

Date: August 28, 2023

To,
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai - 400001
Script 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
Script Symbol: CARTRADE

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

Sub: Transcript of the conference call with several Analysts/Institutional Investors/Funds with respect to discussion on the acquisition of OLX India's classifieds and Auto Business in India

Dear Sir/ Madam,

With reference to our letter dated August 16, 2023 intimating about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of the conference call held on Monday, August 21, 2023 with several Analysts/Institutional Investors/Funds with respect to discussion on the acquisition of OLX India's classifieds and Auto Business in India.

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

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“Business Update Conference Call of
CarTrade Tech Limited”

August 21, 2023

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 21, 2023, will prevail.



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

Moderator: Ladies and gentlemen, good day and welcome to the Business Update Conference Call of CarTrade Tech Limited. This conference call is to discuss the acquisition of OLX India's Classified and Auto Business in India and the discussions will be limited to this acquisition only. 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 the guarantees of 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vinay Sanghi, Chairman and Managing Director, CarTrade Tech Limited. Thank you and over to you Sir!

Vinay Sanghi: Good morning everybody and welcome to this analyst call. It gives me a great pleasure to announce the acquisition of OLX business in India. We have acquired 100% of Sobek Auto, which houses two distinct business verticals. There is a classified business which we all know as OLX on our phones and there is a C2B or consumer-to-business automotive transaction business, so these are two distinct business verticals of Sobek and we have acquired 100% of Sobek Auto. This acquisition was at a total cost of Rs.535 Crores. The company Sobek itself has approximately Rs.115 Crores of liquid assets of cash which would take our equity acquisition value to our Rs.420 odd Crores. This acquisition entails acquiring 100% of the shares.

Sobek Auto also signed business transfer contract to acquire entire OLX India classified business from OLX India, so it owns the classified business as well and Sobek Auto also entered into brand license agreement for 20 years with OLX being the global holding company and enter also into technology transfer contracts, all the technology created by OLX in India, transfers to Sobek Auto which will in a way transfer to our ownership. So, we are really excited to announce this. We believe that it is a fantastic acquisition for our entire portfolio. As I said there are two distinct businesses, the OLX Classified business which carries an element of automotive and non-automotive. Automotive here is about 50% of the entire business and the non-automotive side, is another 50%. Non-automotive category includes electronics, jobs, furniture, real estate, etc., etc.

We also acquired the C2B transaction business, which was 100% automotive, last year, they transacted almost 50000 vehicles in that business, so these are the two distinct verticals which we acquired. Just some key metrics - its the largest used classified platform in India - over 100 million downloads, what we love about the classified business is it is a lot like

current businesses where it is a very large amount of organic traffic or traffic where they do not pay for and that is only the reason why the classified business is extremely profitable. They get monthly 35 million unique visitors per month, almost 32 million listings per year. Very, very dominant in the listing space.

On the transaction side, they inspected 350,000 vehicles for auction. Sold at the rate of about 35,000 vehicles a year in the last month, the GMV on the transaction side, it is Rs. 1,660 Crores. The total net revenue for the company - which is the classifieds and the transaction, just the revenue and the fees, not the GMV it is approximately Rs. 285 Crores. It is a cash free balance. The Classified business financials have been circulated. The Classified business itself has revenue of about Rs.177 Crores out of this and has profit before tech cost and I will come back to tech cost, so before tech cost of Rs. 111 Crores which is a high margin business.

The transaction business has a GMV of Rs.1600 Crores and net revenue of Rs.108 Crores and these are July annualized numbers and has a loss of approximately at a run rate of Rs.89 Crores a year. This has come down over a period of time. One of our big objectives going forward immediately is to fix the unit economic in a transaction business, the Classified business has been extremely profitable already and if we combine these numbers the transaction business, classified business, we get a GMV of Rs.1,837 Crores and net revenue of Rs. 285 Crores and profit before tech cost of approximately Rs. 23 Crores per year which means it is classified is highly profitable and the C2B transaction business is of course losing money, but of high potential in the future.

