



एमएसटीसी लिमिटेड

(भारत सरकार का उपक्रम)

MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring
iNDIA

MSTC/CS/SE/604

14th February, 2025

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 Tuesday, 11th February, 2025 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 न्यूटाऊन कोलकाता 700156 प.ब.

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



“MSTC Limited
Q3 FY '25 Earnings Conference Call”
February 11, 2025



MANAGEMENT: **Ms. BHANU KUMAR – DIRECTOR (COMMERCIAL)**
MR. SUBRATA SARKAR – DIRECTOR (FINANCE)
MR. AJAY KUMAR RAI – COMPANY SECRETARY

MODERATOR: **MR. DEEP MODI – EQUIRUS SECURITIES**



Moderator:

Ladies and gentlemen, good day, and welcome to MSTC Limited Q3 FY '25 Earnings Conference Call hosted by Equirus Securities Private Limited. As a reminder, all participant line will be in 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, you may signal an operator by pressing star then zero on your touch-tone phone.

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

Deep Modi:

Thank you. Good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to Q3 FY '25 Earnings Conference Call of MSTC Limited. From the management, we have with us today Ms. Bhanu Kumar, Director (Commercial); Mr. Subrata Sarkar, Director (Finance); and Mr. Ajay Kumar Rai, Company Secretary.

So we will begin the call with the opening remarks from the management, and then we will open the line for Q&A. I will hand over the call to Ms. Bhanu Kumar, Director (Commercial). Over to you, ma'am. Thank you.

Bhanu Kumar:

Yes. Thank you. Good afternoon all, and thank you for keeping interest in our company and following us so closely. So I'm here to talk about the Q3 results. So the key highlights of this, as you all know the management control of 100% subsidiary of our company, that's FSNL has been transferred on 21st of January '25 after receiving the INR320 crores as sale proceeds.

Appreciation of value of investment for INR304.19 crores, that is INR320 crores sale proceeds minus INR15.81 crores as value of investment, booked as an exceptional income. Provision of INR30.55 crores on account of an old arbitration award and the execution is appearing as an exceptional expenditure. So net of these two is appearing as an exceptional income of INR273.54 crores.

Now as far as operational performance is concerned, on a stand-alone basis, during the 9 months of the company, we crossed a volume of INR638.80 billion in terms of value of goods transacted through the e-commerce and marketing verticals. Financial performance of PBT before the exceptional item is INR175.29 crores in 9 months '24-'25 vis-a-vis INR216.63 crores in the corresponding period last year.

PBT of INR448.83 crores in 9 months vis-a-vis INR216.63 crores. This is including the exceptional items. PAT is INR335.91 crores in 9 months '24-25 vis-a-vis NR 152.41 crores in 9 months '23-'24. PBT before exceptional item INR170.94 crores in 9 months vis-a-vis this is on a consolidated basis vis-a-vis INR210.95 crores in 9 months '23-24. PBT stands at INR444.48 crores in 9 months '24-25 vis-a-vis INR210.95 crores for '23-24. PAT is INR331.56 crores in 9 months vis-a-vis INR146.73 crores in 9 months of '23-24.

Now coming to the major business updates during this quarter. We have done a lot many more mineral offshore blocks auction, including the critical minerals. We have also entered into agreements for auctioning the minor mineral blocks with the Government of Union territory of Ladakh, Goa, Arunachal Pradesh etc.

MSTC has also started the auctioning of minor mineral blocks of M-Sand in Rajasthan, that is manufactured sand. Agreement signed with Ministry of Mines for auction of offshore minerals and tranche 1 of the offshore mineral block auction has been launched. We have also been able to bag the assignment for FM bandwidth auctions from the Ministry of I&B, and these will be done shortly. We are just in the development phase and certification phase. Once that is completed, the first tranche of auctions will be carried out.

Now we have also developed the MSTC Realty portal, as we had already highlighted in the past. We had a dedicated portal for NPAs of all the banks. But since they developed their own portal, we have developed something for other banks, which are not in the public sector, like private banks, rural banks, co-operative banks, because they had also been approaching us for this kind of a business. So that portal has been launched very recently on 15th of January.

We have signed a major agreement with Bharat Petroleum Corporation. Till date, they were doing all these assignments on their own. But now we have been entrusted the job of selling their scrap, which we feel is good business for us.

