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(भारत सरकार का उपक्रम)



**MSTC**  
**LIMITED**  
(A Govt. Of India Enterprise)

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MSTC/CS/SE/196

02<sup>nd</sup> December, 2020

1. The Dy.Manager (Listing)  
BSE Limited  
PhirozeJeejeebhoy Towers,  
Dalal Street, Mumbai 400 023.  
(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,

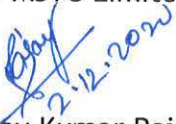
**Sub: Transcript of Conference Call with the Investors/ Analyst**

The Company had organized a conference call with the Investors / Analysts on Tuesday, 10<sup>th</sup> November, 2020 at 04:00 P.M 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](http://www.mstcindia.co.in).

Thanking you,

Yours faithfully,  
For MSTC Limited

  
(Ajay Kumar Rai)  
Company Secretary and Compliance Officer



Encl: as above



# “MSTC Limited Q2 FY2021 Earnings Conference Call”

November 10, 2020



**ANALYST: MR. RUSHABH SHAH - EQUIRUS SECURITIES PRIVATE LIMITED**

**MANAGEMENT: MR. SURINDER KUMAR GUPTA - CHAIRMAN & MANAGING DIRECTOR – MSTC LIMITED  
MR. SUBRATA SARKAR – CHIEF FINANCIAL OFFICER & DIRECTOR (FINANCE) - MSTC LIMITED  
MR. AJAY KUMAR RAI - COMPANY SECRETARY & COMPLIANCE OFFICER - MSTC LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q2 FY2021 Earnings Conference Call of MSTC Limited, hosted by Equirus Securities. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rushabh Shah from Equirus Securities. Thank you and over to you Sir!

**Rushabh Shah:** Thank you and good afternoon to everyone on the call. On behalf of Equirus Securities, I would like to welcome you all to the Q2 FY2021 earnings conference call of MSTC Limited. From the company, we have with us the key senior management team including Mr. Surinder Kumar Gupta, Chairman and Managing Director; Mr. Subrata Sarkar, our Chief Financial Officer and Director Finance; Mr. Ajay Kumar Rai, Company Secretary and Compliance Officer. Without wasting the time, I would like to hand over the call to the management team for their opening remarks and then we can open the call for the Q&A. Thank you and over to you Sir!

**Surinder K Gupta:** Good afternoon everybody. You see the business has picked up in second quarter has compared to the first quarter because of the COVID impact. The comparison between the first quarter and second quarter is very prominent, but nevertheless we are still slightly away from the first quarter for the last year, but in the second quarter also we could not exceed the first quarter of 2019-2020 or at least equal because of the effect of COVID-19 only, so the month of let us say April, May, June was totally almost total washout.

July was also very weak for us, but the things started improving from the August onward only. September was basically the full month of operation where we have to see the comparison of month to month for September, we did much better as compared to September of the last year. Similarly, the similar trend is being observed in October also. So, we are hoping that whatever shortfall was there in the first quarter, we will be making all efforts and we are hopeful that will be making the shortfall good.

This is as far as parent company MSTC is concerned. Regarding our subsidiary effects FSNL, there also the story was similar. Their operations were affected led by the operations of steel plants. So there also the green shoots are visible and they also have performed much better in the second quarter and we are hopeful that performance will be repeated in the third quarter and fourth quarter also.

Regarding our joint venture company MMRPL, so it was basically the losses in the last financial year, but now as far as we talk about the second quarter, it was almost on the verge

of making profit. So, we are able to basically more or less recover the operation cost and could be in profits in this third quarter results of the joint venture company. There will be a token minor profit we are expecting as the trends we are getting more vehicles and there are planning for the further expansions also, which we will be telling you as and when the plants are setup. So, two plants we are working and we are hoping to start few more plans which depends upon the Government of India's scrapping policy, vehicle scrapping policy also. So, we will be waiting for that also, but basically putting much investments in the venture.

With that I conclude my opening remarks. Thank you.

**Moderator:** Thank you very much Sir. Ladies and gentlemen, we will now begin to question and answer session. We have the first question from the line of Dixit Doshi Whitestone Financial. Please go ahead.

**Dixit Doshi:** Thanks for the opportunity Sir. Firstly, one small clarification so we were targeting to do no more business from our marketing division from August onward so Q3 onward there will be no revenue from trading business. Is this right?

