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(भारत सरकार का उपक्रम)

MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring
INDIA

MSTC/CS/SE/439

30th May, 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 Wednesday, 24th May, 2023 at 12:00 Noon IST. A copy of transcript of conference call held with the Investors/Analysts is enclosed herewith for your information and records.

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

Thanking you,

Yours faithfully,

For MSTC Limited



(Ajay Kumar Rai)
Company Secretary & Compliance Officer

Encl: as above

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

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

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



**“MSTC Limited
Q4 FY '23 Earnings Conference Call”
May 24, 2023**



MANAGEMENT:

Mr. Surinder Kumar Gupta – CMD – MSTC Limited

Ms. 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 Q4FY23 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 and zero on your touch tone phone. Please note that this conference is being recorded. I now handover the conference over to Mr. Ansh Manek from Equirus Securities Private Limited. Thank you and over to you Sir.

Ansh Manek: Thank you. Hello everyone. On behalf of Equirus Securities, I welcome you all to the Q4FY23 Earnings Conference call of MSTC Limited. From the management we have with us today, Mr. Surinder Kumar Gupta, Chairman and Managing Director, 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 can open the line for question and answers. I now handover the call to Mr. Surinder Kumar Gupta. Over to you Sir.

Mr. Surinder Kumar Gupta: Good morning, everyone. Our financial results are out in yesterday's board meeting and I am very happy to share the company results with you, with all our investor community. We have achieved the couple of main highlights. As far as the total volume of business is concerned, we have a growth of around 120% against 1,36,000 crores. We have achieved the total e-sale, e-commerce business of more than 3,00,000 crore in financial year 22-23. As far as our revenues from e-commerce is concerned, it's a growth of around 18.66% from 294 crore to 348 crore.

There is decent growth in the profit also. Profit before tax (PBT) has increased from 220 crore to 313 crore. That's rise of more than 42%. Profit after tax has increased from 200 crore to 239 crore. That's a growth of more than 19%. And one good thing that should be reassuring to all of you and of course it is reassuring for management also, that we have done all the provisioning and now it will be a history. Last year we had done a provision of around 38.54 crore and this year there is no provision. That is a very good sign for the company's future results. That is why our profit before tax and profit after tax in consolidate terms also has risen quite handsomely.

We have done various flagship projects in last financial year. Some of which we have been always sharing with you during our quarterly interactions. Some of which like-spectrum auctions, we have already shared with you.

Apart from the spectrum auction, we have done large number of mines auction this time. So, total mines auction in the last financial year was 86 coal mine blocks have been successfully allocated and 94 major mineral blocks have been sold through our portal.

Another thing of interest to all our investors will be that this ELV policy has gained lot of tractions and more than 17 states have already announced their policies about as far as the ELVs condemnation and the ELV rules are in place. And MORTH has nominated MSTC for launching a portal for disposal of all central and state government ELVs. So, all these vehicles are being sold now on MSTC portal, where we are earning service charges.

Apart from that, all the RVSF including RVSF of MSTC joint venture company MMRPL So, they are also getting the vehicles through this route. Last year we sold around more than 2000 vehicles, central-state government vehicles. This year again this speed has picked up and at the end of first quarter we will be able to give you a very handsome figure for the sale of government vehicles. So, this is all in brief I wanted to review before I hand over to our Director Commercial and then Director Finance for give you slightly more detailed analysis of the finances. Madam.

Ms. Bhanu Kumar: Yes, Good afternoon to everybody. As our CMD has already highlighted, the volume this year has been phenomenal and major contributor to this volume has been the coal block allocation, that has been done through our portal. So, that has contributed significantly to the volume, apart from the spectrum and other mineral blocks.

Apart from that, the major highlights of the performance have been that we have sold lot of power plants, redundant power plants of state utilities and DVC. That has actually, given the volumes as well as good earnings for the company. These power plants belong to DVC Uttar Pradesh Rajya Vidyut Utpadan Nigam, Telangana State power Generation. And the total volume from these plants sale is about 1100 crores.

Then the coal that is sold through our portal, it is sold in two different models. One is called the linkage model, where it is sold to some specified sector of users and other to the open public at large. So, this specified linkage option as we call, that also had a significant increase in volume and it was sold to the tune of about 4400 crores in the last year. Then we have signed agreements with some private sector big entities for sale of their iron ore continuing with what we had done last year also. So now more and more private sector entities are also reposing their faith in our portal and the transparency and features built into that.

And for the first time, we have sold some intangible assets like- technology transfer and trademarks and this we have done for some sick PSUs like- Bharat Thomson Compressors and Scooters India Limited. So, this again holds lot of potential for us in the future. We have also successfully sold some small aircrafts for the Airport Authority of India. And we have associated with certain small software companies and going forward, this holds large potential for our key solutions for various clients.

