



# एमएसटीसी लिमिटेड

(भारत सरकार का उपक्रम)

## MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring  
**INDIA**

MSTC/CS/SE/387

14<sup>th</sup> November, 2022

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

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

Dear Sir/Madam,

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

The Company had organized a conference call with the Investors/Analyst on Wednesday, 9<sup>th</sup> November, 2022 at 12:00 PM IST. A copy of transcript of conference call held with the Investors/Analysts is enclosed herewith for your information and records.

Copy of aforesaid transcript is also hosted on company's website [www.mstcindia.co.in](http://www.mstcindia.co.in).

Thanking you,

Yours faithfully,

For MSTC Limited

AJAY  
KUMAR RAI  
Digitally signed by  
AJAY KUMAR RAI  
Date: 2022.11.14  
17:53:46 +05'30'



(Ajay Kumar Rai)  
Company Secretary & Compliance Officer

Encl: as above

[www.mstcindia.co.in](http://www.mstcindia.co.in) / [www.mstcecommerce.com](http://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 ‘23 Earnings Conference Call”  
November 09, 2022



**MANAGEMENT:** **MR. SUBRATA SARKAR – DIRECTOR OF FINANCE –  
MSTC LIMITED**  
**MR. AJAY KUMAR RAI – COMPANY SECRETARY –  
MSTC LIMITED**

**MODERATOR:** **MR. ANSH MANEK – EQUIRUS SECURITIES**



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**Moderator:** Ladies and gentlemen, good day, and welcome to the 2Q FY '23 Earnings Conference Call of MSTC Limited, hosted by Equirus Securities. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is 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, Rutuja. Hello, everyone. On behalf of Equirus Securities, I welcome you all to Q2 FY '23 earnings conference Call of MSTC Limited. From the management, we have with us today, 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 questions and answers.

I now hand over call to Mr. Subrata Sarkar. Over to you, sir.

**Subrata Sarkar:** Very good afternoon, dear investors, and happy Dasara and Diwali. So, it is all along the results you have already, I think, it has been published and you are all aware of the results. So the result, what I want to say it is two basic highlights. One, as promised earlier, it is based on the like E-commerce-driven growth, number one, and number two, of course, as E-commerce earnings are on a steady path right now, as we compare with the quarter one. And if we compare H1 of earlier year, of course, it is a very, very good robust growth that can be seen by the numbers itself.

Now I'm going to the details of the results. So, if you go by the revenue part, so the revenue has, of course, dipped a little bit from INR 312 crore to INR 277.25 crore. And particularly it's Marketing i.e. INR 176.36 crore to INR 92.40 crore. E-commerce of course has gone up from INR 124 crore to INR 167.70 crore, a robust growth of 35% and others has also gone up a little bit. So...

**Moderator:** I'm sorry to interrupt you, sir, but you are not clearly audible.

**Subrata Sarkar:** So, right now, is it audible? Okay. So, again, I repeat that the total revenue has taken a little bit dip, but basically due to the Marketing i.e. from INR 176.36 crore to INR 92.40 crore, that is a dip by around 50%, which is in the expected line as we have commented earlier also.

And the E-commerce, there is 35% growth from INR 124 crore to INR 167 crore. And others, of course, has a insignificant role in this whole episode. So, EBITDA has grown from INR 102.44 crore to INR 225.83 crore at a robust growth of 120%. Provisions and write-offs and that's almost not there and profit before tax has gone from INR 83.23 crore to INR 145 crore and PAT from INR 52.59 crore to INR 115.32 crore, a growth of 119%. And cash profit has also gone from INR 69.39 crore to INR 196 crore, a growth of 182%.



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If we go by the segmental part, so total value of goods traded at MSTC's ecosystem is INR 919.62 billion as compared to previous H1 of INR 710.36 billion, a robust growth of 30% of revenue traffic. Goods traded traffic. And accordingly, it is reflected in the profit part also. If we go by the Group part also, the revenue has taken a dip of around 7% from INR 501.92 crore to INR 463.72 crore.