**Surinder K Gupta:** No. If you see the marketing H1 last year and H1 current year that is a down by 32% right. So now we are not entering into any fresh agreement for the marketing but other older commitments was there, they will continue for the current year also and could be small portion of it goes to the next financial year also in the associate model, but these are the transaction which are basically totally saved transaction either backed by 110% BG or in the associate model. There is no risk as such because in the cash and carry model so as cash and carry totally stopped so 110% BG and associate model some spillover will be in the two quarters of the current financial year and could be some spillover in the next financial year also where the obligations in the long-term contracts, some obligations take time for the supplies to be complied and the payments to be received. So that will be there, but that will be again decreasing and also that is basically safe business model and we do not perceive any basically risk as far as those models are considered.

**Dixit Doshi:** Okay Sir, whatever long-term agreement we have. So, we are going to execute till mid of next year and no new orders we are doing.

**Surinder K Gupta:** Exactly fine.

**Dixit Doshi:** Secondly Sir in this presentation you have mentioned that for the first time we have done the selling of seeds for Chhattisgarh Government, so one thing is how this can be scalable

for other states also and related to that after the farm bill can we say that the opportunity in agri sector is far bigger because now the farmers can sell to anyone?

**Surinder K Gupta:**

Exactly, we will see lot of opportunities in the agri sector and we are getting queries also for all kinds of agri products and indeed all these quarters are working satisfactorily and we are doing good business with NABARD and conversation with the CCIs and other rubber boards and also organizations. There we are trying to get the business. Apart from that, we have that for the agricultural ministry. So there also I mean basically the main issues are the logistics. So, we are tying with market facilitators. Initially we are not getting good scope what this new coming up the people are very hopeful and we are hoping to roping some market facilitators who will be a basically bridge between sellers and buyers and will be using the MSTC app by selling the agri products. This is a slightly difficult business I mean the margins are not that large and it is basically new field for MSTC. So, we are seeing basically revenues not in the very near term, but medium term and the long-term. We feel there is large potential, but that has to be properly nurtured.

**Dixit Doshi:**

Thirdly Sir in terms of private business, clearly so obviously we have still predominantly doing for PSU or a state government, but I think in last one year we have done many tie-ups with private player also. So how we are seeing the traction from private sector and then how big that opportunity can be?

**Surinder K Gupta:**

You see our focus is not I mean the most of the time we have been doing business with the government. When we do business with the government there are certain kind of checks and balances uncertain I will say kind of comfort with us. So, when enter into a deal with private concerns, we make sure that you say well known entity right and has got good market reputation. There had been few instances where we have tied-up with the private party and they do the rate discovery in our portal and then do the business directly with the people. So, we want to avoid that kind of scenario where we provide the services, but we do not get any service charge. So, there we move cautiously, but we are getting few queries on that also and will be focusing more, but main focus will definitely remain the government sector, but we will try to expand our footprint in the private sector also.

**Dixit Doshi:**

Sir in terms of our balance sheet so one question was related to essentially in your FY 2020 annual report. There is in other financial liabilities there is a too big amount of security deposit, Rs 454 Crores and a deposit from customers Rs 111 Crores, so you can break it in terms of how much of this is related to our trading business and how much of this is related to our e-commerce business?

**Subrata Sarkar:**

Good afternoon Gentleman. I think you are referring the figure around March 31 isn't it and not the current?

**Dixit Doshi:** This was for March 31 because currently in September I do not have the breakup. I just have the other financial liability number.

**Subrata Sarkar:** Basically, if you can remember that while there were similar question at that particular point of time and we clearly replied that it is basically rule of thumb because we take this quarter deposits and deposits basically from the customers from e-commerce segment as well as from the marketing segment. It is basically rule of thumb. As such in the balance sheet there is no segregation per say about this that how much digits there are in the e-commerce and how much in trading. It is basically rule of thumb to sum that is appearing in our financial statement to show the deposit in both segments.

**Dixit Doshi:** Okay on the standalone annual returns standalone balance sheet can you just give the receivable breakup.

**Subrata Sarkar:** Sir the receivables what we can say the standalone we are now reduced from four digits to three digits as we have said in our concall also so we are on the reduction more in this marketing business and gradual shifting to the e-commerce segment. So basically, we can say now it is around Rs 920 Crores now that is appearing in our standalone balance sheet. So out of it around Rs 70 to 80 Crores for E-com and balance for the trading business and out of that only thus we have already our CMD sir was already explaining that the majority of that marketing trading belongs to the business that is backed under 110% BC and this associate business only 100 cr plus something is left out in that risky cash and carry business that we are trying to put it in down and hopeful that it will be gradually going down.