One of the works that we have done which I would like to highlight here is a billing software that we had developed earlier that now we have enlarged with scope to include having a GPS system integration with the existing software that our clients had and access monitoring and sort prevention also built into that. We are also in the process of adopting some new technologies, probably in the near future that will also pay good dividends. Now as far as financial highlights are concerned, I would hand over to Mr. Subrata Sarkar.

Mr Subrata Sarkar: Good afternoon to everybody. So that the snapshots are already there. And we have also seen the results. So let me repeat, like this year that total revenue as you know stand-alone basis is lower than corresponding financial year. But here I would like to emphasize that net revenue has increased. Because this year we have done away with the purchase and associate model. So, then we are based on the service charge model only.

So, EBITDA is at pre provisioning is little bit down but PBT has gone up. It is gone up from 220 to 313 crores. Profit after tax has also gone up from 200 to 239, EPS has gone up from 28.42 to 33.98 and cash profit is also there. In the segmental part, if you can see that e-commerce is the major segment and it has contributed 348 crores in the revenue and Rs 115 crores from the marketing. So total expenses is around 185 crores and profit before tax is of course 313.47 crores and after tax is 239.22 crores. And it is a growth year to year growth of 19.58% in case of PAT and PBT is 42.46% year to year growth.

And in the consolidate results also, again the consolidated revenue is little bit drop but of course in the net part it has increased and EBITDA is little bit lower, but the profit before tax has also gone up from 232 to 329, rise on year-to-year basis of 41% and profit after tax is 241.95 as compared to 199.09, rise of 21.53%. Of course EPS is also up.

So, if you go by the summary P&L statement it is a replica of that, and which explains that our revenue from operation is little bit lower. But if you go by the net revenue, we

have seen, we have increased in the standalone basis, as well as in the consolidated basis also. Due to the lesser employee benefit expenses and lesser provisioning as CMD has already highlighted, PBT has gone up from 220 to 313.47 and PAT from 200 to 239.22. So that's all from our side. Handover to you.

Moderator: Should we open for questions?

Management: Yes please.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. Anyone wishing to ask a question may please press star and 1 on your touch tone telephone. If you wish to remove yourself in 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. Participants in order to ensure that the management is able to address questions from all participants in this conference, we request you to limit your questions to two per participant only. The first question is on the line of Prakash Bhuvra, an individual analyst. Please go ahead.

Mr Prakash: Yeah. Hello. Good afternoon to everybody. I would like to know how many centres we will open in different parts of the country. So that we can get maximum number of vehicles for scrappages and what will be the provision for realization of scrap, steel and rubber and other important material from the components? Apart from the Commission of 2.5%, what will the sharing basis of other realization and components of the vehicle? So, and how many centres will open in the year? Thank you. That's all.

Management: Yes Right now we have 6 centres we had already last year, 3 more centres we have opened, out of which one at Guwahati has already got the approval. As far as the Karnataka, Bangalore is concerned, it is under advanced stage of approval. Then the third centre in Fatehgarh Sahab in Punjab will take some time. But we have already on way in setting up the centre that may take a couple of more months. So three more centres. So total 9 centres as of now and we are planning to have couple of more centres in the current financial year.

The second part is, whatever the material that we derive from the dismantling of the vehicle, there are basically two parts. One is the scrap and second is the spares. So, scrap is sold in the open auctions in the open market and the spares again we have a portal where the spares are sold. And spares, whatever the sale or revenue vehicles for MMRPL are, spares are good, good percentage of that. So that is basically two door classification, scrap as well as the spares, that we sell from these vehicles.

Mr Prakash: Yeah. How many vehicles we plan to scrap in a year? Can you give some rough idea? Possible idea from Karnataka is having 88 lakh vehicles I think so.. 80 lacs Karnataka only. So could you give some idea as to what the process of disposal will be. How many centres will open in India? At Pune and other places how many centres will be open? See Guwahati is opened I think I have said, I have seen in the presentation, so how many more centres you will open, so that work will speed up. As our minister Mr. Gadkari has said, they have to expediate process of scrapping and more and more vehicles will come.

Management: That's right. You see we are planning to open multiple centres. I cannot give you the figure.

Mr Prakash: Can you give some idea, some color on that? Actually, some color on number of things we looking say 30, 40, 50?

Management: No, No, No, we are basically planning to set up the centre in almost all major states. So that could be around 25 centres in a couple of years, right. But much will depend upon

how much vehicles we are able to source. Right now, people are not coming forward to sell their vehicles to RVSF, because of the price difference which RVSF can offer and which normal Kabariwala can offer. So, for that one, I mean for to plug that gap, there is a one very positive development. CPCB has issued the guidelines for this scrapping and processing of ELVs. So, one major difference for this price was the engine. The unorganized player, used to recycle that engine and sell it at a higher price. So that engine can no longer be recycled. So that will give us some push and as we get more vehicles, we are open to basically a more number of centres. So basically, we are watching the current situation.