And of course, the Marketing has gone down, as was explained earlier. And Scrap and Allied Recovery Jobs, which is basically a part of our subsidiary group company, FSNL i.e Ferro Scrap Nigam Limited, it is on a flatter trajectory from INR 201 crore to INR 203 crore, which is almost on a flatter trajectory. So PBT of the Group as a whole has gone from INR 99.44 crore to INR 154.53 crore. And PAT, of course, has almost doubled from INR 61.85 crore to INR 117.96 crore.

So summary, PL statement are also enclosed. So, this is all about our financial performance. And so far, I would like to add like we are trying our level best to diversify in the field of E-commerce and trying to work on two-pronged strategy; trying to strengthen our existing business lines of scrap and others and going to diversify in others. So with that, we expect that the third quarter will also could be going on the same philosophy and same path.

Thank you very much. I hand it over to you.

**Moderator:**

The first question is from the line of Dixit Doshi from Whitestone Financial Advisors.

**Dixit Doshi:**

Congratulations on a good performance. My first question is regarding the standalone numbers. So, there is other income of INR 103 crore and there is a provision and write-off of INR 77-78 crore. So, is there any correlation? And what is this regarding both, if you can answer for both the entries?

**Subrata Sarkar:**

Thank you, Mr. Doshi, for your kind words and the praise for our results. So, you're absolutely right. I say a very, very experienced reader of the financial statement, it is absolutely correct. So, we had made around INR 77 crores of write-off this quarter. So, it is appearing on the both side, Provision no longer required written back, as it is part of the other income and the same charging into profit and loss account as a bad debt written off. So, it is setting off. So, nothing to do with our profitability. So, to be very precise and clear. Only a miniscule amount of INR 0.95 crore, that is, almost if you can take it as INR 1 crore has been made a provision against the bad debt. So, that era of making provisions for bad debt is over right now that we can say, as of now it can persist.

**Dixit Doshi:**

Now if I net off the INR 78 crore provision, despite that, our other income will be, let's say, if I remove INR 78 crore from INR 103 crore, still our other income is almost INR 25 crore. So, does that include any other one-off or that's a pure treasury income or something like that?



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- Subrata Sarkar:** So, basically, if you see, it is basically investment income and it is basically some dividend we have received from our subsidiary. So, it comprises of both. So, that is there.
- Dixit Doshi:** Now my second question is, so I'm asking through standalone numbers only. So, our trade receivable is now INR 350 crore. Can you just break this up into marketing business and E-commerce business?
- Subrata Sarkar:** So it is basically the old trade receivables. Am I audible?
- Dixit Doshi:** Yes.
- Subrata Sarkar:** So, that's INR 300 odd crore, that is our trade receivable that we have our E-commerce trade receivables fixed at around INR 60 crore, balance pertains to marketing, but maximum of this is backed by 110% BG, almost 99.9% is the sales and requires no provision that much we can tell you, sir. It is basically, maximum is backed by 110% BG and other things i.e. others and associated model. So it requires, as of now, no provision, and we do not envisage any provision against this trade receivable, except from the E-commerce, where a miniscule has been made that I mentioned to you earlier. So, that is there, sir.
- Dixit Doshi:** Now my third question is also regarding the balance sheet. So, on the liability side, we have two big items. One is INR 145 crores of trade payables and INR 909 crores of other financial liabilities. So, what is both this comprised of? And if you can break that also in terms of marketing and E-commerce?
- Subrata Sarkar:** So basically, the trade payables maximum is marketing. So, we have got a both sides, trade receivables and trade payables in the associate model. Already, we have explained that here also. We have got an agreement with our creditors that once we receive it from our debtors, we will pay them. It's a back-to-back arrangement. So, it is like that. So, once it has got nothing to do within our PL part. We cannot write it back or we cannot write it off from the ledger also. So, it has got nothing to do with our profitability. Balance, certain payments are coming and going like post office and all these things. So, the balance is that type of liability. So, it has got nothing to do with our profitability as such. So, that much we can assure you sir.
- Dixit Doshi:** And about this INR 900 crores of other financial liabilities?
- Subrata Sarkar:** So, these are the certain payables that are there we have collected and generally, it is a temporary phenomena which on a particular balance sheet, it remains. So, it will go off and come in like that. So, it has nothing to do with our profitability and trading business.
- Dixit Doshi:** But that's also include majority from the marketing business?
- Subrata Sarkar:** No, it has nothing to do with it. The majority is not for the marketing business. It's basically, it is around INR 78 crores around audits for some other things. But basically, it is not from marketing business. You can see that our annual report. I would like request you to see our