**Dixit Doshi:** Okay and just one last question in terms of short-term borrowing it is now showing only 150 Crores so I assumed that majority of this Standard Chartered loans as in when that will be settled, we have to pay or not pay and other rest of the loans we have already paid.

**Subrata Sarkar:** Absolutely right the majority of this is after Standard Chartered loan that we have provided for and it is subjudice and the majority of it depends upon the outcome of the court verdict for which we are fighting at various forums.

**Dixit Doshi:** Thank you sir. That is from my side.

**Moderator:** Thank you. We have a next question from the line of Shrinivas Reddy, an Individual Investor. Please go ahead.

**Shrinivas Reddy:** Thanks for the opportunity and regarding the last time when we spoke regarding this provision so you are telling some 160 Crores you are expecting now what is the latest

quarter thing which you are expecting for that amount of provisions. For the total of this quarter I think you are provided only 5 crores some sort of 5 crores around so that is the thing.

**Subrata Sarkar:**

Mr. Reddy let me tell you that we have provisioning policy, by which we are now providing on this only for the basically for this cash and carry model in this staggered manner as and when it is required although whether required or not, but it is doing in a very staggered manner. So, every quarter we are putting some amount as a provision so that does not and asking any particular as a policy in a particular quarter. So as already that you have mentioned it is now around 13-14 Crores and what left in our balance sheet so as it where is realized and settled out provision so all most small, small amount of provisions will be there for these amounts only basically these amounts only and for others you know in the 110% BG. No provision is required for associate model. No provision is required for e-commerce very useful provisions are required which is very very miniscule compared to the total business.

**Shrinivas Reddy:**

My other question is regarding this amount of earlier bad and recovery cases. Is there any positive news on those fronts. I mean you are expecting recovery?

**Subrata Sarkar:**

So far that we have written off in earlier books of accounts. There is nothing substantial to report to our shareholder. So, we are trying and having a fierce battle to legal battles to recover the same. So as of now there is no substantial recovery. Whatever recovery was there in the last year which we have already disclosed in the last year's balance sheet that is the last one that we have recovered.

**Shrinivas Reddy:**

Last question Sir regarding this FSNL, Ferro Scrap Nigam Limited this investment or a divestment in sort of now Sir. Is there any base price or what is the mode in which I mean you are expecting it to option base prices or any if it is there can you let us know?

**Surinder K Gupta:**

The basic thing premise is like that it is being handled by the Government of India Department of Investment and Public Asset Management. So right now, they have advertised for the post transition advisor and the legal advisor. So once of these personnel are discovered through open tender then only the Government of India will have a seat and have their when we shared everything and only then the things will be decided and the process will get started so far is there it is all being taken by the Government of India only.

**Shrinivas Reddy:**

Okay and you have no idea of internal expectation of your own?

**Surinder K Gupta:**

No basically it is a system presenting. There is no question of ideas in all the things that there is a scientific process. So, until and unless there is a transaction advisor is there that

they will do the valuation as per scientific and approve norms, then only the department will take that call as per the prescribed procedure of the Government of India.

**Shrinivas Reddy:** Thank you.

**Moderator:** Thank you very much. You have a next question from the line of Rushabh Shah from Equirus Securities. Please go ahead.

**Rushabh Shah:** Congratulations on a strong set of earnings for the last quarter. Sir my first question will be in terms of trading business now this quarter obviously we saw little bit higher volumes compared to I think last two quarter. So, can you just give a brief color or may be can you quantify how much of contractual commitment we still have what these makes to a second half and may be for initial quarters of FY2022. Just may be in terms of slight color or quantity how much our business could be equivalent to may be higher than that.

**Surinder K Gupta:** You are talking about the volumes?

**Rushabh Shah:** No Sir, basically we reviewed the trading business that we have done. I think this quarter it was over the revenue from trading business was higher on sequential over the last two quarters

**Surinder K Gupta:** No, you see the revenues are going down in trading whatever trading looking at the segmental reporting. Basically, it is the outstanding because we report interest from the customer in another operating revenue so, it is on that front only we have got certain outstanding and we have earned a little bit of interest. So far revenue from that main operations are concerned in trading we have done lot better as there are two other quarters and so far, e-commerce is concerned of course the e-commerce has done very good it had shown very good show. Overall, good show in this quarter in all of our segments like scrap sale in all the quarters so far, we have done well and it all depends how this quarter I mean we do before the things are going and things are now little bit picked up as we conceive from our August and September trends.