Another aspect of this policy is not only RVSF Centre, second is ATS (Automatic testing centres) means testing stations that have to come over the state where the public will go for testing the vehicle as per the policy laid down by the various states. Commercial vehicle and passenger vehicle. So unless the ATS are in place, the vehicles will not come to RVSF. So, this is again going to take a year or so before sufficient number of ATS are in place and we get these vehicles in large number. So as and when the vehicles come, we are ready to set up more and more centres. And we are in a couple of years we are planning to have 25 centres covering Pan India. I hope I have answered your question. Definite number cannot be given at this day.

Moderator: Sorry to interrupt Mr. Bhuvra. May we request that you return to the question que as other participants are waiting for their turn. Thank you, Sir. The next question is from the line of Pratesh Chheda from Lucky Investment Managers. Please go ahead.

Mr Pratesh: Sir, can you share the progress in the e-sales scrap sales basically in FY23? What would be the growth there and what is it as now as a proportion of your e-commerce revenue?

Management: okay, In the year 2022-23, the scrap played a major role in the e-commerce revenue. It was more than 50% as against slightly less than 50% in the last couple of years. The volume from scrap total ecommerce revenue was about 288.60 crores. Out of which about 168 crores was from scrap alone.

Mr Pratesh: What will be the growth YoY?

Management: See e-commerce overall growth we are expecting and then what we have witnessed in the last couple of years.

Mr Pratesh: No, ma'am, my question is 158 crores was the scrap sales number in FY23, right? What is that growth, 158 versus what number?

Management: No, there cannot be any number as such. See, the thing is scrap, it arises and it is linked to the ferrous market as such. It depends on the steel prices.

Mr Pratesh: Ma'am I understand that I am asking 158 crore in FY23, what was the same number in FY22?

Management: Just a second. Last year it was 135 crores, this year 168 crore, that's a growth of around 25%. That was because of plant sale. So that doesn't happen every year.

Mr Pratesh: Yes, you have moved your number from let's say the e-comm business has now moved from 290 crores in FY22, to about 348 crores now in FY 23. What is the growth now do you expect on this number?

Management: Yeah, it's very difficult to give basically the future projections, but as the things stand lot of government sectors, private sector is relying and such is and with the Government of India policy, clean-up policy, lot of scrap is coming to us. So whatever growth momentum has been there for last couple of years, we are hoping to maintain that. So, we are working hard to maintain that at least.

Mr Pratesh: My second question is Ma'am, when you look at the balance sheet, there is increase in the other financial liability and there is a corresponding increase in the cash. Can you explain what is this? And second, if I have to understand your balance sheet, what actually will be the net cash in your balance sheet? Will you have net cash and what will be that number?

Management: Yes. Can you hear me Sir? Yes, so it's very simple. First, I answer to your second question that is very relevant to that is what your net cash is. So, look at our balance sheet, our tangible net worth is coming out to around 420 crores. So, you can equate less certain receivables. So, it is around 400 crores. We can say that we have a tangible net worth and that is our own cash, that we can say. Very precisely in accounting terms what we can say as an accountant, okay. And coming back to your first question like there are certain temporary inflow outflows in our business. So that is there in the happening in so that the cash and tax receivables has also increased as well as like the other financial liability has also increased. But what you rightly pointed out, what is our net cash, it is around 400 crores.

Mr Pratesh: What is the progress on the private customer side if you recall?

Moderator: Sorry to interrupt Mr. Chheda. May we request that you return to the question queue. There are participants waiting for their turn. Thank you. The next question is on the line of Dikshit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Mr Dikshit: Yeah. Thanks for the opportunity. My first question is related to the end-of-life vehicle business, which we started this quarter. So, you mentioned that in the previous call you mentioned that the end-of-life vehicle of only the government part would be around 15 lakh and we have sold around 2100 this year. And I think the deadline was 31st March, I mean next year. So do you expect that significant part of that 15 lac can come up in FY24 and related to that is, you also mentioned that till 31st March that portal will be on a fixed fee and from 1st April it will be on a percentage basis. So just to confirm that.

