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(भारत सरकार का उपक्रम)

MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring
INDIA

MSTC/CS/SE/485

13th November, 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 Monday, 6th November, 2023 at 12:00 P.M. A copy of transcript of conference call held with the Investors/Analysts is enclosed herewith for your information and records.

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

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
Q2 FY '24 Earnings Conference Call”
06 Nov 2023**



MANAGEMENT:

Mr. Surinder Kumar Gupta, Chairman and Managing Director, MSTC Limited

Mrs. Bhanu Kumar, Director Commercial, MSTC Limited

Mr. Subrata Sarkar, Director Finance, MSTC Limited

Mr. Ajay Kumar Rai, Company Secretary, MSTC Limited

MODERATOR:

Mr. Ansh Manek – Equirus Securities

Moderator: Ladies and gentlemen, good day and welcome to MSTC Limited Q2-FY24 earnings conference call hosted by Equirus Securities. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is now being recorded. I now hand the conference over to Mr. Ansh Manek from Equirus Securities. Thank you and over to you, sir.

Ansh Manek: Thank you, Rohit. Good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to the Q2-FY24 earnings conference call of MSTC Limited. From the management, we have with us today, Mr. Surinder Kumar Gupta, Chairman and Managing Director, Mrs. Bhanu Kumar, Director Commercial, Mr. Subrata Sarkar, Director Finance and Mr. Ajay Kumar Rai, Company Secretary. We will begin the call with the opening remarks from the management and then we can open the line for questions and answers. I now hand over the call to Mr. Surinder Kumar Gupta. Over to you, sir.

Mr. Surinder Kumar Gupta: Good morning, everybody. We are with you all today for our second quarter results, that is the first half year of current financial year 2023-2024. I would like to inform all our investors that our main e-commerce business, we have got a growth of around 10.33% in our e-commerce earnings. Last year in the corresponding period, it was 167.71 crores, this year it is slightly more than 185 crores, so that's a growth of around 10.33%. And our profit before taxes, around 159 crores against around 145 crores last year, that's a growth of around 9.60%.

One sector I would like to bring to the investors is that this growth is despite the decrease in commodity price, like scrap is one of our good revenue sources, main revenue source, which contributes significantly to our income. Currently the prices were down around 15-20%, presently also they are around 10% down from the corresponding period of last year. Similarly, the iron ore prices were also substituted, they have just shown a reverse trend now. And despite that downward trend in prices, we have been able to maintain good growth.

I can assure all our investors that in the second half year, as the commodity prices are going up and the worldwide scenario also, with this increase in prices, MSTC will show a significant growth in the revenues as well as the profits in the full year this year also, that is what I believe. My Director Finance is there with me, he will also brief about certain financial highlights and our Director Commercial will be joining very soon, she is in some urgent meeting, important meeting, she will also be joining and she will also be giving the remarks.

Mr. Subrata Sarkar: Good morning, everybody, so like before we go to the financial highlights, I would like to advise our investors, like what discussions we are going on for last, after the IPO for around five years. So, like this time we are in a very comfortable position so far, the Standard Chartered Bank case is concerned, and first time we have also noticed that you have seen our financials, our balance sheet is there, our assets, fixed assets that were attached by DRP that has been released by DRP and we were able to get refund of 90 crores that was deposited for the appeal and appeal has been allowed in our favor. Right now, it is open for only through original application with

ally, with against us. So, right now it is a very positive news that I wanted to share before I go to the financial highlights.

So, the financial highlights are like its basically growth, I would say it's growth although the figures say it's a flatter figure, but as our CMD advised, like despite the reduction of the commodity prices, we are able to maintain the same line of growth this quarter also as well as this half of this financial year also.

So, during this financial year, so far volume is concerned, we have crossed 626.03 billion and PBT is of course on a consolidated basis, it is up by around 3% from 154.54 crores to 158.56 crores. And so far, these business updates are concerned, MSTC has successfully completed the sale of Barytes on behalf of APMDC, it has also conducted the e-auction of Bluestone on behalf of HSIIDC and Coal linkage was one of the great earners, so 2.42 million MT coal has been sold by the Coal linkage auction. And in the state of Madhya Pradesh, 36 Sand Groups have been successfully auctioned because it is almost the second replica of what we had done in the UP which has made a large, large gain to the UP state.

So, going by the highlights of the standalone, so total revenue in H1 is little bit lower, of course in the profit terms EBITDA, Profit After Tax. PBT is higher, 145.07 to 158.99 crores and PAT they are almost on the flatter trajectory from 115.33 to 113.08 crores and of course EPS is also showing the same type of result, that is 16.06 as compared to 16.38.

