Management Discussion

Deep Modi - Analyst, Equirus Group
Uh, good morning everyone. On behalf of Equitas Securities, I welcome you all to Q2 FY27 earning conference call of MSTC Limited. From the management, we have with us today Mr. Manabendra Ghoshal, Chairman and Managing Director, Mr. Subrata Sarkar, Director of Finance, and Mr. Ajay Kumar Rai, Company Secretary. We will begin the call with the opening remarks from the management and then we will open the lines For Q&A, I now hand over the call to Mr. Manabendra Ghoshal. Over to you, sir.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Thank you. Good morning, Deep, and a very good morning to all our esteemed stakeholders who have joined us today for the H1 and Q2 investor conference. We take great pleasure in being able to report that your company has been able to post highest ever numbers since listing. For Q2 and H1, uh, the PBT, the PAT, the e-commerce revenue flows have been very encouraging. H1 EBITDA increased by nearly 5% year-on-year over the same month for H1 of FY23. The icing on the cake has been that the profit posted by joint venture MMRPL in H1 After negative numbers over the last 10 years, has been positive.

Now revenue from operation for MSTC increased by more than 25% year on year for H1, and the PAT and PBP numbers for the same comparison period were higher by nearly 42%. Having moved forward from the canalizing agency trading and marketing house model, We have steadily been working towards moving into more of digital technology. So apart from the B2B travel portal, for which we are adding corporate clients now and in the process of steady expansion and stabilization, uh, as we have also informed you earlier, the ATP for API certificate has been developed and awaits rollout as and when stakeholder operationalization decision Meanwhile, we have been working on developing a TRED, a Trade Receivable Discounting System platform.

I am happy to inform you that the in-principle approval has been received from the Reserve Bank of India the day before yesterday, of course subject to fulfilling certain conditions and audits. So subsequent to this, operations on the platform could start on receipt of final authorization. And we are hopeful that this will be a healthy addition to our revenue stream when the platform stabilizes, which should happen over the next 2 fiscal years. Uh, considering that our offering in this segment is primarily focused on bridging the NSME-PSU transaction gaps, this should form an important part of MSTC's operational streams moving forward.

There has also been quite a bit of discussion on the notifications by the Ministries of Coal and of Mines regarding setting up of coal exchanges and mineral exchanges. Since a significant part of coal, including coal leachages, and major minerals such as iron ore, bauxite, and manganese, etc., which are traded through spot auctions in India, are through our platforms. We are seriously considering the evaluation of setting up the exchanges, considering market size, impact of trading through such exchanges, and the revenue stream that should accrue from this.

Now, assuming of course that there will be more than one, we have not yet taken a final view on this and will inform all of you [Foreign Speech] updates help visual now NNRPL a joint feature with Mahindra have also develop political numbers for the fourth of R [Foreign Speech] sequential proper running and the flow of pitflock and capacity utilization has been from the good upwise updates so we are full confident Apart from the fact that it contributes to the Green Skill Initiative of India. On the e-commerce front, I am glad to be able to report that your company has been able to maintain

very steady incremental growth with a mix of onboarding new customers as well as advising and handholding existing principals for maximizing auction quantities and unlocking higher value.

Essentially, uh, consulting towards optimizing the auction process, suggesting optimal methodology, and so on. So during the quarter, liquor license auctions were held for the government of Karnataka, resulting in revenue of approximately 125 crores for the state. 2,863 crores was realized for the state of Telangana. 2 successful land parcel auctions and oil refill auctions on behalf of MSTC, realizing $5.8 million. Apart from ongoing coal linkage auctions, we conducted the first coal gasification event on behalf of the Ministry of Coal.

MSTC also pioneered the portal for The round 6 of the scheme has now been launched on our website. Apart from continuing auction events for major and middle blocks, uh, minor middle blocks including sand blocks, tranche 8 of critical middle blocks has been launched for 20 of sand blocks. Apart from nearly 4 lakh metric tons of chromite And 1.54 million metric tons of iron ore has also been sold through an STC platform during this quarter. Now I request our Director Finance, Shri Sudhakar Thakkar, to give us a breakdown on the financial numbers.

Subrata Sarkar - Director Finance, MSTC Limited
Uh, very good, sir. Very good morning to our esteemed investors who have written, uh, Yes. So before I send down the performance of MSTC, as reported by our chairman and managing director, it is the highest ever Q2 and H1 performance since listing of the company in March 2019, and the EBITDA percentage is Quite healthy, uh, peaking at 71.75%. And basically it has grown, uh, from the growth of revenue from operation, that is 25% of growth on half-year basis, uh, compared to the previous year. So now I'm going to the detailed presentation on this.

