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(भारत सरकार का उपक्रम)

MSTC LIMITED

(A Govt of India Enterprise)

CIN : L27320WB1964GOI026211

e-assuring
INDIA

MSTC/CS/SE/505

15th February, 2024

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 Friday, 9th February, 2024 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.

Thanking you,

Yours faithfully,

For MSTC Limited



(Ajay Kumar Rai)

Company Secretary & Compliance Officer

Encl: as above

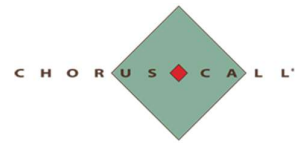
www.mstcindia.co.in / www.mstcecommerce.com

पंजीकृत कार्यालय : प्लॉट सं. सीएफ 18/2 मार्ग सं. 175 एक्शन एरिया 1 सी न्यूटाउन कोलकाता 700156 प.ब.

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



**“MSTC Limited
Q3 FY '24 Earnings Conference Call”
Feb 09, 2024**



MANAGEMENT:

Mr. Manobendra Ghoshal, Chairman and Managing Director- MSTC Limited

Ms. Bhanu Kumar, Director of Commercial- MSTC Limited

Mr. Subrata Sarkar, Director of Finance – MSTC Limited

Mr. Ajay Kumar Rai, Company Secretary – MSTC Limited

MODERATOR:

Mr. Deep Modi – EQUIRUS SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to MSTC Limited Q3 FY24 Earnings Conference Call hosted by Equirus Securities. As a reminder, all participant lines will be in the listener mode only and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference call has been recorded. I now hand the conference over to Mr. Deep Modi from Equirus Securities. Thank you and over to you, sir.

Mr. Deep Modi: Thank you. Good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to Q3 FY24 Earnings Conference Call of MSTC Limited. From the management, we have with us today Mr. Manobendra Ghoshal, Chairman and Managing Director, Ms. Bhanu Kumar, Director of Commercial, Mr. Subrata Sarkar, Director of Finance, and Mr. Ajay Kumar Rai, Company Secretary. We will begin the call with the opening remarks from the management thereafter we can open the line for questions and answers. I now hand over the call to Mr. Manobendra Ghoshal. Over to you, sir.

Mr. Manobendra Ghoshal: Good morning, everybody. This is Manobendra Ghoshal. I am the Chairman and Managing Director of MSTC. Very nice to be talking to all of you. I would like to start with some initial key highlights of the quarter-Q3 and the last nine months of this financial year.

Operationally, we have, during the first nine months, crossed a level of 1178.23 billion in terms of the value of goods transacted through our e-commerce and marketing portals.

The consolidated financial performance for the first nine months has been at a level of a PBT of 233.37 crores, which is an increase of approximately 15 crores over the same y-on-y period of last year, an increase of 7.01%. Over the last quarter, some of the key areas that we have gone forward in, auction of critical mineral.

So, for the option of critical and strategic mineral blocks, we have 20 critical mineral blocks have been put up for auction. We have held roadshows for the first tranches of critical mineral block.

We have signed an MOU with the Government of Bihar for e-auction of major mineral blocks in the state and 77 blocks have been successfully auctioned so far. In November 2023, we have also held a real estate conference in collaboration with the CII.

So, basically, this was about exploring synergies in the real estate sector and finding out areas where we can work with upstream and downstream players and leverage this sector. Many senior leaders from leading groups had participated, along with senior officials of the government.

A newly developed integrated web page for our various property auctions, which are conducted by MSTC, was also launched during this conference. Now, I would like to hand over the mic to Ms. Bhanu Kumar for her short update.

Ms. Bhanu Kumar: Good afternoon, everybody. I am really delighted that the investors have reposed their confidence in our company for quite some time now and the kind of queries that you all have been raising in this forum as well as in other forums are praiseworthy, which is what is driving us to keep our services at a very good level, probably beyond expectations sometimes. So, towards that end, we are in the process of consolidating business in various sectors and also going for more

automation, reducing human intervention and bringing in a lot of user-friendly features. So, that is where the focus is on right now. And all this will definitely help us in giving better performance year on year. Thank you so much. And I will be taking up all the queries as and when it comes. So, maybe we can have a detailed interaction at that point of time. I will hand over to Mr. Subrata Sarkar regarding the financials of the company.

Mr. Subrata Sarkar: Very good morning to all of you. So, let me start with the stand-alone financials highlight. Like, we are giving the first comparison of 9 months, 2022-2023 vs. 9 months, 2023-2024. Total revenue is down by 13% from 367.49 to 316.23.

And as you can see that the e-commerce has shown just a steady rate. It is supported 244.86 to 268.05. And of course, others, the remaining are better. And with that results, EBITDA pre-provisioning has come down from 289.12 to 221.76.

Profit before tax has come down, has of course gone up with a better net margin from 206.71 to 216.63. And PAT has gone down from 163.17 to 152.41 with higher tax rate. And EPS accordingly has gone down from 23.18 to 21.65. And the cash profit has also shown a declining trend to 157.54 from 245.49.

And so far, segment is concerned, the total revenue is 367.49 of the previous 9 months. And current year is 316.23. E-commerce revenue is 268.05 as compared to the same period of 9 months of the previous year, which is 244.86. The current year's break-up is from e-auction and itself comes from the major chunk of the e-commerce revenue, that is 203.43. E-procurement always small share here so it is 3.41. And other income, of course, 61.20. And the marketing has also declined. And the total expenses have also declined.

So, PBT therefore stands at 216.63 as compared to 206.71. And profit after tax has gone down from 163.17 to 152.41.

So, far, the consolidated financial highlights are concerned for the 9 months of 2023-2024. Total revenue has dipped from 646.79 to 615.41. And, of course, the other elements remain the same for MSTC.