Management: Yes, that's right. I mean up to 31st March the number of vehicles were because it was just the beginning of the policy. So, as I had already given you this figure around 2000 vehicles were sold in the last financial year. I mean these are the government vehicles I am talking about, right. As far as the, I mean one part of it is 15 lakh government vehicles. So, it's very difficult to estimate the vehicles, the count of vehicles, so we are getting so many figures, so we are not hazarding any gaps. But now what the traction we are getting from most of the department, most of the state government are now in touch with us either they have offered us vehicles or they are in the process of offering vehicles. So, I can give you a very rough figure. Around 10,000 vehicles are already there in pipeline which are under sale or under auction, right. So, this is gaining more and more traction and we are hopeful that this year good part of the government vehicles will come to our portal. It will have two benefits for us. So, it will earn us a service charge and RVSF in which we are also a partner, so they will also get their much-desired raw material.

Mr Dikshit: Okay. And so just to mention, let's say we have sold 2100 vehicle last year, what would be the rough per vehicle sale price?

Management: Very, very difficult to say. It's such a unique mix from two-Wheeler and defence vehicles. Defence vehicles many times are very heavy vehicles. 4 Wheelers, 3 Wheelers. So, all kind of vehicles are there.

Mr Dikshit: A broad range would also be fine.

Management: Could be around 30-40 thousand.

Mr Dikshit: Okay, 30-40 thousand. Okay. And right now, this regulation is only for the government vehicles. The private vehicle, they are not mandated. They can do on their own, but they are not having any deadline.

Management: This as I explained you see there are two parts of it. I explained it that for private also the government has laid down that after so many years you will have to get it tested before it gets de-registered with RTO, right. So, for that one mandatory requirement is automatic testing center. So those testing centres are still being set up by various states, by various private entrepreneur. So that is likely taking more time as compared to the setting up of RVSF. So once that system gets into place it is getting again like RVSF, it has taken a couple of year. ATS also is now getting traction. Governments are also setting up under JV or PPP mode. Private investors are also setting the ATS centre. So once the ATS centres are in place for the private vehicle after passing the life which has been mandated, will go to ATS and if it fails then it will automatically come to RVSF. So basically, that will be the turning point when private vehicles will actually start coming to RVSF. This is one thing.

Second thing is we have opened our portal also for selling this private vehicle. In our same portal, even a person like I and we individual person who has got a single vehicle, he can post his vehicle detail and RVSF will contact him, will pass on the information to RVSF. They will contact him for buying that vehicle. So that facility also we have given to the general public, and we are popularizing this policy, this portal. All investors can popularize this policy it's mutually beneficial. So that is what appeal from our side to all of you.

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

Mr Keshav: Sir on 20th of April a news item appeared that coal India's e-auction platform will go live on May and within three months all the transactions will, all the auctions will, move there from MSTC and M junction. Also, Sir on 20th April 2023 in Economic Times news article came that public sector banks are launching their own E auction app to sell approximately 5 lakh realty assets, which are currently being sold through MSTC. Sir, so I hope you are at least aware of these developments and sir what is your comments on the same?

Management: okay, 1st question is regarding Coal India. With this announcement we are very much aware. In fact, they had asked all their existing bidders to register on their portal. But thereafter, there was a new policy which is called the new agnostic policy for coal-sale. That Actually is meant for you know not linking the customers to any particular collieries. It is more of an agnostic policy where any bidder can take material from anywhere. So, after that there was lot of customization that we had to do in the portal. So whatever work was done by Coal India with NIC for coal sale that had to be abandoned and fresh, you know development had to take place.

Now this is going to, as we understand, from the inputs that we are getting from Coal India and other sources, this is going to take some time. So, for this year, we are hopeful that coal business will continue. And as far as the NTA auction for the nationalized banks is concerned, the IBAPI portal, we are aware that alliance has floated a tender and they are in this process. But what the message is coming out is that they are going to have a new system. All these nationalized banks already have a portal called IBAPI, where all the MPAs are first listed. All details, all branches. They are all linked and mapped to that. What we are offering is only an extension of that for the bidding process. Now the new portal that these people are planning to develop is to replace the old IBAPI portal. It's a whole new portal itself which will be having these activities also included in that. As far as bidding is concerned, nothing is mentioned regarding this

activity in their portal. So at least for this year, we are hopeful that this IBAPI business is also with us.

Going forward, this is definitely going to take quite some time. Because this portal has been mandated by the Department of Financial Services. And for, you know, getting that kind of credibility and for certification and all it is going to take some time. So, till such time MSTC is going to offer the services.

And our supplement here we are always, I mean wherever any such development is taking place, we are always in touch with the principal. So that any new development that takes place, MSTC is a part of it. So that is our continuous endeavour in that direction. Yeah, please.

Mr Keshav: Sir, I hope that this trend does not activate and accelerate because since scrap is an ongoing thing, then each big customer can eventually come out with their own portal and I don't know where MSTC will be left. But I think at least for this year we are fine. And Sir, my second question is that Sir, our ecommerce revenue went up by 19% year on year. From 294 to around 349 crore last year. But Sir, if you look at consolidated cash flow statement, then the operating profit before working capital changes is 279 crore versus 271 crore last year. So which means the measly growth of less than 3% in our operating cash flow, if we take out all the one of income, Sir, so what are your comments on the same?

