other clients, small clients. So definitely, it will be in the range of, if not INR 100 crores, it must be somewhere close to that.
- Mr. Rakesh:** INR100 crores of scrap value?
- Ms. Bhanu Kumar:** Scrap value, yes.
- Mr. Rakesh:** Okay. And and MSTC will end up earning like a percentage or 2 on the fair value, right?

- Ms. Bhanu Kumar:** Only when it is successfully sold, because the scrap prices are going down. So we will have to see the market condition. So we are charging only where the material is successfully sold. So that is why I'm saying it is too early to estimate that what's the exact transaction value will be.
- Mr. Rakesh:** Okay. The second was regarding the listing portal that you mentioned for NPAs of cooperative banks, private banks, etc. What's the potential, madam, can you shed some light?
- Ms. Bhanu Kumar:** Yes. Actually, we were having a platform for all the NPAs of the public sector banks, but now they have developed something in-house, CSB alliance has developed and there are 2 parts to it. One is the bidding platform and one is the listing platform. So we were earlier also having only the bidding platform, and the listing platform was maintained by the PSBs themselves.
- So now we have developed this listing platform also so that it is one integrated service. So that we are now going to offer to all the private banks, the rural banks and the cooperatives and all, and we have already approached many of them. And this is not going to be exclusively used by these banks. They will have other service providers also.
- So this potential is vast, because all the NPAs are not only with the public sector banks, NPA is a problem that is faced by all kinds of banks. And even this may be used by other financial institutions also. So going forward, this has a huge potential. But then first, it is just at a very nascent stage because as on date, the rural banks, the cooperative banks, they don't have a systemic way of disclosing of the NPA.
- So we will have to educate all of them and then handhold them to do these transactions in our portal. In future, definitely, it has very good potential.
- Mr. Rakesh:** So how they are currently doing it Madam, the rural banks or maybe a cooperative banks?
- Ms. Bhanu Kumar:** It's all through some quotation being taken over phone of buybacks or exchanges or just approaching a few clients and then selling it off. It is not through a standardized procedure, the way public sector banks were doing. So we are creating a market actually.
- Mr. Rakesh:** Is there any other player, madam?
- Ms. Bhanu Kumar:** Yes.
- Mr. Rakesh:** Is there any other player who's doing something similar?
- Ms. Bhanu Kumar:** See, the public sector banks have developed their own portals. So they are, again, a competition in this area because once they develop something for the public sector banks, then it can be used by any bank, right? So that is threat, but then we are hopeful that as far as bidding platform is concerned, we are very confident that our methodologies and the processes are extremely competent and transparent. So we are convinced that our platform will be superior to any other platform.
- Mr. Rakesh:** Okay. Even as compared to the PSB Alliance platform?
- Ms. Bhanu Kumar:** Yes, that has just started. So we'll have to wait and watch how it does.



- Mr. Rakesh:** I do have a few more questions, but I'll get back in the line. Thank you so much.
- Moderator:** We have a question from the line of Mr. Anant from Mount Intra Finance.
- Mr. Anant:** I just have a question. So we've seen 2 negative quarters of degrowth. And this is mainly in our core verticals, the e-commerce vertical. Now with JV with Mahindra doesn't seem to contribute a lot. Looking at it directionally, like, say, 3 to 4 quarters, what can we expect, especially now that we've lost India as a client, and can you throw some light directionally of how the companies planning appreciate those sales? Or where are we looking at? I think last quarter, there was some talk about data center and recycling. So directionally, ma'am, I just want an idea of where this company is heading in the next 3 to 4 quarters?
- Ms. Bhanu Kumar:** Yes. Our e-commerce revenues have been more or less flat or probably slightly on the lower side. There's a few contributing factors to that. First, being the market itself, especially for scrap has actually fallen compared to last year. So since we charge a percentage of the value, definitely, that affects our earnings also.
- Second thing is the loss of business from the IBAPI portal that we were just talking about, the public sector banks and the Coal India. As far as the Coal India business is concerned, we are in touch with them. And we have also approached other clients who will be selling some commercial mined coal through our platform. So those are some things that we are doing. And the revenues definitely will take at least another quarter or so to actually come in.
- As far as the property portal is concerned, more or less, we are ready with that, and I just explained that we will be first reaching on to all the banks, especially the rural, cooperative and private sector banks, they have large volumes of not just NPAs, even other assets. So that is something we're targeting.
- So this is the kind of stage in which we are introspecting and seeing how to take the giant leap forward. So as far as the new business is concerned, one is the infrastructure as a service or the data center that we are talking about. That we are planning to set up in the next financial year because we are already on the job, but then for that to actually be offered as a service, we're still working on the various revenue models and services that we can offer.
- So this is actually a transition phase. So maybe it will take another quarter or so to actually see the revenues coming in. So I am very positive that, yes, these areas do have some good potential for future. As of now, maybe it was a little flatter. So maybe we'll have to keep some patience for at least a quarter or so.
- Mr. Anant:** Okay, thank you, ma'am.
- Moderator:** We have next question from the line of Mr. Miraj from Arihant Capital.
- Mr. Miraj:** Just have a couple of questions. Firstly, I wanted to understand the BPCL order that we received. Over here, we have valued exclusive rights for the scrap sales. Now in this will we be charging separately for the marketing and if the scrap is sold as well, right? So there will be 2 different revenue streams over here?

