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(भारत सरकार का उपक्रम)

## MSTC LIMITED

(A Govt. of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring  
**INDIA**

MSTC/CS/SE/339

30<sup>th</sup> May, 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, 26<sup>th</sup> May, 2022 at 12:00 Noon IST. A copy of transcript of conference call held with the Investors/ Analysts is enclosed herewith for your information and records.

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

Thanking you,

Yours faithfully,

For MSTC Limited

(Ajay Kumar Rai)  
Company Secretary & 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 1सी, न्यूटाउन कोलकाता-700 156, प.ब.

Regd. Office : Plot No. CF18/2, Street No. 175, Action Area 1C, New Town, Kolkata - 700 156 W.B.



“MSTC Limited  
Q4 FY2022 Earnings Conference Call”

May 26, 2022



**ANALYST:** MR. DEPESH KASHYAP - EQUIRUS SECURITIES

**MANAGEMENT:** MR. SURINDER KUMAR GUPTA – CHAIRMAN &  
MANAGING DIRECTOR - MSTC LIMITED  
MS. BHANU KUMAR - DIRECTOR COMMERCIAL -  
MSTC LIMITED  
MR. SUBRATA SARKAR - DIRECTOR FINANCE -  
MSTC LIMITED  
MR. AJAY KUMAR RAI - COMPANY SECRETARY -  
MSTC LIMITED



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**Moderator:** Ladies and gentlemen, good day and welcome to MSTC Limited Q4 and FY2022 Earnings Conference Call, hosted by Equirus Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Depesh Kashyap from Equirus Securities. Thank you and over to you Mr. Kashyap!

**Depesh Kashyap:** Thank you Nirav. Hello everyone, on behalf of Equirus securities I welcome you all to 4Q and FY2022 earnings conference call of MSTC Limited. From the management we have with us Mr. Surinder Kumar Gupta, Chairman and Managing Director, Ms. Bhanu Kumar, Director Commercial, Mr. Subrata Sarkar, Director Finance, and Mr. Ajay Kumar Rai, Company Secretary. We will begin the call with the opening remarks from the management and then we can open the lines for Q&A. I now hand over the call to Mr. Surinder Kumar. Over to you Sir!

**Surinder Kumar Gupta:** Good morning everybody. We have done quite well as compared to last year. We have basically three group companies MSTC, FSNL and our joint venture company MMRPL. All three companies have made record profits. MMRPL which was at loss has made a token profit this year, FSNL has made record profit, and MSTC has also achieved all time high profit.

Standalone financial performance: Revenue from operation net after deducting the purchases we have a growth of around 23% over last year, total income rising by 30%, PAT rises by around 90%, PBT rises by 90% and profit after tax is almost double it has risen by 98%. When we talk about the consolidated performance, again the profit before tax has increased by 71% and profit after tax has increased by around 76%. So there is a robust performance and our earnings per share EPS has almost increased from 14% to 28% on standalone basis that is a double of the last year almost double in the same proportion basically profit after tax and for the consolidated also the EPS has taken a big leap. Now FSNL is doing very good as the steel production of our ISPs are increasing, FSNL is also increasing its revenue. There is another positive development there is a plant which is going to be operational in current financial year the NMDC plant at Nagarnar so that will be operational we have got the contracts part, we flag operations for that plant that will be good revenue projections in the current year and next financial year as far as the FSNL is concerned. Nevertheless I would also say that the process for disinvestment is at advanced stage and EOI has already been floated, the tender will be open in first week of June. DIPAM is working hard and we are also working for strategic disinvestment of the FSNL. As far as MMRPL we had three plants which were operational and every plant has got good returns, MoRTH has already released the policies. States are yet to implement the policy which has been issued by the MoRTH and we are in active engagement with the state government for early issue of the policy and we are setting up further plants and targeting to complete four, five plants in the current financial year. As far as MSTC is concerned, we have a growth in volume also and more than volume we have a very, very robust growth in e-commerce income. So we have