And now if we go to the segments, you see like the total revenue from E-commerce has grown from 167.71 to 185.03, For Marketing its down and it is a conscious decision and Profit Before Tax has gone up from 145.07 to 158.99 crores and Profit after Tax is almost on the linear trajectory, that is 113.08 as compared to 115.33. On consolidated basis, PBT has almost, it is almost flat but a little bit growth, 158.56 from 154.55 crores and Profit After Tax little bit lower, 117.97 to 105.95. EPS is showing the same thing, so that is the scenario on the consolidated part. So, I would now like to hand over for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask questions may press star and 1 on the touch tone 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, in order to ensure that the management is able to address questions from all the participants in the conference, please limit your questions to 2 per participant. The first question is from the line of Mr. Aman from Aman Investments. Please go ahead.

Mr. Aman: Yeah, sure. Thank you, sir. First of all, Congratulations for a good set of numbers in high margin. Sir, if you can just be comfortable with sharing, where is our trajectory going forward in terms of e-commerce and in terms of marketing because we have seen a huge dip. Are we seeing recovery over there? And also, on the scrap sale side, we can see that there is a lot of demand for e-commerce. Are we seeing a lot of demand for e-commerce? On the scrap sale side, because we have added some verticals as well because of vehicle scrappage policy, how is it turning out to be? And

also, any other allied industries which we are supporting through our platform? Thank you. This is one after I join.

Mr. Surinder Kumar Gupta:

You see, regarding your question about e-commerce and marketing, let me very clear that our main focus presently is on e-commerce only. So, marketing is a very small segment of our business, that is also a piggybank scheme. And we are not able to, I mean, we are not basically, as a matter of policy, as a matter of decision, we are, our focus is entirely on e-commerce. And if you see, in last couple of years, we have got good growth in e-commerce. And we are maintaining that. And we are adding the new portfolios, new customer, new businesses, new types of commodities, continuously in our e-commerce portfolio.

Regarding the vehicle scrappage policy, I can say that now many states have implemented that policy. And lot of people are showing interest in that. But because of the complete ecosystem is yet to take roots, so the business per se is right now hasn't good basically profitability. But in future, for the time to come, it will be a very big business. And MSTC is always looking for entering into the new areas as far as this recycling is concerned. We are exploring possibilities in other recycling industries also. Thank you.

Mr. Aman:

Sir, if you can just comment on one last question. If you can just comment on circular economy and how are we seeing opportunities over there because there is certain requirement of scrap being again and again used and the demand is there but the supplies are unable to meet it. If you can just comment on, how are we going to structure it going forward in one or two years? What is our role as MSTC, not just being a platform but also a service provider as in what will our role be in the whole chain of circular economy? Thank you, sir.

Mr. Subrata Sarkar:

Right. It's a very pertinent and very relevant question that you have asked. Thank you for that. Like so far circular economy is concerned, we have taken a role of like you can say the three-tier role. First, like we were there as a big catalyst so far circular economy is concerned because a lot of scraps were being auctioned through our portal. Afterwards, when that vehicular scrap policy came into picture, so we had worked side by side along with MORTH, NITI Aayog and our Ministry to formulate a very very conducive type policy for the facilitation of these type of vehicles and that it goes to the economy like in a green steel manufacturer in future. So, far this year in the MORTH that this vehicular policy is concerned as CMD sir was explaining, the complete ecosystem will take little bit of time to set in.

Once at least set in, so it will be a good thing and the whole cycle will be completed. And we as a role of auctioneer, we are already doing auctions for the government vehicles and we have already opened the roles for portal for private vehicles also. So, once the ecosystem is built, this auction will also take place. The second role that we through our JV, Mahindra MSTC Recycling Private Limited we are doing, we have already had a big presence in whole country as a recycler of these type of vehicles. So, that is our second role.

And third, we time to time are having discussions with respective ministries and all these things, giving our inputs from what is it we are getting from our stakeholders like our bidders, like recycler to the ministry as a bridge between them so that a

proper policy framework and ecosystem takes place. So, what we have as of now, we feel that it will take little bit of time before it sets in a typical structure and system.

Mr. Aman: Sir, the time if you can just be more clear, is it beyond six months or these takes two, three years' time?

Mr. Surinder Kumar Gupta: Basically, you see it is very difficult to give a timeline because in a financial projection, generally we have a project report in place, GPR in place and we can say, we can tell you as an investor, as a stakeholder like look this is the projection sequence because there are lot of stakeholders are involved, in particular state governments are involved, central government is there. So, it is very difficult but that much one we can tell you, it is in the top priority of government of India and of course, MSTC is on the job, so it will take up, it has already taken up, lined up, so it will be in a very soon or later you will see, once the state governments are also roped in, so it will be a total ecosystem for the whole country as well.

