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(भारत सरकार का उपक्रम)

MSTC LIMITED

(A Govt. of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring
INDIA

MSTC/CS/SE/357

18th August, 2022

1. The Dy. Manager (Listing)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.
(Scrip Code: 542597)

2. The Manager, Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai 400 051
(Scrip Code: MSTCLTD)

Dear Sirs,

Sub: Transcript of Conference Call with the Investors/ Analyst

The Company had organized a conference call with the Investors / Analysts on Thursday, 11th August, 2022 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.

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 1सी, न्यूटाऊन कोलकाता-700 156, प.ब.
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“MSTC Limited
Q1 FY 23 Earnings Conference Call”

August 11, 2022



MANAGEMENT:

**MR. SURINDER KUMAR GUPTA - CHAIRMAN AND
MANAGING DIRECTOR, MSTC LIMITED**

**MR. SUBRATA SARKAR - DIRECTOR OF FINANCE,
MSTC LIMITED**

**MR. AJAY KUMAR RAI - COMPANY SECRETARY,
MSTC LIMITED**

MODERATOR:

**MR. DEEPESH KASHYAP - EQUIRUS SECURITIES
PRIVATE LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the MSTC Limited Q1 FY23 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 '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Deepesh Kashyap from Equirus Securities Private Limited. Thank you and over to you, sir.

Deepesh Kashyap: Thank you, Ranju. Hello everyone. On behalf of Equirus Securities, I welcome you all to Q1 FY 23 Earnings Conference Call of MSTC Limited. From the management we have with us today- Mr. Surinder Kumar Gupta, Chairman and Managing Director; Mr. Subrata Sarkar, Director of Finance; and Mr. Ajay Kumar Rai, Company Secretary. We will begin the call with the opening remarks on the management, and then, we can open the line for Q&A.

I now hand over the call to Mr. Surinder Kumar. Over to you, sir.

Surinder Kumar Gupta: Yes, good afternoon everybody. Before we come to the financials, I would like to share a very good news with all the participant investors here. MSTC has successfully concluded the 5G spectrum auction for the Department of Telecom. So, this has been an event which has gone very smoothly and our honorable Minister, as well as Secretary, DOTI have been very appreciative of MSTC's role in the whole auction process. The complete auction strength went to 40 rounds, and it went on smoothly without any problem. So, that is a good achievement for MSTC and they have kept faith in the capability of MSTC and we are sure that we will be able to; we have the capacity to conduct any such critical event for Government of India.

Regarding the financials, our D(F) will tell in more detail, but we have kept our growth trajectory as compared to the Q1 of last financial year. Profit before tax has zoomed from INR 37.17 crore to INR 66.11 crore, and profit after tax has increased from INR 21.20 crore to INR 43.84 crore. So, that is a good growth from quarter-to-quarter. Basically, if we make a comparison from Q4 to Q1, that would not be a correct comparison because, there we had some extraordinary income in the form of dividend from our subsidiary company, which is not in this Q1 quarter and we always keep in mind that Q4 quarter of any financial year is always the best quarter and we get business of almost two quarters in last one quarter.

So, from that front also, our earnings have been quite good. If we start from our main vertical, that is the e-commerce vertical; so there, our revenue from operations has increased from INR 64.96 crore to INR 83.36 crore. So, that is a good jump from Q1 to Q1. And, if we compare from Q4, it is slightly down from INR 90.97 crore to INR 83.58 crore, but that is understandable; as I explained that Q4 is always the best quarter for the financial year. So, with this growth trajectory, we are hoping to achieve very good results in the current financial year. Apart from the spectrum auction, there are many other good projects MSTC is doing. We have entered into a number of agreements with large number of principles in South India. For Bihar, we are engaged in selling the auction vehicle by excise department and we have been able to sell around 4,000 vehicles in two to three months and we are sure that we will be speeding up that process, in line with the Bihar government requirements.

In Karnataka, in Chennai, we have entered into an agreement with the temple trust for sale of their assets and for e-procurement requirements also. So, we are entering into the new areas, new frontiers and new kind of clientele. We are not limiting ourselves to the scrap sale. We are entering into new kinds of things, new kinds of business. So, that is the brief opening remark.

Now, I hand over to our Director Finance to give you further update on the financials.