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increased the e-commerce income from 202.77 Crores to 264 Crores so that is quite a jump and there is another thing that quarter-to-quarter also we have a better performance in current financial year. So the growth is robust, the reason for the growth, one factor is apart from the increasing volumes there has been good price for the iron ore. The segment wise iron ore has given us quite a good jump in profit, similarly the scrap sale has also given us a good jump and overall the business. We are diversifying into all kinds of e-commerce areas. In the current year minerals will be one major source of income. As per the central government policies, for all major minerals various state governments are giving work to us as per the mandate of the center they have to mandatorily sell their mineral blocks through MSTC portal only. So now those portals are coming and as we are engaging with these state governments we are trying for the sale of their minor mineral also. Apart from the mineral blocks we are also proactively engaging with the parties who have bought the mineral blocks for selling their minor minerals also. So for an iron ore we have got good success and we are making efforts for replicating that kind of success for other minerals also. So overall the business prospects are good. Commodity prices of course have helped us but that is not the only reason. Our volumes in absolute terms have increased and we have diversified our bouquet of services to new areas. So that is all in nutshell about the company. Our Director Commercial will further elaborate about the business operations and Director Finance will take you to the main financials. Thank you.

**Bhanu Kumar:**

Good afternoon all I am Ms. Bhanu Kumar - Director Commercial of MSTC Limited. More or less our CMD has given a broad overview of what has been the performance and the key factors that helped us achieve this grand performance. Now the helping factors apart from the commodity prices is the scrap sale volume that we have been handling that has also gone up not just the prices the volume has gone up. So here I would like to highlight that we have sold a very old power plant in Chhattisgarh that bought us some good revenue then we also diversified into other products not just the iron ore and chrome ore and all those minerals. Now we are going to sell gypsum for NTPC and probably other power utilities. That was the first time we started for NTPC and that has been met with very grand success, so going forward the volumes are likely to increase. Apart from that, the government trust for disinvestment of various units of six PSUs is also helping us that is where the volumes are coming up and Inventory Items Scooters India Limited that has also been sold off in the last year. Apart from that there are a few power plants which have been sold in the recent past, but that will actually materialize in the current financial year. Then in the property segment also we are making good inroads, not just for the NPAs of the banking sector, but also for various state governments and central government our property portal is having a very robust growth. Then in a very small way we started off last year with liquor license auctions for Rajasthan so we have been engaging with the excise department of various governments. In Bihar where e-commerce is definitely a non-starter there the excise department called us and they have this auction of the confiscated vehicles. So that is a small beginning for the government of Bihar and we expect that more such units will come to us for auctions of their scrap and confiscated goods. Then pond ash, fly ash we have been selling all across the country for many years, pond ash and other kind of waste material which can be used by the cement industries and other infrastructure projects, that also we are able to sell and these are very



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customized models and not normal auction . There also Our clients are seeing a lot of benefit on our portal. As we said our focus is now going to be the sale of minerals that is mine from all the mineral blocks that have been auctioned in the recent past so we are tapping a huge potential and we are approaching all the successful bidders who have got those blocks and going forward we will be able to sell. And from the private sector we are getting very good response so that is something very commendable for us and these are the key highlights of last year's performance. So going forward we expect that this kind of growth can be expected in the near future also as the market is still good. Thank you.

**Subrata Sarkar:** Good morning after after CMD Sir has given a quite a snapshot of our financial performance I will just give some highlights. If you look at our standalone financial performance it is just doubled, the PBT is just doubled from 114.68 Crores to 220 Crores and PAT is again just doubled from 101.07 Crores to 200 Crores and if you look at this consolidated basis here also almost replica PBT is up by 70% from 135.88 Crores to 232.93 Crores and profit after tax is also up by 76.29% from 102.95 to 119.13 and on the balance sheet front if you can see this year in the standalone balance sheet we have very good current ratio. With this I will now hand over the call for further questions.

