Date: February 04, 2025

To,
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai - 400001
Scrip Code: 543333
ISIN**: INE290S01011**

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

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

Sub: Transcript of CarTrade Tech Limited Q3FY25 Earnings Conference Call held on Wednesday, January 29, 2025

Dear Sir/ Madam,

With reference to our letter dated January 24, 2025 intimating about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of CarTrade Tech Limited Q3FY25 Earnings Conference Call held on Wednesday, January 29, 2025.

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

This is for your information & record.

Thanking You.

For CarTrade Tech Limited

LAL BAHADUR DEEPNARAYAN PAL

Digitally signed by LAL BAHADUR DEEPNARAYAN PAL
Date: 2025.02.04 18:59:33 +05'30'

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

Enclose: a/a

"CarTrade Tech Limited Q3 FY25 Earnings Conference Call"

January 29, 2025

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on January 29 2025, will prevail.

MANAGEMENT:

MR. VINAY SANGHI - CHAIRMAN & FOUNDER, CARTRADE TECH LIMITED
MS. ANEESHA BHANDARY - EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER, CARTRADE TECH LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY25 Earnings Conference Call of CarTrade Tech Limited.

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

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

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

Vinay Sanghi: Thank you. Good afternoon, everybody. And welcome to the Q3 Earnings Call. It's been a really strong quarter for the company. And in the next few minutes, I will try and run you through some of the key highlights.

We have circulated a presentation in advance. If you look at Slide #3 and the first part of the presentation is, of course, as you know, we have had record-breaking revenue and profits. Our Q3 revenues stood at a record Rs. 193 crores and the profit after tax at Rs. 46 crores. We have had exceptional growth from all three business verticals and all our verticals have delivered the highest ever revenues and profits and margins. For the nine month of the year, the revenue surged by 32%, EBITDA grew by 100% and profit after tax zoomed to Rs. 99 crores. Our Q3 versus Q2, which is consecutive quarters, the profit soared sharply by 48%. What's driving this growth? A consumer group, which is CarWale and BikeWale, revenue increased 38% year-on-year, resulting in a profit after tax growth of 172%. We achieved a 35% margin in this quarter in our consumer group business, which is now getting to be a benchmark of excellence in the industry. Our remarketing business, which has been, where growth has been a challenge in the last few quarters has delivered a 28% growth in revenue in the quarter and also has 178% profit after tax growth. And OLX where on a quarter-by-quarter basis, we have seen continuous growth, we have had 80% surge in our profits. In OLX, you remember from the date of us acquiring it last year, we have always had a growth quarter with every consecutive quarter has done better than the previous. So, there's a lot of work to be done there, but we obviously feel very optimistic about OLX India's future.

If you look at Slide #4, it talks about our first three quarters of the year. As you can see, from the first quarter to the third quarter, we have added 23% growth in revenue within the same year. The EBITDA has grown 132% from Rs. 21.58 crores in the first quarter to Rs. 50 crores in quarter 3, which would mean 132% rise in EBITDA within two quarters. Overall margins have increased 28% on a consolidated basis for EBITDA. Profit after tax from Rs. 22.90 crores in quarter one has gone to Rs. 45.53 crores in quarter three. So, it's shown not only strong Y-on-Y growth, but our business has shown strong Q-on-Q growth in revenues, EBITDA and profitability.

If you look at the next slide, Slide #5, we are continuing with the “#1 Automotive Platform” in the country. The “#1 Used Classified Platform” in the country, the number one vehicle auction platform in the country.

If you look at traffic, we have achieved 79 million monthly active, unique visitors across all our three platforms. As we have shared earlier, we have three platforms, CarWale, BikeWale, and OLX India, which get more than 150 million customers per year, which is more than 10% of India's population and it comes from these three different platforms within our group, which gives you a very strong sense of the brands, CarWale, BikeWale and OLX. 95% of these users come organically, which means we don't pay for the traffic and that reflects in our strong EBITDA and profit margins. We are now out of (+450) physical locations for our Shriram Automall outlets, our abSure outlets, as well as OLX India outlets.

Auction volume went up and we are auctioning at the rate of 1.5 million vehicles a year now. As I have already covered, revenue is Rs. 193 crores. Adjusted EBITDA, which is, taking into account ESOPs as well as Other Income is Rs. 70.2 crores, which is almost like a cash proxy for us. Profit after tax as we have disclosed is Rs. 45.5 crores. And our cash balance has increased to Rs. 885 crores.

If you could look at Slide #6, which is the consolidated results, the revenues drawn 27% year-on-year to Rs. 193 crores, 32% growth for nine months at Rs. 521 crores, EBITDA surged 98% for the quarter at Rs. 50 crores and Rs. 104 crores for the nine months, which is at 100% growth. As I have again said, EBITDA margin is at 28% versus last year 18% in the same quarter, which is up 10% in the quarter compared to last year. Profit stands at Rs. 46 crores versus loss in the previous year. And Rs. 99 crores for nine months, which is of course a small loss in the previous year.

If you look at Slide #7, which is a standalone results, you will see the highest ever revenues of course on the standalone accounts. 38% growth in revenue for the three months. 27% growth in revenue for nine months, which of course is a massive growth in profitability. 237% growth in EBITDA for the three months or the quarter in the consumer group business, 442% growth in EBITDA or the nine months ended , which is at Rs. 42 crores EBITDA. PAT has grown by 172% in a standalone accounts and PAT for nine months stands at a growth of 69%. And again, as I said, the 35% margin in a standalone business is now getting best in class. Many of you had asked through the last many quarters, will our margins ever get best in class? And at least one of our businesses now getting there.