Management: Yes. So, when you are comparing that, you are taking the figure from that segmental reporting. Correct.

Mr Keshav: No. I am talking about consolidated cash flow statement, which is the next page from your consolidated balance sheet.

Management: Yes, there are two things. One is the standalone performance, one is the consolidated, okay. So consolidated comprises of our subsidiary FSNL also. So, when you look at both in that way, so of course this operating profit has gone up by very major percentage. You cannot compare. I mean it's a group you are comparing. So, if you let us go by the standalone also. So, in the standalone part also we have included but of course not that so but there is a growth. There is not that key, there is not a growth at all. So consolidated of course there is not that much of growth as compared to MSTC. So, in the overall view it has gone down. That's the point.

Moderator: Sorry to interrupt Mr. Garg, may we request that you return to the question queue, that a participant is waiting for their return. Thank you, Sir. We will move on to the next question that is on the line of Viraj Mahadevia, an individual investor. Please go ahead.

Mr Viraj: I noticed that there is so much working capital release in the current financial year and the consolidated cash flows. Generating and operating cash flows of 886 crores. Is this sustainable? And what has happened with other financial liabilities going up so much? They spiked from 787 to 1350 crores.

Management: Yes. So just now, before I was talking to you, I answered another question also. Like you see these are some phenomena are very temporary in nature like. But our actual, if you go by the liquidity position, our actual standalone basis, our actual cash tangible net worth is around 400 plus crore. So that is the cash that we have. Our own cash. Sometimes temporary part is there. That's why our cash and cash equivalent also gets increased. Vis a vis that other liability that you are talking about that also gets these are temporary flows within the course of our business. So that is not that like is the permanent feature. Permanent feature is our own cash. So that is around 400 to 500 crores. That's the position Sir. That you can easily derive from that net worth part.

Mr Viraj: Right. So, you know I see 1500 crores of net cash on books or 1500 crores of cash including bank balance on books with the market cap of 2200 crores. And you made FD investments of about 600 crores in financial year 23. Why isn't the company considering doing a buyback or paying out higher dividends with such kind of cash flow? Especially when you're generating 200 odd crores of free cash flow every year?

Management: Look, just now I had answered. So right now, this year also we had almost distributed dividend, 50% of our PAT of that what you can see, yeah 100 plus is fine 50%. And balance of course is there, and we are looking for certain growth prospects. So of course, that much of cash should remain with the company. So that is the point. And when you are looking at the consolidated position, there is two companies involved there. One is FSNL and another is the MSTC. MSTC is having cash as I told you around 400 plus own cash. Likewise, FSNL. FSNL has got his own cash flow requirements because it is looking at the servicing industry and giving services to the steel plants for scrap recovery.

So, then if we leave the part, the temporary part. So, we are planning, we are having certain amount of cash that we are planning to have some certain growth. For that requirement, certain cash should always remain with the company. That we will appreciate.

Mr Viraj: Right. OK. I mean it doesn't sound like you need to maintain such a large cash balance, but the point accepted. Thank you.

Moderator: Thank you. The next question is on the line of Vivek Ganguly from Nine Rivers Capital. Please go ahead.

Mr Vivek: Thank you for the opportunity. We are new to the company. So, with your permission I would like to you know ask a couple of basic questions. So, in marketing for the year 23, would it be fair to assume that these are purely the 150 not crores of revenue that you'll booked is purely service income and there is no purchase and sales of any, you know, transaction that has gone through your books?

Management: Yes, this is completely only service income.

Mr Vivek: Okay. And this service income is again on a percentage basis of a GVT or is it on a fixed fee basis?

Management: Percentage basis of the revenue transaction. Let me explain you very vividly. The marketing that you are talking about like that it comprises of that segmental revenue from 115 crores that you have seen. That it comprises certain write back etc. So, we charge in the marketing on the fix percentage basis on the amount of volume credit. That's the answer. Percentage on the amount credit. Percentage basis.

Mr Vivek: And one request in, you know if you look at the ecommerce revenue, it looks like everything whatever you all book flows down straight to the bottom line, while in the case of other there are unallocated expenses and so on and so forth. So going forward if you all can do the, you know the revenue booking and the expense allocation better, it will be helpful from the investor's perspective. Thank you.

Management: Yes. I just answer you. So going forward that if our trading's are very bigger amount, so going forward we may allocate that our expenses, reallocate the expenses that could be depending upon the requirement of the accounting standards.

Moderator: Thank you. The next question is on the line of Srinivas Reddy, an individual investor. Please go ahead.