**Bhanu Kumar:** I will just add to the key highlights if you go through our performance on the financials you can see that our trading business we have tapered off which we have been emphasizing in the last couple of conversations and this year also we have done some provisioning but that we hope is the last tranche of provisioning and going forward there will be no provisioning required in this segment of business.

**Subrata Sarkar:** Thank you and handing over to you for questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

**Pritesh Chheda:** Thank you for the opportunity. My question is on the e-commerce segment. Within this if you could give us what is the scrap sales business and what kind of volume growth and value growth did you see in that scrap sales?

**Bhanu Kumar:** In terms of volume as well as in terms of revenue we have seen a growth of about 34% year-on-year growth I am talking of 2020-2021 and 2021-2022.

**Pritesh Chheda:** Yes, I want year-on-year only.

**Bhanu Kumar:** So it is 34%.

**Pritesh Chheda:** What is the value of scrap sales business?

**Bhanu Kumar:** We do not have those numbers exactly, but it will be in the range of about 5000-6000 Crores.



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- Pritesh Chheda:** That will be the value right?
- Bhanu Kumar:** That is the value yes. If you talk about total e-commerce revenue the percentage of scrap revenue is between 45% and 50%.
- Pritesh Chheda:** So basically about 140 Crores which would have grown at about 35% right?
- Bhanu Kumar:** Yes.
- Pritesh Chheda:** Now this business what kind of growth visibility do you have in the forthcoming year and when you mentioned about focuses on sale of minerals from the mining block auctioned by the government so this mineral will be e-procurement e-tender type of business or it will be a type of transactional based business?
- Bhanu Kumar:** We call it e-sale business all the mine minerals that is auctioned off through our portal and that is a very different kind of model compared to the scrap where we go for price and quantity bidding.
- Pritesh Chheda:** So it will be a fixed?
- Bhanu Kumar:** It is not a fixed price sale it is a normal auction.
- Pritesh Chheda:** So you will get a percentage or you will get a fixed fee per auction?
- Bhanu Kumar:** We have both the models it depends on what is the kind of services that the client takes from us. We will try for percentage model.
- Pritesh Chheda:** So do you expect the e-com business as a sum total to grow for us in the forthcoming year?
- Bhanu Kumar:** Yes, definitely we are hoping that it will go up whatever the volumes we have shown here about 134000 Crores we are saying is the volume of e-commerce transactions that has happened through our portal. Going forward we expect that it will be more than this.
- Pritesh Chheda:** Any growth numbers you want to mention that you grow a certain spend?
- Bhanu Kumar:** It cannot be possible because we have a basket of products so something may go down and something may go up.
- Pritesh Chheda:** My second question is with respect to the entries in P&L I could understand the provision which we have taken but usually what this other income arises on account of?
- Subrata Sarkar:** Other income basically if you see that you are talking about a big figure.
- Pritesh Chheda:** Yes, I can understand the provision number but how does the other income rise.



