

Date: May 13, 2025

To,
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai - 400001
Scrip Code: 543333

To,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra East,
Mumbai – 400051
Scrip Symbol: CARTRADE

ISIN: INE290S01011

Ref: Regulation 30 read with Schedule III Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Transcript of the CarTrade Tech Limited Q4FY25 Earnings Conference Call held on May 07, 2025

Dear Sir/ Madam,

With reference to our letter dated May 02, 2025 intimating about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of CarTrade Tech Limited Q4FY25 Earnings Conference Call held on May 07, 2025.

The above information will also be available on the website of the Company: www.cartradetech.com.

This is for your information & record.

Thanking You.

For CarTrade Tech Limited

Lalbahadur Pal
Company Secretary and Compliance officer
Mem. No. A40812

Enclose: a/a

CarTrade Tech Limited

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“CarTrade Tech Limited Q4 FY '25 Earnings Conference Call”

May 07, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 07, 2025 will prevail.”



**MANAGEMENT: MR. VINAY SANGHI – CHAIRMAN & MANAGING
DIRECTOR, CARTRADE TECH LIMITED
MS. ANEESHA BHANDARY – EXECUTIVE DIRECTOR &
CHIEF FINANCIAL OFFICER, CARTRADE TECH
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Earnings Conference Call of CarTrade Tech Limited.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*", then "0" on your touch tone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Vinay Sanghi – Chairman and Managing Director of CarTrade Tech Limited. Thank you and over to you, sir.

Vinay Sanghi: Thank you and welcome to all. Welcome to all of you in this FY '25 Earnings Call. Thank you for taking the time out this afternoon.

I want to first start with the presentation which is on Slide #3 to start with. I want to communicate to all of you that CarTrade Tech has delivered its best ever revenue and profits in a year. It has delivered a revenue growth of 28% for the year at Rs. 711 crores. And of course, a 627% increase in profit after tax at Rs. 145 crores. I also want to highlight that three of our platforms, CarWale, BikeWale and OLX, on a year on unique consumer basis get more than 150 million customers, which is a unique achievement to any company in India, not only in India but also all over the world. Very few companies have three different platforms getting more than 150 million unique customers per year, as I said, on three different platforms.

What is driving this growth? All our businesses have grown well this year and margins have increased as well. The consumer group during the year quarter-on-quarter grew at 30%, resulting in 100% profit growth. We also achieved a 29% EBITDA margin, which is a benchmark of excellence. The remarketing business or Shriram Automall grew at 12% with a 47% increase in profitability, which shows again that it's on its recovery path to growth. And OLX has consistently grown quarter-after-quarter with a strong 72% growth in profits in Q4 last year to this year.

If I look at the next slide which is Slide #4, I just want to reiterate again that we have achieved the highest ever profit for the quarter as well at Rs. 46.1 crores. We are number one automotive platform in India, number one used classifieds platform, number one vehicle auction platform. Across all our platforms we received more than 74 million customers every month. 95% of them come organically, which shows or drives the margins of the company and shows the brand affinity of all three brands, CarWale, OLX and BikeWale. We have 500-plus physical locations including Automall and adSure stores as well as OLX stores. More than 1.4 million vehicles got auctioned last year.

Revenue for Q4 was at Rs. 189.5 crores, which is the highest ever in any Q4. Our adjusted EBITDA, which is almost like a cash proxy for the company is at Rs. 71 crores. Profit over tax, as I said, is Rs. 46 crores, the highest ever profit in any quarter. And as you see, our cash balances have gone up to Rs. 954 crores. I just want to highlight here, a year ago the cash balance was close to Rs. 750 crores, which shows Rs. 200 crores of cash profits got added by the company during the year. And also want to highlight that in Q4 itself approximately cash profit of approximately Rs. 70 crores got added. If you see the Q3 results, you will see the cash balance was close to Rs. 880 crores Note: (Note: this should be read as 885 crores) which is now Rs. 954 crores. So, it shows profitability, the unit economics of the company across all its businesses.

If I look at, the next slide, which is the consolidated results of the company. As I said, the profit of the company grew more than 6 times to Rs. 145 crores during the year. Overall, during the year, revenue grew 28%, EBITDA grew 90%, margins went from 16% last year to 23% this year, and 27% in Q4, which shows the continuous increasing of margins. When you look at profitability itself, from last year Rs. 24.96 crores in the quarter, this year is Rs. 46.1 crores in Q4. And on an annual basis, we reached Rs. 145 crores. So all in all, strong results across revenue growth, profitability growth and unit economic growth throughout the year, not only on a consolidated basis but also individually in each of the businesses.