Let me also highlight that even though the group margin is 28% and the consumer group is 35%, almost in fact all our businesses, the margins are more than or excess of 20% now. If you look at Slide #8, the remarketing business, which has a few sluggish quarters, has come back to the growth trajectory. And again, here you can see the levers of the business working. We have 28%

growth at Rs. 63.64 crores of revenue in the quarter lead to a 73% growth in EBITDA and 178% growth in profits.

So, we believe that, something we have been talking through the last few quarters, the repossession business has slightly improved and that is reflecting in the accounts of the quarter.

If you look at Slide #9, which is OLX, as I said earlier, OLX in every consecutive quarter has grown. From the time we have acquired the company, margins have grown, revenues have grown, and profits have grown every consecutive quarter. The revenue's grown 16% at Rs. 52 crores, Rs. 51.97 crores. EBITDA is up 24%, and PAT is up to Rs. 14.68 crores versus the loss of last year. But here again, the margins are up to 26% from 24% last year and 18% last quarter.

The rest of the presentation covers segmental results, our Google Trend numbers and some of our organic traffic and auction listing numbers. So, I want to stop here, and I am happy to take some of the questions-and-answers from you.

Let me again once highlight that it's been a strong quarter performance, built on a strong fundamental business. We feel pretty good about the situation of the industry and the business itself. And I am happy to take any questions you might have for me. Thank you.

Moderator: Thank you, sir. We will now begin with the question and answer session. Anyone who wishes to ask a question may press "*" and 1 on their touchtone telephone. If you wish to remove yourself from the queue, you may press "*" and 2. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vijit Jain from CITI. Please go ahead.

Vijit Jain: Yes, hi. Thank you.

Vinay Sanghi: Hi, Vijay.

Vijit Jain: Hi, Vinay. Hi, Aneesha. Congratulations on a comprehensively spectacular results here. So, my first question on the consumer group business, if you can comment on the growth rate that you're now seeing in the business, I mean, this is a pretty decent acceleration, pretty sharp acceleration versus what you've seen in the last many, many quarters. So, is this what we should expect in the near term ahead as well? And broadly, if you can talk about whether you think you've taken wallet share from competition across OEM, ad budget wallet shares and across major dealers ad budget wallet share? That's my first question.

Vinay Sanghi: Sure. Yes, I think the one thing is that the industry seen a very minor growth in the first nine months. As we have discussed many times, supply is than demand. And that makes a little more favorable market condition for consumer group businesses, where OEMs and dealers depend a lot more on our platforms for sale of vehicles. So, these are reasonably favorable market conditions at this point. And we have also seen a small growth in the industry, but the supply is more than demand. So, we have always highlighted that these are the, and this is normally the situation in most markets where supply is more than demand and there is some growth in the industry. So, we expect that to continue in the next few quarters. I don't think we are seeing any real change in market conditions at all at this point. I think the industry growth rates are probably what they're going to be at this point. I think supply will exceed demand for the next few. So, I think from an industry standpoint, we don't see much change. Clearly, CarWale, BikeWale have grown in terms of traffic, in terms of user experience, in terms of their deliverance to car manufacturers and dealers consistently, right? And if you see the traffic growth is also pretty significant. And therefore, we feel good about the business. Whether we have taken wallet shares too early to tell. My sense is that if you see the advertising numbers, generally, we would have taken some share, but generally, the spends have also gone up, which is also affecting or helping our business, right? It's a combination of wallet share as well as spend having gone up as well. But our traffic growth numbers are pretty sharp, if you see as well.

Vijit Jain: Right. Thanks, Vinay. And on the remarketing business, I can see that there's a pretty solid, again 30% odd growth in auctions listing volume. So, most of the growth seems to have come from this side. I know in the opening remarks, you mentioned repossession business has slightly improved, but this looks a little bit more broad-based than that. Or is that the base-effect in play here? Again, just looking at broader ecosystem, are you seeing repossession coming back just to normal or is there more to it?

Vinay Sanghi: Yes, we see repossession having definitely grown in the quarter and it is a driver for us because almost half our volume comes from repossession. It's about half now. It was about 42% at flow, it's back to 50%. So, it's clearly growing. Whether it also seems likely these are not one-quarter phenomenon, so it seems likely that it could be a there for a while. But it's hard for us to predict beyond that. But generally, it seems that these volumes from here should sustain itself or grow from here. It seems like that. And it is a factor which is driving part of the growth.

Vijit Jain: My last question on the OLX business. So, OLX business since you've acquired, focus has been on integration and reducing some of the costs and those things were achieved earlier. I think this is the first quarter where we're seeing meaningful jump in the absolute revenues also collected. So, if you can throw some color on where growth is coming from more recently and if I look at the number on a YOY basis, we are maybe at around, maybe somewhere around 15% YOY versus the first full quarter after your acquisition. Do you see enough to believe that the growth should stay here or improve from here? Any colors on that would be helpful?

Vinay Sanghi: Yes, right. In the first year, we spent a lot of time on stability of the platform, technology transition, stability of the team, putting our product teams together, technology teams together. A lot of the things, what took the first year, I would say. A lot of the initiatives we have been running in the last six months on sales, product marketing, traffic, etc. are things we have had very little time to work on. Some of these things are in a small, small way starting to play out. In most, we think they've played out. It's still, to me, a lot of the, whatever the growth coming is coming from a lot of the early initiatives. There are lot of long-term fundamental initiatives being taken and we're hopeful that in the coming quarters, we'd ideally like this to grow a lot faster.

So, that's revenue metrics, profit metrics, all of it. The margins have got better. We have a better handle on margins. But we would like the revenues to grow stronger in the coming quarters and years for sure. We believe there's tremendous opportunity both on the used auto side at OLX and the used non-auto side at OLX, both. Both are almost going at the same rate. This is another question you had, almost at the same rate. But it's important to know that the potential of both is equally large, and we're just very early stages of really catering to that potential which exists, its very early days.