**Mr. Bhanu Kumar:** No, no. Marketing division of BPCL. We are not doing any marketing for them. This is the marketing division of BPCL, which has signed a contract with us. Actually, they have large volumes of the cylinders, valves and regulators that are frequently auctioned into the market. Till this time, they were either doing it directly or they were using the services from private player.

But now they have seen that there is some advantage in using the MSTC portal. So after a long time, actually, we were able to convince them and get this order. So the auctions will actually start from this quarter onwards, that is Q3 onwards. So the revenues will probably, we will be able to see from Q4 onwards because auction also has a lead time of about a couple of months. So this has a good potential.

And for BPCL, we were offering other services for their refinery division, we have already been giving the scrap auction services. Apart from that, they are also using our platforms for the various requirements for selection of LPG, dealership, for the petrol pump draws and all those things. So this was just an extension. And the scrap auctions, of course, forms very bulk of their activities, especially in the e-commerce services are concerned.

**Mr. Miraj:** Understood. So the scrap basically being valves and cylinders over here and other product as well, which you spoke up. The figure ma'am that you quoted earlier of INR100 crores, that would be an annual figure it, annual scrap value, which...

**Ms. Bhanu Kumar:** It is per annum.

**Mr. Miraj:** Per annum. Okay. Perfect. Secondly, ma'am, regarding the public sector banks, which you were just talking about that they also have their own portal. And there was some connection issue in my line whatever I heard was that we've added the possibility of bidding over here in our portal now. Is that right?

**Ms. Bhanu Kumar:** No, no. We are not doing the bidding in our portal now. Earlier, that was the case when the listing portal was with the Indian Bank Association. Now a comprehensive portal has been developed by PSB Alliance, and they've been mandated to use that. Otherwise, they were very happy with our services. It was just that the IBA and the government decided to shift to that portal because they are interested in offering financial services and valuation services. So they wanted one comprehensive portal, which they have developed in-house.

**Mr. Miraj:** Understood. So ma'am, what have we changed in our total over here? I think you were explaining something that we've added in our portal as well.

**Ms. Bhanu Kumar:** Actually, there are 2 parts as far as the NPAs are concerned. One is where you just put up all the properties that are available for sales, what has been declared as NPA. Then somebody can actually look at those properties, have a 360-degree view of that, location search. And there are some access given to the bank officials for doing some transactions, putting up notifications, releasing advertisements and so on and so forth.

Now this data used to come to our platform for the bidding, the actual bidding portion. And then again, the data used to go back to that total for the further processing of these transactions. Now

this was a listing portal that was managed directly by the banks, and our platform was used only for the bidding.

Now what I was trying to explain was we have developed this listing portal also. So that the small banks like rural banks or some cooperative banks, as they don't have access to the listing portal of the public sector bank. So they used to have advisement and taking quotations offline, and that's the way they were selling their NPAs. Now once we offer a comprehensive solution of a listing portal as well as bidding portal, I see a lot of potential for these banks to come to our foray, use our platform, and it is a win-win situation for both of us.

**Mr. Miraj:** Perfect. Okay. Understood. The GeM portal that you were talking about in the start, one of the participants had asked, it's owned by the government only, right? Or is it privately owned?

**Ms. Bhanu Kumar:** It is owned by government. It is under the Ministry of Commerce. And this has been mandated to be used by the government departments and the PSUs.

**Mr. Miraj Shah:** Okay. Perfect. But there can be talks of improving the offerings on that portal as well, right?

**Ms. Bhanu Kumar:** Yes, that is quite possible. But see, the Idea or the very purpose of creating that was for common goods and services, right? So across various sectors, across various institutions, whatever procurements are common, that will happen through that portal only. But what we specialize in is actually a customized solution, a more of an advisory solution, like as I was explaining regarding the auction services, what we do is my client is supposed to just give me the list of material that is to be auctioned off.

