

BRIEF OVERVIEW OF MSTC LIMITED

MSTC limited (formerly known as Metal Scrap Trade Corporation Limited) was incorporated under the Companies Act, 1956 on 9th September, 1964. In February, 1974 MSTC Limited became a subsidiary Company of Steel Authority of India Limited (SAIL). In 1982-83, the corporation was converted into an independent Government of India Company under administrative control of Ministry of Steel. Presently, the company has diversified mainly into providing e-auction/e-procurement services. Under this segment, the Company undertakes disposal of ferrous and non-ferrous scrap arisings, surplus stores, condemned plants, minerals, Agri & forest produce etc. from Public Sector Undertakings and Government Departments including Defence. MSTC also import ferrous and non-ferrous scrap, coke, finished steel, coal and petroleum products. MSTC has a total strength of 337 employees as on 31.05.2017.

CAPITAL STRUCTURE

As on 31.03.2017, the Authorized Capital of the company is Rs. 50.00 crore and paid up Capital is Rs.17.60 crore. Bonus share was issued at 1:1 in 2016-17. Further, as approved in the AGM during 2016-17, Bonus Share has been issued at 1:1 in 2017-18, thereby, rising paid up capital to Rs.35.20 crore (AS ON 30-06-2017).

The share holding pattern of the company is as below:-

<i>Sl No</i>	<i>Name of share holder</i>	<i>% of holding</i>
1	Government of India	89.85
2	Others	10.15
	TOTAL	100

LOCATION OF UNITS

The registered and corporate office of the Company are located at Kolkata and it has 4 (four) Regional offices at Kolkata, Delhi, Chennai and Mumbai; branch offices at Hyderabad, Visakhapatnam, Bangalore and Vadodara, Bhopal, Lucknow, Bhubaneswar, Trivandrum, Guwahati, Raipur, Chandigarh, Ranchi and Jaipur.

ACTIVITIES

The Company has two major segments of business i.e. e-Commerce and Trading.

1) E-Commerce

Under this segment of business, MSTC acts as a standalone and neutral e-commerce service provider to various Central/State Government Departments and other private entities to ensure transparent and fair sale and purchase business. MSTC has evolved as the only PSU under this segment of business and grown to become the largest Government Company in India in e-Commerce sector in B2B & B2C segments.

E-commerce includes disposal of Scrap, sale of Coal, Ferro Manganese Ore, Iron Ore, Chrome ore, human hair, Tea etc. through e-auction and purchase of various raw materials and other items through e-procurement. The list of Principals includes Ministry of Defence, Ministry of Coal, State Governments, Forest Department and PSUs like Indian Oil Corpn Ltd, Oil & Natural Gas Corpn. Ltd, State Electricity Boards, Bharat Sanchar Nigam Ltd, Hindustan Petroleum Corpn. Ltd etc. and Tirupati Tirumala Devasthanam etc. The mode of disposal includes e-auction, e-tender, e-reverse auction etc. Besides, MSTC also e-auctions coal from Coal India Ltd & Singareni Coalfields Ltd (SECL), Ferro Manganese and Manganese Ore India Ltd. (MOIL). MSTC also conducts

e-Auction for sale of Iron Ore in Karnataka, Goa, Odisha and Chrome Ore for M/s Odisha Mining Corporation Ltd., a Government of Odisha enterprise.

MSTC's e-commerce division has ISO 9001:2015 certification and the System Department in ISO 27000:2013 certified. STQC, an annex Department of Information Technologies under the Ministry of Communication and IT, GOI conducts periodical audit for our e-commerce system. MSTC strictly adheres to CVC guidelines and the provisions of IT Act 2000 & its subsequent amendments.

In addition, MSTC has the distinction of holding copyright for its e-commerce module developed by in-house team. Furthermore, MSTC has achieved landmark status of CMMI Level 3, which catapults the company at a 'defined level' for continuous process improvement in the; areas of application software. All the above attributes give a confidence to clients both existing and future in Govt. Departments and PSUs for engaging MSTC as a dependable; secure and reliable e-commerce service provider for their business transactions.

MSTC ensures 24 x 7 manning of the server support system for uninterrupted service to the users.