Mr. Aman: Sir, last question I have.

Moderator: Sorry to interrupt you sir, may request you to return to the question queue.

Mr. Aman: Okay sure, okay, thank you.

Moderator: The next question is from the line of Mr. Miraj from Arihant Capitals. Please go ahead.

Mr. Miraj: Thank you for taking my question. Sir, in the opening comment, you did mention that the commodity prices were down, mainly scrap being lower. Sir, you mentioned a couple of figures, could you please reiterate, is it 15 to 20% down in the previous quarter and 10% down in the current quarter Q3 or if you could just clarify, I got it in that manner.

Ms. Bhanu Kumar: Good afternoon, I am Mrs. Bhanu Kumar, Director Commercial. Sorry, I couldn't join earlier, I just joined. So, I will address your query. What has happened is scrap prices were a little down in the first quarter, now it is picking up. Post July-August, the monsoon session, it is now picking up by around 8 to 10%.

The main issue that we have faced is in respect of prices of iron ore. Last year, iron ore prices were really, really up and thereafter from third quarter onwards, it was showing some drop and now though it has stabilized, but it has not reached the levels of last year. The last year, first H1. So, because of that, because our revenues are as a percentage of the volume, so that also gets affected. But now that it has stabilized and it has been witnessed that the second half is generally a very good period for such kind of sales, so we anticipate that there will be some more increase, though maybe not to the extent of 20-25%, but another 5-10%, we can estimate that there will be an increase.

Mr. Miraj: Okay, so you mentioned ma'am, the revenue is a percentage of volume or percentage of total value?

Ms. Bhanu Kumar: Value, value-wise.

Mr. Miraj: Value, okay. And my last question before I get back into the queue is what the current opportunities are available in the e-commerce sector, because as we mentioned at, that is our main focus. So, any new business avenues or products that

we are currently mainly focused on which could come up in the next, one to quarters or in this current financial year?

Ms. Bhanu Kumar: See, as far as scrap and minerals and other products are concerned, where we are already operating, on a daily basis, we are having new sellers, very small volumes, but by drop by drop, it is increasing, the number of, the clients that we serve to.

In terms of asking for new products or new projects, immediate future, there may not be a substantial growth, but I think we had talked about this in the last year also. We are now in the process of engaging with other software developers and SaaS companies, and with their association, we are now planning to pick up bigger projects for the government.

E-commerce, as the whole potential has never been mapped, so there is a wide opportunity awaiting. It depends on being there, doing the right thing at the right time. We are exploring all the opportunities, but the results will come over a period of time. This cannot be that we get a project and immediately we start earning from that. These are things that we have to do in association with other companies. These are long-term projects, so that will give revenue in the future, but not in the immediate future.

Mr. Miraj: Understood. Okay. I'll get back in the queue for follow-up questions. Thank you.

Moderator: Thank you. The next question is from the line of Mr. Abhishek Kale. Please go ahead.

Mr. Abhishek Kale: Yeah. Sir, question regarding FSNL disinvestment. It's been one and a half years since the EOI was floated. Where are we with the FSNL disinvestment? That's the first question. I have a follow-up. I'll ask that once I hear the answer.

Mr. Subrata Sarkar: Yeah. So, for as FSNL disinvestment is concerned like DIPAM is looking after it, so time to time you can get an update in the DIPAM website, but as of now, as of now nothing – we have not have nothing at our – MSTC is concerned in our knowledge that specific something concrete has been finalized, but I can tell what Transaction Advisor and LA has been done, and certain interested bidders are also being shortlisted, but so far other things are concerned like price, etc., etc., that is in the purview of government of India. So, as and when they will be invited and they are opened and some results are there, so it will be on the DIPAM website, our website, and of course, we will also let, and there will be, of course, certain formalities for the company's law, so you all be made apprised on that.

Mr. Abhishek: So, this was Chairman Sir, right? Sir, this has been the consistent answer from the management regarding FSNL disinvestment. This, as an investor to me, doesn't give me anything. I mean, neither we are on this side, it's like a cat sitting on the wall situation, but which side it would jump, can't say. I mean, how, as an investor, do you expect us to continue to share this update, right? That's the first comment, okay? And second thing, as an organization, do we think the FSNL disinvestment is in our interest or whether it is not in our interest? Because if I'm not mistaken, they contribute to about 30% in our topline and about the same in our bottom line, right? So, then whether it is in our interest to divest that stake or – I mean, we will part

ways with FSNL, so whether it is in the long-term interest of the organization? I would like to hear the management's views on this.

