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(भारत सरकार का उपक्रम)

MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring
INDIA

MSTC/CS/SE/459

24th August, 2023

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 Friday, 18th August, 2023 at 12:30 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.

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
Q1 FY '24 Earnings Conference Call”
August 18, 2023**



MANAGEMENT:

Mrs. Bhanu Kumar, Director (Commercial) – MSTC Limited

Mr. Subrata Sarkar, Director (Finance) – MSTC Limited

Mr. Ajay Kumar Rai, Company Secretary – MSTC Limited

MODERATOR:

Mr. Ansh Manek – Equirus Securities

Moderator: Ladies and Gentlemen, good day and welcome to MSTC Limited's Q1-FY24 earnings conference call hosted by Equirus Securities Private Limited. 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 touch-tone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Ansh Manek from Equirus Securities Private Limited. Thank you and over to you, sir.

Mr. Ansh Manek: Thank you. Good afternoon, everyone. On behalf of Equirus Securities Private Limited, I welcome you all to the Q1-FY24 earnings conference call of MSTC Limited. From the management, we have with us today, 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 Mrs. Bhanu Kumar. Over to you, madam.

Mrs. Bhanu Kumar: Thank you. Good afternoon to all of you and thank you for giving us this opportunity to talk about our Q1 results for FY 23-24. The key highlights of the performance during Q1 is the revenue from operations which is about Rs.193.64 billion INR in terms of value of goods transacted through e-commerce and marketing. Marketing is, of course, a very, very minuscule percentage of this. This is on a standalone basis, and as far as consolidated basis, the revenue is Rs.199.76 crores. This, if we compare with the Q1 of last year, 2022-23, then there is an increase of 2.53%.

And similarly, PBT of Q1 is Rs. 82.56 crores in comparison to Rs. 80.55 crores during Q1 of 2022-23. Now, the highlight here is that last year during Q1, there was an abnormal increase in the rates of iron ore and scrap assets, which had fallen during the year, and now it is more on a steady platform. In fact, the iron ore prices have fallen by almost about 20% or so during the year. So, in spite of it, we are able to retain almost the same level of PBT. So, that is quite an achievement for us.

Now, regarding the other highlights, we have successfully hosted the UDAN version 5.0, fifth tranche of the initiative by the Ministry of Civil Aviation for connecting all the underserved airports. So, that has been very successful. And MSTC has been awarded the most efficient and profitable Mini-Ratna of the year in the non-manufacturing PSU 2022 Dalal Street Investment Journal.

We have also done a lot of major mineral blocks, coal block auctions and major mineral block auctions in the Q1. So, major mineral blocks, we have successfully sold about 27 of them. And many major mineral blocks are in the pipeline as of date. Coal block also successfully sold 6. And many more, I mean, the repeat auctions are also being conducted now, and it will be done during the year. Now, as far as the financials are concerned, I will hand over the call to Mr. Subrata Sarkar. He will talk in detail about this.

Mr. Subrata Sarkar: As you have heard from our Director Commercial, it was almost a flatter trajectory. So, basically, in spite of reduction in the prices, with the higher volumes, we were able to manage that trajectory. So, on standalone basis, it is total revenue has grown from Rs. 93.86 cr to Rs. 100.63 cr, a growth of 7.22 %. And EBITDA has grown from Rs. 67.76 cr to Rs. 72.27 cr. PBT has grown from Rs. 66.12 cr to Rs. 70.56 cr. And profit after tax is almost on the same level, it is like from Rs. 43.85 cr to Rs. 44.57 cr. Accordingly, EPS shows a miniscule growth of Rs 6.23 to Rs 6.33.

And so far, consolidated financials are concerned, the total revenue has grown from Rs. 194.82 cr to Rs. 199.76 cr. EBITDA has almost remained the same from Rs. 86.85 cr to Rs. 86.02 cr. And profit before tax is almost remaining the same on consolidated basis from Rs. 80.54 cr to Rs. 80.56 cr. And PAT is down a little bit from Rs. 54.29 cr to Rs. 50.61 cr. And accordingly, EPS on consolidated basis is from Rs. 7.71 to Rs. 7.19. And the cash profit is also a little bit down from Rs. 60.52 cr to Rs. 56.08 cr. So, it is all about from our side. Handing over to you for Q&A session.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-answer session. Anyone who wishes to ask a question may press star then 1 on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Before we take the first question, I'd like to remind all participants to please limit your question to two per participants only. You may rejoin the question queue if you have a follow-up.

We start with the first question from the line of Yash Dantewadia from Dante Equity Research. Please go ahead.

Mr. Yash: Good afternoon. So, my first question is, could you give us the revenue mix for the e-auction in terms of product break-up? For example, coal or mineral for FY21, FY22, FY23, all the three financial years?

Mrs. Bhanu Kumar: Product mix, especially of the e-auction, e-sale you want, right?

Mr. Yash: Yes, whether it's coal or whether it's iron ore or whatever separate it is, but I want the product mix for all three years.

Mrs. Bhanu Kumar: Right now, I don't have it, but one thing I can confirm is from the scrap sale, it is about 52% of the total revenue. I don't have the break-up immediately.

Mr. Yash: Could you give me the break-up offline, possibly, later?