Vijit Jain: Alright, Vinay, I have just one last question, and I will jump back into the queue. Is there a collaboration or a partnership that you have with the likes of Car24 OR Spinny in the works. I think I saw something…

Vinay Sanghi: We continue to work with them, I think over period of time, a lot of people confuse what our relationship with them is. Cars24 and Spinny are full stack companies which buy vehicles, refurbish them, and sell them to consumers. But they tend to be full stack, we are completely a marketplace. In both CarWale and OLX, we tend to work with them pretty closely because they are companies that list vehicles on our platform, CarWale as well as OLX. So, we tend to work very closely with them. And they actually complement our market-based model and add value to our users as well. So, yes, we tend to work very closely with them, actually.

Vijit Jain: Okay, got it. Thanks, Vinay. Those were my questions. And again, congratulations. Thank you.

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

Sachin Dixit: Hi Vinay. Hi Aneesha. Congrats on a great set of results. I had a couple of questions. The first one is regards to growth rate. So, if I look at the growth rates in consumer business, they spiked very sharply. Obviously, some of it was driven by the fact that OEMs were not spending a lot earlier, and those spends have started to come back now. But do you see this 38% growth rate likely to sustain? I am sure like next few years not, but even in the next quarter, do you believe such a growth rate can sustain?

Vinay Sanghi: We don't give guidance Sachin around revenue growth rate, but we do feel that market conditions are reasonable and you know, all the October, December tends to be a little high in terms of the quarter for the consumer group always. I mean, generally we don't, we just feel comfortable the way the market is right now and CarWale or BikeWale’s positioning is. So, we don't feel, you know, I don't want to comment on the growth rate, but we feel confident about the business.

Sachin Dixit: Understood, And coming to OLX, right, obviously a lot of things are still in the works at the time of IPO, when we discussed, there was some understanding that the business is likely a 20% odd growth business, which is where it has grown in the past. I think that growth rate should revert at some point. What is happening on the cost side there? We noticed that there is a sharp drop in employee expense in this quarter. Is it just because of one single senior person leaving or there is more to it?

Vinay Sanghi: Yes, there is some cost side rationalization because of that, absolutely on the employee side. But it takes us time because after the M&A, it takes us time to balance tech costs, employee costs, organization charts. So, we understand everything. And I think now we have reached to a very stable, we think a stable margin basis, right? Where we can think the margins will only improve with revenues. And that's across, it's not just in OLX, also we have seen Shriram Automall as well as CarWale, where the nature of our company is almost that we want to grow, but we want to keep our unit economics growing with it, right? And we want leverage in our business. And I think OLX is no different where with increase in revenue we have very marginal increase in costs. This typically demonstrated in the consumer group and you can see it now play over the last few quarters. You can see SAMIL in a quarter which has grown. And OLX is no different where we want to see margins growing. And the way we're trying to structure the company OLX or any of the others is that revenue should grow as we increase our value to our consumers or dealers or all listers in OLX's case. But not necessarily that we have to increase costs in relation to that, a large part of revenue for OLX is an online collection method, it's paid online. So, it doesn't mean that manpower or other costs go up with revenues. And I think that's the methodology we have used for all our businesses. And that's the architecture of how we build products in these companies. So, it's playing out now, as you can see, the first sign in the last quarter for OLX or the other businesses. But that's the nature that we worked on for the last 3-or 4 years or-5 years to get this basic DNA of, or this leverage of revenue growth, not increase in cost.

Sachin Dixit: Completely fair enough. Just one final question on the remarketing side. Basically, we do not notice that there was any sharp jump in NPAs for some of the vehicle financials. So, the growth rate that we got even on sequential basis, is it a function of our investments into retail or repossessions have finally bottomed out for good?

Vinay Sanghi: No, I definitely think the growth is coming from repossession. Of course, our numbers compared to the industry are much smaller. So, even though the industry may not be showing it, repossession has definitely been a factor in the growth of the Shriram Automall. Other segments have grown too, but repossession has definitely grown as well. I am not sure if, I don't know, I don’t know numbers of various banks, NBFCs, NPA’s is going up or not, but definitely here we find that repossession is contributing.

Sachin Dixit: Sounds good. Thanks so much.

Vinay Sanghi: Thank you.

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

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

Vinay Sanghi: Thank you.

Siddhartha Bera: Sir, first on the consumer business, if you just can share the mix for the quarter between old and new and used and…

Vinay Sanghi: Aneesha, you want to take that up quickly? Just share the various metrics of consumer group, the breakup?

Aneesha Bhandary Sure. It's pretty similar to what we have declared in the past. The new versus used continues to be that 85 to 15 or 86 to 14. The OEM Dealer mix is pretty similar at 65: 35. Any other ratio that you would like to know?

Siddhartha Bera: Okay. So, the growth basically is coming across both OEM & dealers. There is no specific segment which is growing faster than others. Is that the right assumption?

Vinay Sanghi: It's similar. Actually, the OEMs itself has grown sharply as earlier the dealers' was little bit stronger, but the OEMs have started to grow. And I think this is a bit of a factor in the last, about maybe 18-20. If you've seen the last two years nine months for the consumer group, it's continuously growing. It's not just been last quarter. If you take the previous year's financial and the year before that, the consumer group has grown continuously, actually. So, it's still, as I said, I still feel we are at this phase of an early stage of digital advertising, and we're seeing the growth. It's been two years nine months, actually. It's continuously been growing, the consumer group. It's not a one quarter thing. The sharp increase in this quarter, you see in the margins, etc. is because the leverage in the business. But the growth, if you see this business, it's actually been continuously growing.

Siddhartha Bera: Got it. And how has been the performance in the abSure business? How are we looking at ramping up there?