Performance of e-Commerce division is as below:-

(INR in Crore)

<i>Financial Year</i>	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
e-Commerce	16005.03	15482.46	19395.25	22977.34	26,363.84	46,723.86

2) Trading

Import/Export and domestic trade of mainly bulk industrial raw material for actual users. This division looks after sourcing, purchase and sales of industrial raw materials like Heavy Melting Scrap, Low Ash Metallurgical Coke, HR Coil, Naptha, Crude Oil, Coking Coal, Steam Coal etc on behalf of industries. Performance of Trading Division for the last 6 years is given below:-

(INR in Crore)

<i>Financial Year</i>	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Trading	5746.15	10024.20	7488.40	6945.21	4382.23	4308.71

The Physical and financial performance of the company is given below:

<i>Year</i>	2012-13	2013-14	2014-15	2015-16	2016-17 (Provisional)
A) Physical					
e-Commerce	15482.46	19395.25	22977.34	26,363.84	46,723.86
Trading	10024.20	7488.40	6945.21	4382.23	4308.71
B) Financial					
Turnover	6455.25	5330.27	5506.48	2967.58	1497.52
Operating Profit	195.85	121.36	130.19	93.53	98.02
Depreciation	2.45	1.95	(1.28)	1.87	1.41
Exceptional Item	-	226.78	-	-	-
Profit before Tax	193.40	(107.37)*	131.47	91.66	96.61
Profit after Tax	130.73	(70.03)*	90.99	60.10	65.43
Dividend (%)	300%	-	207%	205%	#

- * Provision of INR 226.78 Crore during 2013-14 against old outstanding from foreign buyers of Gold Jewellery exported during the period 2007-09 shown as an exceptional item was the reason of loss despite earning operational profit during the year.
- ** Bonus share issued at 3:1 in 2012-13 and at 1:1 issued in 2016-17. Further 1:1 has been proposed in 2017-18.
- # Final Dividend is yet to be announced.

MOU RATINGS OF THE COMPANY

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Very Good	Excellent	Excellent	Very Good	Excellent	Very Good	Excellent (Prov.)

Composition of Board of Directors of MSTC Limited

1	Functional Director including CMD	3
2	Part time Official Directors (Government Directors)	2
3	Non-official part-time Directors	3
4	Number of Directors as provided under Article of Association of the Company	Not more than 15 and not less than 3

STATUS OF BOARD OF DIRECTORS AS ON 30.06.2017

Name of CPSE	: MSTC Limited
Schedule of the Company	: 'B'
Whether listed	: No
Administrative Ministry	: Ministry of Steel
Number of Sanctioned Posts of Directors	: Functional 3, Official: 2, Non-Official: 3(Independent)

Details of Directors in Position (30-06-2017):

S I N O	Details of Directors		Designation	Date of Birth	Date of Joining	Date of Superannuation/ Tenure Ending
	Category (Functional/ Official/non- Official)	Name				
1	Functional	Shri B.B. Singh	CMD	11/11/1959	01/06/2016	30/11/2019
2	Functional	Shri A.K. Basu	Director(Finance)	28/11/1958	28/04/2012	30/11/2018
3	# Functional	Shri B.B. Singh	Director(Commercial)	11/11/1959	11/5/2010	-

4	Official(Part Time)	Shri Sunil Barthwal	Joint Secretary, Ministry of Steel	20/09/1965	24/04/2012	
5	Official (Part Time)	Dr. Promodita Sathish	Economic Adviser Ministry of Steel		15/06/2017	

Details of Vacant Posts of Directors (if any): 3 (independent director – since 12.12.2016)

Shri B.B.Singh, is also holding additional charge of Director (Commercial), MSTC Limited.