Mrs. Bhanu Kumar: Yes, you can send a mail, we will definitely address that.

Mr. Yash: Okay. So, what is your Coal India revenue percentage? What percentage of your revenue comes from Coal India?

Mrs. Bhanu Kumar: It's not on percentage basis, it is on event basis.

Mr. Yash: No, I mean, for FY23, for example, what was the total revenue that you got from Coal India?

Mrs. Bhanu Kumar: See, I can't give you the exact numbers, but coal, as such, the number of events is going down because the policy has changed to some extent. Now, it is not mine specific or Coal India specific. So, because of that, the number of events that we used to carry in the past few years and what has happened now is definitely on the downward trend. So, the revenue is coming up, the exact numbers and all, I won't be able to give you.

Mr. Yash: So, basically, you are telling me that the number of blocks of e-auction mines that are going to come on MSTC for auction is going to keep going down?

Mrs. Bhanu Kumar: No, you are actually confusing between issues. For Coal India, we are selling their mined coal, right, for the blocks that are being mined by their subsidiaries. Coal block auctions, we are conducting for Ministry of Coal. There is a nominated authority who is conducting these coal block auctions.

So, there again, whenever there is a successful auction of a particular block, then we get on the basis of that per event. So, that obviously depends on the market conditions, whether a particular block will actually be sold or not.

Now, as far as Coal India is concerned, we are selling their coal through various schemes, through some linkage schemes and through normal spot auctions, forward auctions and all. So, that is again on event basis.

Now, because of the change in policy, earlier they were doing these spot auctions on certain criteria, now there is a change in policy because of which there is an aggregation of coal in any one particular event. And the number of events that we carry out in a month has decreased. Earlier, we were carrying out, say, about 6 to 7 events in a month. Now, it has come down to about 4. But that again is seasonal because depending on the supply-demand conditions for the country and especially the power sector, the coal under the linkage scheme can be increased or decreased and the rest, whatever is not sold through linkage, that only comes through spot auctions.

So, there are a lot of factors. You cannot actually simply say that whether it is going up or coming down. These are things that cannot be predicted at all.

Mr. Yash: The reason I am asking you this question is, in a recent statement, Coal India said that the e-auction is going to go up. That's what Coal India gave in their guidance. That is why I asked this question, madam.

Mrs. Bhanu Kumar: Now, what they mean is the quantum of coal that will be sold through auction is going up. But that doesn't mean there will be increase in the number of events. We charge on the basis of events. Suppose I am selling only about 1000 tons in one particular event. Suppose they want to sell 3000 events; my charges are the same.

Mr. Yash: Okay, it's a fixed charge.

Mrs. Bhanu Kumar: It doesn't actually affect my earnings.

Mr. Yash: Okay. Madam, although it is coming down, but could you please quantify as the e-auction volume would be largely constant on your platform? Or if the prices change or if the prices don't change, for example, if coal prices change or if coal prices don't change, does that affect the amount you charge on that particular event?

Mrs. Bhanu Kumar: It does to some extent, but we are not so much dependent on only the coal auction. So that is probably just a very small percentage of our total earnings.

Mr. Yash: Okay. Ma'am, last question before I come back in queue. Would you be able to give any guidance as to how this is going to pan out? Because basically now, Coal India does all their auctions through you, right? Exclusively through MSTC? Or they use other platforms also?

Mrs. Bhanu Kumar: No. They have two service providers. And in fact, we are not getting majority of the auctions. The other service provider is getting about 60% of the auctions. So that has been the case for the past 4-5 years.

Mr. Yash: So, the other service provider is a private or a PSU?

Mrs. Bhanu Kumar: It is a private party.

Mr. Yash: So basically, all the government companies are not obliged to go through MSTC, right?

Mrs. Bhanu Kumar: No, there is no such mandate that government companies have to come to MSTC for all their requirements of e-commerce. Based on our credentials, we go, we market ourselves, we go and tell them that these are the features and facilities that we have. And these are the governing agencies who constantly monitor all the activities. Because of that, they are a little more comfortable with MSTC. It is not that people are bound to give their business only to MSTC. It is not like that.

Mr. Yash: Understood, ma'am. I will come back in queue. Thank you so much.

Moderator: Thank you. Before we take the next question, I would like to remind participants again to please limit your questions to 2 per participant only. You may rejoin the queue for your follow-up. The next question is from the line of Prakash Buva, an individual investor. Please go ahead.

Mr. Prakash: Good afternoon, everybody. I want to make certain general suggestions. Because we are very, let's say, new to a government company, the setup and the organization, which is 2,000 kilometres away from Bombay. One small, very special request to you, all the board of directors, chairman and directors, is that you make an investor presentation one or two days before the con-call, not half an hour before the con-call.

It is most inefficient and unprofessional to give the information just half an hour before the con-call. And the attention, the respect and the guidance given by the company secretary, Mr. Ajay Kumar Rai, is very pathetic and poor. He cannot reply with arrogance with our shareholders.

See, I am a senior citizen and we have dealt with very great people like P.C. Alexander and great people. See, so you should not consider yourself above law. This is in general I am talking to you. And provide the address of every director on the board so that we can ask them the questions on email. We don't want anything special.