UDAN: Also under UDAN, we have done the latest round of auctions. Coal block auctions and coal auctions is continuing. Coal auctions in the last year, we had mentioned that Coal India had developed its own portal and they will be migrating, but somehow that ran into rough weather. And so now we have again bagged the order for Coal India auctions. So from this quarter onwards, we envisage that there will be some good service income from that portfolio.

Coal block auctions, 11th tranche also we have completed commercial successfully. And we had talked about Chhattisgarh Forest Department, this was a very unique kind of a bidding process that we have done for them. And we have already started transacting business and that in the future -- in the near future, we expect it will give us good revenues.

Now regarding the financials, I'll hand over the phone to Mr. Subrata Sarkar, our Director (Finance). Thank you.

Subrata Sarkar:

Very good afternoon. Just now, we have been listening from this snapshot of our performance. Let us go through some more details. Like we have a comparison of 9 months '23-'24 with 9 months '24-'25. Total revenue has gone down from INR316.23 crores to INR275.47 crores mainly because of other income and e-commerce revenue being getting down. So EBITDA down from INR221.76 crores to INR182.41 crores i.e. 17.74%.

Depreciation a little bit higher. I would like to mention that on expenses front, there is hardly any major difference. The major thing is exceptional item income net of expenses is INR273.54 crores. And profit and loss before tax riding on that has come to INR448.83 crores as compared to INR216.63 crores last year. And after tax, PAT has come to INR335.91 crores as compared to INR152.41 crores. And accordingly, EPS has gone up to INR47.71 as compared to INR21.65 last year.

Now in the segment-wise, if you can see total revenue in the e-commerce basically down is in the e-auction or e-sale from INR203.43 crores to INR193.64 crores. And total expenses, I already mentioned, it is hardly any difference. So with that, PBT before exceptional items stands at

INR175.29 crores as compared to INR216.63 basically because of the other income that we were explaining in the earlier slide. So PBT has overall after exceptional items has gone up to INR448.83 crores as compared to INR216.63 crores and PAT from INR152.41 crores to INR335.91 crores.

And now the consolidated financials. Let me mention here that if you can go through our notes, as we have lost control over the FSNL, our sole subsidiary, the consolidated financial statements are now comprising of MSTC as a stand-alone basis and our 50-50 JV MMRPL. So accordingly, the main line item that is coming up in the consolidated financial is the share of loss of JV that is 4.35 crores as compared to INR5.68 crores last year.

So we have gained in that case. So that is the one point loss is reduced by slightly 23.42%. And of course, other factors remaining the same. Profit after tax rising up from INR146.73 crores to INR331.53 crores and EPS from INR20.84 to INR47.10. If we can see the stand-alone and the consolidated thing, there is hardly any difference. But let me read out the stand-alone first. Revenue from operation is down from INR234.32 crores to INR222.10 crores.

Other income, substantial down, mainly because of not receipt of dividend that is last year it was INR25.60 crores. This year, it is still from 81.91 crores to 53.37 crores and employee benefit remaining at the flatter trajectory, finance cost is a little smaller portion. Depreciation a little bit higher from INR5.13 crores to INR6.94 crores. Other expenses, of course, on the flatter trajectory, INR26.19 crores from INR25.69 crores. Total expenses is INR100.18 from INR99.60 crores.

Now the exceptional item, INR273.54 crores. And after that, profit before tax has come up to INR448.83 crores from INR216.63 crores. And PAT is INR335.91 from INR152.41 and with slight difference in the consolidated part that is on account of share of profit and loss account of JV. So we are standing at PBT at INR444.48 crores as compared to INR210.95 crores and PAT at INR331.56 crores as compared to INR146.73 crores.

Let me add another thing. The previous year figures have been re-grouped, re-classified because of this change in the control. That's all from management side. Now I hand over for Q&A session.

Moderator:

The first is from the line of Saurabh Ginodia from SMIFS Limited.

Saurabh Ginodia:

I have basically 2 questions and one suggestion from my side. So first, I'll go with the questions. So if we analyze the results of the company over the last 10 to 12 quarters, we see that the e-commerce revenue has been in a very small band of about INR85 crores to INR90 crores. So I have 3 connected questions with regard to this. When do we expect to come out of this band in the e-commerce vertical?