And so far, the segment from FSNL continuing to the consolidated revenue has gone up substantially from 304.31 to 324.78. EBITDA, of course, gone down from 255.29 to 172.44. Share of JV this year is -5.68 as compared to -1.65 previous year.

And, of course, PBT has gone up from 218.09 to 233.37. PAT has, of course, gone down with a similar reason from standalone, 165 to 155.92.

And EPS, constitutional effect in the EPS is also seen. That is 23.44 has come down to 22.15. And cash drop-in accordingly has shown a trend. It is from 202.59 to 135.87. So, this is a summary of that is also present in the statement in our presentation.

So, this is all from our side.

You can have the question-and-answer session.

Moderator: Thank you very much.

We will now begin the question-and-answer session.

Anyone who wishes to ask a question may press star and 1 on the touch-tone telephone.

If you wish to remove yourself from the question queue, you may press star and 2.

Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question is from the line of Dr. Amit Vora from the Homeopathic Clinic.

Please go ahead, sir.

Dr. Amit Vora, Homeopathic Clinic: Good morning, all the dignitaries. Am I audible clearly?

Moderator: Yes, sir.

Dr. Amit Vora, Homeopathic Clinic: Yeah. So, my question is regarding the scrap dealers. I think our scrap business has increased from Rs. 101 crore or something to Rs. 252 crores or something. I am not sure of the exact figures. Am I correct in that?

Ms. Bhanu Kumar: Not really. I do not know from where you are getting the figures. Scrap sale has not increased.

Mr. Subrata Sarkar: Scrap, recovery, and allied jobs in our subsidiary company, that has increased. You are right on that particular thing.

Ms. Bhanu Kumar: So, yeah. This is actually an activity of our subsidiary company.

Dr. Amit Vora, Homeopathic Clinic: Okay. So, okay. Okay. I will just get back again after I find the exact figures in the line.

Mr. Subrata Sarkar: Fine. Fine, sir.

Dr. Amit Vora, Homeopathic Clinic: Yeah.

Moderator: Thank you. Our next question is from the line of Ayush Agarwal, an individual investor. Please go ahead.

Mr. Ayush Agarwal: Can you hear me?

Mr. Subrata Sarkar: Yes, sir.

Mr. Ayush Agarwal: Right. So, I wanted to know that we are looking at a decrease in year-on-year revenue for December 2023 and even if we look at the sequential nine months, there is a marginal decrease. What are the primary causes of that? Especially since it has also resulted in a reduced amount of profitability.

Mr. Subrata Sarkar: Pardon. Your last line was not clear, sir. Can you just repeat your last line?

Mr. Ayush Agarwal: Yeah. Sorry. So, I was saying that not only have we seen a reduced revenue, we have also seen reduced profits. So, what is the main cause for that?

Mr. Subrata Sarkar: Main cause.

Mr. Subrata Sarkar: It is a very pertinent question, sir.

If we talk about PBT, so overall PBT has increased.

But if you talk about PAT, which talks about the overall profitability, it has decreased, and you can see very well from that.

Last year, there was a taxation, less rate of taxation. Average rate of taxation was less. And this year, it is higher because of the PAT. Last year, we had some write-off of bad loans. So, that gives us an income tax benefit. That was a taxation rate benefit. So, for PAT is concerned. But you can see the PBT. It has shown a little higher trend. It has increased. But of course, on a flatter trajectory, sir.

But here also, I can supplement, add one thing here. That e-commerce revenue, if you look at, it has also not shown that much of growth. Because our main bread earner is the e-commerce revenue.

So, if it shows a flatter trend, we also have a flatter trend, sir. So, that's the main reason for that.

Mr. Ayush Agarwal: So, when we talk about increasing e-commerce revenues, what are the steps that you need to take at the current situation to improve the profitability in that segment?

Ms. Bhanu Kumar: Basically, e-commerce, we are always on the lookout for newer clients, adding the basket of our clients. And one major factor that has come across is the scrap rates that have gone down. If you see the year-on-year rates, it has gone down by almost about 10% or so.

So, that has reflected in this.

So, to compensate for that, we are always on the lookout for expanding the volume so that this reduction is arrested. So, we are in pursuit, and we are hopeful that in the last quarter, there will be some growth.

Mr. Ayush Agarwal: Okay. So, when we talk about scrap, I understand that scrap is not the only business vertical in e-commerce that you are currently working on. And you also have some e-marketplace and auction level outside of the scrap trade. So, where are we standing on that right now?

Ms. Bhanu Kumar: In fact, for other areas, it is more or less, I won't say it is bad. It is not showing the downward trend. It is a little flatter.

One major thing that you have to see here is the iron ore, we are now trading bigger volumes, but there is some stress on reduction of the charges. So, that is also one of the contributors to the reduced e-commerce revenue. But there, we are sure that the volumes are really going to be so high that the reduction will be duly compensated.

Mr. Ayush Agarwal: Understood. And my last question is regarding your joint venture with Mahindra for vehicle scrapping. What is the status of this JV and what are we expecting going forward in the next 2-3 years?

Mr. Manobendra Ghoshal: I would like to take that one. Our JV has been in operation for the past 5 years on. And at this stage, it is in a growing phase because there has been a substantial amount of regulation which is coming in at this point of time as guidelines which have been set out by the Ministry of Road, Transport and Highways.

Now, different states are at different stages of implementing these guidelines as a policy framework and which is still happening. It is not yet complete. So, once that framework is in place, the incoming of end-of-life vehicles will get streamlined. So, we are at the consolidation stage. It is happening. There are challenges especially in terms of issues in the portal itself, pending dues on vehicles, challenges from the unorganized sector which naturally when we look at digitalization and putting the entire process on a digital framework.