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Subrata Sarkar:

Good afternoon to everybody. So, before I start, if you look at, it is a very remarkable quarter, and for the concern of our investors, when the provisioning will come to an end. So, if you see the first quarter, you can see that we have no data on that particular line item; that means no provisioning for standalone financial statements. And, now I come to the quarter one financial statement. So, if you compare to quarter one to quarter one of the previous year, the total revenue, although has declined from INR 17,125.51 lakh to INR 9,385.90, that is by 45%. Marketing is down by 90%, that is from INR 11,207.51 lakh to INR 1,019.26 lakh. E-commerce grew from INR 5,911.30 lakh to INR 8,358.38 lakh. And others are of course minimum amount and EBITDA provisioning has gone up by 42.70% from INR 4,748.32 lakh to INR 6,775.73 lakh. PBT has gone up from INR 37.17 crore to INR 66.11 crore, and PAT has grown from INR 21.20 crore to INR 43.84 crore. Cash profit from INR 29.97 crore to INR 45.39 crore.

And, if you go by the Segmental Analysis, so you can see that, this E-Auction/E-Sale revenue has grown up by 39% and E-Procurement, of course, there is a lesser revenue and of course, other income has gone up also. And if I go to the group financials as a whole, total revenue is a little bit lesser from INR 268.68 crore to INR 194.81 crore. And of course, major contributor is 'Marketing', where the revenue has gone down from INR 112.07 crore to INR 10.19 crore and 'E-Commerce' of course, grown up from INR 59.11 crore to INR 83.58 crore and 'Scrap Recovery and Allied Jobs' is basically the segment of our 100% subsidiary company from INR 97.43 crore to INR 100.96 crore. EBITDA has also gone up from INR 68.55 crore to INR 86.85 crore and PBT has gone up from INR 53.80 crore to INR 80.53 crore and PAT has gone up from INR 33.55 crore to INR 54.29 crore and basically, this is all the details that are already there. So this is all from our side. I hand over to you.

Moderator:

The first question comes from the line of Vikas Kasturi from Focus Capital. Please go ahead.

Vikas Kasturi:

Congratulations on a fantastic quarter and wish you all the best for this financial year too. Sir, I had a couple of questions. My first question is, could you please provide a status on the FSNL disinvestment? My second question is, could you please provide some information on how many vehicles have been scrapped in this quarter?

Subrata Sarkar:

Okay. So far as FSNL disinvestment is concerned, DIPAM has taken that thing and you must have observed that UIE were invited that is in that particular state. So, as and when this finalization will be there, so it will be of course in a public domain. So, that is the status. It is UIE status is there. So afterwards, basically UIE and everything will be whatever is there that will be taken care of by the DIPAM only, the process is being handled by the DIPAM only. So as and when that final outcome will be there, we will always update you. So it is in the UIE stage.

Vikas Kasturi:

Sure sir. And vehicles scrapping, number of vehicles?

Subrata Sarkar:

So our CMD will take over.

Surinder Kumar Gupta:

Yes. As far as the vehicles are concerned, up to June, we have got just a second total of 1,459 vehicles. 1,459 so that is, 1460 vehicles we have got in the first quarter, that is again, I do not have the exact quarter figures for last financial year, but if we take the complete financial year 2021-22, there we have got around little less than 4,000 vehicles in the complete financial year. So, that is around 1,000 vehicles per quarter. So, in that comparison, we have got around 1,459 as I have said, so that is around 50% growth of the vehicles, that is what we have got as compared to the last year.

Vikas Kasturi:

A follow up question on that, sir. So last year, the government had said that all government vehicles would have to be scrapped by a certain date. I forget the date now.



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So has that been implemented and forced, and are you seeing any good number of government vehicles coming for scraping?