And secondly, we are very sorry for the lack-luster performance of the company, flat performance of the company for the last quarter. Very bad it is. Secondly, can we know how many centres we are going to open? Scrapping centers all over the country and region-wise or east-west, north-south or state-wise. This is very important for the information of the shareholders. In the next three months or in the next six months. And what is the cost of opening every centre? This is very important. We do not have the basic information which is not available at the branch level also. So, this is my question. Secondly, how many vehicles are going to be scrapped in the next three months or six months? You may not have statistics, but can you give us some idea? So that we don't get a lag-luster performance of the company.

Secondly, subsidiary companies sale. You always say that things are under discussion, things are under progress. Every report says that. Every quarterly report makes a statement like that. But what exactly is the status now? Is the sale already up now? Because the process is going on for the last more than one year. So, we would like to know. Is there likely to be a special dividend to the shareholders from the company? After sale of the subsidiary company is over. And secondly, I would request every director to provide the email address so that we can address our queries to them personally. And thank you, sorry.

Mrs. Bhanu Kumar: Okay. First, let me assure you that whatever information is to be given is generally provided by the board of directors. It is not that we don't want to reply. And anyway, however, your suggestion that you want the presentation to be given well in advance, that is well taken. And we'll see to it that this is done for future.

Regarding the email address and the contact details, these things are very much available in public domain in our company website. So, you can reach us any time over phone, over email. And we always answer each and every phone call. And each and every email is replied. So, that definitely for future. I'm sure that specific queries you can address there.

Now, as far as regarding the FSNL case is concerned, you also may be aware that we may be holding the shares. But all the decisions are taken at the highest level by the Government of India. And most of those decisions, even we are not privy to such decisions. And we are not even present in those meetings. So obviously, we are not in a position to reply to investor queries on this. And as far as the other centres are concerned, I would request my colleague director to reply on the MMRPL centres.

Mr. Subrata Sarkar: Good afternoon Sir. It is in the last concall also, and the earlier concall also, it is very difficult to tell how much expenditure we have incurred in setting a scrapping collection and dismantling centre. Because at different locations and at different places, the cost remains fluctuating. Somewhere we can have a lesser cost, somewhere we have a bigger cost, more cost. Further, we decide upon the number of vehicles, what type of equipment has to be installed at that particular scrapping centre. Now, it is known as RVSF, Registered Vehicle Scrapping Facility. So, depending upon the regulations and all these things, to get a certificate and all these things, to comply with the regulations, equipment that are required to be kept there, so it keeps on increasing or decreasing our cost as such.

So far, there are two types of things. One, at our scrapping facility, and there you must be knowing that government vehicle scrapping has already been mandated and it is being done through MSTC portal. So, right now, it is, as per our estimate, around 4000 plus vehicles are coming up in the forthcoming auction to be sold. And total vehicles, since March, have been sold, is 8586 to the Registered Vehicle Scrapping Facility, RVSF. So, that is the figure of the government vehicle that is being scrapped. And, yet to be scrapped, I have given around 4000 plus. It will be there and it will be auctioned. So, I hope I was able to satisfy your question, sir.

Moderator: Thank you. The next question is from the line of Harshit Jain from RAH Investment. Please go ahead.

Mr. Harshit: Thank you for the opportunity. Firstly, I would like to know, as per Mr. Nitin Gadkari, a statement came that there is total 31 centres which are currently open and current capacity is 9,30,000 cars. So, as per the comment given by Mr. Subrata Sarkar, we only auctioned 5000 vehicles and almost 4,000 to 5,000 vehicles are under pipeline. So, is this scrapping working on just 5% to 6% capacity utilisation?

Mrs. Bhanu Kumar: Actually, what we are talking about here, the figure that we have given is based on the government vehicles only. See, MSTC has been mandated to sell all the government vehicles. So, the figure that we are giving is what is there, what has already been projected to us for sale. Now, such vehicles are just about 15,000 to 20,000 within this current financial year. It's not going to be anything more than that.

What the honourable minister has talked about is the capacity of all the RVSF put together. Obviously, for that, there has to be a lot of feeder stock from the private industry as well as individuals. For individuals, we have already launched a portal and we are conducting a lot of awareness campaigns and advertisements for individuals to approach and give their vehicles for scrapping.

The issues that are faced by RVSF in respect of ATA centres not being there, a complete ecosystem is not available. It is not just about setting up the RVSF. You also need to have the automatic testing stations and you also need to have, especially for the government vehicles, there has to be a budget approval for replacing the vehicles for scrapping by new vehicles. Now, there is a mandate for going for electric vehicles. That kind of supply chain is again not available in the country.

So, it is not just about demand and supply. It is also creating the entire ecosystem. So, those things are still at quite a nascent stage and unless we achieve some better facilities, this thing is going to take some time. I hope I was able to clarify your query.

Mr. Harshit: Through our portal, are the private vehicles also coming on our portal where we are earning 3% per vehicle?

Mrs. Bhanu Kumar: For private vehicles, we are not earning on those charges. We are just charging on some listing facility. It is more like almost a free service for the individuals of the country. Now, if it is going to be some institutional seller, yes, there we will be getting some charges. But as far as individuals are concerned, you and I, we can just go and there will hardly be any charges for that.