And what are the efforts or the initiatives which the management is taking for the growth in the e-commerce revenue? And what kind of sustainable growth rate one should expect in the e-commerce vertical? So this is my first question.

Bhanu Kumar:

I think this is a question that is often asked probably in every investor call. Yes, you are right that the e-commerce revenue has been more or less static. There are basically a few contributing factors to this. E-commerce as such is actually not having a lot of entry barriers. Anyone having a computer and some kind of software skills can set up an e-commerce company.

So the way e-commerce and the way especially the area in which we operate, we have to do a lot of efforts, we have to educate our clients as to what makes us different and why we are better or why they should opt for us. What is the value addition we can give. So this is a very long-term process. And once we succeed in onboarding a client, then he remains with us for almost like permanent.

But still, there are some major clients who have to go through because of certain statutory requirements, go through a tender process and they have to, from time to time, keep changing the service provider also. And they also don't want to be dependent on one service provider. So Coal India is a case that can be set as an example for this. They've always been having 2 service providers. But then there was this talk within the company that they should have their own portal why you have a service provider.

They did this experiment and somehow, I think that's not really happening the way they wanted it to. So they are again migrating back to having an external service provider. So this kind of business fluctuation will keep happening. But since they are major clients, it affects our financials, especially e-commerce revenue in a big way.

But nevertheless, since this is a part of business, we always keep exploring new opportunities. And that is how in the last few quarters, if you see there are a lot of new lines of business and new businesses in the traditional model are also there. And that's how we have been showing a very flat trajectory at least, not going down the line.

So apart from this, there are a few new initiatives as onboarding of startups and having an associate model for the startups. That is again something that we are looking at and we are practicing now. And there are other e-commerce potential is there for setting up other platforms, new lines of business, new modals of business. All those things are more or less in a stage in which we are doing the due-diligence and probably will take off shortly.

We have also finalized an internal corporate plan as to what are all the lines that we need to take in the near future so that we have a proper structure of expansion. So since this is a very fluid kind of a situation, you may not be seeing any immediate growth. But these are the blocks on which the e-commerce business will be built for future.

Now coming to the revenue part of it, you have seen an appreciation in if you see the last 5, 6 years overall, it has appreciated by about 10% to 15% on a CAGR basis. So some years, we have grown by 25%. Some years, it has been very low at 10%. And last year, there was a dip also. So this is as I said that this is not something that is going to happen overnight.

As a thumb rule, you can take safely around 8% to 10% as the growth for e-commerce revenue. That is my estimation. And that's the direction we are looking at. Any kind of exponential growth is not going to happen at least in another 1 year or so. So that's all I wish to say for this.

Saurabh Ginodia:

Okay. Just a follow-up on this. We have been hearing the management for some time that you are basically taking a lot of new initiatives in terms of the growth of the e-commerce vertical. So if you can just give some granular understanding for better understanding that what are those

initiatives which we are currently working on? And how long will it take to finally get those into our revenue numbers?

Bhanu Kumar:

I think I've already replied in my earlier this thing. This is in a very fluid stage. We have just been deliberating on the various opportunities available, what is possible, what are the low-hanging fruits, which can fructify immediately? And what is it that we need to do for the other ventures that we are planning. So unless some concrete, like MSTC Realty is one small step towards this.

We were doing business for the NPAs of banks. But then for private sector banks and for the rural banks, it is a different game altogether. The requirements are different. The terms and conditions will be quite different. And the entire ecosystem has to be built differently. So that we have done in a small way just now. We have already launched the portal. Now we will be onboarding not just these banks, but we'll also be onboarding certain financial institutions and other government statutory bodies for sale of property.

So property we see is a good area in which we can grow because the auctioning part we have been doing traditionally for very many years. But now we can give some kind of value-added services just like a listing or a different business model, not just doing a bidding, we would also want to have a listing model where people can just go see the property and then probably just place a bid, not exactly going into an auction mode.

So those are models that we are just contemplating. This is a software that needs to be developed, tested and quoted live. It has a time frame in which this can be done. So maybe in this coming year, we will have a few initiatives, which will be live and probably we'll be able to answer this question in a more deeper manner.