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annual report where the total is anyhow our breakup is there and nothing major has changed out of that as on 30th September, sir.

**Dixit Doshi:** One last question, so, let's say, this trade payable of INR 145 crores and INR 900 crores of other current liabilities, that's around INR 1,050 crores. And on the asset side, we have a INR 350 crores receivable. And also our cash balance is more than INR 1,000 crores, almost. So, if I net it off, is it fair to assume that our own cash, not against the advances or not against any payable, but our own earned cash is almost INR 300 crores, INR 350 crores?

**Subrata Sarkar:** So, that's a matter of mathematics, you can yourself calculate it, we are not in a position to check that at the moment. But when you have checked, and the mathematics comes out of that, so we have nothing to say. We have disclosed everything in the balance sheet.

**Dixit Doshi:** And one last question. So, how do you see the momentum of e-commerce business from last couple of quarters, we are doing INR 80 to INR 80 crores plus revenue. How do you see the momentum going forward? And is there any highlights? Because this time on the presentation, we have not given any highlights like we usually give that which are the major project behind that?

**Subrata Sarkar:** Basically we thought that whatever we did we did very good, that this numbers are telling, but you see it is basically the events that were repetitive in nature. So, that's why we thought let us not repeat that every time, same type of things in the presentation. That's why we skip that thing. And basically, that momentum is there as we can see from the figures. And so long as that atmosphere, industrial atmosphere is also picking up. So, we expect that e-commerce oriented growth may sustain, it may sustain which, of course, that is very difficult to say for the last quarter and all. So, coming quarters also, the momentum may be maintained.

**Moderator:** The next question is from the line of Harshit Jain from RAH Investment and Advisor.

**Harshit Jain:** First of all, many congratulations for great set of numbers. So, my first question would be regarding, in this particular quarter, we can see that there is a decline in the employee cost from Q-o-Q basis and on a Y-o-Y basis. So, can you please clarify? And will this be the same run rate going forward, INR 18 crores to INR 20 crores per quarter?

**Subrata Sarkar:** Jain, what is happening over here. So, if we take like it is a very miniscule decrease so it is not around even tune of INR 1 crores. It is not even in percentage is per se. So, it's keeps on little bit of fluctuating. But if we can go by the H1 basis, H1-to-H1, of course, the last quarter, that last H1 was marred by COVID. And we had to spend lot of money on health issues of our employees. That was important at that time. So, that was some kind of expenditure that we made. So, but you see that around what we have told right now, if you see our total overhead, if you compound it on an annualized basis, it will be in the range of INR 100 crores-plus, around INR 100 crores. So, we know, with this employee kept we will able to meet around INR 100 crores, around of



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overhead this way. That may lead to sometimes INR 1 crore less, sometimes INR 2 crores plus, that way.

**Harshit Jain:**

And my next question would be regarding our Marketing segment. So, can you please provide a guidance that how much will be your Marketing segment on a quarterly basis going forward? Because last quarter, it was around INR 10 crores and this quarter because of provisions and entries, there is no clarity. So, what will be the growth rate going forward?

**Subrata Sarkar:**

Marketing, you see, we have already tapered down only our one segment 110% BG backed business is going on. So, that is the force cut and that is a philosophy that is the thing that we are maintaining in the near future, we are not going to have this kind of risky business. And the second thing that we told about the provision. So, it is not the provision. We have made a provision of only INR 0.95 crores, that is INR 95 lakhs only.