Mr. Harshit: Okay, thank you so much. My other question would be a very humble request from my end, just like the previous participant and all other PSUs have been sharing their updates regularly with their investors, stakeholders on a regular continuous basis. But as in our case, you guys are not being investor friendly, not sharing any update.

I have already given suggestions in 2-3 conference calls that can you please share monthly updates that what actually you guys are doing. Even we are working in a duopoly business, we are just MSTC and M-Junction are the sole platforms which are auctioning everything in India. But still, you are not able to leverage our company. So, may I know that what actually is hampering this and what actually is preventing you from sharing updates to investors as a whole?

Mr. Subrata Sarkar: I mean, which type of updates you are looking for, if you can guide us so we can consider or we can take it in step further again.

Mr. Harshit: Yeah. Because just now like, if you search Google, you will come to know that Hyderabad authorities sold somewhere around 7000 crore worth of lot through our portal. But you guys are not sharing. What actually you are doing? Spectrum auction you did it, and number of auctions, you are doing auctions for Unitech Group as well, more than 500 crore property. But you have been not being sharing any kind of update. I even requested Mr. Surendra Kumar Gupta two conference call back, that you can please share updates on a monthly basis.

Mr. Subrata Sarkar: Please try to understand MSTC conduct auction on daily basis all the auctions are fall within the purview of ordinary course of business. SEBI has clearly mention that what information need to be provided so the normal auction and those auction for which information already been provided earlier are not being uploaded or provided on stock exchange sites,. So, whatever you are mentioning these things are normal for our operation. We cannot update each and every auction on the investor portal.

Mr. Harshit: No, my only concern is that we are a good e-commerce company, we are almost a monopoly business, but we are not able to leverage our company. Nobody knows about our company, what MSTC is doing, what MSTC does. We are basically a scrap company as per investors. And secondly, whenever you deliver quarterly results, you show other income 18 crores, you show e-commerce 84 crores. When you go down, when you go to segment revenue, there e-commerce is mentioned 94 crores. So, why there is a mismatch?

Mr. Subrata Sarkar: Which one, which one just tell me, where is there a mismatch, you tell me.

Mr. Harshit: You can check these quarterly results, and in current results, in the standalone basis, you have mentioned Rs. 82.33 cr is your revenue from operations, and other income is Rs. 18.29 cr. But when you go to segment revenue, there you have mentioned from e-commerce, you have Rs. 94.05 crores, and from marketing you have Rs. 6.41 crores. So, we have been earning Rs. 94 crores through our operations, and you are showing Rs.18 cr from other income. Why there is a mismatch?

Mr. Subrata Sarkar: Yeah, look, when we go for segmental reporting, you see that is for the total income. Here there is a break-up, revenue from operations and other income, when you report for our quarterly results. So, there will be a mismatch. There will be always a mismatch, because here the break-up of total income is given, here the break-up of only revenue from operations, and other income is given. There will be a mismatch. So, it is nothing to hide, or nothing to hide from the investor.

Mr. Harshit: No, but I think this can be done in a more efficient and transparent manner, so that investor community as a whole can understand your results, because right now nobody is able to understand results, because everybody thinks e-commerce businesses are showing degrowth. But on the other hand, if you check segmental revenue, we have grown 12% from last year.

Mr. Subrata Sarkar: Okay, your suggestion is well noted. If it is feasible as per our disclosure norms, obviously we will look into the suggestion.

Mr. Harshit: And secondly, I just want to know that why are we paying 37% tax rates, because if we are paying more tax rates, next quarter you will again show an entry, so that you can adjust the same taxes again. So, what exactly is happening, because I am not able to see, I have been an investor in your company for 3-4 years, but this is a certain lag-luster performance, and no commitment given by your end, by management, by board of directors. Investors are just sitting idle. They don't know anything about your company, whether you can check books, whether you can check entries. Nothing comes up. And secondly, your answers are very vague. I am not able to get any clarity. Even I asked you, in the previous quarter, you were not able to provide me satisfactory response.

Mr. Subrata Sarkar: You asked about the commitment from the management. So, what type of commitment do you want from us, so that you will be confident?

Mr. Harshit: Yes, to be more transparent. You need to show your books clean, because right now our books are not clean. Every quarter you show some entry. Every quarter you pay, some quarter you pay 9% tax, some quarter you pay 37% tax.

Mr. Subrata Sarkar: Just a minute. To be very frank and precise with you, whenever there is a write-up, then there is a tax rate that goes down. And write-ups are based on certain parameters. Every quarter we cannot make write-ups. Every debt cannot be written up, until and unless each and every hope is gone down.

We have made provision for all the bad receivables that we have. We have cleaned up our books. Everywhere it is done. Now it is the point when we write-up and when we do not write-up. Write-up has got certain norms, until and unless we expect and hope that everything has gone out of this particular data. We cannot write it up from the books of account. You will also appreciate, like an analyst. So, that's the point. So, whenever the write-up occurs, we get a tax benefit. So, if you feel more clarification, you can go for the mail channel and we reply on the mail also, detail reply. We can reply also through mail. Because one hour, I feel little time to just satisfy the investor queries.