So, these challenges have been coming up. Testing infrastructure is yet to come up in a lot of areas. So, all of these have been resulting in constraints in flow of vehicles. We have the capacities in place to cater for the flows.

We are very near to the breakeven points, and we expect that over the next 2 to 3 years, there would be a substantial settling down and therefore increase in the number of vehicles, number one.

Other than that, the government has also been considering the EPR policy which should also again change the overall outlook for the industry as a whole where definitely MMRPL would also be a beneficiary.

Mr. Ayush Agarwal: Right. So, just wanted to clarify when you say breakeven, do you mean that the venture is currently not exactly profitable, but you expect it to become profitable going forward?

Mr. Manobendra Ghoshal: That is very true.

Mr. Ayush Agarwal: Yes. And so, could you tell me what is the current capacity of your scrapping units and what levels will it go up when we go forward?

Mr. Manobendra Ghoshal: Look, it is not on a scalable model. So, it would not be correct to talk about exact capacities here. But yes, it is adequate for the load that is there at present and also for consumable load that we may get over the next 1 to 2 years.

Mr. Ayush Agarwal: But you could give me a sense of numbers like say 10,000 units a month or 100,000 units a year.

Mr. Manobendra Ghoshal: I am sorry. It would not be correct for me to talk about numbers at this stage. But may I again reiterate that we have adequate capacities for the vehicles that are getting generated at this point of time and also over the next 1 to 2 years of expected loads.

Mr. Ayush Agarwal: Okay. No further questions for now. If I have any follow-ups, I will join back in queue.

Mr. Manobendra Ghoshal: Thank you.

Moderator: Thank you. Our next question is from the line of Preetam from Veltvia. Please go ahead.

Mr. Subrata Sarkar: Yeah, please continue sir.

Moderator: Hello, Preetam sir? The line from Preetam sir has been disconnected. Forwarding for the next question. The next question is from the line of Mohit from Monarch Network Capital Limited. Please go ahead.

Mr. Mohit: Good afternoon, sir. Sir, my main questions are pertaining to the vehicles scrappage policy.

There are two ways where MSTC can contribute to this emergency. One is through JV wherein we get vehicles to scrap.

The other thing that I can think of is the scraps that will flow from JV business to the MSTC portal where you can earn commission on the value-credit.

So, there are two questions. One, what kind of revenue we can think of when these vehicles come to our portal and the other registered scrapping vehicles that are there in the market.

Will the scraps from those RVSFs will also flow to the MSTC portal? Those are my questions.

Ms. Bhanu Kumar: Okay. So, the first question is in respect of scrap that is generated out of processing of the ELVs by the RVSFs, mainly the JV company, right. So that is definitely going through our portal. But the second part is not through the other RVSFs which are processing those ELVs and generating scrap. They have some tie-up directly with the melting units or the arc furnaces. So, that is not happening through our portal.

But the main thing that you had started off your question was there are basically two aspects of this ELV business. The first is the auctioning of the ELV as such. MMRPL doesn't get all the vehicles, our JV company doesn't get all the vehicles directly just because MSTC is handling the auctions. They also participate in our bidding process

and only a fraction of the vehicles they are able to bill. So, MSTC is generating some revenue out of the auctioning process.

And definitely after processing in the JV, there will be some revenue to the JV company. But as I had said earlier, only the scrap that is generated through the JV company that is traded, that is auctioned off in our platform. The rest of the RVSFs are not auctioning or transacting any business through our portal.

Mr. Mohit: Understood. So, even in the future, there is no possibility of those RVSFs transacting through your portal. So, that you get directly merchant to merchant.

Ms. Bhanu Kumar: Yeah, most of the people are having some direct arrangements with the end users or the melters or the furnaces. So, I do not expect, in fact, some of the RVSFs like the big ones like Tata and all, they consume it directly. They have their own foundries and all. So, it doesn't come into the market.

Mr. Mohit: Understood. Just two follow-up questions. One, how much will be the recovery from scraps when a car or a vehicle is scrapped? How much can be recovered from that?

Ms. Bhanu Kumar: You mean to say the ferro scrap or? I can't get your question.

Mr. Mohit: When a vehicle is scrapped, how much recovery potential is there?

Ms. Bhanu Kumar: See, there are all kinds of scrap that can be recovered from a vehicle. And it depends on the kind of vehicle. There are 2-wheelers, 3-wheelers, 4-wheelers, trucks, commercial vehicles and all kinds of vehicles. So, it depends on the make, model, everything.

Mr. Mohit: I mean, just to clarify, you were talking about a 4-wheeler. That is scrap. Can we expect around 25-30% value recovery?

Ms. Bhanu Kumar: See, basically what scrap is, the metal content only has some value. The plastic and other things that are there doesn't have any value. So, whatever is the market price for the metal, that we are definitely getting.

Mr. Mohit: Thank you.

Moderator: Thank you. Our next question is from the line of Surbhi from Swisspeak Capital. Please go ahead.

Ms. Surbhi: Thank you for the opportunity. I have a couple of questions. The first one being, Sir, can you tell us when will the sale of your subsidiary Ferro Scrap Nigam Limited likely to happen? And what could be the range of valuation? At what stage the sale is right now?

Mr. Subrata Sarkar: Ma'am, let me clear that in our earlier call, it is being organized and managed by Departments of Investment, Public Asset Management, and that is under the Ministry of Finance. But any updates can be updated in their website. So, as of now, the company is a going concern, that much we can comment. So, for valuation is concerned, we are basically not going to comment right now at this.

Mr. Manobendra Ghoshal: It may not be appropriate for us to comment.

Mr. Subrata Sarkar: Okay. So, because, if we formalize the sale, whenever everything is there, updates are available, it is updated on the website. So, it would not be appropriate for us to comment on anything on this issue at this stage.