Vinay Sanghi: Yes, it has got stronger. We have got two sides of it now. We have got an abSure/Signature outlets for CarWale, which is, I think, the 180 odd stores now. And we acquired OLX, we got another, I think about 170-180 stores there as well. So, there are, if I am right, Aneesha, about 375 to 400 such used car franchise stores now in the group. So, it's become a very strong business model for both OLX and CarWale. I mean, again, very early days, as I said, but it's become a reasonably strong business model for both.

Siddhartha Bera: Got it. And if I look at again the consumer overall growth, will it be fair to say that, I mean, digital advertisement overall industry would have grown in that case or we would have gained probably some market share from some of the other digital segments like Facebook, Google and all. So, any sense you have there?

Vinay Sanghi: It would be both, I would think. I will tell you what happens is when manufacturers are having little more string of selling vehicles, they tend to choose little more direct from advertising which is us which is very performance driven in a way. So, if you spend money on CarWale or you list a car on CarWale, it is almost you're directly getting to the most, I would say, serious customer or the most relevant customer. If you put money on, I don't know, Star Sports or Star TV or I don't know, Times of India or whatever, some newspaper, it's a little more brand kind of advertising. So, when sales are strained, you tend to go to the most direct source for sales. I think that is one factor. The other factor you have to see, if you look at the traffic itself, I think we have gone from, if you look at Q3 last year, we were 38 million in the consumer group, we have gone to 49 million. So, on our 38 million per month, we have gone to 49 million a month, which is a tremendous increase in consumer traffic itself as you see. So, I think these are the multiple factors we look at in the growth of CarWale.

Siddhartha Bera: Got it. Lastly, in slightly longer term now, if you look at the annual numbers in the consumer business, we probably are closer to that 30%-31% EBITDA margins and OLX we are at close to 26%-27%. So, do you think over the longer term, the margin potential for both of these businesses will be similar or any particular business where the potential of increase will be much higher compared to others? Any thoughts?

Vinay Sanghi: No. We feel like these are typical businesses where the margins only go up with increase in revenue. We don't see any major cost escalation. And we don't see, so therefore we see what we have said always that with revenue increasing, the margin will continue to grow. So, these are early days for these companies, all these businesses. As we grow in the next 1-2-3-4 years, margin will continuously grow. And we'll get even better with our margins as they stand now. I think the consumer group is 35% today, so in last quarter and it will get even better as revenue grows.

Siddhartha Bera: Got it, sir. Thanks a lot. I will come back in the queue.

Vinay Sanghi: Thank you.

Moderator: Thank you. The next question is from the line of Aman Saifee from iWealth Management. Please go ahead.

Aman Saifee: Hello sir, I hope I am audible?

Vinay Sanghi: Yes, we can hear you.

Aman Saifee: Thank you so much, sir, for the opportunity and congrats on a super set of numbers. Sir, what I have noticed is that in your consumer business, what you have delivered the highest growth of 38%.

Vinay Sanghi: Okay, I think we can't hear very clearly. I think it's smudging a bit.

Aman Saifee: Hello.

Vinay Sanghi: Hello.

Aman Saifee: Yes, sir. So, what I have noticed is that in terms of the passenger vehicle industry, the inventory level were at the highest in October at 80 to 85 days. Then it went down to 65 days and further down in December month. So, sir, is it right to assume that a high growth which has been coming in this quarter is due to high industry, high inventory level in this quarter?

Vinay Sanghi: I won't actually high industry level, inventory level. One is that October-December tends to be, at least October-November tend to be high selling months anyway. So, it does help us. But otherwise also, I think whether the inventory is three months or one month or six months, generally wherever there's a supply availability, I think we get better. So, the inventory may not be high, but if the supply is available and dealer or manufacturers want to sell more vehicles, it's generally the more favorable market condition for us.

Aman Saifee: I understood, sir. So, basically, is this inventory level getting rationalized in the industry. So, the contribution which has gained from that particular new OEMs in your consumer business will get down eventually, right?

Vinay Sanghi: No, I don't look at it that way. I feel like consumers come to buy vehicles on CarWale. The inventory is one factor, but the reason consumers come is because they want to buy. So, you know, it's many, many factors, I would say. The fact that the industry is growing, the fact that the markets are growing, the automotive markets are growing, the fact that inventories…

Moderator: Hello sir, you're not audible. Can you hear me? Mr. Sanghi, can you hear me?

Vinay Sanghi: Hello.

Moderator: Yes, Mr. Sanghi. You weren't audible. Please go ahead.

Vinay Sanghi: Oh, sorry. Can you hear me now?

Moderator: Yes.

Aman Saifee: Yes, we can hear you. We lost in between when you were explaining about the spend.

Vinay Sanghi: Yes, I don't think the spend or the business has been related to one or ten manufacturers having excessive inventory. That's the question. I think it's related to the fact that people find they want to come to a platform like us. People find that you get the inventory they want here. They get the selection they want here. People also find that they want to buy cars in that month or two-wheelers in that month. So, it's a multiple factor thing. It's not about high inventory. So, that's the question.

Aman Saifee: I understood, sir. Thank you so much.

Vinay Sanghi: Thank you.

Moderator: Thank you. The next question is from the line of Nishit Jalan from Axis Capital. Please go ahead.

Nishit Jalan: Yes. Hi Vinay, thank you for taking the question and congrats on a good sort of numbers.

Vinay Sanghi: Thank you.

Nishit Jalan: So, see, I have three questions. First question on the consumer business. Yes, I think you said rightly that when supply is higher than the demand, it's very good for your business. So, just wanted to understand when this is a scenario, growth is coming more in terms of your lead cost per vehicle you are charging higher to the dealers, your advertisement rates have gone up or is it simply that more and more vehicles are getting sold through lead generation? So, just wanted to understand the drivers of the growth here.