Moderator: Mr. Harshit, I am sorry to interrupt, but may I please request you to rejoin the queue for your call.

Mr. Ajay Kumar: Mr. Jain, I would like to comment on the previous queries also, that he has raised certain queries that information has not been provided to him. I will request all the investors to understand that when the trading window is closed, we, the company secretary, cannot entertain the investor / shareholder or provide any information, the fact has been informed on various occasions. During the course of board meeting call from shareholders cannot be received or answered. Notice, regarding the board meeting is already hosted on stock exchanges as well as investor portal yet if any shareholders want to get information about why the financial has not been uploaded or when the same is going to be uploaded is according to me should not be asked and that to on the financial declaration date. The financial information is price sensitive information and the same will not be discussed with any shareholders/investor till the time trading window is closed. Similarly, if investment meet has been postponed, there must be some emergency, there must be something. We are all human beings, we are all running through a lot of problems,

so every time for every small things such as why the investor presentation has not been uploaded, why it has been postponed, when you are going to upload, when your board meeting is going to be finished off, this question cannot be answered. Investors and shareholders also must understand this small thing, they also need to have patience and check investor portals instead of calling company secretary for each and every small issues.

Moderator: Thank you. Mr. Harshit, I would request you to rejoin the queue for your follow-up. The next question is from the line of Mr. Shrinivas Reddy an individual investor. Please go ahead.

Mr. Shrinivas: Good afternoon, everyone. Regarding, the suggestions by the earlier person, I think it is better instead of the company management, answering on individual basis, you can in your website, investors relations, put all these questions and then answer, so that everyone of us will be on the same page, instead of trying to repeat the same answer for the different investors from the company management perspective. So, all the previous, whatever the questions or emails you will be receiving from the investors, if you can answer them in a transparent way for the benefit of all the investors.

It will be good for the company, brand building, for the valuation as an e-commerce company, for the company, because as the earlier spokesman has clearly stated, I have been asking this from past 10 years, as a shareholder, so before the listing has happened also, I have been a shareholder of your company, so the problem is that you are still working with the mindset as if it is a scrap company itself, and the market is also giving you the valuations of a scrap business only, with less than 10 PE or around 10 price earnings multiples only, but other e-commerce companies are getting 40-50 price earnings multiples, so the perception change is required sir.

I hope that you will be considering this, and the accounts from the past 10 years, I have never understood, because every time there will be some contingency planning or some provisions and next year some adjustments and all those things, so you better look into it, get a consultant and try to provide the accounts as other PSUs are providing, not the legacy system, so it will be transparent and beneficial for all the shareholders in the future.

As far as the second question, my second question goes sir, regarding this disinvestment, FSNL you already spoke about that you are not in control of anything, but at least you should be able to tell from your end, whatever the previous surveys which the people have come and then checked it is completed or not yet completed, because there were some earlier reports that some employees were not willing to allow them into the plants for doing the due diligence part, so secretly or whatever it is, hiding the data and you are trying to do it, that was the news flow, so you can tell at least is it that completed or not, that was the local FSNL plants and all the due diligence by the buyers. And this consolidated numbers, your de-growth is clearly visible, so we want to know the reason and the future line for the scrap business growth also, if you can give it, it will help us a lot to stay as an investor in your company, thank you.

Mrs. Bhanu Kumar: Mr. Reddy. Thank you for your very valuable suggestions regarding investor relations portal, your suggestion is very well taken, we will definitely work on it and all your queries will be replied there so that all investors can go through that and the queries are there in the public domain. Now regarding FSNL status, Subrata, you want to say something?

Mr. Subrata Sarkar: Yes, so Mr. Reddy, you asked about that process is still on and it is being followed up by DIPAM, Department of Investment and Public Asset Management. So, that process is yet to get completed but it is on the process only, various steps are being taken and it is in the various process, so it is still going on, for regular update, you can visit the DIPAM website where in a public domain it is totally visible in what stage it is, if you click FSNL status, it is there, it is regularly updated, so last that some call from the prospective bidder, it is already there in the portal.

Mr. Shrinivas: Sorry to interrupt you sir, from the past 3 years I have been asking the same FSNL news is going on but see the problem is I am visiting that site, investors are visiting but due diligence process is being taken into almost like 2 years now for the plant due diligence. So, I just wanted to know, is the due diligence completed or it is still pending from the prospective buyers?

Mr. Subrata Sarkar: The process is still going on yet to get completed, whenever there will be a second stage of asking for bid will open, certainly it will come into the website and it will be in the public domain only, that much we can assure you but still it is going on.

Mr. Shrinivas: Your consolidated numbers of profits are showing a degrowth and EPS is also showing a degrowth, standalone is almost same.

Mr. Subrata Sarkar: So, Sir there are 2 things, the consolidated accounts provides for performance of our 100% subsidiary Ferro Scrap Nigam Limited and of course what we can see there is a one-line item that is visible, that is the major cause of you see that degrowth like Rs 21.99 lakhs loss incurred by joint venture company. This quarter there was a loss from the joint venture of Rs 1.22 cr. This is basically because of some centres has taken but we have to fly off and generate enough revenue to have that thing. That is the one cause and FSNL performance it is also on a fatter trajectory. Both the factors have made to have little bit of degrowth in the consolidated numbers.