Ms. Surbhi: Okay. Okay, Sir. Another question is that, will you be handling the sale of Spectrum, which is likely to be auctioned?

Ms. Bhanu Kumar: Yes, Spectrum auctions, we have been doing for the past three years. And today also, there was a news report that some more frequencies also will be auctioned. That also will be carried forward by us.

Ms. Surbhi: Okay. And my last question is, can you explain the reason for increase in other expenses and employee expenses? For the quarter?

Mr. Subrata Sarkar: Yeah, it is, it has been negotiated with our section of the employees.

Ms. Surbhi: Sorry, Sir, for the interruption, but your voice is not clear.

Mr. Subrata Sarkar: Right now, can you hear me?

Ms. Surbhi: Yeah. Yeah, it's better now.

Mr. Subrata Sarkar: Yeah, so, basically, so far, it has not shown that much of jump. It is a simple, just a certain, our conference expenses and etc. that has been come up. But so far, employee expenses increased, right. It is there. Mainly contributed by certain equipment that we have extended with our employees.

So, one portion, it will be purchased for one time, and others will be some perpetual. But, of course, we are, as we are coming, we are trying to maintain it around, total overhead is around 110. Around, we are trying to maintain it. So, far, services will be around 110. That we are maintaining.

Ms. Surbhi: Sir, can you just repeat the amount of the overhead that you said? It was not clear.

Mr. Subrata Sarkar: Yeah, we are trying to maintain right from the day, one that we are telling our investor, it is around 100. So, with the inflationary pressure coming up, so it will be around 110 to 120. And now, it will be going. And that, however, we are trying to, with this scalable operation, with the operation that we are doing right now, we are trying to maintain that way. And the second, to supplement was due from 1-1-2017 to our succession of the employees.

Ms. Surbhi: Okay, sir. Okay, that was quite helpful. Thank you.

Moderator: Thank you. Hello. Hello, sir. From the management line, there is a little eerie sound coming.

Mr. Subrata Sarkar: Eerie sound? Right now, it is clear?

Moderator: Yes, sir.

Mr. Subrata Sarkar: Yeah, please.

Moderator: Okay, sir. Our next question is from the line of Miraj, from Arihant Capital. Please go ahead.

Mr. Miraj, Arihant Capital: Yeah, thank you for the opportunity, sir. I have a few questions. Firstly, I wanted to understand that you have taken part in the Real Estate Conference. I just wanted to understand what kind of scope is possible here and what are we planning over here?

So, exactly what will be the layout? Will there be estate properties or land plots coming up for sale to our website, our platform? And if so, then what would be the revenue model that we planned?

Ms. Bhanu Kumar: Okay. So, I will take this question.

As, we have been highlighting in the past also from time to time many of our clients both in the government sector and sometimes even in the private sector or post-monitored processes.

We have been approaching for a good and very dynamic auction platform for all kinds of immovable properties. So, about a couple of years back, about three

years back rather, we had an agreement with the Department of Financial Services and we created a dedicated portal for all the MPS of the banks.

Based on the success of that model, we wanted to enlarge that basket and we thought, we will be approaching the liquidators, the assets under IBC processes and then there are a lot of development authorities like Yamuna Express, they had participated in the DDAs and in fact, every state has its own development authority.

So, all these people are also having some kind of sale, some kind of auctioning, and there are requirements that come to us from time to time.

Apart from that, the government has also been focusing on monetization of assets of PSUs. So, we have been doing a lot of asset sales for big-time, big-ticket sales for Air India, BSNL and many big PSUs.

So, in order to bring all this to the knowledge of the public and also to take feedback on how we can improve our services, how we can automate it, how we can bring in more transparency and how we can expand the basket, we had organized this seminar for real estate.

So, our focus so far has been only on B2B segments. Now, we would also like to be in the B2C segment. So, towards this end, it was more of an awareness campaign plus to, gauge the business opportunities that are available.

So, one of the series that we will be starting. In fact, a couple of years back, we did have a conference for the mineral sector. So, sector wise, we are now going to focus so that all opportunities can be trapped and we can grow our profits. That is the idea.

Mr. Miraj, Arihant Capital: Understood. So, now over here, just to sum it up, we are also focusing on the B2C segment in terms of sales and there has been positive feedback from PSUs as well regarding the sale for properties through IBC. The insolvency and bankruptcy versus what are the properties are there. There has been positive feedback from their side as well for sale of that.

Ms. Bhanu Kumar: I want their positive feedback but that is also from time to time, we are doing it. But it is not in a very structured mechanism. So, we just wanted to showcase what kind of infrastructure we have so that everyone in this area looking for a good service provider is the way that we are there.

Mr. Miraj, Arihant Capital: Understood. Okay. My next question is regarding the vehicle scrappage policy and our role in it. I wanted to understand what kind of triggers are currently present because there are a lot of moving parts I believe over here. I wanted to understand what the main triggers and what kind of volumes we could do over here.

Mr. Manobendra Ghoshal: As far as the triggers are concerned, one of the major issues that any of the RVSS are facing of which MMRPL is one is the fact that there are still a lot of states which are in stages of implementing the policy framework which was visualized by the MORTH guidelines.

Now, the availability of vehicles then becomes dependent on that particular state having that framework in place and with the data also being populated in the Vahan Portal because as per the guideline now a vehicle can be accepted only if a certain amount of data is available on the Vahan Portal.

If it is not, then even if the vehicle is available, it cannot be accepted for scrapping. So, that is the constraint which we are facing at this point of time which is being sorted out state to state and once that is done and there would naturally be other smaller issues of pending views on end-of-life vehicles.

So, that acts as a little disincentive because if a pending due has to be it is essential that it is to be cleared before it can be scrapped. So, that acts as a disincentive for the seller for the individual who is then handing it over to a registered vehicle scrapping facility.