Vinay Sanghi: It's actually all the above. One is the manufacturer spend more money, second is as I gave the figure a little earlier. The traffic itself is up substantially year-on-year in CarWale and BikeWale. I think the third is you know platform selling obviously more vehicles. So, all of it, I would say, it's not one of these things, it's all of them.

Nishit Jalan: Okay, so there's nothing one odd factor which is the last thing.

Vinay Sanghi: No. I think Nishit that's one of the reasons we feel good about the business, because we don't think that there's a reason why, a very specific reason where we have seen this growth. As I said earlier, the consumer group business has grown over many, many quarters. It's not a one-off. And I think that's why we feel good about the business because it's not a one-off. It's just been consistent growth over many quarters, actually.

Nishit Jalan: Correct. So, that's why I think the only factor here is the growth has picked up substantially. Yes, this business was growing earlier, but it was growing more in mid-teens earlier. But in the last couple of quarters, we have seen growth picking up substantially. So, the idea is to understand what is the more sustainable growth basically? That's what we have to understand. And obviously, there will not be data available for this, but as per your experience or as per your understanding, right, what we understand, we know the advertisement budgets of the OEM. So, at least they tell us how it has grown or not grown. And it has not grown at 30% or 20% the way your top line has grown. So, does that mean that these verticals, basically, domain, CarWale, CarDekho, all these domains are getting more and more traffic now, more and more share of OEM's wallet or any sense around these numbers or anything you can talk about as to any other structural changes that are happening? These changes are supposed to happen anyways, but now I think it looks like we are starting to see that pick up happening. So, any sense on what is driving this or exactly what is the wallet share now, where it can go in the next three years, five years?

Vinay Sanghi: Yes, it is correct that, one is OEM has spent more money. That's one. You may be right that OEM has not spent 30% more money. That is also correct, probably. But the reality is they are spending more money on digital. I think that change does take place when you want more direct results or very quick results. You spend money on digital or more measurable results. All this required digital spends. It would be, I mean, we don't have complete data yet for the last 3-4 months, but it would be correct to assume that some share would have been gained by platforms like CarWale or BikeWale. It would be fair to assume. But it's also fair to assume that there is a slight shift in the pattern of OEM spending to digital. There's also, part of it is that advertising spends of OEMs are growing. It's all those factors. The fact that share is growing is also true. I would again put in all the three factors that are actually taking place. We're seeing the first signs of all of this happening actually.

Nishit Jalan: Okay, that's a good thing to hear. Vinay, you were taking a lot of other initiatives also in the consumer business, lending through your portal, making a lending platform through your portal or maybe some other things as well. Has any of these things started working out well or started leading to some revenue generation for you guys?

Vinay Sanghi: It's not leading to significant revenue generation, but it's leading to traction. I think the first signs of something working is how consumers react to products like financing, for example. As you can see on our platform, today, finance offers for new cars, new two-wheelers, used cars, etc. CarWale, BikeWale, even on OLX it has just gone live. And we find that some of these are starting to be adopted by consumers getting instant approval for a loan for a two-wheeler or a car. Some have scaled, especially in two-wheelers, we find the volume is pretty high. So, these are all products for the future. And eventually, people like you and me, when we buy a car or a two-wheeler, definitely a two-wheeler is not a car. We'll want a one-click-like experience. Click a button and get the bike home. It'll just come to your house. You will want that kind of an experience. And obviously, a lot of these initiatives on our tech product side are trying to solve these problems for the future. Even if today consumers don't want it, maybe in a year-2-3-4 years, they will want it or some percentage of customers will want it. And that's what we're doing. We're building these products for ourselves, for bikes and cars. We're also building this for the OEMs. Many of the OEMs are using these products on their websites. I mean, today many two-wheeler and car manufacturers are using some of the technologies we created for their own customers on their own websites and their own showrooms. So, I think part of our role is also trying to get the entire industry digitized. And then, it just helps serve all our customers better and give them a better experience. So, many of those initiatives are going on in parallel. They may not become big monetization tools immediately in the next 3-4 months or 6 months but they're definitely ways of changing consumer behavior. And they're also improve consumer experience. And that's one of the reasons you see CarWale and BikeWale traffic going up on a base of 30 and 39 million a month last year. To go up from there to 49 million, it's no mean achievement. I mean, it's a tremendous achievement to increase traffic by that scale over a 12 month period. It is these kind of initiatives which get more consumers to come. And you've got to remember, we are 95% organic, still.

Nishit Jalan: No, I understand that. Maybe I will get into a separate discussion with you to discuss this in detail. Just one thing which I have always been curious about. Typically, if you look at, in India, new car market is around 4.2 million. Maybe used car market is around 5 million. So, there are about 8 to 10 million car, bikes sales that happens, new car, used car combined put together. So, when we see the traffic numbers coming out to be 38 million, 50 million, who are these people?

Vinay Sanghi: There are also two wheelers here. But when you look at two wheelers, the numbers go a little more, but even if you look at cars alone, if there are 10 million probable buyers for cars, they're probably 80 to a hundred million looking for cars or shopping for cars, which may become, the next 12 months, 16 months, whatever. And then there are another 4-5 million selling cars. So, the multiple sections of this data, right, come around. And then there are almost like 4-5 million, maybe many users of cars, who just come and understand about their own car or want to know more about their car. So, traffic is got all sorts of people, people who own cars, people who are looking to buy new cars, used cars, people who are going to sell cars, all of them, right? Anybody who's trying to do this for the next 6 months or 12 months will be there. And you got to remember also, market share of CarWale is very high to car users, car owners or aspiring car owners. It's very, very high at the market share.