Saurabh Ginodia:

Okay. My second question is, ma'am, in April of last year, company has taken approval from the shareholders via postal ballot to make alteration in the object clause of the Memorandum of Association of the company. So it has been about 10 months since then. So just wanted to get what is the current progress or update on those approvals, which we have taken?

Bhanu Kumar:

Yes. Basically, we had expanded our e-commerce portfolio because the earlier one was a little stringent and we were not able to diversify with many products. So that was the first step that we needed to do for taking new initiatives. As I said earlier, we are working on various initiatives and opportunities, and that was the first step. Definitely, within this year, something concrete will happen, it will be reported live and you can see the results.

Saurabh Ginodia:

Okay. Third was the suggestion which we have been telling to the management for some time now that the quality of the presentation needs to improve. Actually, the presentation which we are giving to the stock exchange is not really very helpful. So we have been suggesting this to the management in our past interaction also that the presentation quality has to improve for better understanding of the company's business.

Because as per this presentation, it's very hard to get the granular understanding of the numbers. So I would request the management team to please consider this and improve the quality of the earnings presentation.

- Bhanu Kumar:** So thank you for that suggestion. If you have any specific inputs, you can definitely mail to us. We'll see to it that we can present it in a better way, more understandable way. Thanks for the suggestion definitely. But be a little specific as to what exactly you wanted.
- Saurabh Ginodia:** Basically, out of the e-commerce vertical, if you can just share the split of the revenue into different verticals, that will give us a very better understanding on numbers.
- Bhanu Kumar:** Okay. You can give this suggestion, we'll see how much can be done because we are not maintaining our books of accounts on those subdomains. So we'll see what is possible. If it is possible, definitely, we'll give all those insights also.
- Moderator:** The next question is from the line of Anand from Mount Intra Finance.
- Anand:** Can you please give me a sense of how scrap prices moved this quarter? My understanding is that it has decreased vis-a-vis last quarter. Is my understanding correct metal scrap prices.
- Bhanu Kumar:** Yes. Scrap sales, the rates have come down, but the volumes have gone up.
- Anand:** And ma'am, another question. This is based on your segment revenue. You classify it as marketing, e-commerce and others. Now in the others, I can see you post a segment revenue of, say, INR2.99 crores for this quarter. And in the segment profit before tax, you posted INR444.48 crores. I understand this is because of the proceeds from sale of FSNL. But ma'am can you give me a sense of, say, the last quarter where we posted others revenue of around INR4 lakhs and a segment loss of INR36 crores...
- Bhanu Kumar:** Mr. Sarkar will answer that question.
- Subrata Sarkar:** Absolutely, your understanding is absolutely correct. So this year, we have put this exceptional part in that other part because it does not come under any typical particular segment because it is a one-off item. Otherwise, as the expenses cannot be segregated as we give a note, so expenses are booked under these common expenses are booked under this other segment and as we do not have any typical revenue.
- So generally, it comes a loss for every quarter. You can see that things from the results. So this year, something different. And you are absolutely right that this exceptional income has made the difference. So from the next quarter also similar.
- Anand:** So if I can say the employee benefit expenses as an example, would you classify that under other as an expense, because from this what I see..
- Subrata Sarkar:** Yes. Basically, I explained that we have got right now 2 segments, marketing...
- Subrata Sarkar:** Some background noise is coming up, anyway. There is marketing and there is ecommerce. Right. So as the people, they are common. So they generally look after both the businesses. Our branch region also do the same businesses. So we are generally tapering down the marketing. So we might think that in terms of the accounting terms. And coming financial reporting peers also, like if it can be done or not, and it can be segregated and put forward to a particular segment or not. So of

course, this will be decided on the basis consultation with the stakeholders and the auditors and within the accounting norms. Right, sir.

Moderator: The next question is from the line of Dhruv Jain from Vikabh Securities.

Dhruv Jain: I have a question. I wanted that if you could share some insights on...

Moderator: Sir, we cannot hear you clearly.

Dhruv Jain: If you could just update us on the JV business, what is the status on the JV with the Mahindra regarding the scrap of vehicles and all. So what is the status of that business? How are we doing there?