- Subrata Sarkar:** That date has been extended for the time being, the date has been extended to October.
- Vikas Kasturi:** Okay. But are you seeing any good number of inquiries, sir?
- Subrata Sarkar:** Yes, we are getting a good number of inquiries and soon, we are going to launch a portal for scraping of such end of life vehicles also. So, which would be exclusively for such kind of vehicles, where buyers and sellers both, will be onboard.
- Vikas Kasturi:** And just one small request, sir. So, in your presentation, if you could provide more details about the nature of the business. So for example, when it comes to auctions, the number of vehicles that you have scraped and whether they were government vehicles or commercial vehicles or private vehicles, and likewise, when it comes to your e-auction business, if you could provide some more colour in terms of how many auctions were conducted and so on. So that would be very helpful.
- Subrata Sarkar:** Okay. We are noting your concerns, so we will try to see what breakup we can give you in the next meeting.
- Moderator:** Next question comes from the line of Keshav Garg from CCIPL. Please go ahead.
- Keshav Garg:** Sir, I just wanted to understand that we did around INR 88 crore e-commerce revenue last quarter, which was the highest ever. Sir, so now with the fall in steel prices since around half of this division revenue comes from steel scrap sales, prices of which also follow steel prices, which are now down. So, do you think that we can hold onto this INR 88 crore quarterly revenue of the e-commerce division going forward?
- Subrata Sarkar:** See the figures we gave you; I gave you the figures for Q1 to Q1 and Q4 to Q1 also. So, if we say, I mean, Q4 of last year that was around INR 83.36 crore, total revenue from operations in e-commerce. So, that is basically compared to total -- sorry, I am using the total of e-commerce. If I talk about e-commerce last year, it was INR 80 crore last quarter and this year INR 72.63 crore, right? So, that is the kind of e-commerce income. So if we, as you rightly said, there will be around 20% drop in the prices of steel as well as scrap. Still, we have been able to keep very robust performance. So that really has not reduced our income by that much percentage. So that means we are getting the additional business and we are hoping that we will be able to maintain the growth trajectory, but of course it has that 20% price increase been there. So we could have surpassed that INR 80 crore figure for the last Q4 also. So all these factors taken together, our Q1 figures are quite handsome, that is what we believe.
- Keshav Garg:** Okay sir. The Company, does it have any synergy with our scrap business? I mean, the scrap that we are auctioning, does that subsidiary buy from us or is there no relation whatsoever and both companies are totally different?
- Subrata Sarkar:** You are talking about our 100% subsidiary Ferro Scrap Nigam Limited?
- Keshav Garg:** Yes.
- Subrata Sarkar:** Basically, it is in the scrap recovery and analysis job. It does not buy or sell scrap. It is a service company. It does the scrap recovery and analysis job for the steel company. Okay. So by its very nature, it does not buy or sell scrap and hence the question of buying from MSTC does not arise at all. Okay.
- Keshav Garg:** Okay, sir understood. So basically what I am trying to understand is that post the disinvestment of this subsidiary, there will be no impact whatsoever in our 'standalone'.



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- Subrata Sarkar:** No, no. Let me get very clear for your understanding. Sir, we are selling the scrap through e-auction. So, it is an open e-auction and it has nothing to do with our subsidiary per se and subsidiary disinvestment has no bearing per se, on our scrap e-auction disposal.
- Surinder Kumar Gupta:** So if you see basically as far as the business is concern, we both are having quite distinct business and one is not dependent upon the other. It is only if we see our related party transactions, that is very meager, so that is a bit of scrap for our, let us say, FSNL which were old equipment or something. So that is a very meager amount. So as such the disinvestment of FSNL per se will not have any effect on the financial or e-commerce income of our company MSTC.
- Keshav Garg:** Yes, sir. Understood. Sir lastly, I just wanted to understand that Coal India has announced that it will start its own portal for scrap sales and sir, other big PSUs might also follow through because this is an ongoing; scrap generation is an ongoing thing, so in that case then where do, I mean, what will be our role if this goes in house?
- Surinder Kumar Gupta:** No, let me correct you; what Coal India has announced is that they will be selling their coal. We are selling some part of the coal of Coal India, right? So for that, they have developed their portal, got a portal from NIC, but that portal has not started. But, what has happened is that Coal India has announced the new policy for sale of coal. For that, they requested MSTC only to make a platform for them. So, we are in the advanced stage of development of that portal. In fact, we have done our work and Coal India is testing that portal.
- So there we are expecting that, there will not be any impact and NIC will be taking till whole years to make the portal as per that. So there, we do not expect any significant revenue loss. And further, another thing I would like to highlight is, as far as coal is concerned, we say quarter-to-quarter, the earnings are around very less, total earning will be around from the coal sector, for the quarter to quarter financial, it is going to be INR 12 crore - INR 13 crore.
- Subrata Sarkar:** That is there, but, let me supplement CMD sir. So, volumes are not going down that way and second, that you told, Coal India as CMD sir has explained, Coal India is still in a very nascent stage and they are still utilizing our portal and for their new policy also, our portal will be utilized for sale of coal. So in the near future, we do not see any per se, threat to our current year. So we will review it in the next quarter also, what is happening and what is the development.
- Surinder Kumar Gupta:** And further revenue from Coal India is very insignificant. If we talk about the total e-commerce earning; so that may be less than even 10%. So that will not really, even if it goes out, that will not really affect us and we do not expect it to go very soon.
- Moderator:** Next question comes from the line of Srinivas Reddy an Individual Investor. Please go ahead.
- Srinivas Reddy:** I have two questions. Sir, regarding this other income, which has consolidated other income in the consolidated balance sheet; it has abnormally increased. I mean, from the earlier year by around INR 9 crore, I think. So can you throw some light on that number? Because most of the profits now in the last quarter, I mean on a consolidated basis, have come from this other income; increasing. And regarding the provisions of earlier year sir, you were telling us that from this year the provisions requirement will not be there of the Standard Chartered and other cases and so this is my second question. So, the third and final one, what is that you are trying to do for the B2C business? I mean, the loans, bank loans, all those, property auctions and other things. So for that have you come up with any sustainable business plan for the B2C e-commerce business? So these are my queries.