Nishit Jalan: Sure.

Vinay Sanghi: Very few people buy your car and not come into one of our platforms. Very few people.

Nishit Jalan: Correct. And my second question is on the used car side. I think when we bought OLX, we at CarTrade had an existing used car business as well. So, have you integrated those businesses? Have you been able to offer a better deal to the dealers, used car dealers and charge a higher subscription revenues from them. So, anything, any of these steps you have taken on the OLX side, because it's like essentially number one and number two players getting merged together, right, or becoming one. So, what kind of benefits have you seen because of that, or any strategic steps you have taken to improve your positioning or to expand the size of the industry basically, right? Basically you are the one who has to create opportunities for monetization, so what have you done to do that?

Vinay Sanghi: We have got two used car businesses under CarWale and under OLX. OLX is almost 3.5x-4x the size of CarWale in the used car space. For CarWale, 85% is new, 15% is used. For OLX, about 40%-45% of its business is used cars and it is three times the size of CarWale. The customer profile, both platforms, by the way, get over 150 million customers a year. So, both are strong, both have independent brands. Customers go for different users to both. What we found, I mean, what we find in the data is generally we find that customers want to buy a car, let's say, seven to eight lakhs and over, tend to come to CarWale, a little more, I would say, big city, a little more, probably buying a little more expensive car. In OLX you find very strong coverage across all cities in India, especially B-class, C-class, D-class towns in India. And the ticket sizes seem to be more 0 to 8 lakhs. So, it's almost like CarWale has very strong strength because it's such a new car platform on cars above 8 lakhs for used cars. And OLX is strong up to eight lakhs. It's almost how they complement each other. Of course there's overlap between the two as well. We find that dealers and consumers come for different reasons to both. As I said, OLX is 3.5x the size. We find that dealers in OLX tend to advertise for cars or want to be there for all small towns, very, very strong coverage in small towns and very, very strong coverage on cars up to Rs. 8 lakhs rupees and CarWale tends to be in the top 25 cities and up to 8 lakhs. So, that's how it is. The question of merging, you know we thought originally whether we want one business other than two, we find that people come for different reasons. The brands are strong, dealers have different reasons to come, consumers come for different reasons. What we tend to merge always or tend to make it easy for people to do is the backend. So, there's a dealer on OLX and CarWale, can we give them one simple tool to upload cars on both platforms, right? Can we do things like that? And that's the work we have been working on the technology side, where the backend is one, but the front end of consumer and dealers are two, right? So, you as a consumer can go to either platform, or you as a dealer can go to either platform. And I think that's how we tend to be running these businesses. It's still in the process of completing that. I think the first steps of that in this quarter, where we'll have some functions of our backend systems common, right? So, I think those are the kind of things we have a roadmap towards on the tech side and synergy side at this point.

Nishit Jalan: Sure. And one last question, one housekeeping question. If I look at Q3 this quarter's PPT, last year auction volumes in remarketing is a shade lower 300,000 units and auction volume is around 35,000 something. But if I look at the last year's PPT, these numbers were much higher. Auction listing was 3,55,000 and auction volume was 51,000. So, has there been any restatement in the last year numbers on the auction volumes and auction sales because…

Vinay Sanghi: In SAMIL?

Nishit Jalan: Yes, in SAMIL.

Vinay Sanghi: I don't think there's a restatement for anything. Aneesha, anything, but I don't think there's a restatement of anything.

Aneesha Bhandary No, if you look at the foot print, we have clarified these are all vehicle auction listings.

Nishit Jalan: No, I understand that, because, Aneesha, if you look at auction listing in current year PPT for last year, you have given 2,99,712.

Aneesha Bhandary Yes.

Nishit Jalan: But in the Q3 FY24 PPT, for Q3 FY24, the auction listing is 3,55,363. And similarly, the auction volume was 50,925. But this year's PPT last year number is 45,000 something. So, there's a big difference.

Aneesha Bhandary Yes, which is the one I was clarifying, Nishit. These are all vehicle auction listings. Previously, we had put all listings, which is why in the last couple of quarters, we have clearly called out only the vehicle auction listings.

Nishit Jalan: Oh, okay. So, you have removed some non-vehicle things from that and that is the reason it is happening?

Aneesha Bhandary Yes.

Nishit Jalan: Thank you.

Moderator: Thank you. The next question is from the line of Arpit Shah from Stallion Asset. Please go ahead.

Arpit Shah: Hi.

Vinay Sanghi: Hi, Arpit.

Arpit Shah: Am I audible? Yes, hi. Just superb results, super show. Just wanted to understand, in terms of monetization, like given the strong platform that we have, be it on the used cars, also on the new cars, our monetization is a little under-leveraged, right? So, you believe that we are at a J-curve in terms of monetization and that revenue growth should be accelerating going ahead, given our position in used cars and new cars?

Vinay Sanghi: We believe we have had a 32% growth in revenues, right? So, we believe the growth drivers are in place. 32% growth over 9 months. So, we believe that definitely the revenue drivers are in place. We also believe that there's a lot of potential in the industry itself. And most of that is around having more consumers coming to our platforms or having more dealers or more manufacturers on our platform, providing more services to our customers, like loans, etc. So, yes, of course, we believe at an early stage, the TAM is massive. The idea would be to keep growing consumer experience as well as keep growing monetization with it. And that is why we're growing at 32%. So, it's all on these things I will give you, to be honest, Arpit.

Arpit Shah: Got it. So, you think these numbers, once all the steps that you've taken in the last couple of years and couple of quarters, this whole initiative now will translate for you from going from a 20% growth company to being a 30% growth company. Is that a thing that you're looking at?