Subrata Sarkar: Yes. So financial things are already there in the presentation, financial. We have reduced our loss a little bit. But so far, what we can find out from the financial statements and from our side also, it is doing in the flatter trajectory. Nothing significant gain has been done in particular this quarter, except for reducing a little bit of loss. And as the policy initiatives are there, but it is not sufficient enough to go for right now to have enough profits.

So vehicles are coming, but it is not in a sufficient number to feed the RVSFs. Lot of RVSFs are coming up, but it is not coming up in that particular way. But we have to wait and watch for the government new initiatives so that we are waiting so that if the policy matters are more strengthened and more stringent matters are there for the scrapping of the vehicles. So then hopefully, it will take up.

It has got immense potential. But because of that scarcity of the vehicles in the market, rather vehicles, I mean to say like vehicles for scrapping. So in an organized sector. So vehicles are there in the unorganized sector, but in the organized sector, if it is available, then only we can have a breakeven. So right now, the business is in a flatter way as compared to last quarter and of course, last period.

Moderator: The next question is from the line of Saurabh Ginodia from SMIFS Limited.

Saurabh Ginodia: In the past conference call, we have talked about our entry into the data center business. So just wanted to understand what is the progress on that? When do we expect to see any meaningful revenue on the data center? And what kind of capex do we envisage on specifically on the data center business?

Bhanu Kumar: See, I think we had clarified in the past also, basically, the kind of redundant capacities that we already have, that is what we wanted to monetize as a first step. And thereafter, probably augment the capacities and then go full-fledged as data center service. So as far as our the new business initiatives are concerned, we are hosting most of the applications that we develop for our clients in our own infrastructure.

So we are taking whatever revenues are coming, it is actually co-mingled with the development and the maintenance cost. We are not putting it as a data center cost or data center revenue.

Now going forward, as we had told earlier also, we are setting up a new data center at our Delhi office, which we have acquired very recently. The work is going on. And it is expected that a new data center will be ready in another 6 months' time. So once that is also commissioned, we will have sufficient capacity to go full-fledged on this business line. So till that time, just the process is going on. We are just in the acquisition stage.

Saurabh Ginodia: Okay. Any rough estimate of revenue and what we can expect from this business maybe in the next 3 to 4 years?

Bhanu Kumar: It will be too early to say this. Maybe after a year, we will be in a better position to talk about this. Lot's of opportunities with the existing clients. So that is why we ventured out into this. But if we have to scale it up and then get new clients onboarded, that depends on what is the market at that point of time, what is the kind of competition that we have and what is the requirement. Based on that, probably we can talk about it.

Saurabh Ginodia: Okay. And ma'am, what would be the size of the Delhi data center, if you can just help us understand?

Bhanu Kumar: Actually, see, the data center that we talk of is not about just storing it's not a storage device that it's not equivalent to the data centers that other companies have. What we have is actually more of storage processing and other kinds of facilities also. So we cannot assign a number regarding the data center size or capacities or the functionalities of it. So as and when it is developed, we'll definitely put it in public domain, so you all can see.

Saurabh Ginodia: And sorry for the repetition. But in the opening commentary, you mentioned something about Coal India. I missed that part. Can you just repeat?

Bhanu Kumar: Yes. Actually, Coal India, what had happened was Coal India auctions we were conducting since about 2004. And a couple of years back, they had decided that they will set up their own portal for doing the coal auctions. So they had worked on those lines and they got some service provider and they did develop and they did deploy it and some of the auctions had been conducted, but somehow there were some issues with the portal.

And because of that, they decided to go for another open tender and onboard the service provider. So again, we have bagged that order. 40% of all the coal auctions that will be done by them will be done by MSTC. That is a good revenue stream for us.

So in the last year, if you see almost 9, 10 months, almost a year, calendar year, we lost a good sizable revenue because we were not carrying out the coal auctions. But now we have bagged that order, and we have already started doing the coal auctions. So from now on, coal auctions, we are sure that will be contributing majorly to our e-commerce revenue.

Saurabh Ginodia: Okay. And what is the kind of potential revenue one can expect from this?

Bhanu Kumar: See, this is on event basis. It depends how many events are carried out by Coal India. So I cannot comment on what kind of revenue. But if the number of auctions increases or the mining activity

of Coal India is constantly increasing, then the revenue streams are good. A few of crores, it is in crores only, and I don't want to assign any number to it.

Saurabh Ginodia: Any rough band also would be quite helpful.