Ms. Bhanu Kumar: You see, we have made it categorically clear that FSNL disinvestment is being done by the government of India itself, DIPAM specifically. This is not a decision that has been taken by the company, MSTC, and none of the activities are also done by the company directly. So, we are also just a party to the entire process, and when we are not in a decision-making position, there is no point in saying whether it is good for the company, bad for the company, only time will tell. But if the government has taken a decision to disinvest certain PSUs, and they have already made a roadmap for this, as a company, definitely we are not going to question the decisions of the government of India or start analyzing their decisions.

Mr. Abhishek: Okay, Bhanu ma'am. So, basically, it's just we are party, since we are party to what the government does, we will have to go by what they are because they are a PAC. Am I right in saying that, ma'am?

Ms. Bhanu Kumar: Absolutely. Absolutely. You are right.

Mr. Abhishek: Okay, ma'am. I will come back with my questions in the queue. I will join back in the queue. Thank you.

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

Mr. Raghav: Thank you for the opportunity. So, I noticed that our total value of goods traded has nearly doubled quarter on quarter in the e-commerce business, but our revenue has not really gone up in single proportion. So, can you shed some light into it, and how can we, as investors, estimate for ourselves how this translates in the future as well?

Ms. Bhanu Kumar: You see, right from the beginning, we got ourselves listed. We have been stating that our e-commerce services, the service charge revenue that we earn is not actually directly related to the volume. Some of it is related to volume. Most of it is not related to volume. It is on event basis. So, the volumes that we are talking of, last year we did more than 3 lakh crores through our e-commerce portal, and the year before that we did something like 1.5 lakh. This year, again, it is likely to be in the range of, just over one and a half, two. We may not be able to do 3 lakhs, but that doesn't mean that we are earning less. Here, there is no correlation between the volumes and the value for majority of the activities that we do in e-commerce.

Like, I'll take an example of spectrum auction or the coal block auction. If a major coal block is getting auctioned, the annual revenue that accrues to the state, that is accounted for in our sales volume figures. Now, in a particular year, it may happen, in another year, it may not happen, but the revenue that I get for carrying out that event is constant. So, the volumes actually don't have any impact, so there is no point in analyzing the volume. Just go by the service charge revenues, the potential that we are talking about, and based on that, you can have your fair estimation.

Mr. Raghav: And one more question that I had was in the financial liability. So, the other financial liability has come down to around 452 crores since March, and there is still about 924 crores left. So, can you please shed some light into it, because that's affected our net cash position as well. So, how do we, kindly shed some light on that?

Mr. Subrata Sarkar: Right. Well-analyzed, gentlemen. But one thing I must tell you, before I answer, I am giving you another input. If you see, this net of liability, our cash position, so it has grown up as compared to 31st March. Now, coming back to your question. So, this type of liabilities, these are sometimes what we have already explained, some money comes and some money goes through our portal, so it keeps on fluctuating. So, what we have to do, we have to analyze through our net cash position. So, net cash position has already increased, and it is a comfortable position. That much I can tell you. It will keep on fluctuating. Sometimes lesser, sometimes higher. So, because of that factor that is all, as on cut-off date, what is the position there. So, that is the point.

Mr. Raghav: And can you clear some, like, what is the other financial liabilities, and you still have 924 crores left. So, will that also get cleared up?

Mr. Subrata Sarkar: Yeah, actually, what happens, like, some kind of payments that has to be passed on to the principles, and that remains in our books. So, that is the main type of thing. So, that keeps on fluctuating. So, as on date some kind of payment that is not being passed on, that remains as a liability on that particular financial liability. But, if you see, you have to weigh it on the basis of net cash basis. You see the cash balances and minus it and see the net position.

Mr. Raghav: Okay, thank you. I just had one last suggestion to make. So, in the last quarter, you all had put up a slide, about the RVSF business with the joint venture that we are in, but this quarter it was missing. So, my suggestion as an investor is, can you please give us an idea of the number of centers that you all have opened, the opportunities and the quarterly progress that you are making. So, that will be really helpful in the end-of-life vehicle business, in the circular economy that we keep talking about.

Mr. Subrata Sarkar: Really, thank you very much for your suggestions. We have noted it down. And now, we will make a slide of that and in the next investor meet, we promise that it will be there for your convenience.

Mr. Raghav: Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Mr. Srinivas Reddy. Please go ahead.

Mr. Srinivas: Yeah. Thanks for the opportunity. My question is regarding the non-scrap e-commerce business growth. What is the percentage at present for the non-scrap e-commerce business you are doing and what are the future prospects for the growth of that non-scrap e-commerce activities?