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- Subrata Sarkar:** This other income is nothing but it is a book entry because we have written-off provision of around 200 plus Crores this is appearing in both sides, having said it is a null effect on the P&L and nothing affecting our P&L..
- Pritesh Chheda:** So basically net-net there is no provision because we have taken a write-back and that is write-off So net-net the provision is a difference of that number.
- Subrata Sarkar:** Yes.
- Pritesh Chheda:** What would be your incremental tax rate now will you go to 25% tax rate from next year or still lower number only?
- Subrata Sarkar:** We have certain tax credits so we still do not want to go to new regime until that is again come, already have declared in the note that we are continuing with the old regime only.
- Pritesh Chheda:** So your tax rate will be what for next year?
- Subrata Sarkar:** Old regime rate 30% plus surcharge and that is the old regime rate, not at the new regime rate.
- Pritesh Chheda:** But when I look at your P&L even last year the expense out was 15%.
- Subrata Sarkar:** Yes, basically if you see that it is the base tax rate but you have got certain credits and exemptions for that only we are sticking to this old regime rate and we have got certain MAT credits also so to exhaust that we are still sitting on that old tax rate that is why our net effective rate comes down readily.
- Pritesh Chheda:** So will the net effective rate next year will also be 15%, 20%?
- Subrata Sarkar:** We cannot comment right now what will be our income and what will be the circumstances, what type of income will derive so it is very difficult to tell all these things but we will try to take maximum amount of tax planning that is available as per the law in India that much we can do.
- Pritesh Chheda:** My last question is when will that segment of scrap recovery and sales not start reflecting for us we have already done the transaction?
- Subrata Sarkar:** That scrap recovery and sales that pertains in the consolidated account because of our Ferro Scrap Nigam Limited and as our CMD Sir has already pointed out that the process of disinvestment has already started EOI has already been floated so it all depends upon when that whole procedure comes to an end.
- Pritesh Chheda:** As you told a couple of quarters back there is what the communication you had given or it is yet to sell?



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- Subrata Sarkar:** Yes, yet to be, the process of sale has already been started but yet to be culminated into the actual transaction, financial transaction.
- Pritesh Chheda:** Thank you very much Sir.
- Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial. Please go ahead.
- Dixit Doshi:** Thanks for the opportunity. First question is regarding the trading business. So you mentioned that as per promise you have tapered down so will the trading business remain next year also or there will be no revenue and segment from trading business?
- Bhanu Kumar:** Actually in trading we had three different models so two of those models we have discontinued completely so there will be no transaction under those two models. One model where we do procurement for our clients backed by 110% BG that is still there because it is quite a safe model and in that of course the transactions are not to the extent of what we had expected earlier, they are miniscule there will be some small income but not very significant.
- Dixit Doshi:** Net-net there also we will not lose money, 1% or 2% margin will be there at least is it in your book?
- Bhanu Kumar:** Yes, absolutely right.
- Dixit Doshi:** Now my second question is regarding there is one notes to accounts regarding that Standard Chartered case where you have mentioned that 143 Crores is shown in the loan which is in the short-term loan and it is also shown in the receivable so this 408 Crores of receivable in the standalone balance sheet that includes this 143 Crores is it right?
- Subrata Sarkar:** Yes, basically you see what has happened it is in the gross proposition 403 Crores is a net of provision we have already made provision for that 147 Crores in the books of accounts, but grossly it stands in our books of accounts in a gross manner, it stands in our books of accounts.
- Dixit Doshi:** Now this 408 Crores can you give the breakup of this receivable?
- Subrata Sarkar:** Basically 408 Crores is more than 50% is backed by 110% BG so around 200 plus Crores is for our BG business so it is totally secured by 110% BG amount and for the sticky part we have already made all the provisions and the balance is basically more or less from e-commerce and associate models which are of course quite safe. So if you look at the provisioning part we had done away with most of the provisioning part.
- Dixit Doshi:** So you mentioned 200 Crores from the trading receivable of 100% BG.
- Subrata Sarkar:** 200 plus Crores from the trading yes.