What we like to do immediately as an action is fix the unit economics in the transaction business and bring down the loss there immediately and of course keep continue to go in the classified business. There is also a tech transition which is taking place. The entire technology built for running OLX in India has to be transferred and the tech transfer or the tech transition is going on. we expect it to be absolutely complete sometime between December this year and March 2024. That work is underway, so the entire tech is owned by Sobek Auto which is the company we acquired. There will be a cost for this transfer approximately we feel even though the transaction value or the purchase price was Rs.535 Crores minus the cash which is about Rs. 20 Crores, there will be additional cost of approximately roughly Rs.60 Crores till March on the entire tech transfer and the migration of the tech. Post March, the tech cost will dramatically come down as we completely have in house with our own tech teams to manage and grow the technology and products of this business. This is a very high-level amount of data here. As I said, we are extremely excited about both the Classified and transaction business, although the transaction business requires unit economics to get fixed. As you know our track record over the last few years of fixing unit economics and businesses, we will of course attempt to do so here as well.

When we look at the Classifieds side itself, the first time part of this business has got a non-automotive side which we are extremely excited, the electronic side, jobs, homes, furniture, etc., etc., but of course we are extremely excited about the automotive side itself, which is 50% of this business and as we said for us in many ways changes the way we look at the CarTrade Tech group over the next two to three, four years. When you look at the total users, when you add 35 million users here and other 34 million CarWale, BikeWale and the other platforms of the group, we have almost 68 million users per month which is a phenomenal number and of course takes our revenues and profitability to another level of scale. This is what I had. I think we have circulated a presentation earlier. I am happy to go into question, answers and clarify all your doubts on the acquisition. I just wanted to reiterate how excited and happy we are to be able to get this done. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Thanks for the opportunity. On the classified business, I had a couple of questions. First is, some color can we share in terms of the history, how these revenues have grown, say in the last couple of years and given as you are integrating into our current business, so any thoughts you have on next three to five years? Where do you want to see in terms of the scale for this business and second is on the margin side, so we understand that Rs. 60 Crores will be the one-time cost of tech transfer, but after that, from may be Q1 of next year what can be the sustainable amount of this tech cost which may come and what will be the synergy benefits given that we already have a big classified sort of business, so how to understand the synergy benefits between this and the new OLX business?

Vinay Sanghi: Sure. I think the first thing was the growth rate side. Over the last three years and some of the data will become clearer in the next few calls we have, but roughly the growth was about 20% in the last couple of years for the classified business that is the first question you had. I think over a period of time, the investments from OLX globally has been in the transaction business. We of course believe that the classified business is extremely valuable and we are going to make a lot of attempts to invest in the classified business and look at catering to all the 30 odd million users so that is the first question you would have asked. I think the second one the tech cost and the tech cost that we incurred really for a period of six months to transition this and these costs are global costs that have been incurred to OLX globally to transition the tech and use the services for this period. We believe that eventually sometime between as I said January and March next year, we will incur or have our own teams running technology and products for this company and during the process, we are making the transition. At that point, we believe the costs will come down dramatically may be by 40%, 50%, 60% at least we believe that, so that is the second part. The third question was around margins next year right. The classified business is extremely

high margin as you can see Rs. 111 Crores trailing profit right before tech cost. We are definitely seeing these margin will continue the classified business. We believe that the margins on the transaction C2B business, it will change and we feel pretty confident that we will bring down the cost to get to very reasonable unit economics in that business. So, our attempt is to fix unit economics in one business, grow the classifieds business and its profitability and revenue and transfer the tech internally and these are the three basic objectives for the next few months.

Siddhartha Bera: Got it. Sir, on the C2B transaction business 6.5% net revenue margins are quite healthy, so can you slightly detail in which areas unit economics is not currently sort of good and we need to address that and if I look at like over the next couple of years, the business scale as you have said it has come down from 50,000 to 35,000 or so, for the next couple of years what will be our top priority, will it be sort of growing the business or may be bringing down the losses, so some thoughts?

Vinay Sanghi: Yes. In the two, three years, of course one is the cost of marketing right which we feel this whole acquisition and synergy giving access to CarWale customers, also to C2B platform should bring down the marketing cost, so that is the first objective for us and then the various intricate processes which are being done in the transaction business right now, flavor of which we said in the presentation as well which we obviously want to bring down and optimize right without sacrificing customer centricity. You have to remember that OLX ran this as a global business and therefore historically there were lots of costs which existed which we feel we can pull out of the system, at the same time enhance customer experience right, so that clearly in the transaction business, it is not the focus. On the classified business as I said highly profitable growth is the focus. On the transaction business, we are looking to fix the unit economics even if we sacrifice a little bit of growth we are definitely going to fix the unit economics first.