Ms. Bhanu Kumar: Almost 50% of our revenue is coming from non-scrap now. So, we will be maintaining that because there is growth in scrap business also. So, the growth happens in both the scrap as well as non-scrap business, which is, I think, a very healthy sign because, see, our core operations all throughout in so many years has been, mainly scrap business. That is the backbone of our revenues.

Over the years, we have just diversified to other products, other areas, and we are incorporating digitization in all the transactions. So, non-scrap is also important. Growth will be there. But scrap is something that we will always be pursuing very, very vigorously. We have a definitive advantage. So, we will keep continuing with that.

Mr. Srinivas: My second question is regarding your JV with Mahindra and Mahindra for the vehicle scrap business. So, what will be the future growth prospects for this company in terms of can you quantify regarding the near-term and medium-term growth possibilities?

Ms. Bhanu Kumar: If you have gone through the analysis in the last few quarters, there has been a scrappage policy. There has been a push by the government. A lot of institutional frameworks has also been set up to give an impetus to this area. But in ground reality, it has not taken that kind of growth that was envisaged. It is still taking time. And many of the states are yet to come up with some kind of facilities, infrastructures, and give an impetus to this sector. So, unless that happens, the raw material is not going to come for a JV company. And unless they are able to break even or see substantial raw material input, the performance is likely to be new.

So, we are pursuing as a government organization, we have been pursuing with all the state governments, the central governments, MORTH, to whatever help is required from our side, coordination we are doing. But finally, the decision makers are the state governments and the central governments, right? So, like the case of automated testing stations, that is the first thing that is required for declaring any vehicle as ELV. That infrastructure is not available in the country. And for setting up that, huge investment is required, new infrastructure is required. It has to be on a PPP mode or a private ownership mode. What is the kind of policy framework that has to be prepared? All the governments are still deliberating on these aspects. So, it is expected that definitely, it will come together very soon. But it is a slow process.

Mr. Srinivas: Regarding this previous, yeah, provisions, provisions for the past, you have cleared all those pending provisions or there are any left for the future on the legacy provisions?

Ms. Bhanu Kumar: As far as trading is concerned, we have already provided for all the receivables. As far as e-commerce is concerned, there can be one or two, very small insignificant provisioning. So, that will always be there. When we do business, there will always be, some kind of a dispute as to whether the service charge is payable or not payable and things like that. So, that will be very, very miniscule. So, more or less, there will be no provision going forward.

Mr. Srinivas: Okay. Thank you. Thank you.

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

Mr. Harshit: Thank you for the opportunity. My first question will be regarding our cash balance. So, as I'm able to see our cash flow statement, last year we make an FD of around 520 crore and this year, in the first half, we have made an FD of 240 crore. So, I just wanted to know that why we are putting almost 750 crores of rupees in FD and why not give the same amount of money either to investors or do a buyback just to improve return ratios?

Mr. Surinder Kumar Gupta: Right. Sir, when I think whether you are following up our previous conversation or not, right now, so, this cash balance has not to be seen in unison. It has to be seen with the gravity that we are having. So, right. But this quarter, of course, this quarter

or this half, this half, we have certain cash right now with us. First of all, we have brought back about this 90 crore 3 deposit which tendered at our bank along with interest. So, that is the main thing and certain accruals were also there and certain realizations were also there. So, if you see that the net cash position is around the net of other financial liabilities around 260 plus. So, that is there and we have declared dividends of 55% also.

So, first part is that last year also we have declared a dividend of 150%. So, we are on the path what you have suggested. We are the, whatever we are generating, a good amount of cash is being distributed amongst our shareholders, number one. But certain things are there and we have got, we are already having, we are trying to open some good infrastructure and offices at different places so that we can run a good amount of business from e-commerce business from that particular place. But leave about those things. Around 250 or 230 crores of cash, I don't think net of net cash is too much of cash for this company and we will be certainly looking after, we are looking after certain business opportunities and certain plans are being constructed from those things. So, after that obviously it is of a certain level as per the guidelines. We will certainly share it with our shareholders and of course it will be distributed among the shareholders as per certain policy norms as and when it is decided. But so far dividend is concerned we are seeing is a consistent list of dividends paying companies right now sir.

Mr. Harshit: Okay. And my next question would be regarding our creator list. In our creator list I am able to see Jai Balaji industry standing around 81 point something crores. So, are we able to recover that amount because since the company passed two years performance has been amazing and company is in profits now. So, are we able to recover those 80 crore rupees?

Mr. Surinder Kumar Gupta: First of all, it is our creator list right now rightly pointed out sir. And we are taking all the necessary steps as per law to recover it. So, because that it is a legal process and as and when that things because you see what happened in case. It was a legal process; we went through legal process and we got our money back. So, here also it is a legal process as and when the court opens it is now the ball is in the court. So, how it is the matter. So, how and when it is being done it is of course the depending upon the court's proceeding.