Part. During the, uh, this, uh, this one, uh, the total worth at the merchantile value that has passed through our portal is 5.8 billion. And, uh, basically, he is excluding the trading business that we have, uh, MSTC has finally, uh, exited, as normally we are also It will go to the very weak free zone. And basically the EBITDA is, uh, 184.55 as compared to 130.71 previous one. PBT 178.06 as compared to 125.71, 79 in the earlier H1. And cash 132.72 crore on this H1 as compared to 92.47. [Foreign Speech] consolidated forms EBITDA 184.55 crore and as compared to earlier 150.71 and PBT 178.47 as compared to 122.16 earlier and stat of 133.13 as compared to 89.84 crore Our JPE company, MMRTLS, posted 81 profit, 0.82 crore approximate inverse loss.

So highlights of this business has already been, uh, managed and disclosed by our chairman, managing director. So now I will go directly to the Financials. So total revenue comes at, uh, 257.20, which is 31.25% increase over last, last half year of 195.92, and which, uh, on the first time the marketing contribution will be zero, and profit before tax has come to 178.06 as compared to 125.79, and profit and loss after tax is 132.72 as compared to 92.47 of earlier year. That is an increase on half-yearly basis of around 32%, and similar things are depicted in the consolidated results also.

Here revenue remains the same because we have only one associate company, that is the BSE, on which the profits are consolidated. So PBT stands at 178.4 billion as compared to 122.16, so the increase of 46%. And PAT stands at 153.16 as compared to 89.8 It is an increase of 48.19% as compared to previous half year. So if we look at basically the standalone units, we can see that the revenue comprises of revenue from operations 20.26, other income 52.94, and employee benefits as an informal increase of Around 12% comes to 51.89 lakh compared to 46.24.

And the total overhead, total expenses stand for 79.14 as compared to 70.17, as an increase of only 1.78%, whereas revenue has grown by 51.27%. And with that, uh, figures That profit has also gone

by 32%, and profit and loss for that period has also gone to 42%. So this is the financial snapshot so far MSTC is concerned, uh, during this H1. And, and another thing that can be observed within that year, this is It is a quarter 2 total growth as compared to quarter 1, and quarter 2 is also a growth.

With that, I will now hand over the, uh, hand over the mic to our there for further session.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. [Operator Instructions] The first question is from the line of Naman from Sanghvi Family Office. Please go ahead. Hi, Namani.

Naman Maheshwari - Analyst, Shanghvi Family Office
Hi team, uh, I hope I'm audible.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Yes, sir.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay, uh, so first of all, congratulations on a very good set of numbers. All right, um, my first question would be on the EPR exchange itself, right? So I understand that we are witnessing some sort of delay,

but where are we exactly in the entire process? I when we read the annual report, it is still CCCB Approval that is pending, but is it just the regulator's approval that is pending, or there are some other stakeholder points also that are yet to be resolved which is causing the delay? That is question one. And allied to this is, is there a possibility that the exchange could start with a phase-wise launch and, you know, incrementally add on more categories? And if so, you know, what are the volumes and value targets that we are setting internally for ourselves and over a period of 3 years.

So if you could give some clarity on this, I know a lot of things extend beyond your control also, but some direction and clarity would be very helpful.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Right. So, Naman, as far as the delay is concerned, as you said, some parts of it would be naturally regulatory in nature and some parts would Also the stakeholder consultations which are continuing. So we had expected the entire process to have come to an end so that we could get an operational go-ahead. That has not happened so far, so we are also waiting and watching and hopeful that it should hopefully finish as quickly as possible. Now, sir, having more categories being added now there are 5 categories which are notified.

And the understanding obviously is that as we go forward, moving forward, other categories would get added onto this trading platform. Now regarding the 3-year outlook, so until the trading starts and we are able to see the volume, first of all whether the regulation would be such that it would be a certain part of the certificates which would be traded on the exchange Or all trading that happens in certificates would be through the exchange. So that would also have a bearing on what would be the revenue stream.

So we would have to wait for at least 6 to 8 months to be able to make an assessment as to what would be the actual volumes. Wouldn't be fair to speculate because at this point of time it would be

doing so with, uh, insufficient information.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay, then actually your voice was cracking a bit and you said so it is still 6 to 8 months that we would have to wait. That's what I could catch. Uh,

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
yeah, so, uh, no, we, we are hopeful that as soon as it happens, we would what I was saying is that we would be able to assess revenue flows After operating the platform for 6 to 8 months.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay, okay. And so the public consultation part and, you know, the CPCB approval That is not really

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
the MSTC scope. That is something that the Ministry and CPCB would do.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay, sir, I'll join back in the queue. I feel that there is some voice issue, I'll join back.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Certainly. Thank you.

Operator
Thank you very much. The next question is from the line of Saurabh Kinodia from Smith Limited. Please go ahead.

Saurabh Ginodia - Analyst, SMIFS Limited
Yeah, sir, very good morning and, uh, congratulations for a great set of results. Sir, I have a few questions. Yes, I have a few questions. I'll ask one by one. So firstly, While you have touched upon on the proposed coal exchange in your opening remarks, uh, could you provide a slightly detailed update on the proposed coal exchange and the progress made towards the operationalization of the same? Uh, a light question is, what is the expected timeline for setting up of the exchange and, uh, the commercial operation thereon, given that NSC has also received the SEBI approval to invest in and establish the National Coal Exchange in India?