It's a very miniscule, not in the marketing division. It the old e-commerce receivable. So, it is on both sides. It is on the other income side, and we basically, have written it off. And what you can see that we have taken a tax advantage. The tax is a little bit low. By writing it off, we have taken the tax advantage of that. So, Marketing now, of course, is a very-very least priority segment in our company. So, we are now focusing on the e-commerce right now, as the outlook is there.

**Harshit Jain:**

And my last question would be regarding our e-commerce segment. If it's possible, can you provide a little bit guidance that what is the kind of percentage growth we are targeting in this current financial year for e-commerce?

**Subrata Sarkar:**

So, you see that, what you can see from the market and the overall thing, there, although we are on a flatter trajectory so far income is concerned. But you see, as a perspective, we see it as a growth because you see, the prices which are scrap and other things have gone down. So with that pressure, we have maintained the same revenue level. So, that is the goal, Number one.

Number two, we see that there will be a constant competition and there will be a price pressure. And of course, that will have a bigger impact on our growth number. So, we are trying our level best, but we feel that we can maintain the trajectory as I said earlier in the another question also. So, we can maintain this trajectory so for current quarter is concerned. But the retail market as you are all aware, how it happens we do not know. The world is now interrelated. So that is there.

**Harshit Jain:**

So, around INR 80 crores to INR 90 crores per quarter?

**Subrata Sarkar:**

Now it is a constant first quarter, second quarter will make it. So, we are expecting that it may happen in the third quarter. But what about fourth quarter I mean it is very difficult to say because longer predictions right now is a very difficult proposition. But of course, we have time and we hope that e-commerce oriented growth is driven in this company.



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- Moderator:** The next question is from the line of Srinivas Reddy, an Individual Investor.
- Srinivas Reddy:** This is regarding the other income. Earlier, we had also gone through this cycle of abnormal increase in other income. And then that obviously is continuing. When can we hope that there is a normal business income will overcome that abnormality of the other income rising part at least the next few quarters, we can expect a regular trend, non-linear growth we are seeing right now, but the regular income.? Yes. So when can we expect the linear growth for our company from the business growth, actual business growth excluding the other income part?
- Subrata Sarkar:** So, let me clarify you, sir. So, you see that, if you can deeply analyze our financial statements, standalone or consolidated whatever maybe you are looking at. So there is, of course, other income, but there you see the provisions and write-off. It is basically a compensating entry of around INR 77 crores that we have written off this quarter, which is appearing on the top and this is appearing in the bottom, it is just basically an accounting entry.
- It has nothing to do with the profitability. We are writing on our operational part only. And if you can see from that operational income, operational part, let me explain you clearly, if you can see I'm just explaining one quarter, H1 only, if we can see that, H1, let me explain you for you.
- So, if you see that our revenue from operation this H1 is INR 163.3 crores, it is standalone basis, okay. And if you reduce the INR 70 crores part from that other income, the other income is INR 43 crores. And total income is around INR 200 crores, and if you reduce the overhead of INR 50 crores. So, PBT and EBITDA comes to around INR 150 crores. And after provision, it comes to only INR 148 crores and profit before tax is INR 145 crores. So, you see that INR 145 crores, mainly is derived from INR 163 crores minus INR 130 crores is coming out of INR 145 crores.
- So, you just rethink and go through it sir. My submission is like that we are earning from our operational part, other income are separate to this and we are not dependent upon that. And that to other income comprises mainly of the dividend. So, we are not basically dependent. We are earning out of our operational income. And from INR 145 crores, we have earned and if you reduce the expenses around INR 53 crores and INR 50-odd crores, so INR 110 crores. So, almost 70% is coming out of operational income only, sir. So, you please, I mean, go through it, my humble submission, so that it will be very clear to you, sir, on a deeper note. So, we are on the operational income part only, sir.
- Srinivas Reddy:** Regarding this future prospects for that company momentum of mix of e-commerce business versus our marketing, what is the ratio you are expecting? Present ratio to continue? Or you are expecting e-commerce to increase or marketing to increase in the future?
- Subrata Sarkar:** Let me tell you and let me make it very clear right now, the philosophy of the management is not to have any, expect any growth in the marketing. Only we are hurting on the scrap segment, 110% BG segment, that is also getting very miniscule, very miniscule. So that is there. And so





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far, we as concerned, e-commerce, our main thrust is right now on the e-commerce, and we'll keep on going through that e-commerce business only.