If you look at Slide #6, which is the consumer group or CarWale and BikeWale, quarter has grown 30%, which has led to 123% growth in EBITDA. Again here I want to reiterate that, it shows the operating leverage in the business with very little cost increase. You see, the cost increase is only about 11% up in total cost, but the profitability has gone up 123% on a 30% increase in revenue. So, overall, even during the year on a standalone basis, expenses grew only 4% against a 27% increase in revenue, which led to this 279% EBITDA growth during the year. As I said earlier, PAT has grown at 100% for the quarter in the standalone consumer group business.

If you look at the remarketing business, the total income is up by 12% in the quarter and the year. EBITDA is up by approximately 19% during the quarter, and profit after tax up by 47% during the quarter. I think the business has been generally back to growth, on a growth track after a few quarters of flattish performance. And we feel very enthusiastic about the prospects of the business in the coming years ahead.

If you look at OLX India, in the quarter has grown by 12%, EBITDA is up 88%, again shows the operating levels in the business. And profit after tax gone up by 72%, which is Rs. 15 crores for the quarter. It's also achieved its highest quarter ever during the last quarter. I must reiterate here that the growth of 12% is something we feel confident, which is going to change in the coming quarters and years. A lot of the product initiatives and work we have done are still to play out. And we are very, very optimistic about the future prospects of OLX.

If you look at the overall traffic, I just want to highlight that the traffic of the consumer group is actually up year-on-year by about 10%. Normally Q3 is a better quarter in terms of consumer traffic just because of the festival season, and therefore you see a slight decline from Q3 to Q4. But if you look at Q4 this year versus last year, there is a growth in traffic. So we feel, again,

pretty enthusiastic about or pretty positive about the consumer traction on the consumer group platforms or on OLX.

All in all I would again reiterate that we think the current year has been quite a landmark year for the company. Margins have grown, revenues have grown, profitability has grown, our M&A has stabilized and on the path to doing big things in the future, Shriram Automall there's bounce back. So feel generally very enthusiastic about the results of the company and the prospects of the company in the coming years. So this is what I wanted to stress on. As I said, this has probably been a pretty landmark year for the company and feel very, very excited about the future prospects of the company.

I also want to add here that we are making a lot of investments in products and technology across the group, things like obviously AI and various other tools for enabling new products to our customers. And that's in OLX and CarWale and BikeWale across our businesses. And a lot of the investments we feel in new tech and new products will also help us in the coming years ahead. So, of course, all the product and tech investment we are doing is part of our operating cost. But yes, there's a lot of investment going into innovation for all our consumers across all our platforms.

This is what I wanted to start off with. I am happy to now take up questions from all of you and answer any clarification or doubts that you might have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vimal Jamnadas Gohil from Alchemy Capital Management Private Limited. Please go ahead.

Vimal Gohil: Yes. Thank you. Thank you for the opportunity.

Vinay Sanghi: Thank you.

Vimal Gohil: Yes. Thank you for the opportunity, sir. My first question is on OLX. You acknowledged that you have taken some initiatives to bring growth back on track. If you could highlight what exactly are these initiatives, if you could detail some of them, that would be great. And also, despite lower growth we have seen OLX's margins, despite lower growth, expand, not only on a sequential basis but on a Y-o-Y basis as well. So what is causing that? I do see there is a reduction in the employee cost and other expenses, is there some more room for these reductions or is there some restructuring that is still been pending since the acquisition happened?

Vinay Sanghi: Thanks, Vimal. And thanks for the question. I think the first part is, when we took over it's been about a year and a half since we took over OLX India. And as I said in the earlier calls, a lot of the first six months to eight months was about technology transition, transitioning the platform to our environment. And then in the next four to six months we spent tremendous effort in stabilizing the platform and user growth, as well as working on the current product and tech, and making improvements on the current technology and product, which is there for consumers. I think in the last four or five months, after having built up the entire technology and product team

and stability in the teams, we have now started developing additional features and products for all our customers on the OLX stack. You might know OLX has more than 30 million customers a month and close to 180 million to 190 million customers a year. It's a very, very strong digital brand.

And the attempt here is now someone looking to sell a used product or buy a used product which is, as I said, in India it's the only destination or the number one destination by far to sell a used product or to buy a used product. So the features and products we are looking to add are enabling consumers like you and me to sell or buy a used product, and the multiple, multiple product features which are starting to get created or built for these transactions. We feel pretty confident that in the next, I mean, not only quarters but years, a lot of these value-add will get added to the platform which should help consumer experience, but also help monetization in the company, all of that. So that's the first part of your question.

I think the second part is, margins have gone up. There is some cost optimization done by us. Generally we do not think that there's much cost optimization opportunity in the business. The big opportunity here is to grow consumer experience and obviously then monetization etc., etc.

Vimal Gohil: Yes. Vinay, in terms of monetization, that is exactly what I wanted to understand. If you can give us a couple of examples or a couple of instances where you have been able to monetize a few features or you have been able to add a few revenue streams to OLX, if you could just highlight those that will help. Thanks.