How does management assess the competitive landscape and what would be the MSTC positioning and competitive advantage in this space? And a light question to this is, is there any possibility that the entire coal auction volume which is currently being handled through MSTC platform could gradually migrate towards the proposed coal exchange and that will impact our existing coal auction volumes?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Right, so let me do one by one. As far as the exchange is concerned, the viability of setting up an exchange what would be the total market volume and how much of that market volume would be possible from the different because there will be more than one player, right? So how much of that volume would go to different players, that assessment, and going from that, what would be the revenue stream for each of them? There is the evaluation that we are doing at this point of time. Now, regarding, uh, currently MSTC and, uh, in fact, platform has a large part, not the entire part, but a large part of the spot auctions and the linkage auctions that are done.

So naturally, if there is an exchange And at some point of time, maybe 3 or 4 or 5 years down the line, the entire trading volume would then be regulated by way of regulation, be done from the exchange. So we would definitely like to be there as a part of it.

Operator
Sir, sorry to interrupt.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Yeah,

Operator
so can you please come closer to the mic? Participants are not being able to hear you clearly. They

Saurabh Ginodia - Analyst, SMIFS Limited
are not able to hear you properly, sir. The voice is Uh, oh,

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
sorry, sorry. Yeah, so, uh, what I was saying is that we are still in the process of evaluating as to what would be the total volume that is likely to be traded through the exchange 3 to 5 years down the line, and whether all spot options linkages would go through the exchange or it would be a kind of hybrid model And in which case, what would be our elective revenue streams? So we are still working on it. We intend to, uh, we expect that we will come to some kind of a firm conclusion in, let us say, 3 to 4 months, and then we will be able to share as to what is the way forward that we have visualized.

Saurabh Ginodia - Analyst, SMIFS Limited
And I'm sorry to say, the voice is not very clear. All the participants are not able to hear you properly.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
There's a lot of echo also happening.

Saurabh Ginodia - Analyst, SMIFS Limited
Uh,

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
yes, can we, uh, can we reconnect once please?

Operator
Sure, sir.

Operator
The line for the management is disconnected. Please hold while we connect them again. Thank you. Ladies and gentlemen, we have the management in line with us. Thank you for patiently holding. I now hand the conference over to the management.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Right, uh, I, I hope we are now, uh, clear and audible.

Saurabh Ginodia - Analyst, SMIFS Limited
Yes, sir, now it is clear. Sir, just request if you can repeat the answer once because your voice was not very audible.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Right, right, right. So, uh, Saurabh asked about the, uh, coal exchange. So, uh, briefly, uh, we are still evaluating what would be the total volumes that would be transacted, that is expected to be transacted through the exchanges, that as and when they are set up. So we are looking at a 3 to 5 year window where either A, the entire volume of spot auctions and linkages go on to the platform, or a part of it, maybe the spot auctions and not the linkages, and that would naturally also be divided amongst the different players who would be available.

So we are in the process of assessing as to what would be the total market volumes, what would be the different shares for the different players, and thereby what would be a revenue stream, and then take a final answer. Now we are obviously evaluating it seriously because a large part of that business is done through our platforms Currently. So naturally we would like to stay in the, uh, in, in, in, in this, uh, process. So that is the evaluation which is on. So over the next 2 to 3 months, we should be able to make up our minds as to how we intend to go ahead in this aspect.

Saurabh Ginodia - Analyst, SMIFS Limited
Okay. And so given NSC has also received the SEBI approval to invest in the National Coal Exchange, uh, do we have any advantage Over the other exchanges, uh, how are you positioned? As far as coal

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
is concerned, we are the people who basically have been doing this. The legacy expertise, the domain expertise in this area is most of all with MSTC. So that is a significant advantage which we intend to leverage.

Saurabh Ginodia - Analyst, SMIFS Limited
Understood. And sir, beyond the new initiatives which we have already talked about in the previous call, are there any other new business segments which MSTC is actively exploring to diversify into?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
We are looking at a couple of, uh, different alternatives, but, uh, going by 2, uh, basic precepts. One, that we will not stretch ourselves into multiple, uh, different kinds of possibilities. We have, uh, during our corporate planning, uh, over the last 2 to 3 years identified 4 or 5 major areas, and we are concentrating on those. As and when they have come to fruition or have, for example, like TREADS or the travel portal and so on, we have been updating you. And the other, uh, 2 or 3 projects that we have been evaluating and examining, we will, uh, update you as and when they come to a stage of maturity.

Because doing so otherwise would also, you know, lose us the competitive advantage that we hope that we would get. Yes, we are evaluating, uh, some other projects as well.