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- Dixit Doshi:** There will be some from associate model also?
- Subrata Sarkar:** Yes, so that is also a safe and secured because it is backed by the creditors guarantee.
- Dixit Doshi:** How much that would be approx amount?
- Subrata Sarkar:** That will be around 100 Crores and balance will be from our e-commerce business so both are safe and both do not require any major provisioning in the coming years that we can foresee.
- Dixit Doshi:** So e-commerce receivable is around 100 Crores?
- Subrata Sarkar:** It will be around whether it is less than 100 Crores.
- Dixit Doshi:** And my last question is regarding this e-commerce revenue so on a steady state there is always some year you have some e-auction or let us say spectrum auction then there will be some year some business will not come in some new business will come so on a steady state basis let us say over two, three years can this business grow at double digit, 10% to 15% or you feel that it can grow further also?
- Subrata Sarkar:** Yes, so far forecasting is concerned again I just told you earlier also it is very difficult to tell right now sitting over here see what will be the growth factor today but again that we keep on reiterating it will be the MSTC's growth will be basically backed by e-commerce and of course it will be a highly market driven because it depends upon the lot of the market factors also like price of how the steel market perform, price of the scrap, etc., etc., so it is very difficult as we now sitting on today to tell what will be the growth but we expect that of course there might be a growth but of course there are certain factors which is very difficult to predict right now.
- Surinder Kumar Gupta:** Now I will add here that although it is very difficult to predict the growth but you see the government push for digital India and even state governments, central government every departments, every PSUs are going more and more towards the e-side e-commerce business or development of their portal, specific portals for this specific requirement and that is where the MSTC strength lies. So we can convert any manual process to e-commerce for giving them the desired benefit like we had designed a wind portal for IOC a couple of years back. Now we have last year to ONGC and its group companies we have delivered a portal with much advanced features for their engine portal. So basically the most government companies are going towards reprocessing and they want to sell all their whatever their scrap or useful things only through the e-processes so that is where we expect that we will be able to maintain the growth momentum but nevertheless the risk factors or the other factors like the commodity price as DF has said the steel prices naturally the steel prices go up, scrap prices go up, iron ore prices go up, steel prices go up. So all these things will definitely to some extent will add or may decrease our revenues a bit but nevertheless we are working hard to retain not only the old business but to get additional business, additional clients, additional principals. Thank you.



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**Dixit Doshi:** One last thing obviously the opportunity in the scrap sale is huge in India but predominantly even today we are mainly into working for the PSU. We did try in last two, three years for Reliance, Bharti Airtel or many other private sector also but still the volumes are low so what we are trying to increase the volume or what are the headwinds you are seeing in that segment?

**Bhanu Kumar:** Yes, actually this year now we are going to focus more on aggregation of the smaller industry who generate scrap on a regular basis so we have introduced one model last year where the industrial development corporation or some kind of an aggregator or some government intermediary is roped in. He acts as a facilitator for the smaller units to channelize their scraps. So we are going for expanding this model of business this year and this is an area where the trust needs to be given because as a PSU essentially under Ministry of Steel we need to augment the supply of scrap for the secondary steel production so that is going to be our focus now.

**Dixit Doshi:** Okay fine that is it from my side. Thanks.

**Moderator:** Thank you. The next question is from the line of Maan Vardhan Baid from Laurel Advisory. Please go ahead.

**Maan Vardhan Baid:** Thank you for the opportunity. One I just wanted to seek a clarification in our earnings presentation in the e-commerce section there is another income of around 30 Crores that is stated so I just wanted to understand under the e-commerce section what is this specific 30 Crores item?

**Subrata Sarkar:** Basically in the e-commerce segment we collect this registration fee and transaction fees, etc., in our ES so that is our other operating income from that e-commerce segment so that constitutes main part of that other income.

**Maan Vardhan Baid:** I wanted to understand there was some information about Coal India setting up its independent auction platform so any updates on that and how will that affect our numbers if that comes up?

**Bhanu Kumar:** Coal India had actually started its portal they have developed the portal but it is not operational as on date and now there are some policy changes for the sale of coal itself, so at least this year we do not see much of a change in our coal sale, but may be going forward if this portal takes off in a big way then definitely we may not be able to retain this business, but as on date the kind of portal and the kind of customization that we can do the service provider whoever is preparing for Coal India and is not equipped to handle that. So it may take in my opinion it is totally personal that it may take at least a couple of years for that to stabilize.

**Surinder Kumar Gupta:** Another thing here is from this coal segment our earnings is around 10-11 Crores so that is not a very significant earnings nevertheless we will be working hard for retaining that business also but as Madam has said that they have made the portal but they have not been able to actually use it till date, so they are continuing with our services and now they have engaged us for making a portal for basically the special changes that central government has mandated now so we are



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actively engaging with them and we are hoping that at least in the near future the business will continue.