Siddhartha Bera: Got it. Marketing cost will be what percentage of maybe I do not know net revenue or gross revenue is it sustainable or what you can look at there?

Vinay Sanghi: We feel it we want to bring it now to as you see in CarWale and you see in OLX, the classified business, we like organic businesses where customers come because of the experience and not because we spent a lot of money on marketing. I think it is pretty similar here. We want to make sure the transaction business is really getting customers from OLX the classified platform or CarWale and really coming on because of the superior customer experience we can provide and not being built on marketing cost. We are very clear that we are going to bring it down from what it is today.

Siddhartha Bera: Got it sir. Thanks a lot. I will come back.

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

Sachin Dixit: I had a bunch of questions. First one, basically with regards to this transaction figure, possible to share any data on unit economics because right now, the filing is very high level like we do not know what it is, because there is almost Rs. 200 Crores cost item between the net revenue and PBT profit?

Vinay Sanghi: Yes, we will give you a split up in future calls and of course even cost buildup, but the two basic costs are people cost and marketing cost. Marketing is a customer acquisition cost and peoples are really for conducting all the processes which are required. I can elaborate a little bit on the process. The process really involve the customer coming into OLX, the transaction business and asking for an inspection and the vehicle is inspected at the seller's house which is you or me and when the vehicle is inspected at the seller's premises, the vehicle is auctioned to a large number of dealers in India and then there is an auction price which comes out. Once the auction price comes out, OLX or Sobek buys that vehicle from the customer, keeps it for a day or two and then collects the money from the dealer which won the auction and delivers it to the dealer, so it is a like C2B platform even though there is no risk on the transaction because every quote given to a customer, has got a back to back dealer quote. It does hold inventory for two to three days in that process, there is a very low amount of inventories, it is almost asset light, but it does hold it, so this is the process. There are most of the cost are - certification cost, the operating cost, picking up the vehicle, keeping it, giving to the dealer that engine or that cost is what the people costs are and another cost is marketing and customer acquisition. So obviously we feel that in this process, there is a bit of optimization which we can obviously do that is what we feel.

Sachin Dixit: And there will also be some cost of warehousing etc., right because....

Vinay Sanghi: There is some cost, but it is not significant, but there is a cost of keeping the vehicles for three days.

Sachin Dixit: Okay. My next question is with regards to basically the profit...

Vinay Sanghi: That also you might see some synergy, because Shriram Automall have 130 automalls in India, so we might see some cost synergy there itself in stocking these vehicles, sorry, we might see some synergy there in cost.

Sachin Dixit: Next question was on basically the profitability of this entire business, so currently PBT profit is Rs. 23 Crores and even if we assume that the 40%, 60% dip in the cost that you talked about which is currently roughly Rs.10 Crores a month actually happens, so you still

have at least Rs.5 Crores tech cost a month which is Rs.60 Crores of annualized numbers. So basically combine....

Vinay Sanghi: Combine in where we will be saying, we will bring it down, but we also see the transaction losses coming down dramatically right that is what we see.

Sachin Dixit: Right, basically so Rs. 50 Crores assuming that the tech costs are coming down and then the transaction unit economics also improves further, so net-net this entity might continue to give us losses for may be the next fiscal year at least?

Vinay Sanghi: To give us profits? Yes, we feel pretty confident that should happen, absolutely right.

Sachin Dixit: No, I mean like the entity might continue in losses for the next fiscal year?

Vinay Sanghi: No, I do not think so, because if you have Rs. 111 Crores profit in one business and you will have to bring this from the other one then you have tech cost is bound to be profitable for the company, we feel pretty confident in the next year post the PBT cost we will be profitable.

Sachin Dixit: Understood and just one final question this is more on like what differentiates basically CarTrade from some of the peers, so when you think of OLX which was running the transaction business earlier, they have a lot of classified or free traffic as you have mentioned. Your peer CarDekho which also has similar business model where the CarWale model where there is a lot of organic free traffic, they also get the transaction as well and they actually shut it down and then gave a public interview that this business can never make money, what is giving you the confidence that you can actually improve those unit economics if OLX has not managed to do it, CarDekho has not managed to do it?