Mr Srinivas: Good afternoon. Thanks for the opportunity. Regarding this FSNL disinvestment, what is the progress you have made for at least this financial year? You are hopeful that it will be done.

Management: You see DIPAM is driving that process. So, they are taking all the calls after doing all the due diligence. And we cannot as such give a timeline for when, when it will be done. But I will just inform you that DIPAM is taking whatever necessary action is required for the disinvestment. So, no timeline can be given as such at this point of time.

Mr Srinivas: But what you meant to say, I mean the plant visits and all those things were there in the newspaper, Sir, reporting that prospective buyers are visiting the plant. Last quarter there was some news.

Management: Yes, we have also read it. So, the process is ongoing. Some part has been completed; some part is yet to be done. So, DIPAM is taking care of all those things.

Mr Srinivas: My second question is regarding this scrappage vehicle, Sir. So, what is the margin mode of calculation? Is it percentage basis of the value or fixed per vehicle which is occurring to the MSTC?

Management: This is on percentage basis. And we have started charging from 1st of April whatever transactions we are doing from 1st of April on that there is some percentage basis charge.

Mr Srinivas: What about ecommerce margins? Because they have been stagnating for many years. I mean, we are unable to scale the ecommerce business because other private enterprises are growing 50%, 40% and we are growing in low terms and high terms only.

Management: No, that's not right. Last year we grew our ecommerce income by around 30%. This year also is a growth of around 18-19% So that's a quite handsome growth for any standard. Despite the downtime, downward trend in the scrap price and iron ore price, that in coal prices also were a bit down. And volumes, Sir. Volumes actually, if you see, we are probably transacting the highest volume in the country, 3 lac crores plus.

Mr Srinivas: Okay, thank you.

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

Mr Harshit: Yeah, Hello. Thank you for the opportunity. My first question would be regarding the Hyderabad plots which are coming for sale and you guys are targeting Hyderabad and specially Telangana. Any plans for some other cities like New Delhi, NCR, Bangalore? And what kind of margins do we enjoy?

Management: Can you repeat your question? It wasn't clear.

Mr Harshit: Yeah. My question is regarding Hyderabad and Telangana plots are coming to our portal and we have been selling that. And firstly, I want to know that what kind of margins are we enjoying on this? And secondly, any plans to fall into some other states like Punjab, Delhi, NCR, Mumbai?

Management: Yes. Actually, we are in touch with many of the development authorities for sale of plots and everything. But what happens is in many states they have the government portals and they mandate that you know these transactions should happen through that portal. However, we are still trying to expand this line. And as far as the revenue that you were talking about it is on fixed basis. This is on per event basis. So as and when we have an event, we charge some event charges.

Mr Harshit: So, what kind of margin? Is it 1 or 2, 3%?

Management: No, it is not percentage at all. Sometimes you know they may be transacting just about 100 crores and we get say 20 lacs or 25 lacs or 30 lacs. And whether they transact 100 crores or thousand crores or 15,000 crores we get only that sum. So, it's not linked to the volume. And if there is no case then also, we get some revenue. So, it's either way.

Mr Harshit: Sure. And my second question would be regarding on the scrappage front. So whatever government vehicle, PSU vehicle comes, it must come to our portal only?

Management: Yeah, it has to come to MSTC portal only.

Mr Harshit: So, 27 lacs vehicles would come to our portal and we will be charging 3% on every vehicle, whatever vehicle is sold to RVSF, right?

Management: Yeah. We will be charging 3%, but we are not sure of how many will come to us although government has mandated. So, but the count is not still very clear. There are few figures floating around. So, this is because the RTO process is not automated online data with both of the states. So, there is a discrepancy in the figure. But whatever government vehicle will be sold that will be on our mandated, mandatorily to be sold on our portal.

Mr Harshit: OK. And just like previously you mentioned that almost 10,000 vehicles are in pipeline to be scrapped. So, can we expect a good revenue for Q1 onwards from this front?

Management: Definitely.

Mr Harshit: OK. Thank you so much.

Moderator: Thank you. The next question is on the line of Vikas Kasturi from Focus Capital. Please go ahead.

Mr Vikas: Yeah, thank you. So first, thank you Sir and Madam for, you know adding more details to your presentation. This was a request last time and thank you for taking it in. I have one more request to you. If you could just, please present the numbers in crores and not lakhs, it would just make it more readable. Sir.

Management: We will do it.

Mr Vikas: Thank you. That's a request. I have one question on the balance sheet, on the consolidated balance sheet. We said that our provisions have gone down in the P&L, but when you look at the consolidated balance sheet, the provision has gone up from 62 crores to about 70 crores. So, what am I missing here, Sir?