**Maan Vardhan Baid:** Fair enough. Sir third question internally in terms of most platforms that we see that becomes successful they have a very big portion that comes from advertising, the very big portion of the revenue comes from advertising so what are the steps that we are taking and what is the sort of prospect that we see on that front?

**Surinder Kumar Gupta:** You are right we have not yet focused on advertising basically what we think is that primarily our portal is catering to B2B segment, it is very small area where property sales are there where we cater to B2C. So the advertisement revenue will be more in case of B2C where the foot falling is very high we have also foot fall but we will take forward your suggestion and see whether we can get something out of advertising.

**Maan Vardhan Baid:** Also what are sort of how do we benchmark our websites to other websites and I just wanted to understand what is the process for that while I understand we have a lot of capabilities in terms of understanding the complex nature of B2B procurement but sort of I just wanted to understand in terms of developing a website in terms of so that it is easier for the user, etc., whatever sort of how is that approached upon?

**Surinder Kumar Gupta:** What I feel is what you are trying to ask is, when we design these specific portals for specific customers so that is why it is a very generic term any undergraduate can make a website so perhaps that is not your intension basically whatever we have the customer interacts with our portal that is what we wanted to do. So we will admit that we are not as robust as Amazon or Flipkart because that is not our requirement. So basically we have a large buyer base but that also is nothing compared to the Amazon or Flipkart. So we have a customer category to whom we have to cater to. So when we design a portal we proactively engage with them to understand their requirements and custom makes the portal as per their requirement and we will make it an effort to give them a customer friendly portal and to provide them the information what they require, but there is always a scope and based on the feedback we have a system where we constantly and continuously upgrade our system. I hope that answers your queries.

**Maan Vardhan Baid:** Yes, absolutely and just last question I think in the last concall you had mentioned the sort of the website that has been made on the agriculture side Jaivik I think there were some last mile connectivity issues that website was facing I think maybe from the end of the ministry has that been resolved is that more active now?

**Bhanu Kumar:** Not exactly not much progress has been made in that area, logistics and packaging and handling is still a grey area and the channel is not yet established I think the market has to mature a little more for these things to come on board.

**Maan Vardhan Baid:** Thank you so much.



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- Moderator:** Thank you. The next question is from the line of Manish Agarwal from Arise Group. Please go ahead.
- Manish Agarwal:** Thank you for giving me the opportunity. Most of my questions have been answered. Just one simple question which I have is like if you look at the cash flow the provision no longer required is 221 Crores so could you please help me if these provisions are already in the balance sheet because I am unable to find that?
- Subrata Sarkar:** Just now earlier also I had just replied this is basically a book entry because these submissions were already lying if you see that last year's annual report if you can go through the last year's annual report there was a note how much provisioning is lying there so it was already sitting on our books of accounts and just we made a write-off this year and it has a new effect on our P&L it is just income and the expenditure side both sides it is there so that is there nothing else it is a book entry that has come.
- Manish Agarwal:** I totally agree, but it was already in the books which would be in the balance sheet as well.
- Subrata Sarkar:** It is already there in the books of accounts and it was sitting in the balance sheet and I give you that reference also last year's annual report you see the data schedule where it was clearly mentioned this much of amount almost around same amount was sitting over there.
- Manish Agarwal:** One more thing is there any more provisions we can expect next year like what is the quantum of provision which people expect next year?
- Subrata Sarkar:** No, just now we are categorically kept on saying that we are doing a staggered way and now so far all the sticky provisions that is required for has been done away with and we expect very, very miniscule provisions in the coming years and if any exceptional or extraordinary event happens that is all otherwise in the normal course of business it will be a very miniscule provisions in the coming year very miniscule as compared to that we were kept on, you see the trend also, this year it is around 35 Crores plus and the last year it was around 68 Crores so it is going down gradually so with that we have done away with almost all the provisioning so again I repeat there will be very miniscule provision unless until there are some extraordinary or something may happen.
- Manish Agarwal:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Harshad Jain. Please go ahead.
- Harshad Jain:** Thank you for the opportunity. Just had a word with Ms. Bhanu in last quarter and she said that we are going to taper down our marketing business but for this year we have done marketing revenues of around 413 Crores versus 406 Crores so can you please explain that why this business has not tapered down?