Vinay Sanghi: No till now, I will be honest, there's anyways actually a sequential revenue increase continuously over the last few quarters, right, as we had shown earlier. So even the reality is that a lot of what we are doing now or a lot of what we are monetizing right now is not products we are rolling or going to roll out. They are mostly products which existed before where it's a little more off efficiency and optimization etc., etc. So we yet haven't seen a lot of the outcomes of many of the initiatives we have been taking on the product technology side, and that should come, as I said, in the coming quarter and coming years. That's why we feel so enthusiastic about the business that the business stability and growth in revenue and margin growth has happened before even we have gone ahead and created many more products for improving user experience on the platform further.

Vimal Gohil: Understood. Sir, the next question is just a small data point. For FY25 if you could just give us a sense for consumer business, what would be the broad break up between the actual sales from leads and the sales from used car and the subscription model that we gave to the dealers?

Vinay Sanghi: No, no, Aneesha, you want to take this? I think what we normally give is OEM sales and dealer sales, Aneesha, am I correct? Aneesha, do you want give out these numbers?

Aneesha Bhandary: Yes, this is from past trend which is 65:35.

Vinay Sanghi: Yes, 65% is OEMs and 35% is dealers, correct.

Aneesha Bhandary: Yes, in the similar range, which is what we have been disclosing, in the similar range.

Vinay Sanghi: That's right.

Vimal Gohil: So that continues for FY '25?

Vinay Sanghi: Yes, there's not much change.

Aneesha Bhandary: There's not much change.

Vimal Gohil: Fair enough. Thank you so much. I will come back.

Vinay Sanghi: Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Vijit Jain from Citigroup.

Vijit Jain: Yes. Hi, thanks. Hi Vinay. Congratulations, again another quarter of 30% growth in the consumer business. So my question is, now you have two quarters here in the consumer business where the growth has clearly stepped up. My first question is, is your Q-o-Q seasonality here more aligned with auto OEMs, would you say? And related to that, you said last time around I think demand-supply dynamics in the industry have shifted and you are seeing benefit of that in the dealers advertising on your platform and all of those. So do you see the same trend as you look forward into FY'26, more inclination from both dealers as well as OEMs to advertise more aggressively on platforms like you? And then finally related to that, what kind of growth do you think you can get in FY '26? So that's my first question on the consumer business.

Vinay Sanghi: Sure. So let me just answer that. Yes, first, I think normally we do not see much seasonality in Q3, Q4. This is a very odd year where, actually the industry saw seasonality, not just us, right, I mean, very strong seasonality. October was a very big high for the automotive industry, if you see. And I think we benefited from that, and Q4 has actually grown substantially with the previous Q4 anyway, right? But we did benefit from Q3 seasonality and that's shown in the consumer traffic, right, even with the consumer traffic. Even though we have grown over previous year, the number of impressions on the internet itself of automotive, at least what we see, seems to be less than in Q4 than Q3, which shows that there was a very high seasonality this year, more than normal.

Although in our financials it's very marginal, the seasonality, if you see. From a profitability standpoint, we almost had highest ever numbers, right. I mean, actually we had highest-ever numbers. So, it's not material or not significant to us as a company on a consolidated level. But we have seen the automotive industry this time stronger than normal seasonality in Q3, Q4, right. Although Q4 has been pretty good as well in spite of that, I mean, to be honest. That's one.

The second thing is the OEM dealer part. I think our initial view maybe year or two years ago was, seeing other examples across the world, was that the OEM business grows faster initially and then the dealer business takes over and the OEM business slows down, and eventually the dealer business is higher than the OEM business. As it happened, even the growth rates are pretty similar, if you can see the ratios are not changing. So it seems like just maybe towards India where it's early days yet, and the OEM is still heavily investing in digital, right. And therefore,

the OEM and the dealer both are growing equally, it seems like that. And probably the trend, I do not see a reason why the trend would not be the same next year in terms of the OEM dealership, that's the question.

Vijit Jain: No, actually my question was more along the lines of, so this 30% growth on the consumer business that you have seen in the second half of FY' 25, do you think the drivers are the same, so FY' 26 would look closer to that in terms of growth guidance?

Vinay Sanghi: I cannot give guidance. But I do not think much has changed in industry, to be honest. I mean, it seems that the industry is in the 0% to 5% growth for cars, especially. And most analysts and economists are saying that the FY '26 should be between 0% to 5% growth somewhere in the automotive industry, that's the general view. I think that might be the view, which is very similar to last year probably.

Vijit Jain: Got it. And Vinay, within this broadly wanted to get your take on what does new launches from companies do here in terms of, so for example in the bike segment if you are seeing a lot of new launches, for example, do you see more advertising activity directly on your platform almost immediately on both bikes as well as car business? And related to that, is bike segment doing better growth than the car segment for you?