**Rushabh Shah:** Great Sir. So just wanted to get a clarity on that marketing segment. Now are we entering any new agreement so that has been completely stopped and it just old agreement so at we are now doing the business?

**Subrata Sarkar:** Categorically in his opening remark, our CMD sir categorically told that we are now only servicing our old commitment. No new agreement has been entered into only again repeating the only the old commitments have been carried out till that have been well completed little bit of transactions will be there.



**Rushabh Shah:** Perfect, Sir and just some comment on e-commerce. I think last quarter you gave I think board guidance that maybe 2Q and 3Q performance will be largely in line with what we did in the previous year same quarters. So maybe we can expect that now 3Q and 4Q will be better than what we did last year.

**Subrata Sarkar:** So, it is very difficult Mr. Shah. It will very difficult to even tell right now but the trades suggest that we have done pretty better in August and September so trades are there so let us see when we will meet in the month of late January or February to explain the things, but things are generally is a general trade that we do better in the last quarters. Generally, it happens because the March is always a good month for us. It is a general perception and trend in our business.

**Rushabh Shah:** Great, great Sir and just wanted to get a brief on how does the scrap business is doing because I think we have even this time we have given a note about that whole government of Tamilnadu also how have things being picking up at the scrap business?

**Subrata Sarkar:** I think the CMD sir will explain in a better way.

**Surinder K Gupta:** If you see from the region of standalone financials for H1 we are down in various sectors, but scarp sector we are basically down by around 13% as compared to 741 Crores we were 643 Crores, in the current second quarter and if we compare from the first quarter, the first quarter was almost washout because there was no business activities. So, majority of the serving basically in the second quarter only. There are two chances in scrap we are having maximum service charges. We say the service charges depend upon quarter to quarter and model to model, but in this scrap, we are having the good amount of service charges it may vary from 1.5% in very rare cases even up to 5% or even 10% also depending upon the volume a principle is ready to offer us. So, for good volume, we are getting lesser percentage, but our incomes are large. So, if the times upon the quantities as well as the rates in the market. The last year was not very good as far as the steel rates are concerned, but this current especially the second quarter the steel rate as well as this scrap rates had been much better so this is regretting into better revenues for service charge basically in this scrap business. So here we are very hopeful that and as the economy is going up the automobile sale is picking up the steel sector is going very well. There is a main sector is doing very good consumption activities affect. So, we are hopeful that these trends will continue, but again these are trends only what will happen after this festival season if still not very clear, so must be depend upon how these situations emerge. There we are hoping to do better and we are trying to enter new more agreement. Like there was one question about how you deal with these our focus on the private. So, this ONGC Daman we have done one contract through their public sector company, but there we are basically selling the scrap of the private people only for the industries like Dabur and many other good names

also. So, there we have entered more than 150 agreements with all sorts of private players. So there that model we are still watching and will be making effort to do such similar kind of agreement with other state public sectors, so that basically the industrial zones for the such kind of the zones. This helps not only the revenues for us. This helps the government also because the scrap market is basically more or less some sort of technical, these are basically I will say. It basically cash kind of transactions are very prevalent so this all these transactions come into e businesses and the all whatever taxes are required those are paid to the government and we also EBIT on it. Apart from that whatever hazardous materials are there where environmental regulations are there. So, we will take care those materials are sold only to the people who are registered holders. So there again will be basically the small small steps will be tried by the MSTC for getting better revenues from scrap sector. Thank you.

**Rushabh Shah:**

Great, Sir and Sir last one was the business and so while I think adding more and more farmers under the jaiwik kheti, which we have started so just any update on that part so how that has been growing and how soon we can expect revenue a sizable revenue may be whatever the value will be how soon can we start getting revenue from that business part?