**Srinivas Reddy:** One more request, sir. Regarding the change in this result date and this con call date, sir, your - the last two, three occasions, you are changing this thing frequently. Please make sure that these things are not going to happen in the future. So, sir, we are missing out on these things, because for that.

**Subrata Sarkar:** First of all, we seek our sincere apology to our investors. You are our earliest one of the investor that we have, regularly, but sir, you will appreciate that right now, our CEO is unable to attend the con call because of business reason only. He is attending an NITI Aayog, busy on certain things, that is good for our business. So, like it is happening some while frequent and we have got government nominee Directors and we lot of, we have lot of diversified field from where the Directors are choosing. So, sometimes these type of problems occur. So, we hope that it will not occur in a frequent manner.

**Moderator:** The next question is from the line of Pritesh Chheda from Lucky Investment Managers.

**Pritesh Chheda:** Sir, could you help us know what is the scrap volume trajectory volume growth Q-o-Q, Y-o-Y?

**Subrata Sarkar:** So far, the scrap volume is concerned, we are basically if you ask me, so H1-to-H1, if you see we are on the higher path. And quarter-to-quarter also, we say on the flatter trajectory because the rate of the scraps are a little bit now cooled, scrap, iron ore that, as you can see from the market. So, with the same amount of disposal, we are having same around. So, it is on a flatter trajectory, nothing significant. So far, these volumes are concerned.

**Pritesh Chheda:** Sir, has scrap volume grown in on a Q-o-Q basis or it has not grown on a Q-o-Q basis?

**Subrata Sarkar:** Of course, it has not grown. I'm saying, flatter means, it is not growing.

**Pritesh Chheda:** And has it declined? And how much has it declined?

**Subrata Sarkar:** So, that particular figures are generally not captured in our accounting system. We go by the income. So, income almost approximately that figures are available with us. So, almost the same trajectory, almost on the same trajectory.

**Pritesh Chheda:** For scrap income is flat Q-o-Q?

**Subrata Sarkar:** Yes, it is flat.

**Pritesh Chheda:** So, there is a fall in the scrap realization then volume should have gone up, right?

**Subrata Sarkar:** Of course.

**Pritesh Chheda:** You do not have the scrap volume for H1, right, handy with you.



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- Subrata Sarkar:** Handy, but we do not capture firstly, because the financial system captures certain billing and all these things. So, it is basically that way, so we just make a rough estimate come out of that. So, with that calculation I can tell you that the income is on the flatter path, but I would say it is a growth, because prices have gone down and we are trying to be on the flat trajectory. So, of course, it is a, I would take it as growth.
- Pritesh Chheda:** So, what percentage of our revenue now is scrap revenue?
- Subrata Sarkar:** It is almost what we have told earlier. I think almost more than 50% we are deriving it from the scrap.
- Pritesh Chheda:** So, if it is more than 50%, then it has gone up from 44%, 45% to 50% now?
- Subrata Sarkar:** No. Others, we have got other segments. Now, right now, we have diversified into a lot of segments, not only scrap. We have got our mineral blocks, we have got our linkage auctions, we have got our coal auctions, we have at our iron ore auctions. So, a lot of happenings are going on. New happenings are going on. So, it is a lot of things. We cannot survive in an environment only through depending upon the particular segment. So, I'm trying to tell here, which is everything what is available to it.
- Pritesh Chheda:** Sir, I am specifically asking about scrap sales. What is it as a percentage of revenue now? I can understand that mineral box and all, which go either in e-procurement or it goes in e-sales, right? It's not a part of scrap sales perfect. I am looking for what is scrap sales now as a percentage of revenue. And has it gone up?
- Subrata Sarkar:** Again, I'm repeating, when you are saying I'm repeating, it is on the flatter trajectory and percentage is around 50% to 60% going on. It is there only, and it is on the flatter trajectory, it has not increased on a quarter-to-quarter basis, of course.
- Pritesh Chheda:** And on Y-o-Y? I'm asking on Y-o-Y?
- Subrata Sarkar:** Y-o-Y. So, Y-o-Y, of course, scrap has gone up because it is growth of around 20% to 30%.
- Pritesh Chheda:** And what is the progress?
- Subrata Sarkar:** H1-to-H1, if you compare from H1-to-H1, it has gone up.
- Pritesh Chheda:** That answers my question, sir. What is now the private business as a percentage of our e-com business now? So, we used to be 90% government or more than 90% government-dependent. Has there been any progress on the private business?
- Subrata Sarkar:** No, we are steady with that. So we are steady with that only. We have got good clients in the private. So right now, there the diversification will happen because that Iron Ore is now open.