Vinay Sanghi: Actually, bikes and cars had reasonable similar growths this year. But to be fair, the new launches do help spends. I mean, people do spend more money on, OEMs do spend more money on launches. But also to be honest, the number of launches per year are not that different, I mean, you have an odd COVID year etc., but generally otherwise the number of launches per year are pretty similar, it's not something which is changing.

Vijit Jain: Right. How about the new energy vehicles? Because I think in some other countries you have seen new OEMs coming up or new energy vehicles coming up.

Vinay Sanghi: They are very small in India, right? They are mostly in bikes, and they are very small in terms of market share, right, the number of vehicles being sold by them versus the entire two wheel industry is very, very small. So it's not material. If I talk about EVs and I take out Bajaj and TVS, the rest of the lot are really, the numbers are not big compared to the two-wheeler industry in terms of size, they are very small. And therefore the spends are very small as well, relatively small, right. So yes, I do not think it's material yet, whether clean energy kind of vehicles are getting launched. New vehicle launches as a whole, whether ICE or EV or etc., hybrids, whatever that might be, it helps anyway, I mean, that's the point.

Vijit Jain: Got it. And my last question, so in the last month or so we have seen a couple of automotive platform websites getting acquired, Team BHP and Autocars specifically I think. So what are your thoughts on those assets? And I do not know if you can discuss it, but did you consider those acquisitions as well? I think that was my second question.

Vinay Sanghi: They are very different. I mean, I do not want to get into whether we considered them are not, but they are very different platforms. I mean, the ones you mentioned are more content driven

information places or enthusiast destinations, not really a transaction platform like CarWale. And the scale of CarWale or BikeWale versus them, it's not comparable actually at all. So as I said, CarWale and BikeWale both get more than 150 million customers a year, right. It is just a different level of scale. So they are more enthusiast kind of platforms. I think CarWale or BikeWale is more a place you go when you want to buy a vehicle.

Vijit Jain: Yes, got it. Understood. And one last question on the Shriram Automall, I was just some trying to understand the --

Moderator: Sir, sorry to interrupt, may we request that you return to the question queue for the follow up.

Vijit Jain: Sorry. Sure. I will just jump back into the queue.

Moderator: The next question is from the line of Siddhartha from Nomura. Please go ahead.

Siddhartha Bera: Yes. Thanks, sir, for the opportunity. And again, congrats on a good set of numbers, sir.

Vinay Sanghi: Thank you, Siddhartha. How are you?

Siddhartha Bera: I am good, sir. First question on this consumer business again, I mean, some color if you have in terms of industry growth, how has it been say last year or maybe last quarter? And where is this incremental growth coming from? Because like we understand the industry structure may not change materially in terms of demand-supply like we are seeing right now, but under that construct, how should we look at the growth? Should we expect the current momentum to sustain or some more normalization like we have seen in the last quarter? So some sense if we get will be really helpful.

Vinay Sanghi: The industry growth, as it's public information, as I said, the industry is growing at a low single digit, right. And generally the view is that industry is likely to grow at the same pace next year, that's the economists or the analysts view, I mean, that will be in that same range. So we do not see any basic market change, or any kind of market dynamics change across the industry at all. I think that's the first part.

The second part is, we continue to play our role, which is helping consumers to buy cars or buy bikes or manufacture the dealers who sell them. And we continue building products to enable it, and more so now with a lot of new tools and analytics and AI tools available, etc., etc. So we are getting closer and closer to solving consumer problems. So we definitely see our role being the same if not increase, right, in the industry. And we are very optimistic about the market sentiment and the fact that there's growth in the industry itself. Yes, I would generally be quite positive about the new vehicle market.

Siddhartha Bera: Understood, sir. And we have seen a bit of step-up in the marketing expense in the current quarter, obviously, also seeing some slowdown in that visitors' run rate. So do you think this is something seasonal again and will normalize going ahead? Or probably we will need to sort of push marketing a bit higher to drive growth in the coming year?