Saurabh Ginodia - Analyst, SMIFS Limited
Understood, sir. And coming back to the current quarter results, so if you can just help us understand a little bit, uh, in a detailed manner what has led to this kind of a growth in this quarter. Just wanted to understand the granularity of the growth.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Okay, so basically, uh, scrap the scrap rates have hardened. That has led to a significant, uh, increase. Similarly, iron ore volumes have increased significantly. So that, uh, the, uh, revenue that we have got is not, uh, commensurate, uh, to the growth in the volume, but, uh, the volume itself has driven up the numbers. And a major part, of course, has been on the e-sale. So basically mineral blocks, uh, and, uh, also, uh, sale of, uh, in fact, uh, multiple small units such as land parcels and so on have also driven a part of this growth.

E-sale numbers have also been significantly higher in the

Saurabh Ginodia - Analyst, SMIFS Limited
Okay, sir, given a very good performance in the current quarter and the half year, uh, would you like to give any growth outlook for the, uh, current financial year, for the full financial

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
year? I will go back to whatever, uh, I am basically a very conservative kind of person, so I, uh, would always say that, uh, double-digit growth aspiration is what we always have. So that is something that we have been doing for the past 3 years. That is something that we would like to continue, and if we are able to exceed those numbers, those are that is an icing on the cake.

Saurabh Ginodia - Analyst, SMIFS Limited
Understood, sir. And given the current growth acceleration and with all the new initiatives which we have been talking about, do you expect the growth rate to accelerate going forward in the next financial year?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
So as and when the new projects, and provided those actually can come online with the kind of projections that we have thought of, so once those get validated, I am sure the numbers would be at least better than, even better than what we have hoped and projected.

Saurabh Ginodia - Analyst, SMIFS Limited
Understood. And sir, this coal auction business, is it possible for you to quantify the overall revenue which we have from the coal auction either for the last financial year or maybe for the first half, just to understand?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
It's not really granular because, uh, coal auction, coal linkages, mineral auction, so that is, uh, you know, uh, those numbers are taken together.

Saurabh Ginodia - Analyst, SMIFS Limited
Any general understanding, uh, any percentages would you like to share? What is the overall contribution from these

Subrata Sarkar - Director Finance, MSTC Limited
It's very difficult to say. Like, uh, coals are being sold in different forms. Like, some coals are sold through drinkages, some from Coal India Limited, some from the private parties. So it's and it is basically part of our mineral segment block. So generally they supplement each other. You keep on sometimes it goes down, sometimes it goes up. Minerals goes up. So it is very difficult to say that this much of percentage is coming from the coal. We take it as a mineral segment, and basically, as

also told earlier, also the scrap is the main earner, and it keeps on giving the major revenue part.

Others contribute also. So that is, that is also mineral generally comes around 20 to 25%. Of that part.

Saurabh Ginodia - Analyst, SMIFS Limited
Okay, okay, okay. I have some follow-up questions. I'll join back in the queue.

Subrata Sarkar - Director Finance, MSTC Limited
Okay, thank you.

Saurabh Ginodia - Analyst, SMIFS Limited
Thanks.

Operator
Thank you very much. The next question is from the line of Shashwat Jalan from NV Alpha. Please go ahead.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
Hi sir, thanks for the opportunity. I just had a question regarding the coal volume that we've done 175 crores worth this quarter. What would be the revenue contribution and how much was this maybe last quarter?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Just give me a moment, please.

Subrata Sarkar - Director Finance, MSTC Limited
From where?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Uh,

Subrata Sarkar - Director Finance, MSTC Limited
where exactly? From where you are getting 175 crores and all.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
Oh, so this is something you've disclosed in the presentation.

Subrata Sarkar - Director Finance, MSTC Limited
Disclosed in the presentation? Presentation

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
doesn't talk about a coal volume of 175 crores.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
So in the highlights section, the last point, uh, 175 crores worth of 1.54 million tons of coal.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Okay, that is that's

Subrata Sarkar - Director Finance, MSTC Limited
so

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Right, so that would be for, uh, 1.54 million, uh, right?

Subrata Sarkar - Director Finance, MSTC Limited
That is a whole block, whole block Canada.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
This would be for the spot options for this quarter.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
Sorry, sir?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Yeah. Right, so what was your question? That, uh, yes, this is 175 crores for Q2. Yes.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
So what has been the revenue contribution from this for us during the quarter?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
The revenue contribution would be depending on because this would be, uh, no, no, this is for code. So this would be, uh, for different, uh, clients, for different principals, and, uh, that would be either based on events or based on so the revenue streams are, are different,

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
right? Uh, so next, so we won't be able to quantify this for the quarter.

Subrata Sarkar - Director Finance, MSTC Limited
Pardon, sir, can you, sir, can you please repeat the question, sir?

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
So can we not quantify the contribution of this for the quarter, the revenue contribution?