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- Subrata Sarkar:** You have been always a very guiding factor for us as an investor. So first let me tell the major chunk of other income has come from. One is some kind of provisions written back. So, in case of MSTC, it is around INR 4.25 crore that we have. The old provisions that we have realized through MSTC process. So that is a major chunk. Our other portions are of course little bit of rise in the interest rate and etc., that is why we have realized from that. But major is like provision written back that is the one question that you asked. Second, regarding provisions, this is the first quarter as I earlier announced also that we did not have any provisions and of course, in the consolidated accounts, we have a little bit of provision for the income for our subsidiaries. So it will remain in that particular range only. So major provisions are not expected in the coming future as we can still stand right now because mostly, all the marketing provisions have been taken care of. Regarding the third- business prospect, I will hand over the mic to CMD sir.
- Surinder Kumar Gupta:** Yes. Regarding your query about this B2C, I mean, I will admit that we do not have that good presence in the B2C segment. As far as the property is concerned, yes, we are in B2C. We have an agreement with, as we have already telling that for the sale of assets of the public sector banks, we have a centralized agreement with them. We are selling the properties under SARFAESI Act for banks, and there are quite a good number of properties and the sale of properties is increasing quarter-to-quarter, year-to-year and banks are getting good dividend out of that.
- Regarding the properties, we have sold the properties for Hyderabad city and there are similar number of properties for Air India and other organizations are being regularly sold on our portal and we are getting number of other queries from lot other state government and central agencies where we hope to get additional business for the property sale. So that is also in the coming year that is also going to give us good amount of revenue from the property sale. So, that is what I can update regarding the bank loan and all that, I will admit that we are not into that area of concerns.
- Srinivas Reddy:** So one clarification sir, regarding debt. I mean, when can we expect our company to operate as a zero debt company, because now marketing is reduced, marketing working capital requirement, marketing sector, the business. So company is more into e-commerce now. So when can we expect it to having zero debt after this FSNL sale it is possible with that additional amount of budgeting?
- Subrata Sarkar:** Mr. Reddy, I am getting back to your question right now. So, if you think, basically if you look at our annual balance sheet, so the debt right now basically is only the disputed debt that MSTC had denied and disputed and protested and made that of Standard Chartered Bank, basically. So virtually, we are right now a zero debt company, virtually we can call. There was a very little amount of term loan of SBI. So, which will be taken care of, but virtually if we can for all practical purposes, it is a zero debt company, except that is an entry is appearing for which we have protested, denied and disputed, and the case is -- so we are unable to comment on that. Otherwise it is a zero debt company.
- Moderator:** Next question comes from the line of Dixit Doshi from Whitestone Financial Advisors Private limited. Please go ahead.
- Dixit Doshi:** Congratulations on good numbers. Sir, my first question is regarding the JV with Mahindra. So, you mentioned about the number of vehicle scrapped, my question is once they scrapped the vehicle, the scrap generated was auctioned by us or they themselves dispose it off?
- Surinder Kumar Gupta:** We auction the scrap. Normally, MSTC auctions the scrap. For the spare, they have a separate portal, but as far as scrap is concerned, it is primarily sold on MSTC platform.
- Dixit Doshi:** Okay. And my second question is regarding this e-commerce segment. So, you likely mentioned that, even though the steel scrap prices have come down, our revenue has



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not come down so much. So on a let us say, medium term basis, two-three year perspective, at what rate our e-commerce business can grow?