Other than this, there is a major challenge from the unorganized sector which has been working in this area I mean they have been the people who have been working in this area for all this time and naturally since compliances are not so much of an issue in that sector. So, that puts an initial organized vehicle scrapping, scrapper at a disadvantage at least in the initial phase.

To take care of this, we have been trying to develop a completely digitalized platform right from the initial phase of when a customer logs in, gives us the vehicle details and then the entire process to be digitally seamless is what has been the challenge that we have been working on.

Apart from this, states are also putting up testing infrastructure which is a major requirement for being able to implement this policy. And the third thing which I had mentioned earlier is that the government is also thinking of coming in with an EPR policy which will also substantially increase the size of the market because that puts a substantial amount of responsibility on the OEMs for scrapping vehicles which they have manufactured at the beginning of life and using that scrap material for manufacturing their new vehicles.

So, once that entire process gets formalized, the policy gets formalized, it will be definitely of benefit to the organized and ethical players in this sector.

Mr. Miraj, Arihant Capital: Understood, understood. Just on the end-of-life vehicle part that you mentioned, from a previous conference, I believe that in FY25, we were supposed to receive a large chunk of government vehicles that were coming in for scrapping. So, can you just reiterate the number over there and is there any hiccups on that part?

Ms. Bhanu Kumar: See, these numbers were coming from different states at various points of time but as I have just now pointed out, these also have to follow this process only. And the challenges of the ecosystem, the digitization, the issues and the uploading of details in the Vahan, the encumbrances on these vehicles, these challenges will have to be addressed so that these vehicles can actually come for scrapping.

Mr. Miraj, Arihant Capital: Understood. Okay. Secondly, if you could just tell me what is cash balance currently on books?

Ms. Bhanu Kumar: Sorry, can you repeat?

Mr. Miraj, Arihant Capital: Is that the cash balance currently on books?

Mr. Subrata Sarkar: Yeah, sir, that much we can tell that like this time we have not drawn up the balance sheet for the limited regime so it is due for in the March. But the cash position is quite enough to run the day-to-day operations as well as for the future expenses. That much we can assure. And we will come up with the exact balances as on 31st March that it starts today in the next conference, sir.

Mr. Miraj, Arihant Capital: Understood. So, in FY23, I was just checking the numbers. We had, from our portal, we had scrapped 2,000 vehicles and we had mentioned that we are expecting another 15 lakh vehicles to be scrapped in FY24. So, will that figure be coming in FY24 or 25?

Ms. Bhanu Kumar: It looks a little difficult even in FY25 because of all the reasons that we had just sent out a couple of minutes back.

Mr. Miraj, Arihant Capital: Okay. So, it looks to be difficult to be executed till FY25, right?

Ms. Bhanu Kumar: Yes.

Mr. Miraj, Arihant Capital: Okay. Perfect. No worries. And my last question before I get back in the queue, could you just help me with the guidance going forward? What is the guidance that we might give for FY25?

Ms. Bhanu Kumar: I think it is a little too premature to talk about that.

Mr. Manobendra Ghoshal: It would not be appropriate for us to talk about any numbers because that would be speculative. But yes, we are looking for consolidation in our existing areas of business as well as looking for new clients. As Ma'am has talked about a short while ago, that is a continuous effort to scale up the business that we have available with existing clients and to increase our basket of clients, particularly in the e-commerce sector.

Mr. Miraj, Arihant Capital: Understood. Okay. I will just get back in the queue. I have a few more questions. I will get back in the queue.

Moderator: Thank you. Our next question is from the line of Rushabh Shah from Anubhuti Advisors, LLP. Please go ahead.

Mr. Rushabh Shah, Anubhuti Advisors LLP: Thank you for the opportunity. Sir, my first question is basically we have historically seen our fourth quarter volumes to be significantly higher than the rest of the year. So, I just wanted to understand how have the trends been for us till date for fourth quarter and also how the scrap prices have moved around?

Ms. Bhanu Kumar: Can you repeat the last sentence?

Mr. Rushabh Shah, Anubhuti Advisors LLP: How have the scrap prices moved around as of now? Have they been on a better side? So, I just wanted to understand how has the e-commerce business been performing in the fourth quarter?

Ms. Bhanu Kumar: E-commerce business has shown slight improvement, but more precisely, it is on a flatter trajectory. The scrap prices, if you want us to analyze then on a nine-month basis compared to last year, it has shown a downward trend by almost about 10%. So, that has actually, made this e-commerce revenue a little flatter.

But as far as the other subsegments of e-commerce is concerned, there we have seen better revenue. Another thing that I had pointed out was regarding the iron ores. The iron ores volumes have gone up, but somewhere it has not translated to revenue mainly because we were stressed to reduce the charges.

So, the volumes have gone up, so it is a little flatter as of now. But as the volumes build up in the coming month, will also be a little better.

Mr. Rushabh Shah: Understood. And, going forward, which are the new areas that you are targeting to drive the e-commerce business? And, if possible, can you share a broader long-term guidance at which the e-commerce revenues could continue to grow?

Ms. Bhanu Kumar: Actually, we are working on a few things right now, it will be a little premature to talk about it. So, maybe in the coming months, we will be able to address this.

Mr. Rushabh Shah, Anubhuti Advisors LLP: Okay. But we are seeing the whole segment has been to go in double digits over coming, I think three, four years to release. That would be a correct interpretation.

Ms. Bhanu Kumar: The past trends have been like that. We also hope that it continues.

Mr. Rushabh Shah, Anubhuti Advisors LLP: Okay. Okay. I think that was all from my side. Thank you.

Moderator: Thank you. Our next question is from the line of Vinay from Hathway Investment, Private Limited, please go ahead.