Management: Yeah, You see these are the two different figures. When we talk about the provision, what we do in the P&L, it is on the trade generally we make the provision. Okay, So and the provisions that you are looking at the balance sheet, these are the provisions for the expenses. So, like it will go up because certain benefit expenses such as actual valuation things that must be added up on a consolidated basis. Because, you know it is combination of MSTC and FSNL both and both have different dynamics. So, like that is the two different aspects, Sir. That I want to tell you. So that's the point. You cannot correlate both because there are two different things altogether.

Provisions there are there trade receivable, as they appear as the make of provisions in the balance sheet. The provision that we are seeing is the provisions for generally for expenses.

Mr Vikas: Alright, Sir. One second, very quick question, Sir. The 110% bank guarantee that we get. So, I am assuming that does not go through the books of MSTC?

Management: No, It doesn't. Only the service revenue.

Mr Vikas: Alright, okay. Thank you. Thank you very much. Yeah, that's it.

Moderator: Thank you. The next question is on the line of Pratesh Chheda from Lucky Investment Managers. Please go ahead.

Mr Pratesh: Yeah, I wanted to check on the progress of the private customers on your portal. Some years back you had given to the exchange, your tie ups with Reliance and Larsen and all these and given out some numbers. So, what is the progress now of these customers on your portal?

Management: Yes. Actually the number of private sector clients is increasing from day-to-day. Reliance is transacting a little less volume. But as far as L&T, Tata Power, Vedanta, these people are concerned, the volume of scrap trade is also quite good through our portal, Bharti Airtel, Indus Towers, and all. They are our main customers as far as scrap is concerned. Now for iron ore also we have roped in JSW, Arcelor Mittal, Vedanta Group. So, they are selling their iron ore through our portal. So, the number of products that we are selling for the private sector is also going up. Apart from these then we also have lot of you know, confiscated goods by the customs of the clearing agency CSS units. All over India we are selling material for them. So that also gives some good volume for us.

Mr Pratesh: So private is what portion of your e-commerce revenue now, contribution?

Management: We are not maintaining basically figures like that as of now. So, we will take it as a suggestion and see whether we can have our accounting where we can have that kind of estimate.

Mr Pratesh: But any guess that you want to share, is it 5%, 10 percent, 2%?

Management: No, we don't we don't It's not a very major sum.

Moderator: Sir there are participants waiting for their turn. Thank you. The next question is on the line of Dikshit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Mr Dikshit: Yeah. My first question is regarding this trade receivable. If we see on a standalone balance sheet. It is around 333 crores. Can you just break it up between the e-commerce and the marketing?

Management: Yes, so likely yes I am giving you that breakup. Like if we go to the that day before Publication. So, our ecommerce is around 50 crores. The balance is in our associate model and 110% BG model and all are secured that much I can tell you. Because our trade receivables have shown a consistently decreased value as on 31st March 22 it was 407. Now we are at 333. So even in the marketing it is secured and required no provision at this juncture. Because basically its comprises mainly of the 110% BG.

Mr Dikshit: In terms of marketing business, so you know couple of years back we were thinking that it will completely go out of the balance sheet. But now I think what we are doing is, we are continuing with the 110% guarantee back business. So, this we will continue to do or is there any plan that we will completely exit the marketing business?

Management: We definitely would like to continue and expand this to the extent possible because that's completely secure. We are quite sure of the receivables. So, definitely we would like to continue and maybe you know expand it to the extent possible.

Mr Dikshit: Okay. So, it will continue at let's say currently whatever run rate we are having. It will continue at that rate.

Management: No. As of now, in fact we are doing very miniscule volume. So, we would like to expand this.

Moderator: Thank you. The next question is on the line of Sanjay Naik, an individual investor. Please go ahead.

Mr Sanjay: Hello. What will be the revenue growth for the next three to five years for MSTC in a percentage wise?

Management: We cannot give a; I mean basically figure like that. We will, we are definitely targeting for very high growth. But the growth depends upon so many factors. I mean some of the factors may not be intrinsic to us. It may be some external factor. So, what we can assure everybody is that we are expecting and working for the healthy growth. That's all and the diplomatic answer only we can give. We cannot give the definite figure as of now.

Mr Sanjay: To your that agriculture portal, Jaivik Kheti and all. Is there any new developments on that?

Management: No actually, this is acting more like a knowledge management portal now. So we keep updating the data from time to time and we are maintaining the portal. The transactions aren't happening, and the ecosystem is not mature enough to have transactions on that as of now.

Mr Sanjay: Like postal department for delivering the goods and all that.