Subrata Sarkar:

It is very difficult to comment at this juncture, because the scenario is changing so rapidly and it is a mixed bag of services that we give in the e-commerce, supposedly scrap sale is there, e-sale, we are trying to mix. It is mixed bags of things. As our CMD has already said, we are going to enter into a lot of areas. So revenue is of mixed type and what will be the scenario in the next year is very difficult to say. But as of now, the growth of the company is primarily dependent of e-commerce and it will be e-commerce based growth only though.

Surinder Kumar Gupta:

And if you see I will supplement to what Director Finance said. If you see the last few quarters, you will see there is good growth, and we are hoping to maintain the growth trajectory. So of course, the other factors, which may not be in our control. Another thing that I like to supplement, there was a time in e-commerce also, where the majority of our income was from scrap sales. Now, we are basically; there also, the revenue from the e-commerce scrap sale is going down and a percentage revenue. I am not saying in absolute terms, but because percentage contribution to our revenue are basically coming down and we are basically diversifying our brackets business segments.

So there, if there is a downfall in one particular segment, so we hope to insulate ourselves from the total results and also make good growth in different other sectors. So there, I think we are slightly better off from all these market fluctuations. Of course, we are living in this world and will be unaffected, I cannot say that, but our effect will not be that large for that one particular segment going down, that is what I can assure the investor community.

Dixit Doshi:

How much percentage of revenue from scrap this quarter?

Surinder Kumar Gupta:

Less than 50%; slightly, less than 50%.

Dixit Doshi:

And how much it would have been in Q4?

Surinder Kumar Gupta:

Similar level. I mean, it does not, I mean that diversification does not vary significantly from one quarter-to-quarter, but we see from let us say couple of years back when it could be 75% or 80%, now it is less than 50%. So that is basically year-to-year, there is some change.

Dixit Doshi:

Okay. And my last question is now that, we have scaled down and almost our marketing business has been over. So is there any scope for rationalization in the employee cost, like, there will be some employees who were dedicatedly for the marketing business. So is there any scope of employee cost reduction?

Surinder Kumar Gupta:

As we have decreased the marketing, we have increased the e-commerce and we have opened offices in almost all major states, and we are working with a very thin manpower. In marketing, only couple of people are engaged now, so there is hardly any scope. So as when we went down on marketing business, the people were taken out and they were reapplied in the e-commerce; so we cannot expect a basically downturn or any reduction in the staffing after the discontinuation of or decrease of marketing business. So that factor has already been taken care of. I hope I have answered.

Dixit Doshi:

Yes. And last question from my side is, the sale of FSNL is basically government is doing for disinvestment purpose. So, is it fair to assume that whatever proceeds will come from the FSNL, majority of that will be used to pay the shareholders in terms of say, dividend?

Subrata Sarkar:

Yes. It is quite premature, the sale is yet to take place and every quarter we are meeting you. Okay. So let it take a shape, then we will get back to you on this particular issue.



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Moderator: Next question comes from the line of Abhishek Kale an Individual Investor. Please go ahead.

Abhishek Kale: Sir, my questions- are there any timeframes that we have received from the Government of India regarding the disinvestment of FSNL because it has been in the last quarter when we spoke about that the EOIs were submitted and that part was taken care of. So when is the likely date of announcements? Could you please comment on that?

Subrata Sarkar: Yes, this is being done basically on behalf of Government of India, DIPAM, Department of Investment and Public Asset Management and basically, it depends upon a lot of factors- the response, the approvals, etc., etc., and it is very difficult to comment upon any kind of fixed timeframe per se; when it will happen, but as and when it comes and the developments are there, we will let you know sir.