Mr. Vinay, Hathway Investment Pvt. Ltd: Yeah. Good afternoon. I just wanted to know the three segments that we have, the scrap, the vehicle scrap, and your e-auctions and marketing.

Now, if I can just get a fair bit of understanding in the e-auctions, you again have some of fiber auctions and spectrum auctions and various things. Do we have a... What exactly is the profitability model for the e-auctions? You get flat fee or you get a commission of the value traded or how is it?

Ms. Bhanu Kumar: Actually, it's a mix of both. We had the addresses in the past in which the con-calls also. So, in certain areas, we go on percentage basis, but in certain like spectrum or whole auctions, it is on event basis, even say mineral blocks.

So, it is a mix of models, and the revenue streams are also quite different. Sometimes we charge the seller, sometimes we charge the buyer, sometimes it is just a transaction cost. So, there is no one fixed model.

Mr. Vinay, Hathway Investment Pvt. Ltd: As an investor, how do I kind of understand what would be the sustainability of this revenue going forward?

Because this is one of your major businesses, right? If there is no figure I can go with, is there any ballpark figure that you look to say that at least this much is what the company is supposed to earn out of this?

Ms. Bhanu Kumar: See, if you have seen the sub-segments, we have scrap, iron ore, coal, e-procurement, etc. So, scrap is more or less, which is almost 50% of our total e-commerce revenue. That is on a percentage basis. So, if that is up, then obviously the revenue is also up. As far as e-procurement or the coal is concerned, that is on event basis. So, right now we cannot say how many events will be carried out or how much coal will be traded or what will be the income stream from that. So, it is a mixed bag. See, when it is a mixed bag, it will be very difficult to say which particular sub-segment will do well.

Mr. Vinay, Hathway Investment Pvt. Ltd: And this e-commerce as a whole would be what, around 75-80% of your business? Even going forward?

Ms. Bhanu Kumar: Mainly, yeah, yeah. E-commerce is our main business. The trading, on which we are practicing only one particular model, there again, the volumes are not really coming up. So, the focus of the area definitely is e-commerce only. At this point of time, yeah.

Mr. Vinay, Hathway Investment Pvt. Ltd: Yeah, and that would be approximately what part of the business? Because in the segment revenue, I can see that. But is that likely to be the trend even going forward?

Ms. Bhanu Kumar: Yes. As of now, yes.

Mr. Vinay, Hathway Investment Pvt. Ltd: Okay. And then, on this vehicle scrap policy also, you have a center in Noida, right? Where you can, where you have this. Is there a location as one?

Mr. Manobendra Ghoshal: MMRPL.

Ms. Bhanu Kumar: The JV company has a center.

Mr. Vinay, Hathway Investment Pvt. Ltd: Yeah, yeah, yeah. That company where you have a JV.

The only thing is, is proximity to various places important or how does this go? I mean, do we have to get all the vehicles to one place and get it here? So, transportation cost will get added. How competitive would you be in that sense, by having it so far?

Mr. Manobendra Ghoshal: Here, I would say that it is a general radius of maybe about 100 or 200 kilometers, which is a catchment area for a particular center. So, transportation cost within almost any distances within that is not substantially different.

Mr. Vinay, Hathway Investment Pvt. Ltd: Okay. And how many centers like this we have?

Mr. Manobendra Ghoshal: At this point of time, I think we have 7 centers and 7 centers at this point.

Mr. Vinay, Hathway Investment Pvt. Ltd: And all of them are equally, what is it ?

Mr. Manobendra Ghoshal: 41 collection centers.

Mr. Vinay, Hathway Investment Pvt. Ltd: 41 collection centers. Okay. And in this case, the modus operandi is you have to pay something to the, I mean, how is the profitability model here? How does this work? Like you said in scrap, it is percentage of-. Here, how does this work? The profitability?

Ms. Bhanu Kumar: This is completely, that is an independent thing that is being done by the JV company. It is, we are not actually involved in the day-to-day operations of this company.

Mr. Vinay, Hathway Investment Pvt. Ltd: Okay. But you get 50% share of that?

Ms. Bhanu Kumar: Yeah, because we have the management. That's it.

Mr. Vinay, Hathway Investment Pvt. Ltd: Okay. And I would not know how exactly is that valued because that is going to be a major stay going forward?

Mr. Manobendra Ghoshal: That would be a significant part going forward over the, as I mentioned, that the industry is still recent. The guidelines and framework is coming into place. So, we definitely have hopes of this area becoming a very significant area for us in the future.

Mr. Vinay, Hathway Investment Pvt. Ltd: So, as an investor, would I know what kind of profitability model that significant portion will have going forward? Is it percentage? How is it? I mean, I just can't understand how that works.

Mr. Manobendra Ghoshal: I would not like to talk about numbers. That would be speculative.

Mr. Vinay, Hathway Investment Pvt. Ltd: No, not numbers, not numbers. I just want, I mean, is it, how do I put it? How do you value that business?

Mr. Subrata Sarkar: Let me supplement, sir. Like you are talking about the profitability and the revenue model. We have a simple, like you buy a scrap vehicle, generate and segregate scrap out of that, sell that in the market, purchase, purchase, and sell price difference. Simple manufacturing where we can come in. It's like a pseudo-manufacturing activity, not just getting scrap out of that junk vehicle and selling it to the market. So, that is the model.

Mr. Vinay, Hathway Investment Pvt. Ltd: I got it. I got it. So, it is basically, you buy the vehicle, scrap it and sell the scrape, that's it.

Mr. Subrata Sarkar: Scrap and allied things. Scrap and allied things, of course.

Mr. Vinay, Hathway Investment Pvt. Ltd: Fine, fine. Thanks a lot. That's all from me. Thank you very much.