- Vinay Sanghi:** No, I do not think. First, marketing is a very small part of our cost, right, its Rs. 7.6 crores in the whole quarter in the consumer group, which is just about over 10% of our revenue, right? So it's not significant. We do not see much variation from here, right, overall in the marketing cost. As I said, the traffic year-on-year is up 10% overall. The reason is, one would think that it's down sequentially by about 8%, 9% because this Q3 was a very strong quarter this year. I think that was the main reason, it has very disproportionate growth in that particular quarter. So there's nothing here to be seen. And the marketing costs are not significant to the company on a whole. And that trend is not likely to change. And it's not like traffic has come down because of competitive reasons. Traffic is slightly down because the car searches are down itself, right. That's what's down. It's not that our market share of traffic is down.
- Siddhartha Bera:** Okay, got it. Sir last time on the SAMIL business, I mean, we have seen a very healthy 20% growth in the CarTrade vehicle sold, but the revenue growth seems to be a lot lesser than the volume growth. So what is sort of impacting here? And when do you think that converges or picks up more going ahead?
- Vinay Sanghi:** Yes, I think as I said, repossession seems to have gone up. My repossession share is also gone up, it's now about 54% of vehicles of our inventory is repossessed which are being sold. So it seems like the market trend towards the cyclical part, the cyclical view of that is that it seems that repossession should grow and continue to grow over the next few quarters. Therefore, SAMIL should be able to benefit from that. I mean, that's the way to think about it. Of course, SAMIL, again the thing is, any revenue growth dramatically affects profitability, has very high operating leverage to its business cost. The whole year cost growth is 7%, right, so it does help when you have low cost growth, margin and profitability shoots up.
- Moderator:** Thank you. The next question is from the line of Dhruv Bhatia from Edelweiss Mutual Fund. Please go ahead.
- Dhruv Bhatia:** Yes. Just firstly, I mean, just the data point I wanted to get is, a bookkeeping question from the remarketing business. Could you just provide what would be the mix between the PV and CV in terms of volume in terms of for the quarter and for the full year?
- Vinay Sanghi:** For the remarketing, CV tends to be in the 25% range roughly, I mean, that tends to be the volume of CVs.
- Dhruv Bhatia:** Okay. And secondly just on OLX, the last six months there was a lot of investments since the acquisition in terms of reducing scams on OLX in terms of starting to verify dealers. And if you could just talk a little bit about what all investments are already done and what all are required to be done to accelerate growth from where we are? Because from a profitability standpoint, I think we have reached a fairly good number. But from here on to drive incremental growth, what are those things that you need to do to get OLX to the next scale?
- Vinay Sanghi:** Sure. I think the product tech investments I was saying earlier, a lot of investments in product tech are across different areas of the platform. The first is stability of the platform, imagine there is a platform where 180 million, 190 million Indians come every year, right. It's a massive

number. I think it's probably one of the largest in the world of its kind, right, very few platforms in the world get this number of users. So obviously the kind of investment we do on stability and product and technology has got to be of global quality and global standards, right, probably the best in the world at what we do. Number one.

Number two, when you look at safety or security in the platform or trust and safety as we call it, there's continuous effort to make sure, like every other platform in India does, is making investments in providing an environment where customers can trade or buy products from each other in a trustworthy manner, right, and that's a continuous effort. There are lots of AI tools technology which we implemented over the last few months, enabling or improving further security or trust and safety on the platform. So, it's something we continue to do, and that's obviously helping the platform itself. We also are looking obviously in the coming months to, as I said earlier, a lot of other tools and features so that customers can interact and sell and buy used products in a free and easy manner. So that's the intent. And that's just continuous innovation going on there to improve or enhance the number of transactions done on the platform.

Moderator: We request you to return to the queue for a follow up question. Thank you. The next question is from the line of Sachin Dixit from JM Financial. Please go ahead.

Sachin Dixit: Hi, Vinay. Congrats on the recent set of results. My first question is on basically new auto business side, obviously the growth has been good, industry growth is whatever, but the dynamics are favoring you. I wanted to understand competitive dynamics, right, relatively do you think you are gaining market share over the competition? If yes, what do you think is driving? Are you doing some sort of strategic initiatives where you are creating new products, new benefits for your OEM and dealer partners?

Vinay Sanghi: Yes, obviously we are continuously working on improving our product so that we stay ahead of any other way to buy a vehicle, right, whether it's our auto finance product which is gaining interaction on our platforms, whether it is other features we add for consumers. Our focus mostly, Sachin, honestly is to add things on helping consumers. If we help consumers then the dealers and manufacturers automatically benefit, right. So we mostly add more and more features which help you as a consumer to buy a car or a two-wheeler in a simple, easy manner, right. And like I said, one example is adding our auto finance product. We started it 1.5, 2 years ago, which has now started getting us a lot of consumer engagement.

Or every day there are small, small things in a product and tech we keep adding, enabling helping consumers to find their journey a lot easier, right. And that's a permanent effort. And as I said, now with all the data and all the analytics in our business, how do we add AI as another way of helping a consumer buy a product or buy a vehicle online. So this continuous improvement and effort is going on the technology product side. One of the biggest efforts for the year for us internally is further working on our product tech across that group, not just in the consumer group.

Sachin Dixit: Understood. On the same line, basically are you also looking to cater to, let's say, some of the newer formats?

Vinay Sanghi: Hello?

Moderator: It seems like their line disconnected.

Vinay Sanghi: We lost him.

Moderator: Yes. Thank you. The next question is from the line of Deep Shah from B&K Securities. Please go ahead.