But we believe as a management we can assure you we will need no stone unturned to realize the money from any source that is there and it is realizable sir. But we can assure from our management that we are already on the job through legal process sir.

Mr. Harshit Jain,: Okay, thank you. And my last question would be regarding our joint venture with Mahindra. This quarter we have shown a loss of around 2.15 crore. So, any timeline for it to be at the break-even stage like probably this year or next year?

Mr. Surinder Kumar Gupta: So, like you see just now if you are calling the phone call our director has already explained because that is the major because joint venture first of all our trust was to spread out across the country to have our presence shown that phase is already on and we are there. So, but once this has been done, we are not been able to get that much of raw material for our, RBI set that we have set across all along the country.

So, that is the putting things because of that fixed cost that is the putting to our market. So, until and unless that infrastructure is set in. So, we will I think request you to at least wait for a year to see which way it goes. So, because government is putting lot of impetus we are also trying. So, what happens next? But I mean as a conservative estimate I tell you it is not I mean a year of time has to be given to see what happens and which way it goes sir.

Mr. Harshit Jain: Okay, thank you so much and all the very best.

Mr. Surinder Kumar Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Mr. Mustafa Arif from NRC. Please go ahead.

Mr. Mustafa: Hi, thank you for the opportunity. So, the first question is a book keeping question. So, on page 6 of the PPT where you have given the breakup of the e-commerce revenue. So, the total is up to about 165 crores. So, there is a 20-crore amount missing. So, what would be the contribution?

Mr. Surinder Kumar Gupta: Pardon, pardon.

Mr. Mustafa: Page 6 of the PPT. Revenue e-commerce 185 crores for the first half. Yes. So, e-auction other income and e-procurement that is about 165 crores. So, 20 crores what would be the source of that?

Ms. Bhanu Kumar: The revenue from certain projects that we are undertaking AMPs and other charges that we get. I think that is not counted in any of these three heads. That is what you are seeing a difference.

Mr. Mustafa: And this will be a one-time kind of amount or?

Ms. Bhanu Kumar: It actually is not a one time. See, we have development charges, we have AMP charges and it is linked to milestones. So, if the particular project is going for a few years, then it will be there for a few quarters. And if the project is just a one-time kind of an activity, then we get only in that particular quarter.

Like, I will give you an example of Udaan. So, we developed this portal say about four years back. But every second year there is some event going on, there is some patch up also going on. So, for that we earn some revenue. So, we can't say that it is one off kind of a thing. But it is definitely not a constant revenue stream.

Mr. Mustafa: I see. Okay. Thank you. And the second question would be regarding, so the earnest money deposit, the revenue that you earn, what would be the contribution out of e-commerce? How much would be revenue from earnest money deposit? And how does this sort of work, if you could explain that?

Mr. Surinder Kumar Gupta: There is no direct correlation. Because it comes on, goes out, comes on, goes out. So, we certainly, appreciably we do not earn that much. Basically, we earn, basically our main upgrade earner is our service charges, registration fees, other things. But it comes in and goes out, comes in and goes out. It does not give, basically it does not give a constant revenue stream. It cannot be a constant revenue stream. Our revenue stream is our service charge, our registration fee and other allied activities and all

these things, other transaction fees, other products. So, it of course adds to our top line. But not as a, we do not take it as a prime revenue earner.

Mr. Mustafa: Okay. Thank you.

Moderator: Thank you. The next question is on the line of Mr. Sanjay Nayak. Please go ahead.

Mr. Sanjay: I want to ask how many new scrapping centers open in Q2 FY24 and total scrapping, current scrapping centers with MSTC. Also request you to mention the investor presentation, whatever Mahindra MSTC recycling, private limited regarding objects of the new scrapping centers and what are the developments are over there.

Mr. Surinder Kumar Gupta: Yes. Your first, your second suggestion, that is well noted. Right now, just before you, some of your fellow investor has also said. So, we have noted it out. There will be of course a slide on that in the next presentation center. So, right now we have got our presence as a, the scrapping center is at Noida, Chennai, Pune, Indore, Ahmedabad, Hyderabad, Bangalore and Guwahati. Right. So, as of September. So, that is our presence over there.

Mr. Sanjay: Total scrapping centers, total scrapping and?

Mr. Surinder Kumar Gupta: Eight.

Ms. Bhanu Kumar: Eight. Actually, there are lot of collection units and units for these eight scrapping centers. These are the centers for which we have already obtained the licenses and these are operating.

Mr. Sanjay: Okay. And new plant centers in next two quarters, is there any update on that?