Moderator: Thank you. Before we take the next question, I would like to remind participants to please limit your question to 2 participants only. The next question is from the line of Mustafa Arif from NRC. Please go ahead.

Mr. Mustafa: Hi Sir. So, I would like to know that on the marketing business what would be the revenue on a steady state and also how do I see the cost of goods line item in a BG model? Does that go to zero?

Mrs. Bhanu Kumar: As far as the marketing business is concerned you all are probably aware that we had three models earlier and we have discontinued two of them. There is a BG that model is available but there also it has not taken much traction because most of our clients are finding it difficult to provide the BG because of stricter norms and limits by the bank. A lot of due diligence is being done by the bank so this is more or less stable and we don't envisage that this is going to grow in the future. So, the revenues

are going to be flat whatever it was in the last couple of quarters is going to be more or less the same.

But as far as e-commerce is concerned definitely it is on the growth trajectory and especially since the iron market has stabilized now and it is expected to slightly go up, we expect that our revenues will also be going up and we are in talks with various government departments for further more projects and in the coming next quarter there will be some update as soon as we finalize some contracts or something.

As far as our recycling is concerned our JV company is expanding its operations so obviously in the initial stages there will be a lot because each centre as soon as it is set up is not going to make profits. So, definitely this may be there for some more time but we are on the right path to expand its operations so that all the raw material that is available is converted to scrap and is given as a feeder to the industry for secondary steel manufacturing.

Mr. Mustafa: Okay. And another question is what is the current status of the Standard Chartered litigation, a few days earlier you had provided an update?

Mr. Subrata Sarkar: Let me explain to you that of course we have seen the update that DRAT in that Rs. 222.51 crore demand matter has given that, we have made an appeal to DRAT and, DRAT has set aside the order of DRT in our favour. So, that's now so we are in a favourable position accordingly.

By its oral order also that DRAT has ordered for the refund of 90 crores and the recovery proceedings by oral order has already been, we are waiting for the written orders for both the things, the recovery proceedings have been dropped so we are waiting for both the written orders like refund order and all these things we are waiting for as soon as we get the refund, we will update you but the news is good like we are on at DRAT.

Moderator: Thank you. Before we take the next question, I'd like to remind each and every participant to please limit your question to 2 per participant only. The next question is from the line of Mr. Chirag Singhal from First Water Fund. Please go ahead.

Mr Chirag: Thanks for taking my question. Just two questions from my end. First, how much of the revenue comes from a static business with minimum volatility where you're not dependent on any one-off event such as auction of any mining blocks or so? I'm just trying to understand the consistent stream of revenues in the e-commerce segment.

Mrs. Bhanu Kumar: Is that all? See, as far as the revenue in e-commerce sector is concerned, about 50% comes from scrap, which is more or less stable, and it has been the case for the past many years.

Regarding other products, the prime products, which we call mineral sale or some waste raw materials and all and properties, there it is on a growth trajectory, and we don't see any threat as of now as far as that business is concerned. That comprises of about 20 to 25% of our revenue.

The rest is what is one-off kind of a case, but there again, say, mineral block or coal block. Now, a lot of blocks are given to us for auction, but everything doesn't get sold at the same time. So, this is a very long process, and if you have seen, every year

we are earning some revenue from the block sale itself. So, this is going to be there for at least a couple of years more.

Apart from that, we are giving some value-added services to our clients, especially in the minor mineral blocks, like integration with their state portals and all. So, that kind of comfort and that kind of transparency and ease of doing business, since we are able to give. Because of that, the clients are more or less happy with our services, and we don't envisage that they will go away from us for at least a couple of few more years.

Mr Chirag: Got it. So, 25% of the overall e-commerce segment, that came from the auction of the blocks, is what you are saying. And the rest is more or less kind of constant, the balance 75%, which is again growing.

Mrs. Bhanu Kumar: 25% includes actually the blocks, the minerals that are mined, then the forest agro-produce that we sell, then some waste material like fly ash, which actually goes as a raw material for the cement industry. All that put together is about 20 to 25%. Or you know, customized models that we prepare for government or the private sector. So, the rest of 25% is what is on a case-to-case basis. And that also is not under very severe threat as of now.

Mr Chirag: So, is it possible to share only for the auction of the blocks, how much came from auctioning of the blocks?

Mrs. Bhanu Kumar: That will be very difficult to say, because every time we put up, say, around the last time we had put up about 90 coal blocks for auction, and eventually only six were sold. Now when it is sold and finally when we get the result in that quarter, we reported up 6 blocks. And previous, last year, we were able to sell about 20 blocks. So, I'm not really sure. And per block, I get some revenue. So, I cannot foresee as to how many blocks will be sold in a particular year. So, it's very difficult to predict.

Mr Chirag: Yeah. So, my second question is on the growth guidance for this particular segment. So, based on the visibility of events and the inclusion of the new categories and product types that you've been doing on your portal, what kind of growth do you see for this particular segment, for this fiscal as well as next fiscal?