Subrata Sarkar - Director Finance, MSTC Limited
And because also, sir, our Concol, we generally have the data and MISs and whatever accounting done on the basis of certain things. It's basically commingled in the mineral section, as our CMG told, like, uh, it is from the different clients. So what happens, like, the Some clients have different revenue streams, some clients are different. So it is very difficult to say like that we have got this much of amount from that. So that type of granular things we do not we go by the holistic approach.

There's a whole there is a wholesale approach and, uh, in a whole what we are getting, and we track accordingly.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
Understood, sir. My next question is This, uh, in this half-yearly, our cash position on the balance sheet has increased by 70% compared to March. Uh, just wanted to get a sense on which segments, uh, has been the major contribution for this substantial increase.

Subrata Sarkar - Director Finance, MSTC Limited
So, so basically what happened, uh, uh, during the 30th September, some, uh, creditor payments and etc. Were due. For that, it is a temporary phenomenon. Otherwise, generally our cash does not increase so much. So it is basically a temporary phenomenon and generally remains around our cash position remains around hovering around 900 to 1,000 cash and cash equivalents. So it is one-time, I mean, jump. It will get normalized. Rather, it has already normalized. Will get normalized in March when we publish our results.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
So my last question is on EPR side. So firstly, we have not mentioned anything on a presentation as an update. Any reason for that? And secondly, how do we see this approval timeline and any other fresh update that you might have that you'd like to share with us? Uh, development?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
So, Saswat, as I in fact mentioned during the first question to Naman, in my answer to Naman's first question, so there is, uh, still a regulatory approval is still awaited, and, uh, stakeholder consultations are still being done by the ministry and the CPCB, and we are also waiting for their finalization of that process. So that we can get the approval for operationalizing this platform. As of now, we do not have an outlook as to the time that will happen. We hope that it should happen during this fiscal, but let us wait and see.

Sashwat Jalan - Analyst, NV Alpha Fund Management LLP
Thank you.

Operator
Thank you very much. The next question is from the line of Pritesh from Shipka Ventures. Please go ahead.

Pritesh - Analyst, Shipka Ventures
Yeah, am I audible,

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
sir? Yes, you are audible, Pritesh. Please go ahead.

Pritesh - Analyst, Shipka Ventures
Thanks, sir, for giving me the opportunity. Congratulations on the very good set of numbers. You know, my first question is related to coal exchange. So once we, you know, start the commencement of the coal exchange, will there be any negative impact on our coal auction business?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Pritesh, at this point of time, even setting up the coal exchange, the operational rules All of those, that is going to take a little time. So we estimate about 3 to 5 years before those exchanges are actually effectively operational in its full stream. So yes, at that point of time, if the entire trading of spot auctions as well as linkages is going to be done through the exchange, which again is not very clear. Clear at this stage. So naturally that will have an impact, which is why we are also evaluating as to whether we should develop a coal exchange as well.

Pritesh - Analyst, Shipka Ventures
Okay. And so my second question is, obviously you had mentioned that we have aspiration to grow on a double digit. That's a double digit means from, you know, 11 to 99, uh, you know. But just wanted to understand any range particular you can give the next 2 years, you know, or whether this particular quarter

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
No, giving a range would not be very fair because, as you very rightly pointed out, it can be a very high set of numbers. So let us look at what has been the, uh, maybe over the last 3 years or so, which has been, uh, just about double digit, so, uh, between, uh, 10 to 20. So that is something that we would always aspire to.

Pritesh - Analyst, Shipka Ventures
And this quarter margins have grown substantially. So just wanted to understand, are these margins sustainable or we can improve from here itself?

Subrata Sarkar - Director Finance, MSTC Limited
Look, basically the model of the business and the environment in which we operate, it depends upon a couple of things. One, the clients, uh, yeah, clients do agreements to pay us. Second, the geopolitical situations. And the earlier calls also, we used to tell that we have a fixed overhead something, and any increase in revenue, just some amount of incremental cost is required. So if you sum up the 3 of the things, so margins obviously will have a fluctuating in nature. It cannot be a permanent phenomenon because, you know, if there is a just now our chairman has explained that there was quite a good bit of increase in the price of scrap.

So obviously the margins have actually gone up there also. So these, all these factors will keep on affecting our margins, but certain Because of our certain advantages and being a small-sized company with a very, very reasonable amount of overhead in our P&L, so we are always in a sustainable mode and we have a minimum margin there. But obviously margins will keep on But they tend

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
to average out over the long run, over a year or year and a half, uh, margins increase and decreases tend to even out.

Pritesh - Analyst, Shipka Ventures
Okay, thank you, sir. Understood, sir. It should not

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
be taken as a trend that the margins have started increasing and expected to keep on increasing. There is always going to be a plus and minus which average and evens out over 2 to 3 or 4 quarters.

Pritesh - Analyst, Shipka Ventures
Thank you, sir.

Operator
Thank you very much. The next question is from the line of Shantanu Basu from FSMI. Please go ahead.