**Surinder K Gupta:**

I will say that you see agri commodity is very small price and still commodity and our poor agricultural farmers are involved so there be service charges per se are not significant for us. They are very small. So, we are basically depending more upon the volumes. So, I will say that we are trying to increase the volumes, but as far as the service charges are concerned it may take some time for us to get a sizable value for the MSTC. Because you see what accounts we are working in a competitive environment. So, there are many private places also who are although service charges of MSTC are also low in those kinds of bid, but those people are basically ready to do at very small even much minor service charges compared to MSTC. So, we have complete basically those kinds of place. So that is why the service charges wise it may be not that significant, but there will give us good name and if this agriculture policy of the government we are able to rope in the other kind of crops could be with the times to come then we can expect some better residuals, but as of now the nothing definite can be predicted.

**Rushabh Shah:**

Very great sir and I think the last question from mine will be, so with just one on the receivables, but so while I think we have brought down receivable sizably in the last two quarters with that hold in trading business, but are we on track of earlier guidance that we provided for bringing down large number of receivables may be by end of first half FY2022 so these positive that large number receivable will be getting out of balance sheet may be in the second quarter of FY2022.

**Surinder K Gupta:** Of course, we are on that particular path only because basically it is a simultaneous exercise. At the one hand we are exiting the marketing business and as one of the consequential effects, financial effect these receivables are trading down. It is basically simultaneously they are going down and we are consequentially on that particular part and we hope that we are on the right track and of course we will bring it down by the next FY2021-2022 by very trimmer size, and it will appear in our financial.

**Rushabh Shah:** Sir just follow up on the receivable parts so now I think last quarter we had some 110 to 115 Crores of receivables from cash and carry which are still sizeable though created on 100 plus all Crores you mentioned this time around so may be according to the policy which you are following for that whole provisioning thing. Can we expect this amount may be coming up in couple quarter or will there be chances of better recovery from this 100 Crores amount also?

**Surinder K Gupta:** Actually, due to this COVID phenomena we are little bit behind by at least two quarter because you know March quarter and June quarter nothing substantial happened. There was no sector, but this commercial activity are minimal commercial activities so we are expecting little bit of recovery out of that so and that out coming of course will get a trend at the end of this third quarter. Then only we will be in a position to I mean pretty can other projects what will be the scenario. So that we are watching it very cautiously their movement in this particular quarter and this quarter is very important for our so far, the recovery is concerned because the business has just now picked up and the commercial activities are also going on almost in a full manner in the whole country that we have taken for steel. Basically, the steel sector is also doing well that we can get from this second quarter result. So, let us watch this quarter then we will be in a better position to project these things.

**Rushabh Shah:** Thanks a lot Sir and congratulate again on a better set of earnings this time around.

**Moderator:** Thank you very much. We have a next question from the line of Dixit Doshi from Whitestone Financial. Please go ahead.

**Dixit Doshi:** Thanks for the opportunity again Sir. Sir if I see our revenue in e-commerce business it was like around 190-200 Crore in FY2020. I am not considering because we have this COVID related issue that we might not do that much revenue in FY2021, but going forward from FY2022 onwards what kind of growth rate we can do e-commerce business given the opportunity in private sector, agri, even the banks NPA assets so whatever opportunities we have from FY2022 onwards on e-commerce site, what kind of growth rate we can do on annual basis for two to three years?

**Surinder K Gupta:** You can see from our trend you are rightly pointed out let us exclude this year as an exceptional year, you are absolutely right, because of this COVID phenomenon. It is not comparable, but in terms is a past also so growth was around 10% growth was there because 150 to 168 then we had crossed 200 also last year. Due to COVID up to 182. So, this year the growth is also within first quarter or washed out the second quarter both was of course all the similar line. So, opportunities are very high, but there are two very, very important criteria. One we are trying to up volume. So that the competition on our earnings like service charge that beyond is minimal because as we check up our volumes, we cannot sustain the competition so that is the strategy that we are taking up. We are going for a higher volume and hopefully again having a close watch, so we feel that there will be of course growth in this FY2021-2022, but only the first quarter or the last quarter this year having will give us a direction. Because you know the market has just now stabilized and which way will go up is very difficult still low say because a little bit of COVID is there. When it is showing the color. So, let us wait till March and of course from the next quarter we will be able to see some kind of thing that they are but of course whatever the business growth and whatever it will be e-commerce this growth only.

**Dixit Doshi:** Sir one more question was related to what we do with NPA assets of bank. So, we do the auctions of the properties. In one of the advertisements in newspaper, I saw that State Bank of India had advertised all e-auction and where for registration there was 2-3 mentioned. So, one was obviously MSTC, but we had mentioned their own portals also at SBI portals. So when somebody login there then we do not get anything?