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- Subrata Sarkar:** I am explaining just now if you are part of that con call earlier also we replied to Manish Agarwal Ji it is basically a segmental part 220 Crores was returned back so that is the provision no longer required in that, that has come and set on this particular rate that is why otherwise so far the transaction wise it is a very late transaction and it is hardly any transaction around the 160 Crores transaction we had done. Plus we are only now engaging with that 110% BG backed procurement.
- Harshad Jain:** Just one more thing will our marketing business will be profitable because as of now I am seeing that we have incurred a loss of around 5.9 Crores last year on marketing front so will this be profitable going forward?
- Bhanu Kumar:** Yes, as we said that we are going to have only this 110% BG backed model so there we do not envisage any kind of losses so it is a profitable but of course very miniscule.
- Subrata Sarkar:** To add to you were seeing the losses because of that provisioning was happening that we have tapered down our income but the provisioning part was for the earlier year so there was a mismatch between income and expenditure, so right now as we had just done away with the provisioning from the next year whatever earnings we will have we will have in our kitty there will be no negative part on that per se.
- Harshad Jain:** Right thank you and one more question would be regarding this that why there is a need to show book entry because even last year in Q4 we have shown a book entry of 200 Crores other income and 200 Crores write-off and this year we have shown the same thing so will the same trend going forward?
- Subrata Sarkar:** Because it is basically an accounting requirement because if you can appreciate there is difference between provisions and write-off first of all if there is an impairment of any financial assets there we make a provision and when we see that the recovery chances is totally zero then we make write-off. These are the two different things so for that we have to make entry and in the books of accounts to have a track and trace of all these things we cannot knock off the entries of balance sheet and of the books.
- Harshad Jain:** Because the thing is that while Q1, Q2, Q3 numbers are very easy to understand comprehend but Q4 number being an investor or being a trader it is very difficult to comprehend and just want to know that whether the same trend will be going forward or will be our Q4 number the same like Q1, Q2, Q3?
- Subrata Sarkar:** Hardly now, it has done away with, hardly we expect not much more in the coming year but of course again it will depend upon if you lose the court cases and the NCLT cases so naturally there will be a write-off otherwise we have done away with the provisioning so for the P&L effect is concerned it is all now done away with. So now couple of entries might come if we lose



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the cases that is everything is gone out of hand and we are unable to realize a single penny out of that, that is the point.

- Harshad Jain:** But other than that Standard Chartered case no other entries will arise right?
- Subrata Sarkar:** Standard Chartered case there will be no entries because I am kept on saying that we already there it is sitting on our books of account the entry part it is okay fair enough so the entry part we have already shown is as a loan and we are fighting the case so entry part is okay if anything of the outcome the case will happen that will happen it is a contingent in nature.
- Harshad Jain:** Case as I read your notes that we have already deposited around 55 Crores so just want to know that where is the book entry for this 55 Crores in our balance sheet?
- Subrata Sarkar:** It is appearing in the deposit part financial asset deposit part.
- Harshad Jain:** Financial assets under deposit part.
- Subrata Sarkar:** When we publish the annual report also you can track it down because separate schedule has been maintained for that and separate disclosure is already there in that schedule also that how much amount has been deposited.
- Harshad Jain:** Okay thank you and my next question would be to Ms. BhanuJi. The last con call you mentioned that MSTC is in talks with Tata Group so any positive insight on that front?
- Bhanu Kumar:** Can you repeat?
- Harshad Jain:** Last quarter you mentioned that MSTC is in talks with the Tata Group so any positive insights on that?
- Bhanu Kumar:** Yes, we have signed some agreements with the Tata Group, Tata Power specifically both at Mumbai and Delhi and we are selling some of their old scrap and redundant items.
- Harshad Jain:** Anything with Tata Steel, Tata Motors?
- Bhanu Kumar:** Yes, Tata Group is availing our services for scrap.
- Harshad Jain:** Anything with Tata Steel and Tata Motors yet?
- Bhanu Kumar:** No not really.
- Harshad Jain:** My last question would be is there any proposal to change the name of the company because as Mr. Surinder Kumar Sir already mentioned it somewhere because as my humble opinion since