Mrs. Bhanu Kumar: See, as I said, last year was very good in terms of the prices. Because we have Revenue is actually a mixed kind of model that we have. We have on event basis as well as on percentage basis. So, when it is on percentage basis, when the market goes up, obviously our revenue goes up. But if it is on event basis, it has a very flat trajectory. Since it is a composite mix of both these models, I would say it will not be an exponential growth, but there will be growth.

Mr. Chirag: So, can we take a range of 10 to 15%? Assuming that the current commodity prices stay as they are for the rest of the year as well as next year.

Mrs. Bhanu Kumar: Based on past performance, definitely you can take that figure. But then the market conditions will always not remain the same. So, if something unfortunate happens, if there is a sudden drop in some kind of sector, then it is going to affect. Otherwise, this is a reasonably good estimation, I think.

Moderator: Thank you. The next question is from the line of Mr. Keshav Garg from Counter cyclical PMS. Please go ahead.

Mr. Keshav: So, firstly, I want to understand in your investor presentation on page number six, the total value of goods traded through MSTC ecosystem has reduced by 18.5% year on year. So, sir, what is the reason for this?

Mrs. Bhanu Kumar: So, you are comparing Q1 of last year and Q1 of this year, right? This is mainly the coal and iron ore that we were selling last year. As I said, the iron ore prices have fallen quite significantly in comparison to Q1 of last year, almost by around 20%. And coal, it doesn't actually matter as to what is the volume, because we charge on event basis. So, there also, based on the policy of the government, whether it has to go to a particular sector, the volume that is offered for sale on open market, that is also from time to time, that changes. So, because of that, you can see, but mainly I think the contributory factor is the iron ore.

Mr. Keshav: Sure. And, madam, we have around Rs 1,600 crore of cash with us and net cash is around Rs 1,475 crore, which is 55% of our market capitalization. And still we aren't doing any share buyback, even though the government has repeatedly directed PSUs to go for share buyback. But I don't know why we are very comfortable sitting on cash, which is hardly giving shareholders any return in case of adjusted. So, please consider a share buyback.

Mr. Subrata Sarkar: Sir, your suggestion well taken. So, from where these Rs 1,600 crores came, I do not know. So, this quarter we have not published any balance sheet and all these things. So, of course, we will review the situation on 30th September. If that part, actually the buyback norms are governed by the reform. Reform is clearly stated at which position this buyback will occur. So, of course, your suggestions are very prime importance to us. So, we will look into that and we will discuss internally on that particular position. Of course, after reviewing the 30th September situation, see how much cash is with us from this. Okay, rightly, your suggestion is taken at a very positive note from our side.

Moderator: Thank you. The next question is from the line of Mr. Raghav Agarwal from Trident Family Office. Please go ahead.

Mr Raghav: Hi, thank you for the opportunity. So, I basically want to understand your end-of-life vehicle business model. So, I heard you say that the private vehicle listing on your portal would be free. So, is there a difference between MSTC portal and your subsidiary with Mahindra for the scrapping centre?

Mrs. Bhanu Kumar: Yeah, actually, what we are talking about here is MSTC has been mandated to auction all the end-of-life vehicles of the Government of India and the advisory has been given to the state government for channelising all their ELVs through our portal.

Now, as far as private sector is concerned, there is no such mandate. And obviously, a large chunk of ELVs are with the private sector and private individuals. For private individuals, we are just charging some very nominal a few hundred rupees as listing fees, because we are just giving them a facility of access to all the registered RVSF and RVSF are supposed to actually bargain with them and then take the vehicle. So,

there's no actual role of MSTC. We are just providing a platform for ease of doing business with the RVSF.

Now, MMRPL is one of the RVSF. They are one of the bidders who take vehicles from our own portal. They also compete with other RVSF. They do the bidding. Once they become H1, they take the vehicles and then they do the scrapping. So, here, as MSTC, we are offering e-commerce services for sale of ELVs and our JV company is doing the scrapping business along with 30 more RVSF in the country as on date. So, they are facing severe competition and through competition, they are getting the vehicles and they are dismantling and producing the raw material for the secondary steel sector.

Mr. Raghav: Can you tell us something about your market share right now in the RVSF segment through your JV? I mean, are you the market leader or are there many more competitors? And any timeline of how much scrapping you are going to do to the RVSF in the coming year?

Mrs. Bhanu Kumar: See, we definitely had the first mover advantage and as on date, also the maximum number of channelized vehicles that are going to our portal is going to our JV company. But it depends on the location. See, if in a particular location, there are a large number of vehicles, then obviously, it is going to be distributed amongst various RVSF, like the case of NCR. There are about three or four full-fledged RVSF and some of the RVSF have invested heavily, including a shredder and everything. So, obviously, the volumes get distributed between multiple RVSF. Where we are the only RVSF, obviously, all the vehicles that are scrapped in that area go to our facility only. So, it depends on the location. But as far as the market share, if you say, nobody has done this analysis. But we can safely say that we are getting the maximum number of vehicles and we are having the presence in largest number of shredders.

Moderator: Thank you. The next question is from the line of Mr. Maanvardhan Baid from Laurel Advisory. Please go ahead.

Mr. Manvardhan: Good afternoon, everyone. Thank you so much for giving me the opportunity. I just wanted to know the average age of employees that we presently have.