Abhishek Kale: Sir, if I may have a follow up on this, do we have any idea of the timelines or right now you will not be able to comment as to when it is likely to happen? Because you might have received some fillers from the government as to how and when this divestment is likely to take place.

Subrata Sarkar: It is difficult at this juncture to tell, because it is a process being handled by DIPAM only, okay. So as and when that approvals etc. and all the procedural aspects are there. So we will from time to time let you people know.

Abhishek Kale: Sir, the joint venture with Mahindra, right? How much; if I'm not mistaken; it has contributed very little to our top line and the bottom line. So, I mean, could you please ask/ specify exact numbers in terms of percentages and what are the plans that we have along with Mahindra, in order to have this business start contributing a bit more? Or is it not in our hands; we are solely dependent on how the government enforces those directives of scrapping old vehicles?

Subrata Sarkar: First of all, let me tell you, if you look at our consolidated financial statements. Okay. So that the figure is already there, the share of profit from the JV, it is a very; of course very insignificant figure, that we have pointed out, but you know, that you would appreciate couple of things. When a project takes off, it takes a little time to generate a fair amount of profit, right, number one. Number two, the policy has yet to take a shape and take its full form. So once when this couple of things happen, so then only the profit will start coming and it will contribute to our; of course in the group income and of course, it will contribute to our bottom line. So that is the point.

So it is all disclosed and it will take a little bit of time because until and unless this policy takes its full form and it is in full gear, the profits, high level of profits is little bit less that it will take some time.

Surinder Kumar Gupta: I will supplement it here, that after the issue of policy by the government, because this is the state subject basically, I mean, most of these states are in the advanced stages of finalization of their own policies on the line of the policy issued by MoRTH. So as and when that policy is announced, this policy invests and we say certain incentives and disincentives. So those will come on ground. Then only we will be able to make basically use the full our capacity. Presently we are working below par capacity. I mean, whatever, we have the installed capacity, we are not getting competitive enough vehicles. So as the policy gets traction in the state government, then the vehicles will increase and basically the top line for the company on MMRPL company will increase and similarly where it was in loss, so it may start making good profits.

So we are hoping that now very soon. Assam has recently announced the policy. Other governments are in advanced stage. So we are hoping that in current year number of



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states will announce their policy and implementation will start and this business will get good traction.

- Abhishek Kale:** Okay. Sir, if I am correctly summarizing it, for both the questions that I have asked, the FSNL and the MSTC, we are kind of or rather we are mostly dependent on the government policy to take effect and that is when we will see movements in these two things, right?
- Surinder Kumar Gupta:** Yes, to some extent that is right. We are making effort from our side also. We are engaging a dialogue with the state government and apart from that, we are increasing our recycling facilities also in the anticipation of issue of policies. So we are quite proactive on that front.
- Moderator:** Next question comes from the line of Harshit Jain from RAH Investments and Advice. Please go ahead.
- Harshit Jain:** I would like to know in Q1, what is the kind of revenues we did from scrap business? Like last year we did INR 6,000 odd crore, what is the revenue this time?
- Subrata Sarkar:** INR 6,000 odd crore that you most probably are talking about the volume and etc., basically as just now pointed out by our CMD sir like, basically if you take somewhat around 40% to 50% is coming out of from this scrap business so that is the ratio.
- Harshit Jain:** No, I am talking in terms of number and how much sales volume we did on the scrap side in Q1?
- Surinder Kumar Gupta:** Around the, if you can take it is around INR 2,500 crore.
- Harshit Jain:** INR 2,500 crore
- Surinder Kumar Gupta:** Around approx.
- Harshit Jain:** Okay. And one more thing in investor presentation, you have mentioned that you have signed ESL Steels, Arcelor Mittal, so are we enjoying the same kind of margins, which we were used to or?
- Surinder Kumar Gupta:** Yes, that is for the iron ore, for Arcelor Mittal we have done it for the iron ore. We are having same kind of margins that with other iron ore sellers we were getting.
- Harshit Jain:** So it would have been in a range of INR 2.15 to INR 2.55?
- Subrata Sarkar:** No, no it keeps on varying.
- Surinder Kumar Gupta:** So that depends upon business to business. So we cannot give the, basically, customers to customers; it is not proper for us to diverse that kind of commercial information.
- Harshit Jain:** But can you give me a ball pass figure? Is it around 2% on iron ore sales?
- Surinder Kumar Gupta:** No, please, excuse us; we cannot give that definite figure; that may affect our business process and customers.
- Harshit Jain:** Sure. And one more thing would be, I was checking your website and there are certain auction OMDC, Orissa Mineral Development Corporation and some of the auctions get repeated. So can you guys, just a small suggestion from my end, that if an auction repeats itself, can you mention that it is re-auction because people get confused that you have got a new auction, but that is the same old auction?
- Surinder Kumar Gupta:** Okay. First let me go back to your old question. I will tell you that we have a different business model for different kind of commodities. Somewhere we charge in the range