Vinay Sanghi: You are right. I feel one is the model itself - is less asset heavy, marketing cost needs to come down and there are tweaks I think the fact that they have to be tweaks in the processes to make sure that the unit economic changes, staying asset light. I feel that one of the things we are going to focus on is to stick to our core principles like CarTrade Tech group which is staying asset light and that is why we have all been profitable and applying these rules to C2B transaction business, we feel pretty good that we will be able to turn it around, but anyway bring down the losses we feel pretty confident about that.

Sachin Dixit: Thanks.

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

- Vijit Jain:** Thank you. I have two questions. One is on the classifieds business, if I look at this number right, Rs.177 Crores this is pretty similar to what you have in your standalone business have give or take, but pretty highly profitable business at Rs.111 Crores, so I am just trying to understand what makes the profitability here so high given that your marketing spend itself also is not especially too high right, the cost structure is Rs.60 Crores for OLX's in classified business is entirely in India, is that how we should understand it?
- Vinay Sanghi:** OLX classified that is correct at this point. You got to remember that the PBT of the tech cost is kept out of this and there will be some tech cost here which will bring down that 111 Crores itself, but beyond that one is to also keep in mind that OLX is general purpose classifieds, it is a horizontal. CarWale is a verticalized business. There is someone like you and I think that is one of the thing we are very excited about, there is someone like you who is selling a car today on OLX and 100 million people have got it on their phone and tomorrow that same person is selling a phone and third day selling a furniture right so the user base, it is one of the few platforms in India which has got a very strong 32 million listing, it is a phenomenal number. There is no equivalent probably marketplace in the country. There are so many listings coming up every year and many of them are paid, so people pay to list that products. Consumers like you and me pay, so I think the business is slightly different from CarWale. CarWale is the verticalized automotive 80% new car, new vehicle business. This is the used products sold on OLX and obviously the classifieds is completely asset light again, almost zero marketing cost and therefore the unit economics are extremely good and that is what we have been excited about the whole transaction.
- Vijit Jain:** Got it and Vinay, just to clarify the product in tech costs that you talked about 1.2 million a month which will come down by 50% to 60% next year, just one thing, is this primarily people cost or this....
- Vinay Sanghi:** It is the cost of global OLX network to deliver this tech to us. Obviously, it is in their environment right now. It is not in our environment which means infrastructure or every cost is incurred by them globally and I think for us we obviously believe that whether the people cost, whether the share services cost, it will dramatically come down once you take it over in India.
- Vijit Jain:** Would that entail you taking over some of the employees which are currently still within OLX globally?
- Vinay Sanghi:** Yes. The intent is to do that because there is a very high-quality talent there, number one. These people have actually been involved in building the global products, so the intent is to do that and the intent also bring in people from out, it is a combination of both, but there is already a core team of people with transitions internally from the global team to our tech team to look at this product going forward.

Vijit Jain: Got it. Understood. My second question is on this, C2B transaction business, just trying to understand from a dealer perspective, your whole platform as an offering to used car dealers overall, you obviously have AbSure, you have Shriram Automall and there will be a dealer network for this business you are acquiring as well. So, is there a decent level of overlap there and is there a thought to kind of combining your dealers interface here, so that you show out combine unified offering to dealer and I do not know may be optimize, how much you can make out of those dealers just general thought on how much from a dealer perspective these three businesses overlap?

Vinay Sanghi: There is an overlap in terms of what the dealer needs to do with all these platforms or there may be some overlap from the dealers itself, so the different ways we are connecting the dealers right now. One is, dealers can buy vehicles on OLX transaction platform. It is also the largest used car dealer, selling network on OLX classifieds so most dealers in India would list the cars on OLX for sale to customers and some on the classifieds side of the business. So already OLX caters to dealers who want to buy the car and dealers want to sell their cars automatically. CarWale caters to all dealers who want to buy cars and sell cars as well, so there is an overlap and then Shriram Automall caters to dealers who want to buy cars in-auction as well, so there is an overlap in all these three. Our intent would be to in the medium term not the short term is to look at tech which enables dealer to seamlessly do it that is the intent here on any of these platforms and that is a tough job, but goal would be in the medium term to integrate tech in a way that are seamless for dealer to interact in any of these platforms that would be the intend, just from a sheer convenience if you want to buy vehicle on CarWale or sell it or OLX you go for the dealer that is the intend here, but that will take some time and make it very convenient for dealers actually, but also I want to stress here that we intend is to run OLX as a 100% subsidiary, it's got a phenomenal classifieds side to it and a transactions side and very different set of users and I feel users on OLX, our people who have that app on phone and use it for multiple things not just auto.