Mrs. Bhanu Kumar: It is, as of date, about 37 to 38. I don't have the numbers ready. From the past data and memory, I'm actually recalling and telling you this. And we are in the process of some more recruitment at the entry level. So, average age is likely to go down further.

Mr. Manvardhan: Okay. And sort of in terms of recruitment, where are we doing our recruitment from, especially in terms of engineers etc.? What kind of institutes do we recruit from?

Mrs. Bhanu Kumar: Our recruitment at the executive entry level is through a pan-India competition, competitive examination and a group discussion. And we have already advertised for various platforms. We meet people in the tech field, the systems department, and HR, the finance, the operations, MBA, marketing. So, from all kinds of fields, we are doing the recruitment. All these details are available in our company website as well as the public domain also. Our advertisements are there.

Moderator: Thank you. The next question is from the line of Mr. Yash Dantewadia from Dante Equity. Please go ahead.

Mr. Yash: What percentage of your revenue is coming from private players as of today in your e-commerce business?

Mrs. Bhanu Kumar: Actually, the private player business has started very recently. You are aware probably that only the last four or five years we have done some business. So, we have not done any estimation like that. But I think we can take it as about 10%.

Mr. Yash: Yeah. And also, in your previous con-call..

Mrs. Bhanu Kumar: I don't have any data to support this. I'm just making some mental calculation and I'm telling you this.

Mr. Yash: Understood. Madam, in your previous con-call, you gave us 15 lakh figures. That 15 lakh cars have to be scrapped, right? Scraped, basically. So, Madam, since the government has mandated for these vehicles to go through you, to MSTC, so these 15 lakh vehicles, what will be the timeline for this? And what is the ballpark transaction value for these 15 lakh vehicles? And the number of years that you think you will take to process this transaction? Because right now, you're at a very low run rate. You're doing, I think, 8,000 vehicles or 10,000 vehicles, right? Is what you said. So, this 15-lakh vehicle, how real is it? I'm like, how much time do you think it's going to happen? And if it happens, can you give us a brief understanding?

Mrs. Bhanu Kumar: I replied in the earlier query also that MSTC has been mandated to auction only the government vehicles, okay? And advisory has been sent to state governments for framing policies so that the ELVs can be channelized through our portal. Now, many of the states are still making those policies. It's still at a very nascent stage. Now, the 3 lakh vehicles or 2.5 lakh vehicles, whatever figures you are quoting, is not just the government vehicles. It involves the other vehicles also. Now, for the government to scrap their vehicles, they need to have a replacement for which a budget is required. So, those things have to be in place for these vehicles to come to us for scrapping. So, this is going to take some time. So, obviously, it will be in thousands as of date. And going forward, once the older vehicles get replaced in a phased manner by various government departments, all these vehicles will be coming for the scrapping. So, budget is a very major criteria for acquiring new vehicles. Once that is done, all these vehicles, you can see the numbers going up.

Moderator: Thank you. The next question is from the line of Mr. Harshit Jain from REH Investment. Please go ahead.

Mr. Harshit: Actually, I want some more clarity on Standard Chartered dispute. So, I just wanted to know that whether we'll be receiving Rs 90 crores paid to them or we need to pay Rs 222 crores to them?

Mr. Subrata Sarkar: No. So, let me clarify two things. First, the Rs 222-crore order has been set aside by the DRAT, and they have also ordered for the refund of 90 crores. As and when this requires certain process, as and when the amount is credited to our account, we will let you know clearly. So, it is for sure, as of now, that the refund order has already been given by DRAT and because of that order in our favour. So, no Rs 222-crore payment right now. Rather, the Rs 90-crore deposit will be refunded to us. In addition to that, the recovery proceedings have also been dropped and we are waiting for that written order also.

Mr. Harshit: Okay, so after this is done, our books will be clear, no long-term borrowings and liability will reduce by Rs 142 crores?

Mr. Subrata Sarkar: But this is, of course, subject to certain regulations and regulatory authority. Right now, I cannot comment on this particular aspect. Let us examine the orders. Our legal person will examine the orders and that thing. And accordingly, whatever is required as per the law, it will be done.

Mr. Harshit: Thank you. And my last question would be regarding, I just want to have some more clarity that how easy it is for us to change from event basis to percentage basis because we are doing big volumes lately. So, if we can change from event to percentage basis, this will have a massive impact on our financials and we can grow in big numbers. So, how easy it is for us?

Mrs. Bhanu Kumar: No, it is not at all easy. In fact, wherever we have agreed on event basis, the numbers actually is not of big material to us because here we are talking of, say, coal block. If it is going to be 1 lakh crore kind of a coal block and I cannot be asking for percentage out of it because the process for a smaller coal block and a bigger coal block remains the same. So, nobody is going to pay me on the basis of percentage for such events. So, it is almost impossible to switch from event basis to percentage basis, at least in such auctions. So, wherever it is possible, we are already on percentage basis.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments.

Mrs. Bhanu Kumar: So, today we had a really good brainstorming session and we have noted down a lot of suggestions that have come from the investors. Thank you for taking so much interest in our business and the financials and your suggestions are always welcome. Thank you. All the best.

Moderator: Thank you. On behalf of Equirus Securities Private Limited, we conclude today's conference. Thank you for joining. You may now disconnect your lines.

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