Moderator: Thank you. Our next question is from the line of Bharat Shah from ASK Investment Managers Limited. Thank you.

Mr. Bharat Shah, ASK Investment Ltd: Yeah. This is in. Sorry. Sorry. This is in line with the previous questions. Can you draw up a conceptual map of the predominant business today of e-commerce, the kind of opportunity, long-term kind of evolution of that activity, the challenges and the positives that you see?

Along with that, again, a conceptual map of many new opportunities which are either at the drawing board or which reasonably are conceptualized and we can think of what it can represent.

I'm not necessarily seeking any precise numbers, but I'm seeking philosophy, thought process, and how you are conceiving the overall opportunity set for your business, both your existing as well as the ones which are kind of, which are being done but work in progress and the new opportunities that are being conceptualized. If you can present a picture of that in broad details with possible size of opportunities you can throw in, that will be very helpful.

Ms. Bhanu Kumar: See, as we have said earlier, the focus is on expanding our e-commerce business portfolio. And for this, at least in the last 4-5 years, you can see that scrap has been the main focus area. More than 50-55% of our revenue is coming from sale of scrap. Now, whatever scrap we are selling is more from the government sector. We have in the past also talked about our foray into the private sector scrap and we have been adding almost all the big names in our portfolio and that is our focus area.

We will definitely be handling more scrap from the private sector. That is an untapped area. Second thing is digitizing any commercial transaction.

That obviously has been the strength of this company. And because of these strengths, we command fairly good credibility in the market and we are getting opportunities.

So, we are now actually working on various models because each and every model cannot be translated to business immediately. So, we are still contemplating as to which are the focus areas that we need to work on. So, maybe after a couple of months, we will have a clear focus on where we want to be and what we don't want to do.

Mr. Bharat Shah, ASK Investment Ltd: I am sure, given the fact that it is an operating business and some part of it is fairly clear and obvious and concrete, why is it that our roadmap ahead is something which is still something to be drafted? Why are we not able to articulate on that?

Ms. Bhanu Kumar: See, we can articulate once we are very clear in our minds. We are working on various models, as I said very clearly. Let us all come to a consensus internally. After that, maybe I can spell it out to you. But right now, it is a little premature to talk about this.

Mr. Bharat Shah, ASK Investment Ltd: Okay. On the existing activities, can you, by segment-by segment, can you throw light on opportunities and challenges on each of them and the potential size of opportunity in that area?

Ms. Bhanu Kumar: I would take some more time to answer this query. Maybe I won't be able to answer it today. Maybe in the next con-call, we will have some clear insights in that area.

Mr. Bharat Shah, ASK Investment Ltd: That would be helpful because the earlier participant also was raising questions. How do we get a picture into the glimpse into the future? One is not looking at numbers, but one is definitely looking at the thought process and opportunity mapping so that we can formulate our own view as to how that may happen, what can be a potential roadmap on that. But if that is something not very articulated, then it becomes very difficult to formulate a view on the business.

Mr. Manobendra Ghoshal: I understand. At this point, what we would like to say is that, of course, e-commerce is an area which is our core area of operations at this point of time. So, scaling up as well as looking at different sectors where e-commerce is not the norm at this point of time would be a large part of the way going forward.

Apart from this, for exponential growth, we have been examining multiple other scenarios internally. But we would definitely not come to a final conclusion about the three or four particular sections that we would like to go forward in. And that is something which is in process at this point.

Mr. Bharat Shah, ASK Investment Ltd: May I request and expect that when we have this call again, say in three months' time, can we have a more meaningful and detailed discussion on existing activity and mapping? Is there a potential roadmap on the new opportunities? Even if they are at a conceptual stage or a thought process stage, if you can articulate, that will be helpful.

Mr. Manobendra Ghoshal: We will certainly try to do that.

Ms. Bhanu Kumar: We will try definitely.

Mr. Bharat Shah, ASK Investment Ltd.: Thank you.

Moderator: Thank you. Our next question is from Dr. Amit Vora, the homeopathic clinic. Please go ahead.

Dr. Amit Vora, Homeopathic Clinic: So, my question is regarding the segment results, the segment profit. So, the first marketing, e-commerce and others and then there is the scrap recovery and allied jobs. Wherein this quarter we have shown a result of 25.87 crores as compared to last year's 10.98 crores and the preceding quarter, that is September quarter, 10.94 crores. So, what has led to increase in business in this part of, or is it seasonal?

Mr. Subrata Sarkar: Yeah, let me explain, Dr. Sir. Like here, scrap and allied recovery jobs, it is basically from our subsidiary, Ferro Scrap Nigam Limited, right? So, this year, this quarter has done better results because of this operation. So, that's why that thing has gone up. That's your first question, right? So that has gone up.

Dr. Amit Vora, Homeopathic Clinic: Okay, so can I repeat one thing? It is because Ferro Scrap has done better, that's why this quarter is showing better results.

Ms. Bhanu Kumar: Scrap recovery and allied jobs is mainly done by the JV company and because of their increase in revenue, the figures are reflecting that.

Dr. Amit Vora, Homeopathic Clinic: JV company is one with Mahindra, the same JV company you are talking, no?

Ms. Bhanu Kumar: No, no, no. This is Ferro Scrap Nigam Limited.

Dr. Amit Vora, Homeopathic Clinic: Okay, got it, got it. One more question. We had recently read in the newspaper that the Government of India is planning to remove some 8 lakh

old buses and replace it with electric buses. So, can we see the operating business of those 8 lakh buses which are regular buses, diesel or petrol buses to be scrapped?

Ms. Bhanu Kumar: Which particular news report are you talking about?