Mr. Surinder Kumar Gupta: Yeah, we are exploring, but as of now nothing has been crystallized. We are exploring because just now we told that we have extended. Now there is a possibility of typical raw materials. We are looking for like where there will be, which state comes up to the policy. Depending upon that reaction of the state, we will go there because it is really now becoming a thing like we have to take a very good decision on that particular matter.

Mr. Sanjay: And present capacity of all the centers is around per annum. What is the capacity approximate? 15,000 vehicles or 20,000?

Ms. Bhanu Kumar: Taking it all together will be at least one lakh vehicles, but we are hardly getting even 10% of it. So, that is the issue we are with the challenge that we are facing. Capacity is more than one lakh vehicles per annum.

Mr. Sanjay: Per annum, that is including that total eight centers?

Ms. Bhanu Kumar: Yeah, eight centers so far. The biggest is in Noida.

Mr. Sanjay: Okay, thank you.

Moderator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask questions. The next question is from the line of Aman from Aman Investments. Please go ahead.

Mr. Aman: Yes, sir. Sir, I have just two questions and first question has two parts. I wanted to understand, this is regarding the coal auction, I just wanted to understand whether

we are seeing private participation also because the government has opened the sector to private people and communities as well. So, obviously participation there and secondly, I just wanted to understand on coal whether we actually require this amount of coal because the Coal India has told that we need one billion tons of coal. And how much percentage will we be routing through our platform and whether the requirement is correct and which industries do we see that this requirement will be going? And second, I will ask after the answer, sir.

Ms. Bhanu Kumar: Okay, as far as coal auctions are concerned, you see, I am not very clear as to what exactly is your question because you are asking of private parties.

Mr. Aman: Private people are also supplying you coal and keeping in our platform for auction or how are we seeing that environment building in private players as well?

Ms. Bhanu Kumar: No, no, no. As on date, it is mainly Coal India that is auctioning through our platform. Then we are also catering to some smaller organizations like in the case of Jharkhand, Jharkhand State Mineral Development Corporation. We are doing coal auctions for the government of Meghalaya. Then we are also doing some coal sale for Orissa Coal and Power Company.

So, this way there are other organizations, but largely it is restricted to state government entities or the Coal India. And apart from that, the question that you asked regarding what is the percentage of the mined coal that will actually get auctioned, these are policy directives that are given by Ministry of Coal from time to time depending upon what is the demand supply condition, the international market condition, the grade of coal that is mined, where is the requirement, all those things are taken into account. And there are various schemes under which coal is sold. One is the retail sale which we call the spot auction.

The second thing is the linkage auction. All the user industries based on the sector in which they are operating, there is a linkage and based on the FSAs that they have, they have certain quota restricted and for these auctions are carried out by MSTC. So, this is basically something that is quality driven and this is done by the Ministry of Coal itself through Coal India.

Mr. Aman: Okay. And just to follow up, do we think are we in line with the target of Coal India is 1 billion or do we think bumpy roads ahead?

Ms. Bhanu Kumar: See, 1 million tonne mining may be happening but they already have long term commitments to many entities within the country. That doesn't come under the purview of auction. So, there is a certain percentage, 85%, 90% is given to these long-term clients. So, basically the left-off portion, as per time-to-time quality directive, it comes for auction. So, if the mining activity increases, there is a more output definitely, the volume that will come for auction will also increase in a proportionate manner.

Mr. Aman: Okay. Ma'am, can you just tell me from which mine are we using these on our platform? Is any particular mine of Coal India which we are using completely or proportionately? If you can just broadly give us the names of the mines or the sectors in which we are dealing with.

Ms. Bhanu Kumar: It doesn't operate like that at a particular mine. We are not looking for retail sale. No, it doesn't happen like that. Coal India also has about 7-8 subsidiaries who are doing these mining activities and they already have long term commitments to the state government generators and other ancillary units, different sectors, captive power plants. All these things are already there. These commitments are there for each of the collieries. So, whatever they feel is beyond these FSAs or the commitments they already have, that is coming up for the short auction.

Mr. Aman: Perfect. Ma'am, the second question I have to ask is regarding your experience in this financial year, any surprises have you seen because we are mostly a facilitator type of business. Any surprises have you seen in our value chains or in our business verticals which we had expected and it has come out to be very good or any and also surprises one part. Second part, any backdrops have you seen you were very optimistic about and but we had seen a backdrop going forward or is it ongoing? Any of your experience in both positive and negative side?

Ms. Bhanu Kumar: See, as far as e-commerce is concerned, nothing happens overnight. Yes, there can be some kind of a project that comes our way once in a while like the coal block auctions or the mineral block auctions and things like that. But there are not very big revenue earners for the company.