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of percent, somewhere we charge this like on the event charges and all that. So there cannot be any thumb rule that we charge and pricing can vary from commodity to commodity, right? So there, I mean it is very difficult. It is not rather possible to give a figure on that how much percentage we charge. This is one thing. And second that you said that whenever the auction is repeated so that is a nice suggestion, we will look into this possibility and we will try to incorporate it. Yes, that is a good suggestion you have given.

- Harshit Jain:** Yes, sure. Because...
- Surinder Kumar Gupta:** That's a good suggestion for us. Yes.
- Harshit Jain:** If a lot of auctions are repeated then sometimes as an investor or as a person.
- Surinder Kumar Gupta:** I know that is an issue I can feel that if the auction is getting repeated, we can tell the people who are interested that it is an old auction, which could not be sold.
- Harshit Jain:** Yes. And one more suggestion would be, can you guys also give, how much percentage of auction are getting successful on your portal?
- Surinder Kumar Gupta:** Pardon, How much percentage?
- Harshit Jain:** How much percentage of auction are successful?
- Surinder Kumar Gupta:** Okay. Okay. So...
- Subrata Sarkar:** Okay. We will think of course; you have got two good suggestions. So of course, if feasible, we can, let us see, how could we do this.
- Harshit Jain:** Yes. Because if there is more transparency and more fairness from your side then, investor would interest and it will be good for the company in the long term.
- Surinder Kumar Gupta:** Yes, we have noted it. Yes, we will see.
- Harshit Jain:** And my last question would be regarding Standard Chartered case. So, I just want to know that properties are attached since past 15 years. So if you guys pay INR 143 odd crore, so will our properties be returned back to us or will it be taken by Standard Chartered Bank along the money?
- Subrata Sarkar:** Let me tell you very clearly that this matter is subdued and we have denied, disputed and done all the denials in the post court defense forum. So, question of paying does not arise at all and as and when this outcome of the cases are there, we will let you know, sir and we will pass it at different forums.
- Harshit Jain:** No, I just want to know that do we need to pay INR 143 odd crore or do we need to pay 18% interest for past 15 years as well?
- Subrata Sarkar:** From where we got 18% interest?
- Harshit Jain:** Like if income tax penalty is...
- Subrata Sarkar:** Can I have that document or so some kind of...
- Harshit Jain:** I'm just asking you that.
- Subrata Sarkar:** From where, I could not...
- Harshit Jain:** I am just asking you.