Dr. Amit Vora, Homeopathic Clinic: It was in Economic Times around a month back that the Government of India is planning to remove all the state transport buses which were of petrol and diesel and replace it with around 8 lakh electric buses, e-buses.

Ms. Bhanu Kumar: Yeah, that is definitely an opportunity but then this is just at the planning stage and you will appreciate that replacing such a large volume of vehicles will not happen overnight. So, this will definitely be coming in a phased manner over a few years.

Dr. Amit Vora, Homeopathic Clinic: Five years or something, definitely I agree with that. But as we see that now gradually buses are being replaced by e-buses. So, do we see opportunity in the old buses for ourselves?

Ms. Bhanu Kumar: Yes, yes, definitely.

Dr. Amit Vora, Homeopathic Clinic: In terms of scrap and other businesses?

Ms. Bhanu Kumar: In fact, all the road transport corporations, the end-of-life vehicles that we are selling and the vehicle scrap also, we are only selling. So, that is an opportunity for us.

Dr. Amit Vora, Homeopathic Clinic: Okay, even the other parts of the vehicle like the mirrors or the FM radios and that also, if we auction, we have a margin there also.

I read somewhere on MSTC that we can have, if we get that option, if we are getting that option, then we can have a margin somewhere around 25 to 50% apart from the scrap.

Ms. Bhanu Kumar: Yeah, see there are two aspects of vehicle sale. One is the vehicle being sold as ELV. So, there it is sold through our platform to the RVSFs .

Now RVSFs are the dismantlers of those vehicles who are removing those parts and which can be sold in the spare market. So, this basically is an activity of the RVSFs and one of those RVSFs is our own JV company.

Dr. Amit Vora, Homeopathic Clinic: Okay.

Ms. Bhanu Kumar: The parts are not auctioned in our platform directly. So, this is actually a product that comes out when the dismantling happens.

Dr. Amit Vora, Homeopathic Clinic: Okay.

Ms. Bhanu Kumar: So, the JV company, whatever parts are there, so it is an activity that is being done by them and they of course do sell all these parts in the market.

Dr. Amit Vora, Homeopathic Clinic: Yeah, apart from this metal part, the remaining parts also have good margin value around 25 to 30-40% margin.

Ms. Bhanu Kumar: It depends on demand supply conditions. If some vehicle which is really obsolete and those parts are not at all required by anybody in the market.

Dr. Amit Vora, Homeopathic Clinic: Yeah, definitely.

Ms. Bhanu Kumar: The inventory just lies there.

Dr. Amit Vora, Homeopathic Clinic: Okay. Anything else that you see future business opportunities? If you can discuss anything apart from whatever you mentioned from e-commerce and scrap. Anything else that you foresee?

Ms. Bhanu Kumar: We have been mentioning that the e-commerce, nobody has actually mapped the potential that is there in the market. So, anything, any transaction can be converted to an e-commerce activity. So, as and when we come across any activity that can be digitized, we are focusing on that area and developing a software or doing

transactions in that area. So, that is why it is very difficult for us to make a strategy for one sector and then go ourselves full throttle in that sector only. We are seeing all the opportunities and whatever is possible immediately without much of, developing that entire sector, that we are able to put in our fold. But going forward, the opportunities are infinite and we would definitely want to tap each of these opportunities that come our way.

Dr. Amit Vora, Homeopathic Clinic: Thank you so much. One last question about the Standard Chartered Bank. We got some refund of around 90 crores. Can you elaborate on that, if possible?

Mr. Subrata Sarkar: Yeah, yeah, yeah. Actually, we have told in the earlier conference that in order to revise our DRAT appeal, so we had to deposit that 90 crores in the DRAT. So, consequence upon the DRAT order, accepting our plea, we own the case against the bank and the 90 crores were refunded along with interest. That is appearing in other income in our books and it is appearing in the notes accompanying our financial statement that we have put in the second quarter and the third quarter as well, sir.

Dr. Amit Vora, Homeopathic Clinic: Any further amount to be recovered from that case?

Mr. Subrata Sarkar: Yeah, it was not, per se, it was deposited and the whole amount that was deposited, that has been recovered right now.

Dr. Amit Vora, Homeopathic Clinic: So, 90 crores has been recovered. How much extra is expected?

Mr. Subrata Sarkar: Yeah, it is the case of juries at this time with different forums like that we have mentioned in the Honourable High Court of Mumbai and DRT and of course at Calcutta Courts. So, we cannot comment right now on any further gain out of that case.

Dr. Amit Vora, Homeopathic Clinic: Okay, got it, got it, got your point. Thank you so much, thank you for all the answers, really obliged. Thank you.

Moderator: Thank you. Our next question is from the line of Guru Indra Singh. Please go ahead.

Mr. Guru Indra Singh: Thank you, sir. I have a quick question. Strategically, I wanted to understand why would you be wanting to sell Ferro Scrap Nigam Limited which is in the same business as your core business. I am unable to picture the strategy behind that same process being initiated.

Mr. Manobendra Ghoshal: As I mentioned earlier, this is a decision which has been taken by the government, so it is not really appropriate for us to ask us to comment on that issue.

Mr. Guru Indra Singh: Okay, thank you very much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to management for the closing comments.

Ms. Bhanu Kumar: Thank you for the such incisive questions on our results and some of the questions that you people keep raising from time to time have actually given us some direction into how we should work and what are the areas that we should concentrate on. So, please continue supporting us like this and thanks for the continuous patronage.

Mr. Manobendra Ghoshal: Thank you very much. And as we discussed during this conference, there would be a lot of areas where we need to really crystallize what is the way forward for us. And it is discussions like this which actually push that agenda forward and put it on the front burner. So, thank you very much for that.

Mr. Subrata Sarkar: Thank you from our side. Thank you.

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

Mr. Subrata Sarkar: Thank you. Good day.

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