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So, we have tried to go in private players. So, from next quarter onwards, that ratio will obviously change. A little bit increase in the ratio of course will be there.

**Pritesh Chheda:** So, what happened with those MOUs with Larsen and Reliance and all which we had announced and they had talked about certain scrap to auctioned from...

**Subrata Sarkar:** We have not, I mean more private clients than names. So right now, we have got an opportunity and we are trying to rope in certain private miners so that we can sell their produces.

**Pritesh Chheda:** When you are saying that you will maintain your top line on a Q-o-Q basis, are you seeing even more visibility on scrap volumes because the scrap prices are continuously coming down?

**Subrata Sarkar:** So, again I'm telling you like that I already explained, yes, you are absolutely right, the scrap prices are coming down. So, we are trying to get some other business also in the mineral sector and other sectors also. So that way, we are trying to maintain our e-commerce steady income. That's why there's no growth. It is in a flatter part. So, as far as Q1 and Q2 is concerned.

**Pritesh Chheda:** Sir, lastly, in our e-com business, I know what scrap sales, which is purely linked to the revenue number or the scrap realization number, right? You have another business within that, which is called as e-sales. Is e-sales a fee-based business or e-sales is also linked to certain revenue number or milestone number or it's just a fixed fee business?

**Subrata Sarkar:** First let me explain it is basically a mix of technically. Some kind it is milestone base, some places, it is event-based, they get a fees, fees based that you rightly said and some place like scrap where we get income as per the outcome of the auction. It is a mixed bag but maximum thing which is growing right now is basically on a fee base or event based.

**Pritesh Chheda:** In the e-sales business, right?

**Subrata Sarkar:** Right.

**Pritesh Chheda:** So, your entire fluctuation in number in revenue has to do with scrap sales and scrap realization and scrap volumes, right?

**Subrata Sarkar:** Not necessarily, sir, if you are talking only about the financial terms. I'm looking it as a business term, so, you know, if I say supposedly, I say more business is scrap, I would tell you our prices, we can have a good volume. On the vis-a-vis, if we go to that e-comm or e-sale business, where we can get more business with more fees, we can compensate that. So, like these are the two, I mean, parts. So, these fluctuations can happen at any segment. It can happen in the infill also, it can happen with the scrap also. It is of course in a fluctuating environment. But what we can see from the trends that we are able to maintain the same trajectory in the last three quarters.