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we are predominantly e-commerce player and as most of the profits come from it so I think our name should fall in line with the work we are doing?

**Surinder Kumar Gupta:** Name is fine because now our name is MSTC not scrap basically previously it was a scrap now it is not that now we are known as just MSTC so no abbreviation and for that kind of thing and MOA we are in the process we will be doing something for reflecting our business in terms of whatever we are doing and whatever we are aiming to do so that we are already under process and it is a long process so we are working on that.

**Harshad Jain:** Because investor presentation said us as a scrap company which is not helping us to relate our company and our valuations.

**Surinder Kumar Gupta:** That we understand so it is a slightly different segment in which we are, we are basically not IT Company also and not a trading company also but naturally we need to change our MOA we are basically doing whatever business basically assisted by the IT tools.

**Harshad Jain:** Yes, because I am being an investor in the company since past two years and what I said that market is not recognizing you as a pure e-commerce player because our name is Metal Scrap Trading Corporation MSTC so my humble suggestion would be if we can go for our name change which can define our work that we are e-commerce player that would help us to relate our company much better.

**Surinder Kumar Gupta:** We will be taking your sentiment we will proactively think about it.

**Harshad Jain:** Sure thank you so much.

**Moderator:** Thank you. The next question is from the line of (inaudible). Please go ahead.

**Unknown Speaker:** Sir what I wanted to ask is the cash on our books of something of 800 Crores what part of this 800 Crores belongs to the shareholders and what part is maybe customers advance or something?

**Subrata Sarkar:** It is a very simple thing this is clearly defined in the company's act like what is the shareholder part it is a equity plus reserve is a networth it is a shareholders part it is one part of its answer of it and second if you look at our balance sheet which has been published yesterday so basically you see there is a one way it is sitting in the cash and cash equivalent and other cashes as a current asset and there are current liabilities also so if you made it up so it is around 1.07 versus 1.09 it is a current ratio so if the answer goes as simple as that, more than that working capital that is the net cash that is lying that is the thing, that is the simple thing and as far as equity is concerned equity is there the share capital. It is clearly disclosed in the balance sheet what part of is my current liability and our cash becomes part of our current asset so it is a part of our current asset and what is my current liability this clearly disclose no ambiguity per se as such.

**Unknown Speaker:** Alright Sir, thank you so much.



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**Moderator:** Thank you very much. As there are no further questions I now hand the conference over to the management for closing comments.

**Surinder Kumar Gupta:** Thank you all our investors who had shown their interest in the company's financial. I can only assure our investor community that the company is with its all dedicated manpower is working hard and helping the government to convert their processes to e-commerce and earn revenue in our efforts. The revenues that we have, if you see the volumes and the service income you see the service charges are small, there are money transactions where we get very less service charges and there is always a pressure for reducing the service charges but nevertheless we are able to maintain the growth and we are hopeful and that otherwise something drastic happens we will be able to maintain the growth momentum for the company for all three companies like MSTC, FSNL and as well as our joint venture company MMRPL. Thank you.

**Moderator:** Thank you very much. On behalf of Equirus Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.