**Surinder K Gupta:** Basically, what happens is there are two kinds of things one is the central agreement through Indian Banking Association, IBAPI, so all the public sector banks are put in there such kind of properties on IBAPI. From there on the properties come to next MSTC site where the actual auction is there. Before this IBAPI being same as the banks were selling their such kind of NPA properties through various other private operators like tender or many other private operators. Because this is a slightly late phenomenon this agreement was entered in the far end of the financial year and when this came, so few banks are continuing to sell their properties through the other portals also, but that trend is continuously decreasing now. Now more and more properties are coming. I do not have the exact amount, but now we are getting much more properties from the bank for selling. So slowly the public sector bank will not be selling any properties to the private portal and we are talking with the DFS Department of Finance also for discouraging the event to change property to other means other than the MSTC through other portal except MSTC. As per the agreement we have it done. So, it is basically the transition phase where a few banks are controlling with behold also, but eventually they are all have to come through MSTC portal will be only. Thank you.

**Dixit Doshi:** Sir last question in during this quarter, we did the commercial coal mines auction. So, was there any one of lumpy servicing from in our e-commerce segment due to this?

**Surinder K Gupta:** No. These options you see there were two parts of these option. One was the technical taken was the option. Basically, as per the agreements with the Power ministry, we get this charge after the successful completion of the auction. So, these auctions have been completed only yesterday. You must have read in the newspaper, it was a great success and for this share governments will be saving a revenue of around 6657 Crores every year, but our service charges will be coming and hopefully third quarter only. Then other mines also will be coming as such discussed with the coal ministry. So eventually whatever the mines are come, so that the business the agreement is that it is only successful sale basis only. So, when the mine is sold only that we can do the billing. So, this will be done.

**Dixit Doshi:** In Q2 numbers there was no impacts of these coal mine option.

**Surinder K Gupta:** You see these basically there are total e processes, right the total e processes and these were basically depending upon the feasible kind of things, so that is why the government could initiate these auctions. Therefore government took stress for changing all these threshold regulations and though the commercial I mean coal mining despite lot of resistance from many other stakeholders, but with this successful conduct and where the prices received and there was very competitive bidding and the prices, these mines fetched that much better than the government was expecting, so I hope this quarter will eventually give the good return for the country and so some part of it may come to the MSTC in the form of service charges that we charge from the sale about mine. Okay.

**Dixit Doshi:** Thank you Sir.

**Moderator:** Thank you very much. We have our next question from the line of Gulshan Patni an Individual Investor. Please go ahead.

**Gulshan Patni:** Sir you are saying that revenue growth could be in the potential is 10% around 10% of it. If cannot we aim for higher having EBITDA growth are going forward except 15-20% something like that potential MSTC is very good.

**Surinder K Gupta:** That is right. I mean we will always wish and we will always get more and more growth, but as far as prediction is concerned, we cannot predict whether it is 10% or 15% or 20%. So that depends upon so many factors, but our efforts will always management efforts, will always be the first and we get out of the marketing business totally and our main focus will be on e-commerce only. So, we will be making all efforts for increasing our recalls so much business and value to shareholders.

- Gulshan Patni:** Sir it is more or less depending on the GDP growth can I say that?
- Surinder K Gupta:** Yes. You see, we are all working in a basically very interdependent kind of things. So, if it normally is going lower, if the prices are lower, if the market demand is there, definitely MSTC will get some pie out of it.
- Gulshan Patni:** Then MSTC can grow higher. In that case of rather?
- Surinder K Gupta:** That is right. You see everything is interdependent.
- Gulshan Patni:** The last question, will there be any more provisions in this financial year or a current financial year?
- Surinder K Gupta:** You see as our Director of finance has explained that we have formulated the provisioning policy for this year and as per the provisioning policy we are basically staggering our provisions, so that it does not at one go, so there will be provisions in every quarter as per the provisioning policy, but that will not basically come like a hammer to us, that very large commissions come in one quarter. So that will be progressively whatever provisions are there. So that will be progressively spread upon for two, three years, so that the benefits are okay. They are able to basically bear that kind of notice I will say.
- Gulshan Patni:** There could be usual bad debt?
- Surinder K Gupta:** As per the provision policy there will be some provisions.
- Gulshan Patni:** Some provision, although mainly it is coming from marketing segments.
- Subrata Sarkar:** During this concall, we were explaining that we are still left with some old debtors which were there is the cash and carry segments, which were risky and risk segments. So, we feel the provisions are basically the mainly coming out of that segment only. So, till that is totally written off, provided for the provisions that as per the policy will be there and nevertheless in any business, as CMD had pointed out, there is a probability of having get back. It will be a very, very miniscule price and not affecting the much more this trading debtors that is left out, is of course that is will require provisions as per the policy.
- Gulshan Patni:** Okay and what we see the tax rate going forward?
- Subrata Sarkar:** Pardon.
- Gulshan Patni:** Tax rate? What get the tax rate going forward?