Shantanu Basu - Analyst, FSMI
Hello, uh, good morning and thanks for the opportunity. I have 4 questions. So the first question is basically on the potential of the Treads platform going forward and what is the size of the opportunity. And the second question would be on the growth anticipation or expectation of your core business going forward in a reasonable time frame. And third question is, do you have any plans of entering into the data center business? And the last question is if you can update on the Mahindra Scrapping JV and the current EBITDA run rate from that JV, what do you expect?

Thank you.

Subrata Sarkar - Director Finance, MSTC Limited
So let me answer first regarding the TRADS. Basically, the TRADS, the idea is to have give a platform for basically the MSMEs to have their cash flow in operation. So with the MSMEs growth in the canvas that is going up in the, in our country, and the impetus on this particular MSME policy by the Government of India, so there will always be a growth in this PRADS market. So, but the problem is that there is a fight 4th, Ali will be the 5th platform. So naturally the business will obviously have to be shared with these other platforms also.

So, uh, we are, as our CMD has already told, we will take this opportunity to tap as customers and the financier in our platform to get better revenue. So only after the first year of operation we will be able to guesstimate that what amount of revenue will be there in the future and what will be the revenue growth, depending of course, there is with the rider that they will depend upon the market and the government policy in this regard. And second, regarding our JV, so, so far JV EBITDA is concerned, first, generally, generally on the very breakeven side, uh, But it was making losses, and for the past couple of quarters it has, you know, in fact from the March quarter also it has shown trend of very positive trend.

And past couple of quarters it has given us a PAT positive PAT. EBITDA is always remaining the positive, obviously. So outlook remains positive. With a rider that these scrap prices remain firm and at this particular level, not much, much more fluctuating on the downside part. That is very key to growth of this particular JV.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Now regarding the coal business and the data center, as far as the coal business is concerned, as we mentioned a little earlier, that coal forms a part of our mineral revenue stream, which is about nearly 20 to 25% of our overall revenue stream. So naturally, any, uh, impact on the coal business by way of setting up exchanges or anything which impacts this area will be of, uh, of some significance to us, which is why we are evaluating as to what is the best way to go forward in terms of either setting up an exchange or otherwise.

Now, uh, as far as data centers is concerned, we are not a data center company. Now, our main business is not going to be a data center. We have our own data center in which our auction data resides, but we have not yet evaluated, uh, going into the data center business as a commercial venture.

Shantanu Basu - Analyst, FSMI
I see. Okay, okay. Thank you. Thank you very much.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Yeah, thank you, Shantanu.

Operator
Thank you very much. The next question is from the line of Harsh from HRS Enterprises. Please go ahead.

Harsh Kumar Chaudhary - Analyst, HRS Enterprises
Hello, am I audible?

Operator
Yes, sir.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Yeah, you're audible, Harsh.

Harsh Kumar Chaudhary - Analyst, HRS Enterprises
So just to follow up on the previous answer, so in terms of our TREADS platform, the revenue model will be a percentage of transaction fees, right?

Subrata Sarkar - Director Finance, MSTC Limited
Obviously, we are planning that one that way.

Harsh Kumar Chaudhary - Analyst, HRS Enterprises
That's what we have in mind. Okay, understood. And my other question is, so how do you look at scrap prices going ahead now that the steel prices have been hiked and infrastructure expansion is happening in the country? For the medium term, what sort of outlook do you have on scrap prices?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Uh, Harshul, I wish I had a penny for thoughts every time I could if I could predict scrap prices. I mean, that is something which is completely cyclic in nature, and it does not really follow, in fact, a linear cycle either. So, uh, at times, you know, with iron ore prices going down, scrap prices can be going up. So, uh, it does not follow a linear logic. Uh, what has happened is that it has hardened over the last 2 quarters, which is something that I don't think anybody could really predict.

Yes, of course logistics would always have something to do with it, but since now a lot of countries are using their own scrap with the concept of, you know, green steel and so on and so forth, or, uh, in fact green metals, or using, uh, scrap for, uh, again, uh, for, for melting, so even the logistics part of it is slowly reducing. Because, uh, they're, they're being consumed in the place where the scrap is generated in a global sense. So it's very, very difficult to predict what happens to, uh, what, what would be the likely

Harsh Kumar Chaudhary - Analyst, HRS Enterprises
No, no, not all. I'm not asking for a forecast, just a general, uh, view.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
So it has hardened for the past couple of quarters. Let us see how it goes.

Harsh Kumar Chaudhary - Analyst, HRS Enterprises
Okay, fair enough. In terms of the there's a lot of export and import. I mean, in Indian case, I think there's largely import of scrap. So those volumes also come on our platform?

Subrata Sarkar - Director Finance, MSTC Limited
No, no, not at not at this point of time, no.

Harsh Kumar Chaudhary - Analyst, HRS Enterprises
Okay, okay, understood. Thank you.

Operator
Thank you very much. The next question is from the line of Namand. From Shangri Family Office, please go ahead.