Vinay Sanghi: I don't, we don't think, we're not giving guidance. We don't think about that. But to be honest, we have got to, if you see our growth rate in the first nine months, right, which is what should be looked for. It's a 32% growth in the company, right? On a consolidated basis. Of course, the consumer group maybe be at 27% in different, different growth rate. But at the company, it is around 32%. So, you know, our attempt is to obviously serve our consumers better, grow fast, fast as we can, but growth based on profitable growth, right? Which is keep improving our margins as we grow. That's how we tend to be as an organization. That's how the last few quarters have demonstrated our thought process around some of these things.

Arpit Shah: Got it. So, let's say now you are at Rs. 176 crores kind of revenue run rate, Rs. 180 crore kind of a revenue run rate for the third quarter. You think this run rate, let's say will move to 220, 230 crores maybe by next year and that's how we go on to become a Rs. 1,000 crore revenue company where the cost would not escalate but your margins will just keep accelerating, keep going high. How should you look at these costs going ahead once the revenue growth keeps coming at 25%?

Vinay Sanghi: I can't obviously give guidance on next year's revenue, but what you are saying is correct, is that if our revenue is to grow, our costs sould not increase in relation to that. We always say that our costs grow marginally, but in compared to our revenue growth. If we did add some quantum of revenue to our current revenue, a large part of that would go to profit. And this has been demonstrated now over 5-6 quarters. This is not a one quarter. It's been continuously happening. So, you can see the margins quarter-by-quarter over the last four quarters, and you will see that's true.

Arpit Shah: Got it. Just one last question on OLX. So, on OLX, what steps are we taking to fire up the non-auto side of the business? Like what are the things that we have been doing on the backend, and when should we start seeing great results on the non-auto side of the business?

Vinay Sanghi: Yes, so the non-auto side, there are different segments as real estate to mobile phones to bikes to electronics, household items, jobs, etc. In each of these, we're working a lot on the product side to see what the offering for the consumer is, what change we need to make on the front-end platform, how do we get the backend tech, how do we get more consumers to pay, how do we get more businesses to pay, how do we enhance experience for them, how do we launch products for them which enhance the experience. All of that is going on, actually we have been working over the last year. It takes a little bit of time to make such product changes. And some of it is coming in, some of it is still happening. But we do hope, we're very excited about the non-auto side. So, tremendous potential use. It's probably the largest platform for bikes, mobile phones, electronics, household items. All of these. OLX probably has very, very strong dominance in India. If you're selling an old phone or an old washing machine, if you didn't put on OLX, how would you sell it? And I think that's the strength of the platform. It has very, very high dominance in this. So, there's probably no other way in India to sell it outside OLX. May be on a C2C basis, or sell it to a dealer or if you wanted to buy one similarly, how would you buy it? How would you find a used washing machine, except if it was on OLX? So, there's tremendous potential here. It's early days for us, as I said. It should provide growth for us for the next 10 years. It's not a one-quarter, two-quarter story. This is probably a 10-year story or a 20-year story.

Arpit Shah: Got it. But do you think our expenses now will grow in line with inflation or there will be still some growth on that?

Vinay Sanghi: Yes, we may not be inflation, but we see minimal incremental cost. We see our cost even this year. The cost increase in the standard accounts almost zero. So, we don't see much cost, much reason across the group for cost increase. I mean, there will be increments. There'll be some additions on manpower. First of all, the only real massive cost we have is manpower cost. So, there will be an increment factor and there will be probably some addition of some people. But generally, our costs are not likely to go up significantly in the future.

Arpit Shah: Got it. And on an OLX business, you think that this business is going to have a 50 crore on it, and it can move to, let's say, 100 crores-150 crore within the next couple of years. So, that is a big optionality. The group owns the right and that needs to be leveraged going ahead.

Vinay Sanghi: I don't want to put a number, but there is limitless potential in OLX. There is absolutely limitless potential. I said I don't want to put a number to it, but there is, we have just barely started working on it. I will not say 2-3 years, I think for 10 years we can have growth.

Arpit Shah: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Harshit Nagpal from YES Securities. Please go ahead.

Harshit Nagpal: Yes, good afternoon, sir, am I audible**?**

Vinay Sanghi: Hi Harshit.

Harshit Nagpal: Hi, So, one, if you could provide the breakdowns of the remarketing business for this quarter's revenues between Shriram, Adroit and CarTrade?

Vinay Sanghi: Aneesha, you want to do that? Take this up? I think it must be the different companies.

Aneesha Bhandary Yes, there are three different legal entities.

Vinay Sanghi: Do we file that?

Aneesha Bhandary No, as I was saying, we do not publish this in the public domain yet.

Vinay Sanghi: I understand.

Harshit Nagpal: And if we could give you the user breakup for the rural, urban and semi-urban for both CarWale and OLX if that is possible?

Vinay Sanghi: We won't have those numbers, the user numbers we said, the traffic numbers, right? Urban, semi-urban, right?

Harshit Nagpal: Yes.

Vinay Sanghi: No, we won't have that. We try and keep it, but we don't have it today available with us.

Harshit Nagpal: Okay and the advertisement revenues from the OEMs and the dealers, the split between that, if you would have it for the car?

Vinay Sanghi: Yes, that's it. That is what Aneesha said, about 65-35. I think 65 OEMs and 35 dealers and CarWale and BikeWale.

Harshit Nagpal: So, 65 is OEMs, it's mostly advertising revenue, right?

Vinay Sanghi: It tends to be mostly either advertisement or leads. It's not advertising. It's not the way we call advertising is not just display advertising, but it's also leads or it could even be, we are deeply integrated with the manufacturers now, so it could even be transaction in some cases.

Harshit Nagpal: Right, thank you.

Vinay Sanghi: Thank you.

Moderator: Thank you. The next question is from the line of Siddharth Purohit from InvesQ Investment Advisors Private Limited. Please go ahead.