**Subrata Sarkar:** The tax rate you know you have to watch our regulators only whatever the law of the land, whatever the tax rate they had, we will actually 25% gradually for the company around 25-26.

**Surinder K Gupta:** Whatever you know if that was the tax and because lot of deductions are there, lot of you know balance sheet of the company and balance sheet of course and P&L of the companies are differing in additions and there are certain deductions for income tax act, depreciation is to be brought in.

**Subrata Sarkar:** So, whatever you see is there is as per law of the land. We have no control of our tax in the taxation rate.

**Subrata Sarkar:** Yes, we are moving towards e-commerce business. So, with respect to little lesser capital requirements. So of course, if their requirements will be less. As of now what we perceive. If we diversify in the near future in the e-commerce segment also and some kind of in the future will tell, but as of now the requirement is very meaningful.

**Gulshan Patni:** The debt will reduce or it will remain the same here? You have a huge cash will you use that for reduction of that or it will stay their right now? Are looking for opportunities or something like that?

**Surinder K Gupta:** You can see that these that you have got certain liabilities also if you can see the financial asset in the balance sheet in assets side you can see that there are certain financial liabilities also there in the balance sheet that you can read from the balance sheet. So, this is the kind of working capital cycle and of course you gives on how you manage your creditor. So, look at the one time can utilize our cash flow to reduce our creditors also. It depends upon the situation as we have already explained in the earlier cases also it depends how we balance our creditors, so accordingly a much of this will depend upon creditor repayment.

**Gulshan Patni:** Okay and e-commerce working capital is low, so what risk working capital debtor days this an e-commerce site?

**Surinder K Gupta:** Basically, you can see that from the year P&L also, we have got over it basically the salary and overheads cost is of around 100 Crores. So that is the thing. That is the cost with this scale, with the certain scale of operation between somewhere around 100 and 100 plus little bit of 100 + minus.

**Gulshan Patni:** Sir if you grow sir, 130 Crores?

**Surinder K Gupta:** That is the requirement.

- Gulshan Patni:** That early 100 Crores that is the requirement?
- Subrata Sarkar:** You can see that is the evident from the P&L only.
- Surinder K Gupta:** And whatever director finance has said in reference to your query, manpower is our main asset as far as the e-commerce concerned, so whatever our expenditure will be we say it is purely e-commerce only, part will be only manpower only. Right? So, the manpower is doing certain transactions, doing some options. There we are getting certain revenues and we are saying this. Right? So, where the cycle is maintained, we get something which spend something. So, we do not need basically the spends on the infrastructure. The infrastructure spends are not that large. It could be we upgrade our data center, hardware, software, license in case. So those kinds of expenditures are there, but these are not being sizable expenditure year after a year. So basically, whatever our earnings we are able to pay shall be from the earnings only so as far as the if we have pure business model remove marketing obligations or other bad things from the balance sheet, so it will be source of debt free kind of environment, but because of some old commitments the old marketing losses for some debt event will remain, but that eventually will be decreasing year after a year.
- Moderator:** Thank you very much Sir. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments over to you sir!
- Surinder K Gupta:** Thank you very much for the questions. We hope that we were able to satisfy the calls of our investor in the near future also and wish you Happy Dussehra and Happy Diwali in advance over to you Sir for closing remarks.
- Subrata Sarkar:** Thanks everybody for showing the interest and your encouragement will always be beneficial for us and whatever interactions we are having, we get some ideas from those interactions also and definitely we are the team MSTC will be working for increasing the shareholders value and will make all of us so that whatever faith you have imposed in the MSTC management, MSTC company so we will try to come out good and deliver good value for your investment. That is what I can say as concluding remarks. Thank you I wish everybody Happy and Prosperous New Year also and best wishes for the festival season. Thank you.
- Moderator:** Thank you very much sir, Participants on behalf of Equirus Securities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.