Deep Shah: **Inaudible**

Vinay Sanghi: Hello?

Moderator: Yes, sir. You are audible, we can hear you. The line is not reachable; we will take the next question. The next question is from the line of Nishit Jalan from Axis Capital. Please go ahead.

Nishit Jalan: Yes. Hi, Vinay. Congratulations on the good set of numbers.

Vinay Sanghi: Thank you, Nishit.

Nishit Jalan: Yes. So two questions. Firstly, I just wanted to get a sense on the remarketing business. You did mention that repossession sales have started to come back. Any numbers you can share out of the total growth in auction volume around 18%, what was the growth in repossession and retain segment? Because what I remember, see, what has been the kind of decline in repossessed vehicles that you have seen in the last three, four years? Because I remember that repossessed vehicle volumes have been coming down consistently, while you have scaled up the retail volumes because of which your overall volumes have not suffered much. So if the recovery cycle plays out, just wanted to understand what kind of growth trajectory we can look in the repossessed vehicles in the next two, three years? So that's the reason why I am asking this question.

Vinay Sanghi: It's hard for us to predict what might happen on repossession growth or other segment growth in the future, I am not able to give any guidance. But repossession growth, generally growth rates are similar across segments. Aneesha, would that be correct?

Aneesha Bhandary: Definitely.

Vinay Sanghi: I mean, it's not like repossession is growing faster than other segments, but generally growth rates are similar across all segments.

Nishit Jalan: Vinay, what I wanted to mean is, if you go back in time when your auction volumes used to be 60,000/ 70,000 per quarter three, four years back, right, then what used to be the repossessed vehicles and what is it right now?

Vinay Sanghi: I do not think the repossession has fully come back. That's absolutely correct, I do not think repossession has come back to the volumes they were. It's just that from the base they started growing. It doesn't mean it's come back to where it was, that's the question I think you are trying to.

Nishit Jalan: No, it has not come back, that's what I wanted to understand, to what extent it has come back? So what used to be the run rate earlier per quarter and what is it now right now?

Vinay Sanghi: I understand. I do not think I have the answer to the question right now. But it did not come back, if that's the question. I mean, it definitely has not.

Nishit Jalan: Okay, no worries. I will take it offline.

Vinay Sanghi: So yes, there is opportunity to grow, even to come back to its original base it will have to grow substantially from there, yes, correct.

Nishit Jalan: So, just wanted to understand on this, our take rate in this segment has come down. Is it more of a function of the percentage of take rate coming down or is it like the ASPs in this volumes are coming down?

Vinay Sanghi: Yes, I think in ASP there's a little upsurge in two-wheelers specifically, and Therefore, I think that's just a reflection of the industry itself. But yes, that's the reason, it's not a percentage, it's probably ASP, yes.

Nishit Jalan: And I had one more question on new cars, can I ask that or should I go back?

Vinay Sanghi: Okay. Quickly I think, go ahead.

Nishit Jalan: Sure. So it was more of an industry question. See, when you see customers coming to your website, CarWale, BikeWale, what according to your understanding, are customers coming to the website? What are the top two or three things a customer is coming and spending time on your website? What exactly are they trying to find?

And why I am asking this is, now obviously you did mention that Team BHP, Autocar, they are also car enthusiast kind of a thing, right. And if they also put on their website a lot of details around new cars comparison and all those sort of things, don't you think that some traffic will get divided and they might also start taking a bite of the overall advertisement pool or marketing pool from the OEM and the dealer side?

Vinay Sanghi: Okay. The first part is, why do they come to CarWale or BikeWale? I think people come when they are looking to buy a car or a two-wheeler. It is also a very significant purchase for anyone in their life cycle, right. I mean, when you look at your house or your car, it's probably a top one and the two purchases you ever have. So it's a highly involved decision to buy a product of this value in India. And therefore you try and understand what car to buy, from where to buy, what price to pay. Once you go through the hurdles on a platform like CarWale or BikeWale, you will

probably try and understand how to get my loan, can I get my loan sectioned? Probably even just my old car for sale, so I know what that value is.

And I think right from the time you start to understand that you want to buy a product, to the time you actually get it delivered, you will be deeply integrated with CarWale and its dealer set or its manufacturer set to run into this process. As I said, we are probably trying to move, over the years we have moved more from an information provider to more a transaction enabler, right. And I think the next transition of CarWale, BikeWale will be through a transaction doer, when she will probably say listen to press a button by a car and we will deliver to you. So we are moving from an information provider to a transaction enabler to a transaction doer, and that's the transition we are all making.

The other couple of places you mentioned are mostly like, as I said, enthusiast / places of content, right. And they have been around forever. I do not think it changes CarWale's market dynamics because they are not new, both of them. Both of them have been around for many, many years. And also then the scale of users is very, very different for reasons. CarWale gets the user it does over many, many years because it provides a certain role when someone buys a vehicle. And Team BHP or Autocar provide a different or play a different role. So I do not see that competitive just because they have been acquired, I do not see those dynamics changing at all.