**Pritesh Chheda:** Lastly, have you formalized your dividend payout plan now?



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- Subrata Sarkar:** Formalized means we have got a dividend policy backed by the guideline, it is 5% of the net worth or 30% of the PAT, whichever is higher. So, we are sticking to that, last year also, it is a minimum of course dividend. So last year also, we had the same dividend and doing our thing. And this year, this first interim is on the path. So, that is the policy we follow, the DIPAM guidelines.
- Moderator:** The next question is from the line of Parimal Yatish Mithani from Credential Investments.
- Parimal Mithani:** Congratulations on good set of numbers. So, I just wanted to know about the provisioning, you have provision as well write back. So, is it safe to say that you are done with the more of the provision than the write-backs now and the book is clean?
- Subrata Sarkar:** Sir, could you repeat your question? I was not able to get you.
- Parimal Mithani:** Sir, in the cash flow, you've done a write-back of INR 88 crores versus bad debt write-off of INR 76 crores. So can you explain that in the first half? And is it safe to assume that most of the write-offs as well as write-backs have we done with?
- Subrata Sarkar:** Sir, first let me explain you about the both side entries, which is common, like INR 76 crores and INR 79 crores, both are common. It is compensating entries for this probably taking the benefit of the tax. So writing off, provision no longer written back and writing off. And balance is, of course, we have realized a little bit of money in this H1 from the previous provision that we made in the marketing, of course that is very miniscule. So, that's the thing. So but if you can see that the net result is plus only, not a minus. So, that is, yes, No.1. And No.2, this provisioning part, of course, we have gone away with that and there will be very-very miniscule thing, a normal in a particular business.
- Parimal Mithani:** So, can you give what will be minimum amount will be if you can provide that for your contingency that's a fair estimate for us to know.
- Subrata Sarkar:** Pardon, sir.
- Parimal Mithani:** You said there will be a little provision there. So can you give an estimate around, what last year, you have done almost INR 228 crores, sorry, INR 280 crores, INR260 crores of provisions?
- Subrata Sarkar:** Again, you are not able to understand. That's the major part was that both sides entries. You see that there was debit, there was other income and there was a provisioning. If you minus that, the last year figure, last year around figure will be INR 50 crores, INR 60 crores and odd. So, we will not repeat that figure that we are repeating, keep telling. So, we maximum in this quarter, we have made a provision of only INR 95 lakhs. So that is there.
- Parimal Mithani:** In terms of second question, can you give figures in terms of e-commerce, how do you see going forward the next three years to five years?



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- Subrata Sarkar:** Sir, the basic phenomena is like that we depend upon the market on the two things. No. 1, for scrap disposal how the industry performs. So, here that although the industrial growth and output has increased, but the scrap prices are not coming up. It is going down. So, we expect actually although we generally we made scrap generation, but there will be a lesser realization. So, in some businessmen, they are also complaining, they are also holding up the scrap. So, it will be for better prices in the future. So, it will be a better trajectory and other segment also. So, we feel that it will be a better trajectory in the coming third quarter also.
- Parimal Mithani:** And sir, can you provide the company's cash as of 30th September on the balance sheet?
- Subrata Sarkar:** Pardon.
- Parimal Mithani:** The cash that belong to the company as of 30th September?
- Subrata Sarkar:** 30th September that we have disclosed in the balance sheet, sir, it is there in the balance sheet.
- Parimal Mithani:** Net cash I'm talking about. Net cash that is available, sir, if you can give that.
- Subrata Sarkar:** Net cash isn't there. Minus the liability is the net cash available. And you see that basically, if you see that our net worth, it is a INR 584 crores now right now, we are there in the H1, and if you go by, if you would compare with we are almost net worth are backed by taxes. But we have to do the mathematics. Right now, I'm unable to do the mathematics for you because it is cash balance is around what we can see, around INR 900 crores, there is a liability, there is something. So, you can still well spell out from there, sir.
- Moderator:** The next question is from the line of Mayur Patwa from Sahasrar Capital Private Limited.
- Mayur Patwa:** Sir, I have only one question. In your consolidated balance sheet in the segmental results, you have shown INR 26 crores as un-allocable expenses. Whereas in the standalone, it's not there. So, what is that? What expense is that?
- Subrata Sarkar:** That relates to, if it is in consolidated, that relates to our FSNL business, sir.
- Mayur Patwa:** FSNL, but FSNL has actually shown operating profit of INR 12 crores.
- Subrata Sarkar:** Yes. That can be there.
- Mayur Patwa:** Was there a profit or...
- Subrata Sarkar:** Expense wise you are talking about un-allocable?
- Mayur Patwa:** Yes, un-allocable. So on FSNL, you have given INR 12 crores operating profit.
- Subrata Sarkar:** I'm here with the consolidated results, first, your segment revenue and segment tax. So, where you are coming out with the expenses?