Naman Maheshwari - Analyst, Shanghvi Family Office
Yeah, uh, am I audible?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Yes, you are, Naman. Please go

Naman Maheshwari - Analyst, Shanghvi Family Office
ahead. Okay, uh, sir, just a small follow-up. So definitely I understand that, you know, fiscal is what we've given on, uh, you know, the target timelines, but, uh, just wanted to understand that, uh, is the Is the regulator very keen on launching this, you know, on a fast track, or, you know, is there some reiteration that is going on on the entire functioning of the EPR platform? So, uh, you know, only gathering some sense in the direction that how the policy is shaping up towards, you know, acceptance of the platform.

So

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
we are also waiting and watching because, uh, I we also have no way of knowing what the regulator would be thinking or what the ministry is thinking. We are also very closely following the developments, and, uh, as and when we get some concrete inputs, we would be sharing it with you.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay, okay. And since this one allied question on the coal exchanges, right, which is which was the talk of the town. But, uh, do you see any, uh, firsthand implementation hurdles that could, you know, come in the way? Part A. And Part B, uh, when the government, you know, put out such a, such an, uh, such an objective, right, do they consult with, you know, people like us on, you know, how the framework should be established or what And what sort of a role do we play in that policymaking? So just wanted to understand how well we are placed on this ecosystem.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Yeah, so whenever this kind of an initiative is taken, the government does consult with all the stakeholders who have been a part of the legacy ecosystem as well as anyone that the government feels is likely to have a stake in how the process goes forward. So yes, everyone who has been associated with the process in the past or is likely to be associated in the future are consulted. And, uh, and as far as the coal exchange specifically is concerned, a part of the setting up process is the working rules are to be proposed framed and then proposed so that the Coal Controller and the Coal Ministry of Coal can take a consolidated view on that.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay. And so just one more follow-up, right? We have seen this happen in an electricity exchange. So is there a general understanding that this would be like a 2-player exchange market or like anything of that sort? That is, the industry

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
would be able to in fact uh, tell us about. Not something that we would be privy to as an entity, you know, who would be running the exchange.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay. And sir, is there any way to, you know, reach out to you guys, uh, you know, even to arrange for a, you know, a specific meeting or a call? Uh, if that's a possibility, how to reach out?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
I think, uh, Iquiras would be able to Uh, help

Naman Maheshwari - Analyst, Shanghvi Family Office
or

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
okay, I, I think the normal process is to mail to the company secretary, so that can be

Naman Maheshwari - Analyst, Shanghvi Family Office
okay. To the company secretary, sure, sure. Thank you, sir. Thank you.

Operator
Thank you very much. The next question is from the line of Bharat Shah from Bharat Shah Capital Ideas Private Limited. Please go ahead.

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
Yeah, uh, hello, MSTC team. Uh, my first question, Mr. Ghoshal, uh, basically is we have moved from being a trader and trading activity entity, uh, to a digital, uh, platform, and we have some meaningful progress in that direction. But our future visibility still, as much as I understand, remains episodic. We do some gold trading, we do some scrap trading, uh, we've got now, uh, some transactions on leaker activity, earlier real estate, coal gasification. But all of these still looks like bits and pieces which happen rather than being predictable as a part of overall jigsaw puzzle.

So how do, how do we visualize this business over next 3 to 5 years? And what are your own, uh, objectives and goalposts that you are setting to evolve MSTC as a robust, predictable, uh, kind of a growth engine rather than episodic and on-and-off kind of activity which happens, you know?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
I think you have to, uh, step back a bit and understand what exactly is MSTC's business. MSTC's business is providing a platform. So once your main business is providing a platform, what sector you are working in is not so material. So it provides the platform provision, is sector agnostic. You would be enabling the e-commerce of resources, of products, of anything which for which there is a buyer and there is a seller. So what MSTC is, uh, providing, as I said, is the digital platform. Initially, uh, in the earlier stages, as a trading business, as a marketing house, it was a physical platform.

We translated to a digital platform for this to enable a buyer and seller to come together. Now, as far

as whether it is a liquor auction or whether it is coal or whether it is something else, that would come and go, that would be different. It is not episodic. So, uh, that is something which is a fundamental the basis of the business is providing A common platform for the process of e-commerce.

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
Uh, no, I understand that, but, uh, uh, in a sense, this is how, how much competitive modes we enjoy in providing this platform. As much as I can see Uh, this is coming more in form of B2B kind of activity, uh, largely government, uh, PSU kind of allocation activity. How much So those are the modes that

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
you talked about?

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
Sorry?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Those are the modes that you talked about?

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
No, so my those are

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
the competitive modes that we Uh, have, and therefore we also leverage.

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
Uh, if I'm allowed to customers

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
on the other side, those are the kind of moats that we have and leverage as far as the principals are concerned. And as far as the customers, we, uh, probably have the largest base of buyers. Of all the e-commerce entities which work in the B2B, mainly in the B2B space.