Nishit Jalan: Okay. Thank you so much, Vinay. And all the best.

Vinay Sanghi: Thank you. Thanks.

Moderator: Thank you. The next question is from the line of Sagar Arya from Xponent Tribe. Please go ahead.

Sagar Arya: Sir, just a couple of questions. First on the consumer group business, now you have spoken about the inherent operating leverage that is present in our business economies, right. And if you look at the classified business outside of India, so dominant classified business in car classifieds operator at north of 40%, 50% EBITDA margin. Even in other categories where there are businesses which dominate in classifieds business, they operate at significantly higher margins, right? So if we were to continue to grow at the 20% rate or slightly higher that we are anticipating, would you say that we are quite far from saturation of EBITDA margins in our business? And if you were to look at the number, say three, four years down the line, what would be a realistic target of EBITDA margin that you would have in the car classifieds business?

Vinay Sanghi: Yes, I think not only the car classifieds business, I think across the group with Shriram Automall or OLX India, we have tremendous operating division in our business. Our costs do not go up in relation to our revenue. Our major costs are only manpower costs which are mostly fixed in nature, not variable. It is fair to say that our margin is already getting best in class in India. We also believe that our margins will get better in the coming years. Whether it will probably get best in class, not only India and best in the world, just as the operating levels we have in our business. So feel very confident about margin growth. And actually we have talked to this the last two, three years as well. I think what we have been able to demonstrate as a company is that

margin growth has happened over two, three years continuously quarter-by-quarter. And we do not see any reason why that would not continue to happen in the future.

Sagar Arya: So best in the world is quite an aspiration, right, like you said, the best in the world are operating at significantly higher, so good to know this. Second on the OLX piece, while we have a very large base of users who come and use our platform, at least one big challenge in India has been monetization of users, right, where the average revenue per user has been fairly low for a lot of platforms. What kind of challenges do you anticipate in monetization of your traffic on OLX? And what are the things that you are doing to improve that? If you could just give us specific examples, that would be very helpful. Thanks.

Vinay Sanghi: I think on OLX we monetize two sets of users, the monetize consumers and we monetize dealers. It is the ARPUs per user or the ARPU per dealer is something which is, in our opinion, only likely to go up in company number one, on both cases. And the way we feel the ARPU will go up, I mean, is principally around providing more products and services to same user, whether it is a consumer who's coming to sell or buy a product or whether it's a dealer who is coming to sell a product. The more we offer, the more ability we give you to perform transactions, the greater the ability to monetize, right, as far as we are concerned. So we believe that monetization is going to grow, monetization is going to grow with increased products and services delivered to the user, ARPU's will go up as well. On the other hand, we also believe the number of users will go up. So, it's a combination of all these things put together.

Sagar Arya: But is there a specific number you have in mind, say, if you are looking at used cars as an example here, is there a specific number that you have in mind that you will be able to monetize, say, X percentage of the sale value or of that transaction?

Vinay Sanghi: No, we do not think that. We obviously want to be very cost effective for the dealer to sell cars on our platform, but we do not have a specific target or goal in mind. We just feel that by offering more and more services, helping dealers sell more cars which we do, we are keeping our ARPUs as well as our number of users, both. We actually think there's a limitless opportunity, both on used cars or used products on OLX at this point. There's no target in mind. You could continuously do this for many, many years ahead. Plus you got to remember the industry itself, the used car industry itself is growing. And also, the ARPUs of cars itself is growing, the ticket size of cars are growing. So there are a number of market indicators also which should help and benefit OLX on used products itself.

Sagar Arya: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Mr. Sachin Dixit from JM Financial. Please go ahead.

Sachin Dixit: Sorry, my line faced issue earlier. So I had just one more question which was on OLX, right. So something seems to be not working on OLX, clearly, right. So at the time of acquisition we talked about this entity historically has grown around 20% in the last couple of quarters, we are around 15%, this quarter we have dropped to 10%. Can you detail more of it like so that we as

investor community like get understanding of what is happening, why are we where we are, and why do you think that we will recover? Because otherwise the trend does not suggest that way.

Vinay Sanghi: No, no, the trend actually suggests that. Because if you see the financials of previous year to this year, on a yearly basis OLX has grown at 16%, 12% quarter-on-quarter and year-on-year in the quarter, but annually it's grown at 16% So we actually feel very optimistic about OLX and we are actually think that it's absolutely the right path to where it needs to go. I think what we are also saying is that it takes time to build products and services on a platform of 200 million, 190 million people coming. So what's taken us time is adding products and services to what we do. We feel actually really optimistic about the revenue potential, monetization potential, even the consumer potential on number of consumers coming.