Bhanu Kumar: No, no, because this will be a guessing game then. I cannot say how many auctions they will be carrying out, right?

Saurabh Ginodia: Understood.

Moderator: The next question is from the line of Neha Jain from SKS Capital.

Neha Jain: Except for the data centers and the Coal India that you were talking about, any other triggers for growth that you're looking at? And any targets for like bandwidth of 2 to 3 years that you're looking at?

Bhanu Kumar: See, I did reply in one of the queries that we are working on 3, 4 new business opportunities as well as business models. Some due diligence work is going on. And we expect that by the end of this financial, that is FY '26, we'll have most of those portals live. So as on date, it will be too early to talk about the revenues that will be coming up from these new ventures. But we are working on something new. It's not going to be just a traditional auction building platform that we have been doing for so many years.

So the first in this is the listing platform that we have put up for properties. So now probably we will be expanding it to include other commodities. There will be some value-added services, all the contract invoicing, everything will be built into the system. So it will be a value-added kind of ecosystem that we are creating. But assigning any number on revenues will be too early to predict right now.

Moderator: The next question is from the line of Dhruv Jain from Vikabh Securities.

Dhruv Jain: I'm colleague of Dhruv. So ma'am, on the point of Coal India, when you said you bagged the order, these orders are valid for 1 year? Or is it going to be a long-term contract with Coal India? How does it work?

Bhanu Kumar: 2 years. This contract, existing contract is for 2 years.

Dhruv Jain: For 2 years.

Bhanu Kumar: Yes, for 2 years, and it is extendable by another year or so. But for 2 years, it is a valid contract.

Dhruv Jain: Okay. Great.

Moderator: Does that answer your question?

Dhruv Jain: Yes.

Moderator: The next question is from the line of Shrinivas Aggarwal an Individual Investor.

Shrinivas Aggarwal: So just one question in relation to Coal India again. So ma'am, the revenue which we have lost last year, so can we envisage that we will be able to compensate those revenue in the current year?

Bhanu Kumar: See, there were 2 factors that was contributing to the loss in revenue. One was the Coal India and the other one was the NPA auctions for the banks. So we have got back the Coal India order. But as far as NPA or property auctions are concerned, it's still not with us. We have just launched a portal that will cater to the private sector banks and the rural banks and cooperative banks, but it's definitely not going to be as big as the NPAs of public sector banks, right?

So the loss in that segment is yet to be compensated by new business. Of course, we have signed a lot many new businesses. It will be compensated, offset to some extent in the coming quarters.

Moderator: The next question is from the line of Vishal an individual investor.

Vishal: I would like to understand about the competitor. Do we have any competitor in the auction business? And did we lose any business in the last couple of years to them?

Bhanu Kumar: I think the initial query itself, I said the entry barriers to e-commerce business is very, very low. So anyone having a computer and some software skills can set up an e-commerce business venture. So I have competition from almost on a daily basis from anyone, fly-by-night operators to established players like M Junction Services and C1 India. So these are big companies who have been in this business for a pretty long time. They are our biggest competitors. What was the next query that you had?

Vishal: Did we lose any business in the last couple of years to the competitors?

Bhanu Kumar: Yes. But not to the competitors. As I said, the NPA property business, we had lost to a software development team. Actually, the public sector banks, on their own, they had set up a portal with some technology partner, and they are operating it themselves. So whenever any organization decides to have its own portal, then that is definitely it takes away a lot of our revenue. But I wouldn't say we have lost a competitor.

So we have been able to hold most of the clients, but unless they decide to go on their own, develop something in-house or have a different kind of service, like even for the public sector bank NPA auction, it was different things that they wanted to be integrated in the bidding platform, something like financing modules and then marketing of the properties and then commission agents, onboarding of commission agents and all those things.

So that is something that is not available in our portal as of now and because of which they decided that they need one big ecosystem for doing their sale of their NPAs. So when the clients have a different requirement, then they and especially when the volumes are large, they do think of setting up their own portals. That is probably the biggest competition that we have.

Vishal: Perfect. And one more thing I want to understand, ma'am, is about Coal India. as Coal India tried to develop their own portal, right? So what is the main reason? Is it the commission or like is it the charges higher?