We do all the due diligence. We finalize the terms. We actually do the lotting. We tell them what are the statutory compliances that are to be taken whether it is a hazardous waste, what kind of environmental clearances to be taken, how it is to be done, then we also share the database of what can be the market price for it.

So all these services, we are giving. Moreover, GeM is actually just a platform where the client has to go upload the material, then do the transaction only bidding will happen all the other transactions of collecting the payment and seeing that the delivery is done. All that has to be done by the client himself. So this is the difference between GeM platform and us. So that's just a platform, what we are giving is an end-to-end solution.

**Mr. Miraj:** Understood. Our offerings are much more wide and convenient for the customers, if I can understand that...

**Ms. Bhanu Kumar:** And that isn't happening in GeM immediately because they do not have that kind of resources because we have specialized in this area for the past more than 3 decades. So the buyer base or the kind of experience, especially for selling big plants or high-value scrap is definitely an advantage for us.

And GeM is just a platform, and they do not have the manpower or the kind of exposure experience in selling this kind of material. So maybe over a period of time, they will develop that. But in the immediate future, we don't see that a big threat.

- Mr. Miraj:** Understood. Okay. And any other similar discussions? Or any other players who are in talks with just as you flagged the BPCL contract, ma'am?
- Ms. Bhanu Kumar:** Yes, that is a very constant thing that is happening. BPCL was actually a slightly big ticket as far as we are concerned regarding scrap sale. Apart from that, we are in touch with many other organizations or sale of a scrap and not just limit ourselves to the government institutions or the organization. We are now reaching out to the private sector also in a big way. So we will expand and definitely, we'll see to it that we add value to the services that we give.
- Mr. Miraj:** Understood, perfect. Thank you so much, for answering my questions and all the best for the future.
- Ms. Bhanu Kumar:** Thank you.
- Moderator:** We have a follow-up question from Mr. Rakesh, an Individual Investor.
- Mr. Rakesh:** Madam, I wanted to know how the private banks are currently auctioning their NPAs?
- Ms. Bhanu Kumar:** See, private banks have some private platforms also like HDFC, they have their own portal in association with some private entities. And ICICI Bank also, Axis Bank, they all have tied up with some entity, some back-end technology platform. But then the kind of the buyer base that we have developed in the past 4-5 years with the private sector banks or the methodology or streamlining of operations and the transparency that we have built into the system, that gives us an edge over private sector e-commerce service providers. So that is what we are targeting.
- Mr. Rakesh:** So are you saying that there is a possibility that one of these large banks like HDFC and ICICI could come to platform that you've develop?
- Ms. Bhanu Kumar:** Initially, they may just give trial, some of their properties through our portal. If they feel that they are able to get good value for the NPAs, definitely, they can switch over. But this is all just the vision that we have. We are targeting these people but what will exactly happen whether they will actually give business is not known at this point of time.
- Mr. Rakesh:** Got it. Madam, my question was regarding a infrastructure as a service, where you mentioned that scalable cloud-ready hardware on a plug-and-play basis for IT requirements of various sectors. So could you please elaborate on this?
- Ms. Bhanu Kumar:** Actually, if you see a large number of organizations, especially the small and medium companies do not have the kind of resources for having their own server or having access to large to private sector cloud services or data centers. And we are probably associated with them in some form or the other. We are already offering some kind of service to them.
- So for them, hosting their data, hosting their transactions, all these things, they don't need to actually go through a whole lot of exercise to do that. What we are targeting is they can just come over to our platform. We will give our infrastructure. We have redundant capacity. We don't need to immediately invest in that area.

So that is something that we will immediately be able to take from them. Say something like a virtual data room for the small organization. That is something that is immediately a requirement for many organizations and for us, it can be a revenue stream. So this is the way we are thinking. These are low-hanging fruits. And going forward, definitely, we will be probably thinking of having our own big data center where we can offer cloud services. In future, we do have plans for this also.

**Mr. Rakesh:** So madam, in that case, how does the company plan to compete with the likes of big data center providers, like TCS etc. who have like investments in hundreds of crores, just in infrastructure and who have been in this business decades now, for example.