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- Subrata Sarkar:** Anyway to be very precise on this particular issue, this is subjudice, it is, will the outcome of the court that will decide whether we have to pay or we do not have to pay. Right now, we have denied and disputed and for us, from our side, it is not payable.
- Harshit Jain:** So maximum outflow will be INR 143 odd crore, right?
- Subrata Sarkar:** Again, I am telling you again, I'm telling you, right. It is subjudice, it is a matter of the court. So I am restraining myself for commenting on this because we do not, we are saying it is not payable, a single penny is not payable on this account and we have denied and dispute the full amount.
- Moderator:** The next question comes from the line of Pradeep Jalui, an Individual Investor. Please go ahead.
- Pradeep Jalui:** Hi. So my question is regarding the cash equivalents which the company has, right? So it is almost around about 50% of the market cap right now. So is the management thinking of doing share buyback right now? And if not basically what is the cash utilization going to go towards going forward?
- Subrata Sarkar:** I mean, right now we have not published our balance sheet. It is not in the public domain for this quarter. So let us discuss it about in the month of September, sir.
- Pradeep Jalui:** So, yes, so from basically the March quarter, obviously we have the balance sheet, right? So it's more than INR 800 odd crore.
- Subrata Sarkar:** We will, of course come to your place and we will reply to your question in the month of September, when our balance sheet will be there and when fresh assessment of the cash and cash equivalent is there. Of course we will reply and what we are doing with our cash.
- Moderator:** The next question comes from the line of Keshav Garg from CCIPL. Please go ahead.
- Keshav Garg:** Sir, I wanted to understand that since we have competition from GEM portal and you had mentioned in one call previously that ITI and one more company is also basically doing the same kind of business that we are doing auction or making software for auction. So basically, sir what is the competitive scenario, like, are you seeing more participation by these competitors in, let us say, auction of bank properties or coal mine, or telecom spectrum auction, are these parties also competing with us over there?
- Surinder Kumar Gupta:** You see, it is not that these are entities except GEM. GEM has come couple of years back. Most of the entities whatsoever are the players in e-commerce we are always in competition with them and we are basically with the trust, people have put in our capabilities. The government sector, as well as now you are seeing that private sector people like Arcelor Mittal and Reliance and ESL, Indus Towers all these people are giving business to MSTC despite all the competition.
- See, I mean, in the competitive environment also, we have survived and MSTC has grown. This is one thing. And we hope to continue our growth trajectory and provide the robust services and what we say, we pay you the best value. Whatever scrap or any product the people are offering us, the government agency as well the private agency because we offer them the best price. If somebody is selling iron ore, our portal vis-a-vis our competitor's portal, so the price they are getting worth the basically, so that they get the best price that is why they come to us. So we operate in competitive market. That is one thing.
- Second, some of the projects like mines auctions that is given to us by Government of India. So, that is a sure kind of business as of now, because there the MSTC like this mine auctions, there are some of the business which are basically given to us on nomination basis, there is no competition. For other majority of items, there is



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competition, but we are surviving because of our good services and we have a large outreach, where our bidders community is very large. So that is why we are able to give very good prices. So we do not have such fierce competition and we hope to survive and grow in the competition and that is how we reward is all about it is.

Keshav Garg:

Sure, sir. And sir, also, would you like to give us some idea that where are we in terms of penetration, that if you take scrap, only then we are doing mostly steel scrap. So, how many large size PSUs are there, which still now we are not catering to or we are in talks or there are chances that in future, we might start offering our services to them similarly in the private sector? So similarly, let us say for medical waste or for many other scrap items since its ongoing generation of scrap, so can we be some kind of an aggregator?

Surinder Kumar Gupta:

You see; I only partially agree with your statement. It is not only ferrous scrap on MSTC platform, we sell each and everything. I mean, it may be human hair, it may be non-ferrous, it may be aircraft. It may be aluminum, it may be batteries. So it is all kind of scrap whether it is ferrous, whether it is non ferrous, whether it is the commodity, so all kind of things are being sold on our platform. And another thing I would like to say that we are continuously engaging all our branch offices are there spread across the country. They are continuously engaging with the stakeholders, the government sector, the public sector there, the major private sector there and we are increasing our outreach and we are entering new and new MoUs with various principles. So that is why we have grown all these years by adding more number of sellers on our portal and we hope to maintain that growth factor and add more number of important customers.

Keshav Garg:

Sir sometime back, you had mentioned that we have got into some kind of agreement with MIDC or basically industrial development corporations of states to dispose off their scraps. So any progress on that front and how many states have we signed such kind of agreements with and what is the scope for future?

Surinder Kumar Gupta:

We are still, we have done it with Daman, so there we are now with that experience, we are engaging with other state governments, but still we have not finalized any other agreement and we are basically pressing upon the governments also to help us in that regard. So, as and when something major happen, we will definitely inform you.

Moderator:

As there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Surinder Kumar Gupta:

So thank you everybody and all our investor community who have spared their time to participate and listen to us very patiently. From the management side, we can assure you our investor community, that your investment is in safe hands and we are striving hard. Our small team of 300 people is working hard for the growth of the company, so that our investors get good returns of their investments. So that is what we believe that will happen. That is happening also. We are more than double the IPO price and we are hoping to gain further traction. Thank you.

Subrata Sarkar:

Thank you all that is all from our side, sir.

Moderator:

Thank you. On behalf of Equirus Securities Private Limited that concludes this conference. Thank you for joining us. You may now disconnect your line.