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
Uh, yes, Mr. Ghoshal, I appreciate that. My question is, how much of this is, uh, competitively won by MSTC, and how much of it happens as an allocation simply because we happen to be the gateway?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
So competitive bidding is something which would be to the extent of maybe 30 to 40% plus of our business. Even in the case of government, there are a substantial number of cases where, uh, it is, uh, the selection of the service provider is done through competitive bidding in some form or the other.

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
And how would you, Mr. Ghoshal, visualize, uh, 3 to 5 years hence what MSTC would look like? What, in your opinion, are, uh, key concerns and challenges that you ruminate in your mind today? And what, in your opinion, are going to be, uh, kind of opportunities which are going to flower Over these 3 to 5 years. So those

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
I would request if you could go through the business highlights and the, uh, you know, investor calls for the past 3 to 4 quarters. That is exactly what in fact we have been largely talking about as what is our future, what are the areas that we have been getting out of, and what are the areas that we visualize that we would be getting back in. Or, uh, we would be getting, uh, in, in,

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
uh, but Mr. Ghoshal, you yourself say

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
I, I think if there's any, uh, if we can go back to the, uh, I, I would, uh, think there would be other questions also. So, Shasa, if, uh,

Bharat Shah - Analyst, Bharat Shah Capital Ideas Private Limited
uh, no problem, I'll take it subsequently with you. Thank you.

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

Operator
Thank you very much. The next question is from Lainath Amanwij from Astute Investment Management. Please go ahead.

Lainath Amanwij - Analyst, Astute Investment Management
Good afternoon, sir. My first question is on the MSTC travel portal. You have talked about now you are trying to implement the B2C site, so can you talk about how long that process will take and eventually what are And eventually what are we trying to achieve with this because there are a lot of travel portals available, so how are we trying to differentiate what kind of market share we can target?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
So let me talk about the progress of now as far as the B2C segment is concerned we're still working on it, it is likely to take another 3 to 6 months. For the portal, for the B2C part of the portal to come out in the form that we would like it to be. Now, as far as multiple players being available, yes, that would be available, maybe in the B2C side. As far as the B2B side is concerned, there are 3 players at this point of time, particularly in the PSU segment. So yes, we see that the market is growing.

There is a space for at least one more player that is us, also there in the market. And, uh, which is why we, uh, decided that this is an area where we would be able to leverage our digital expertise and the fact that we are a PSU to be able to get into this segment.

Lainath Amanwij - Analyst, Astute Investment Management
So, uh, do you think in next 3 years can this business segment be like a 100 crore business for us, or will it be much

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
I would not like to speculate on the numbers, but obviously we have seen, uh, or we have assessed there is a possibility, which is why we have, uh, you know, got into this business. Yes, we see a significant opportunity, but I would not, as I said, not like to speculate on specific numbers as yet.

Lainath Amanwij - Analyst, Astute Investment Management
No worries. Second question is on the 2 factors you talked about which led to Very good growth this quarter. The scrap rates have increased in the last, say, 2-3 quarters. Can you quantify, is it like 30% increase, 50% increase over last 2 quarters or last quarter also?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
It's not been that much. It has been, in fact, maybe 8-10% quarter-on-quarter increases. Scrap rates have also increased, so they have the 2 together have, uh, you know, resulted in higher numbers.

Lainath Amanwij - Analyst, Astute Investment Management
I can say over last year, uh, how much is the total scrap rate? That is

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
oversimplifying it, Aman, because, uh, you know, every kind of scrap will not be at the same it is so, uh, it is not a one rate fits all or a one type fits all. There are different types of scrap. So at points of time you would have high-value scrap and therefore the revenues stream will be higher. There would be a larger volume of low-value scrap, so the service charges there would be lower, and so on. So it, it's not possible to, uh, you know, quantify it as a single block.

Lainath Amanwij - Analyst, Astute Investment Management
And sure, and the iron ore volume increase also, uh, can you quantify that? Because I think it was volumes. So, uh, what was the volume increase in iron ore?

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
I would not have those figures readily available, but yes, uh, there was a, uh, in fact, a significant, uh, uh, increase of more than definitely more than 10 to 15% there.

Lainath Amanwij - Analyst, Astute Investment Management
Oh, so, uh, these was my question. Thank you very much.

Operator
Ladies and gentlemen, that was the last question. I would now like to hand the conference over to management for closing comments.

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Right, so, uh, first of all, uh, my, uh, thanks to all the stakeholders who have taken their time out and interact with us today on behalf of MSTC. And, uh, we would reiterate that, uh, We have the team has really worked hard. Good numbers have been achieved, and we really hope that we will continue this good trend in the coming quarters. Uh, do keep those, uh, advice and those questions also coming. They help us to, uh, you know, perform better for you. Thank you very much.

Operator
Thank you very much. [Operator Closing Remarks]

Manobendra Ghoshal - Chairman and Managing Director, MSTC Limited
Thank you. Thank you, Deepth.