Bhanu Kumar: No, no. See, Coal India is more or less dependent on the service provider for selling their coal. A lot of the mined coal goes through the linkage or as per the government's policies to various sectors. But whatever is available for public auction, they do need a service provider. And this is their main core business, right? Their complete financials and their entire operations depend on sale of coal.

So they decided that they should have an absolute control on the sale of coal also. And since the revenues are also substantial and they do have 2 service providers for this, they thought if they have something on their own, it will be probably better. But then there were some technical issues or I'm not really aware of what issues they faced. But then they decided that it is better to have a third-party service provider.

Moderator: The next question is from the line of Pooja Sanghvi from InCred Asset Management.

Pooja Sanghvi: Actually recently started tracking this company. So I would just like to understand the segment-wise breakup, like what goes into marketing, what goes into e-commerce and what goes into others?

Bhanu Kumar: Mr. Sarkar, will reply to that.

Subrata Sarkar: Yes. Ma'am, what exactly you want to understand? Basically, let me give you a brief introduction. Like we have basically 2 primary segments like marketing and e-commerce. E-commerce, of course, is a mega segment and the main bread earner. But the marketing, we have got now limited to our basically trade, which is safe and secure that is backed by the BG Bank guarantee. So it is there only. So we are getting a very steady but very small chunk of business, but a secure business.

And just to mitigate the things with the terms and conditions are a little bit based on that security oriented. So that's why the business has got some certain limitations. That's why it is growing at a very, it is steady, but it is not that much of growing. And so far as the segment is concerned, that is the e-commerce, it is mega segment, and it is the main bread earner. And what you can see from the figures also, the major revenue is coming out of that.

So as far as the Others one. So as expenses cannot be segregated properly, common expenses like salary and overhead, so that we put into that others part. And actually, we replied to some other questions in earlier this session that we will have certain review of this segmental revenue and under the accounting guidelines. If that permits us, then we can do some kind of further disclosure if required by the accounting standards.

Pooja Sanghvi: Okay. So the revenue from the scrap business would go in e-commerce?

Bhanu Kumar: Yes. the scrap business, E-commerce, we are actually selling scrap and a lot of prime material like minerals, mineral blocks, forest produced, properties, fly ash, a lot of these products are there. So that is classified, subclassified into general auctions, scrap auctions, properties, then forest produced, fly ash, iron ore, coal and things like that. So all this contribute to our e-commerce revenue.

Pooja Sanghvi: Okay. And one more question. So what comprises the working capital part of the business?



Subrata Sarkar:

Ma'am, working capital, it is a very, very low capital intensity our salaries and overheads and server maintenance and some amount of capex. So hardly anything is required. And of course, capex is a long-term investment. But the working capital part, we generally require the server maintenance expenses and which is part of the overhead and the salaries of our people because manpower, HR resources is according to our business. So that it is hovering around INR100 crores and INR110 crores.

So that much of capital we get from the revenue generation and internal accruals. We don't have to depend upon the other sources. So that is the main one. Again one part of that amount is invested in this trading business also under cash and carry modal under this 110% BG is there. So that is the point that we deployed.

Moderator:

As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Bhanu Kumar:

Thank you for organizing this investor call, and we are really happy that the investors have kept their faith and have been asking us good questions during these calls. So thanks for the support. Thank you all. Good day.

Moderator:

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

Safe Harbour:

The transcript for the Investors' Call has been made for purposes of compliances under SEBI (Listing and Disclosure Requirements) Regulations, 2015. For the transcript, best efforts have been made, while editing translated version of voice file for grammatical, punctuation formatting, others etc., that it should not result any edit to the content or discussion. The audio recording of transcript is available at website of the company, viz., www.mstcindia.co.in. In case of discrepancy, the audio recordings available at website of the company shall prevail.

This discussion contains based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, are reasonable and may include forward-looking statements. Forward-looking statements involve known and unknown risks, contingencies, uncertainties, market conditions and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company or industry results, to differ materially from the results, financial condition, performance, or achievements expressed or implied by such forward-looking statements. The Company disclaims any obligation or liability to any person for any loss or damage caused by errors or omissions, whether arising from negligence, accident, or any other cause. Readers of this document should each make their own evaluation and assessment of the Company and of the relevance and adequacy of the information and should make such other investigations as they deem necessary.