Management: Yes, we did that. But somehow, it's not really taking off in a big way. I mean there are lot of ground level issues. And we don't see it happening soon also in the near future. Because the entire ecosystem, it's not just about you know picking up from somewhere and delivering somewhere. You need to have proper packaging, you need to have you know picking up from the farm gate, you need to have assaying facilities, testing facilities. So, these are not there as of now. So, this is going to take quite some time for the ecosystem to be developed. On supplementary, what Madam is saying is basically MSTC presence is in B2B market. So, it's a basically B2C business. So our focus is on the maintaining the portal and as far as the end customers are concerned, so that is basically our reach is not basically, I mean the organization that way is not very large to reach the individual or end mile customers. Like these FPOs and all will be at a very distant places and villages and all that. So that's why it's not basically getting that kind of question. But I hope with this government ONDC and all that models could be, we are able to ride that platform and do some business. We will get in touch with that, ONDC for that the Jaivik Kheti get some traction on that.

Moderator: The next question is in the line of Miraj from Ariham Capital. Please go ahead.

Mr Miraj: Yeah, Thank you for taking my question. I just had one clarification doubt. Earlier you mentioned that the cash balance is close to 400 crores. But if I am looking at the balance sheet standalone, it is cash plus bank balances is a lot higher than that. Can you explain what am I missing here? If I am reading something incorrectly here?

Management: Yes. some interpretation there was like which is our own cash, which is for the cash in transit. So, our own cash, if you go by our tangible net worth, our own cash, MSTC own cash in the standalone balance sheet. It is around 400 plus crore. It is our own cash that we own. Others are the cashes that are temporary in nature because of our nature of the business. Some cash remain in transit in and out. That's why there is a equivalent amount of liability, you see, like in the financial liability that has also gone up, as the cash and cash equivalent and the other bank balances are gone up. So that is the clarification. 400 or odd is our own tangible net worth, that we can tell that it is our own cash and that is a floating cash that keeps on moving up and down in the growths of business.

Mr Miraj: I understood. Thank you so much. If I have any more questions I will get back. Thank you.

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

Mr Keshav: Sir, you mentioned that we had done auctions worth 3 lakh crores last year. And our income in e-commerce was 349 crores. So which means that we are basically getting 0.01% of the auction proceeds. But despite that our customers are making their own dedicated portal. So that can only imply that I don't think they are much interested in saving that 0.1%, but mostly that they are not satisfied with our portal. So, what are your comments about this?

Management: Actually, you are I think interpreting it in different way. I would like to put across that 3-lakh crore worth of goods got transacted through our portal. But I also said that majority of it is the coal blocks and the mineral blocks that added to the volume. So here we are getting on per event basis, per block basis. So, if you analyse the ecommerce revenue section wise, we have got about 8 crores from the coal business, iron ore is about 37 crores, scrap is about 168 crores, e-sale is about 70 crores and so on E-procurement of course is almost insignificant. So, the revenue is coming from scrap sale where we are enjoying the numbers, you know, position in the country and most of the clients that we have, have not shown any inclination to move away from our portal, even in the near future.

As far as the natural resources are concerned. From the Government of India side, again we are the chosen service provider. There will be some movement here and there as far as Coal India or somebody, but then we are roping a new client on a daily basis. So that is going to take care of the loss of revenue from people who go away from our portal and that is few and far between. It is not a phenomenon that everybody is going away from us. So, most of the business especially in the scrap sector is still with us and with new private sector clients coming up in a big way to us. Definitely We have proved our worth in the market and that is why they are coming to us. So at least we are not, I mean seeing any loss of business especially in the scrap business soon in the near future. So that is going to augment well for the ecommerce revenue.

Mr Keshav: OK, Madam, thank you very much.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

Management: You see one concern of everybody will conclude with this that, in every business you lose few customers, you gain more customers. So, it is always a continuous change and churning. And as far as the MSTC is concerned with bouquet of service is quite large, the bouquet of customers is quite large. So, and most of the principals, the departments have full faith in the MSTC capability and the value MSTC brings.

So even if some person charges very less percentage but they insist with MSTC because we give a very good price, very fair competition and second the procedure, the security, safety, transparency are unparalleled. And we are meeting all norms of government procurement, government sale. So that is why the customer are having the full faith in MSTC capability. Of course, some business might come, some business might go, but we are maintaining a decent growth in ecommerce after the marketing business is more or less apart from under 110% business. So, our sole focus is on ecommerce, and we are constantly upgrading ourselves, our team, our resources, our portals so that the customers get much better experience.

So, that is our continuous process that we are continuing. So, with this I will say that as far as the investors are concerned, I can assure from MSTC management that, I hope the investors have been suitably rewarded with the increase in share prices with the handsome dividend that company is paying the to the investors. And those who had

faith in MSTC they have reaped rich dividend and I believe that I mean, and we are all working hard with that assurance I can say that MSTC strength is intact and of course it is bound to grow. With that I will conclude. Thank you. Thank you everyone.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Equirus Securities, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.

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