There's a lot of work done on the 18 months from an M&A. Just to tell you also, OLX has achieved its highest ever profitability in history, and it came from a many years of loss making background, right, many years of it. So there were a lot of things which we had to do to get it right and get it here. At the same time, grow users, grow monetization and grow revenues, they have always grown. So optimistic, I think we feel a lot of work on product and technology will be done for building future products and services which is underway, and then adoption of that. But very, very optimistic about where it's going and where it needs to go.

Sachin Dixit: And on the same line basically our employee expense in OLX has dipped by almost 25% when compared to 2Q of this year itself, what is the nature of this drop?

Vinay Sanghi: I do not know the exact percentage.

Sachin Dixit: I mean, it was roughly Rs. 20 crores in 2Q it's now Rs. 15 crores.

Vinay Sanghi: The cost. Yes, it is just optimization. Because when you do an M&A, you do not know what you need or not. I think we are all new to it in the first year or so, so it's just a little bit of optimization, nothing more than that.

Sachin Dixit: Understood. Thank you and all the best.

Vinay Sanghi: Thanks. Thanks.

Moderator: Thank you. The next question is from the line of Sindhu Jha from LKR Advisory. Please go ahead. Sir, your line is unmuted, please go ahead with your question. Seems like the line is not audible, we will move to the next question. The next question is from the line of Palak from MIV Investment Management. Please go ahead.

Palak: Hi Vinay. Congrats for the good set of results.

Vinay Sanghi: Thank you.

Palak: Sir my question is again on OLX India. What I understand from the previous conversation is that last six months there have been a lot of effort in improving the platform, and now they are

thinking about the monetization. But what I am not able to understand is that now there are two ways where we can increase the monetization of the platform. First, as the existing avenue that we have for the revenue that is the ad listing fees and subscription maybe. But sir, can you help me understand what is our strategic plan, whether we are thinking of the first step that is to increase the monetization from our existing revenue stream, that is the advertisement or listing fees?

And the next part is, what are we thinking about the new avenues? Can you give me a specific example? I mean, you gave us the example of what are the efforts that we are taking, but how it is going to get converted into the monetization. And specifically, when we are talking about such a huge user base, so what is stopping us from increasing the monetization part? Do you think that the customer stickiness will get impacted or there are other platforms that are performing well on this aspect, I mean, because of the competition aspect we are not increasing the monetization?

Vinay Sanghi:

Okay. The first part is, OLX is very dominant in used product selling or buying for consumers like you and me or dealers for selling used products. I do not think from a competitive standpoint there's any platform in the country which is even close to what OLX does. As I said, OLX has more than 30 million customers a month and 190 million a year, which is just unique to itself. And it's a brand. So that's the first part of the competitive side was your question.

The second part is, what are we doing to increase the growth of revenue you have seen continuously over the last 15 to 18 months is growth in the current monetization models, which are listing fees for consumers and dealers. We have not added any new revenue streams, it's mostly the growth coming from what we have acquired and the current revenue stream and products and services which we offer. I think our objective is of course to add new revenue streams to the business and continue to grow existing streams. The new revenue streams are products which we are still creating. There are multiple products which anyway help you and me to sell a product on OLX or buy a product on OLX. And those are underway, we are still under product development. So, in a next few quarters they will start rolling out and we obviously expect increased monetization from them.

Palak:

Perfect. Sir the 17% growth that we are talking about, is it just purely from the increase in the monetization? Because I assume that the --

Vinay Sanghi:

Which growth, sorry, what number did you say?

Palak:

It has to be a mix of user base increase for monetization. So could you help me understand that how much percentage was due to the user base increase and how much percentage due to the increase in the monetization?

Vinay Sanghi:

I mean, we normally have very marginal rate increases, they are mostly increases on more user engagement or user increases itself. The rate increases are very minimal.

- Palak:** Sir, the only thing that we should start accelerating and charging users more because eventually when we will provide them better services, we will have to start monetizing that part also. So there has to be a slight acceleration in terms of growth of the amount that we are charging to users.
- Vinay Sanghi:** No, I think what we are trying to do here is add products and services and monetize that. We do not necessarily think the best way to monetize is just keep increasing rates. The intent here is to keep on giving more and more to the user to do more and more transactions and therefore increase our revenues. I think that's the intent here.
- Palak:** Okay. Thank you.
- Vinay Sanghi:** Thank you.
- Moderator:** Ladies and gentlemen, we will take this as our last question. I would now like to hand the conference over to the management for closing comments.
- Vinay Sanghi:** Thank you all for joining this afternoon. And we feel very enthusiastic and happy about the year gone by and also very optimistic about the year coming ahead. So thank you for joining and look forward to talking to you again soon. Thank you. Bye, bye.
- Moderator:** On behalf of CarTrade Tech Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.