So, the revenues are actually coming from the e-sale of minerals, the forest produce, the timber and then, of course, the scrap. So, that has a steady growth. And of course, we are trying to add new and new clients, those who have such material for sale.

As far as we are, we can see that more or less the most of the state governments and the central governments have been onboarded. Now the volumes that they will actually transact through our portal is something that we expect to grow in the next few years. So, the volumes will go up, our revenues also go up because of these things.

From the private sector, last time also, as we had said, the iron ore auctions and sometimes even other minerals, people are trying out our platforms. But when they have their own internal consumption or requirement, obviously there will be not much sale.

The negative side of the surprise that you wanted to probably know is one thing I can give, iron ore prices. Not just the prices have come down since last year. Now in the recent past year, we have also witnessed that some of the private producers of iron ore, they have increased their consumption. So, whatever is coming up for auction has reduced. So, that is also something that is a one-off kind of a thing. So, as and when the production goes out, their consumption pattern gets somewhat stabilized. Definitely the things will come up for auctioning in a better way. Actually, all the organizations will do a balancing act. Obviously, they have to see their internal consumption, their growth in that sector, plus whatever surplus they have, whether they can mine more, whether they can adopt newer technologies so that the efficiencies are improved, so that they get better revenue by selling the material.

Mr. Aman: The second question was, ma'am, I wanted to understand the push from the government on this PSU, MSTC. How is this push and if the government is setting

targets for us, we have to achieve this. And going forward, how does the government support energy and confidence in our business going forward?

Ms. Bhanu Kumar: There are two aspects to that. The government, as on date, doesn't support or tell anyone that they have to go to MSTC platform. Whatever business we are getting is totally on the basis of our experience, exposure, our merits, the infrastructure, our credentials, our past, everything. We are on a daily basis competing with our private sector participants, private sector organizations. And we do not get any major advantage of being in that.

The only advantage is, yes, we have been in this e-commerce business for more than two decades now. So, that gives more credibility. Our credentials are improved. And the kind of, the statutory liabilities or the compliances that we have to keep in place for carrying out any of the activities, especially e-commerce of natural resources, that obviously we command a better position in terms of compliance-related matters, in terms of audit, in terms of, any issue that can be faced.

We have faced a lot of scrutiny in the past, and each and every time our stand has been vindicated. And because of these credentials, even the government of India, wherever they feel that they can ask us to develop this platform, they are giving us the business. But not because we are a government of India undertaking, but more because we have proven our track record has been good. We have proven our credentials in the past two decades.

Mr. Aman: Okay, sure. Thank you, ma'am. Thank you.

Moderator: Thank you. The next question is from the line of Miraj from Arihant Capital. Please go ahead.

Mr. Miraj: Yeah, thank you for the follow-up opportunity. My question is regarding the scrapping business that we have. The JV that we have, I wanted to understand that the government has already put out notices and their push is going on from their side. But from our end and from the JV partners' end, what are our initiatives that we've taken or we are currently undertaking to increase the sales on that end?

Mr. Surinder Kumar Gupta: Right. Because, if you are following the whole series of conversations in this regard in this particular call, there are two things you might have heard. First of all, the government has put some initiatives. Now the initiatives are related to only the government basis. And for that we are getting a little bit of benefit.

But the second part, that is the larger part, that is the private basis. For that, the state has to come up with the policies and the infrastructure, in particular the APSF. And we are saying that we are taking the positive of the raw materials. From our side, we have increased our reach to each corner of the country in the form of setting up centers and the collection centers and the collection facility also.

So, from our side, we are fully ready for all efforts that have been made to get the things. But still the ecosystem is not mature enough to give us that much of raw materials, not only to our JV and other players in this field, they are also keeping the same kind of shortage. So, just now I answered to your fellow co-investor. I just answered, at least a year of time minimum is required to watch which way the things go, how the infrastructure changes, how the state government responds to these

centers' initiatives. Because of course vehicle is a state policy. And all the rules and regulations like RTO and all these things have to be amended and done from the state government only.

Mr. Miraj: Okay, thank you. Thank you for your time.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question. I would now like to hand the conference over to the management for closing comments.

Ms. Bhanu Kumar: So, it has been quite a good and engaging session as always. And the queries that all the investors have been asking have actually made us improve our processes, performances, and we know that we are all answerable to you at the end of every quarter. So, we are diligently following up on each of the suggestions. And suggestions even beyond these investor calls are always welcome. We look forward to them. Thank you so much.

Mr. Surinder Kumar Gupta: Thank you from my side.

Moderator: On behalf of Equirus Securities Pvt. Ltd., that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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