Siddharth Purohit: **Hi Sir,** Most of my question has been answered. Just two clarifications. Sir, what would be our run rate of ESOP like at consolidated level? But if you can give us…

Vinay Sanghi: ESOP like in, is it broken up, Aneesha? You can give it. It's actually it's in a standalone. It is down by 37% to 2.79 crores a quarter. Is that correct, Aneesha?

Aneesha Bhandary Yes Vinay.

Vinay Sanghi: That's correct.

Siddharth Purohit: So, it will not be equally divided between the two entities, right?

Aneesha Bhandary No. It's in the respective decks. Each of the entities is displayed separately. So, the standalone reflects the consumer group, which is was what Vinay called out the 2.79 crores.

Siddharth Purohit: That is a quarterly run rate, you are saying?

Aneesha Bhandary Yes.

Vinay Sanghi: That's a quarterly, and it's 8.36 crores for nine months. Which is down 37% from last year.

Siddharth Purohit: So, any specific reason why it was lower this quarter? Maybe it was not…

Vinay Sanghi: It's the way a lot of the ESOPs cost is related to stock issued earlier 2-3 years ago. And as the company invests the costs keep coming down. So, it's likely to keep coming down. The question is, it's likely to keep coming down even next year.

Siddharth Purohit: Okay, fine. And one more thing. On this auction site, if I say look at the realizations per auction, like is it seasonally it is higher during this quarter or it is because of the product mix or the…?

Vinay Sanghi: I think it's yes it is a little bit, normally Q3 is better than Q2 anyway, but it is also because of the repossession volume because it's much higher than last year as well same time. So, the right way to look at it is 28% year-on-year right same period last year so it can't be seasonal. It is also because of volume increase due to a little bit more repossession in the quarter.

Siddharth Purohit: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Aastha from Pkedey advisors. Please go ahead.

Aastha: Hello, hi sir. I have a few questions. My first question is to start with, so you said that whenever our revenue increases and so that is directly going to hit a bottom line, right? So, that is across all the three segments, right? OLX, consumer and remarketing?

Vinay Sanghi: That is correct, absolutely correct.

Aastha: My actual question, second question would be, sir, what would be the steady-state EBITDA margins you expect for the consumer business? The current margins, can we consider that as a stable one?

Vinay Sanghi: We actually think that as revenue increases, it should go up. So, I don't know what steady means, but we actually think it should go up as revenue goes up. If revenue did come down, it would come down too. But if revenue went up, it would go up.

Aastha: Okay. So, currently we were at approximately 30 approximately, right?

Vinay Sanghi: Yes, 35.

Aastha: So, if the revenue goes up, so we are expecting those...

Vinay Sanghi: It should go up. Yes, the margin should go up, we feel, the other way around actually.

Aastha: Got it. So, my third question is related to the remarketing segment. So, what happened in this quarter exactly? Is it growth merely because last year quarter was so softened or something fundamentally has changed in the industry level?

Vinay Sanghi: I think it's both. We did have a weak previous year where the growth was minimal in the remarketing business. So, there was a base effect there. But there is, as I said, some signs of repossession improving or increasing and us getting more vehicles from that segment. So, it's both, I would think. But we did have a previous year, which was also weak. So, it's a combination of both factors, I would say.

Aastha: Sir, my last question would be, what is the right to win in this marketing, remarketing segment and who are we competing with exactly?

Vinay Sanghi: The second part is, we are generally competing with a very offline methodology of sales. So, if a bank or an NBFC or an individual didn't sell vehicles in an auction format, digital auction format, they would sell it offline directly and that's probably the competition for us is offline sales. What are the right to win is a very good question. It's a marketplace. So, there are thousands and thousands of dealers which bid for inventory coming from consumers or businesses. 40% of our business or the supply which comes is single inventory, which is what we call retail, which means each individual vehicle comes there and is sold to thousands of dealers bidding for it. So, it's an online digital marketplace which is by itself a right to win because you have dealers coming because there are sellers or consumers or businesses selling, and sellers come because there are businesses buying. It's a C2B, B2B business, that's one. So, there's a network effects there which feeds off each other. And as I said, these dealers are thousands of, there's no single buyer would buy more than half percent on our platform. So, it's a very, very large number of buyers would buy this inventory. They're probably the largest supplier of inventory to dealers in India, number one. Number two, there's a tremendous amount of physical infrastructure at Shriram Automall. That's one of the reasons we acquired the company. We have 130 physical locations, or automalls as we call, each of them in the minimum of five-acre properties where we keep vehicles which are for sale. So, if you're a bank or an NBFC and you want to sell your vehicles, you can physically keep it with us and then we can do a digital sale for you. So, I think it's a combination that also the differentiation in India. So, it's a phygital business, mostly digital, but all these factors of network effects, marketplace dynamics, physical infrastructure, skill and technology and product are factors why we have a right to win.

Aastha: Got it, sir. That's it from my end. Thank you.

Moderator: Thank you. The next question is from the line of Vijit Jain from Citibank. Please go ahead.

Vijit Jain: Great. Thank you so much for the opportunity again. Vinay, earlier in this call, you described your business to OEMs as performance marketing….

Vinay Sanghi: I think we lost Vijit.

Moderator: Yes, I think we have lost Vijit. So, ladies and gentlemen, that brings us to the last question for today. I would now like to hand the conference over to the management for the closing comments.

Vinay Sanghi: Thank you, everybody, for joining in today and taking this time out. We feel excited about the last quarter. And we also feel excited about the future of the company. So, thank you once again, and look forward to hearing from you again soon. Thank you. Bye bye.

Moderator: Thank you, ladies and gentlemen. On behalf of CarTrade Tech Limited, that concludes this conference. You may now disconnect your lines.