**Ms. Bhanu Kumar:** Yes. Actually, TCS is not exactly into infrastructure services. They are more into software services. What I'm trying to tell you here is we are in touch with large number of government organizations, especially medium and small. See, the bigger organizations have their own resources, and they can probably have them in-house data centers also for their requirements. So companies like ONGC, NTPC, they have invested for their requirements.

Now for smaller companies, this is not a solution or which are not especially financially very robust. For these, there is a requirement. And for them to go to a private sector, cloud or a data center is not so easy, given the kind of processes, the way the government or the organization do business, we understand them quite well. So this is a kind of tailor-made solution that we want to give to our clients who are already using or some other service.

**Mr. Rakesh:** Okay. So are you trying to say that just because the government departments cannot go to a private company offering data center services because of some government rules, therefore, they will come to MSTC?

**Ms. Bhanu Kumar:** No, no, no. I'm not saying that there are some government rules. The process is very long. Like they may have to go for quotations or tenders or and another thing is the data security. See, the kind of confidence that they have in our operation, the way we have presented ourselves or the creditors are established.

They have more confidence in the kind of infrastructure of the data security services that we can give than to a private big data center or a cloud or a private cloud. So the confidence is what we are trying to capitalize on. And this is something that we have built over 3 decades. So it's easier for us to penetrate that market than any private sector even if it is a very huge big organization.

**Mr. Rakesh:** And when you say that you will be marketing it to the small departments or the small organization. Can you give me an example of what could these companies be like? Like any names, because as far as I know most of these government companies are so huge as we mentioned, ONGC, NTPC, HPCL, BPCL?

**Ms. Bhanu Kumar:** These are the large ones. There are a whole lot of medium and small companies, and I'm not targeting only the government companies. Maybe I can offer it to the MSME. I can offer it to the micro companies also. So those are any areas in which I'm already in touch with them, so it will be easier for them to use our services in a more holistic manner.

- Mr. Rakesh:** And these MSMEs are in the private sector as far as I can understand.
- Ms. Bhanu Kumar:** They are in the private sector. And then I'll be giving one solution for all their needs kind of thing.
- Mr. Rakesh:** So that means in the private domain even though they have the option of going to any other data service providers?
- Ms. Bhanu Kumar:** They can always go, but I feel that it will be like if they are coming to us for some service, they may as well use our other services also.
- Mr. Rakesh:** Okay. And madam, the next question was regarding ERP for the mineral sector. Can you shed some light on this?
- Ms. Bhanu Kumar:** Yes. Actually, as far as the mineral sector is concerned, you are aware that we are auctioning the mineral block. And most of the mine minerals also especially the government companies that are mining, they are also auctioning through our platform. So during this process, we have learned that there are a lot of activities that goes on, pre-auctioning and post auctioning, there are a lot of activities.
- So we need to have a wholesome kind of software, where the mined mineral, like from how much mining is happening to actual delivery, the entire system has to be one comprehensive system. It cannot be just a bidding thing that we are doing. So it is a backward and forward integration for this mined mineral.
- That is the target that we have. And many of these organizations are especially state undertaking. So there also the processes are a little lengthy in terms of acquiring a software and then integrating with ours. So we are also venturing into giving this kind of software to them. We've already done it in the past for one of our clients in Konark Mines. That is just a billing software.
- But now we want to enlarge it to a large number of or such mining client as also improving upon the solution that we have already given. And that also, we are envisioning that we will house the entire thing in our infrastructure. So our infrastructure is going to be used. That also will add revenue in the years to come.
- Mr. Rakesh:** Okay. And how will the company make money out of this ERP?
- Ms. Bhanu Kumar:** It's Software, integrated software. They are using a part of the entire process from us, they might as well use the entire software. So it's customized software that we will be giving and there are various revenue streams whenever we deploy some software and for any client.
- Mr. Rakesh:** So it will be via sale of the software or just some service charges?
- Ms. Bhanu Kumar:** There are various models depend on the client. How they want it. There are various models available. We'll have to speak to the clients and see, figure out as to what is most compatible for them.
- Mr. Rakesh:** Thank you so much, madam, my questions are answered.



**Moderator:** Thank you very much. As there are no further questions, I would like to hand the conference over to management for closing comments.

**Ms. Bhanu Kumar:** So thank you. The investors have clearly shown a lot of interest in the company as has always been the case. And the questions were very targeted regarding the business. I hope we were able to reply to the queries that the investors had. And thanks for the continued patronage. Thank you all.

**Moderator:** Thank you, ma'am. Thank you, sir. On behalf of Equirus Securities, that concludes this conference call. Thank you all for joining us. You may now disconnect your lines.

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