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- Mayur Patwa:** In your segmental results, in your segmental results in the consolidated side.
- Subrata Sarkar:** Unallocated INR 26.78 crores. Okay?
- Mayur Patwa:** So, what is that?
- Subrata Sarkar:** Just a minute. And you see the standalone, let me have the standalone figures. The standalone, it is INR 26.82 crores to other, unallocated, correct, right?
- Mayur Patwa:** Correct. INR 8.87 crores. I'm looking at segment profit before tax.
- Subrata Sarkar:** You see what happens here, you see the trend over year, so, over the year, what happens, our salary, wages and certain overheads cannot be allocated between the marketing and the e-commerce segment. So, that's why it is unallocated part is shown there only, nothing else. If you see in totality it matches. So, in the coming days, when that marketing segment will be wiped out, so this confusion will go away and everything will be dedicated to e-commerce. So, this type of confusion will not also be there with you.
- Mayur Patwa:** So, by when you think this marketing segment will be wind-out?
- Subrata Sarkar:** So, it is not in our hands. So long as we have made a very stringent business condition like getting, we are doing only piggybank transactions. So, so long as this comes in, we will not deny. But once it is fizzled out, we will not go for further ventures, which is all only that bank guarantee that we will do.
- Moderator:** The next question is from the line of Dixit Doshi from Whitestone Financial Advisors.
- Dixit Doshi:** Sir, one question is, so regarding this marketing business, a couple of years back when we started reducing that business, we were of the opinion that we will discontinue this business. I understand that now whatever we are doing is 100% BG backed business. But are we going to discontinue this as well? Or we will do this 100% BG backed business?
- Subrata Sarkar:** Right now, sir, right now, we have a mandate like and we are doing with 110% BG. So whatever it goes on. So, it is a very safe and sound and time tested. So, we are not in averse of doing, discontinuing with this business. Of course, it is in a very-very small segment. And our whole focus is on, of course, e-commerce. So, if it comes on its own, we will not deny, but in fact 110% reserve.
- Dixit Doshi:** And is it fair to assume that, that business will not lose any money?
- Subrata Sarkar:** Right now, the trend is like that and we have it is backed by BG, you can see in the BG. It is one of the most secured instrument that at least in the Indian financial system do have. So, we have taken that. So, that is our way, that and let us hope and we are very much hopeful that scheme will not lose any money on that with this type of security.



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- Dixit Doshi:** And lastly, on the FSNL stake sale, any update you can give? Like will that happen this financial year or anything you have update?
- Subrata Sarkar:** Basically, you see it has been handled by DIPAM, so under Ministry of Finance. So, it will all depend how the progress happens, it is all factors. So, they are handling all these things. So, we are only facilitating the whole process. So, it is very difficult right now, sitting today itself so to tell, that what will happen this year or next year. But if anything substantial happens, of course, we'll get back to you. So hopefully, in the next quarter, when we meet, we will be able to throw some more light on this particular issue.
- Moderator:** The next question is from the line of Harshit Jain from RAH Investments and Advisor.
- Harshit Jain:** My final question would be regarding the DRAT case, which is scheduled to auction our properties on 14th of November. So, any update you want to share with all your stakeholders and investors?
- Subrata Sarkar:** Sir, we hope by today is the order date. So, we hope that we will get the order by this evening. So, we will be uploading that in the website, sir. We are waiting for that order.
- Harshit Jain:** So, any update you can share right now?
- Subrata Sarkar:** Right now, it is very difficult to share because until unless the order is getting, I have been told that order will be uploaded very soon. Just people are waiting there. So, it is there, we will certainly keep you apprised, sir. It's very important thing and we will certainly update immediately to the stock exchanges.
- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- Subrata Sarkar:** Thank you all. It was a very interesting and learning session for us. So, we tender our sincere apology that our CEO could not attend this important investor call because his other meetings with the Ministry. So, we hope that you will keep on reposing faith on the company. Thank you very much.
- Moderator:** Thank you. On behalf of Equirus Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.