NEW INITIATIVE

- I. MSTC has conducted successfully e-auction of confiscated Red Sanders on behalf of Govt. of Andhra Pradesh to the entire satisfaction of the government. In these e-Auction bidders from foreign countries also participated depicting MSTC's e-Commerce portal truly global. Government of Maharashtra & Tamilnadu have also appointed MSTC for e-Auction of Red Sander for a huge value.
- II. MSTC has developed a unique eco-system bringing aggregators, logistic providers, warehousing companies and e-Commerce company under one umbrella for marketing of the agri-forest produce of North-East Region to PAN India buyers through its e-commerce portal. MSTC conducted first ever e-auction of Ginger, an agri-produce in the states of North-East Region which has evoked overwhelming response amongst the buyers & sellers and generated confidence for similar events in future. In the sequel, e-Auction for Hill Grass, Black Pepper & Pineapple also have been conducted.
- III. MSTC conducted e-auction for allocation of Coal Linkages / letter of assurance (LoAs) for non-regulated sector namely sponge iron & steel, cement, captive power plants and others through auction-based process as per Government policy to ensure transparency in distribution system. In first phase about 53 million metric tons coal distributed. Now, the e-Auction of Coal linkage for Regulated sector is in the offering.
- IV. For the first time, a diamond mineral block in Madhya Pradesh's Panna district having precious stone deposit has gone under the hammer. MSTC successfully conducted the e-Auction for allocation of Hatupur Diamond mineral block of Madhya Pradesh with highest bid of 22.31% as against a reserve price of 1%.
- V. MSTC developed a National portal for e-Auction of Mining Leases and Composite Licenses for various State Governments in consultation with Ministry of Mines. MSTC conducted e-auction for allocation mineral blocks of Iron ore, Limestone, Tungsten, Gold, Bauxite Blocks in different states. Similar e-Auction will be held in the state of Rajasthan and Uttar Pradesh.
- VI. MSTC successfully designed a very complex e-bidding platform to facilitate implementation of the scheme to promote air connectivity between the smaller cities / towns with bigger cities, Government of India has devised a Scheme for providing financial subsidy to interested airline operators who will operate to connect the underserved / unserved airports. The Scheme is known as Regional Connectivity Scheme popularly, UDAN (Ude Desh ka Aam Nagrik).

- VII. MSTC also finalized the national portal for e-bidding for power procurement which has been named as Discovery of efficient electricity price (DEEP). The portal was formally inaugurated by the Hon'ble Minister for Coal and Power in April 2016 in New Delhi. The portal is aimed at bringing uniformity in the procurement process being followed by various DISCOMs in the country and reduces their electricity procurement bills. Distribution companies of U.P., Kerala, Assam, W.B etc. are availing this service.
- VIII. MSTC conducted unique e-reverse auction amongst banking and financial institutions, with L-1 matching for debt component of this joint venture company of NLC India Limited obtaining loan against power project of NLC India Limited resulting in a saving to the tune of Rs.460 crore over the tenure of the loan for NLC.
- IX. MSTC conducted e-auction for finalising the lease rent of 6 plots of Madras Export Processing Zone (MEPZ) for lease rent fetched a revenue to the tune of Rs. 759.32 lakhs as against the notified rental income of Rs. 26.56 lakhs which is an increase of 2858.22%. Lease period is for three years which means increased revenue of Rs.21.98 crore apprx. (8575% for the lease period) for MPEZ.
- X. MSTC developed a comprehensive e-bidding platform for allocation of Discovered Small Oil & Gas Blocks on behalf of Directorate General of Hydrocarbons (DGH). First round of bidding has been done successfully with participation by both Indian and foreign companies.
- XI. MSTC launched an e- shopping mall, MSTC METAL MANDI "M3", which is a virtual market place for B2B & B2C for sale and purchase of iron, steel and Non Ferrous products especially for small and medium sector manufacturers. Already a good number of reputed Sellers & Buyers have been registered on the portal. Business transacted through the portal is over Rs. 337 Lakh, till 31-06-2017, all through cashless mode. The portal has been customised as enquiry based system to suit to the requirement of RINL and SAIL. Manufacturers and traders across the country expected to take advantage of hassle free transaction through the portal.
- XII. MSTC has embarked upon setting up of the first mechanized Auto Shredding plant in India for processing of scrap from the End of Life Vehicles (ELV). A joint venture Company namely Mahindra MSTC Recycling Private Limited has been formed. The Company identified few facilities for setting up collection and dismantling centre in the National Capital Region at Greater Noida.
- XIII. On the advice of Govt. of India MSTC has developed a Centralised Public Procurement Portal for e-Procurement of material for Steel PSUs. Centralized portal is beneficial and likely to bring down the procurement cost due to competitive bidding on supply of materials in bulk quantity with favourable purchasing terms and also to reduce inventory carrying cost.
- XIV. As part of initiative of Government of India, MSTC has taken steps to sensitise the message of cash less transaction and promote digital transaction Workshops were arranged to promote digital transaction, a step towards Digital India programme. MSTC has almost stopped cash transactions except for a few petty expenses.
- XV. As part of initiative of providing e-commerce service to agricultural sector, MSTC has signed an agreement with National Agricultural Cooperative Marketing Federation of India Limited (NAFED) for conducting online bidding / E-auction for various agricultural items like Oil Seeds, Pulses. MSTC has developed a platform for online bidding of pulses.