Vijit Jain: Got it. Great. Thanks. Those were my questions Vinay.

Moderator: Thank you. Our next question is from the line of Rahul Ranade from Goldman Sachs Asset Management. Please go ahead.

Rahul Ranade: Thanks Vinay and congratulations. Just wanted to clarify one thing, from a customer standpoint CarWale and OLX will continue to exist separately right?

Vinay Sanghi: Absolutely, CarWale is first of all 80% new, OLX 100% used and the objective is to allow customer with capability of best of everything whether the OLX or CarWale absolutely, so both will exist, both will grow and both offer very different value to the user.

Rahul Ranade: Suppose there is a person who wants to list car for sale he will have to do it separately on an OLX and on a CarWale app.

Vinay Sanghi: In CarWale and OLX, one overlap is customer listing a used car for sale or dealer listing used car for sale. So, the intent will be over time as I said in a medium term make it seamlessly easy, if a user wants to list on CarWale or OLX or only on CarWale or only on OLX make it simple for them to do so whether it is a dealer or individual. I think we will enable at some point the capability for consumers or dealers to do so, but it would probably be left the choice to the user what they want to do, but we will try and handle the tech in a way that is seamlessly easy.

Rahul Ranade: Sure, and just one more clarification. If I were to look at this Rs.177 Crores of classified revenues you said half is auto so about Rs.90 odd Crores is used auto in OLX versus around Rs.25 Crores, Rs.30 Crores kind of a number in terms of our standalone used auto, so would that be a right comparison that OLX used auto is three to four times of CarTrade used auto?

Vinay Sanghi: The used classified side is correct, but the group also has used auctions, it is Shriram Automalls, it is 100% used, but it is a classified side, OLX is much, much bigger and that also is something would actually excited us when we looked at the acquisition. They got a sizable used classified business which are multiple times CarWale that is absolutely correct.

Rahul Ranade: To your mind how important is this asset heavy C2B kind of business in terms of OLX perspective, if you were to kind of improve the unit economics on that, the effort on that would also in some way start curtailing volumes in terms of that as well right, so will that have an effect in terms of the classifieds space of used autos in OLX getting impacted in some way?

Vinay Sanghi: No at all, the classifieds not connected with this at all, it is like a universal market place. This C2B in some way is an option to a classified user to go through this path, so this C2B does not affect the classified in fact classified affects the C2B if at all, it is the other way around. The classified universe is just so large and C2B is a fraction, just an absolute fraction of what the classified users are. A very, very small segment of all classified users comes to C2B at all. In fact, one of our attempts is to get more user than classified to C2B, but it is actually very small at this stage, so the classified is almost like a mother and C2B like a child in some way. I think our attempt with the C2B business, what we want to do is what we have done with Shriram Automall, what we have done or what OLX is trying to do, both are auctions. We wanted to enable a seller, someone like you or me or in Shriram Automall it could be a business seller like a bank. We want to enable the system where we get a price immediately in a transparent manner and then get some kind of price discovery, now the question is how do you fixing the unit economy to do so? For us it is imperative that when we do something like this the customer must get fantastic value and the business

must makes money that is the basic fundamental rule which we want to work through, we got to fix it. I think we will make sure that we first fix this before we start looking at growing volumes etc., etc. The first goal would really to make sure that we understand whether there is marketing cost, how do we make sure we fix this first - our processes that is our attempt at this point.

Rahul Ranade: Sure, and in terms of the non-auto classified the 50% part of the classified revenue, so over there should we think of it has well-oiled machine and no major investment etc., will be required on the non-auto side and that will continue to chug along, so...

Vinay Sanghi: Absolutely. I think the non-auto is not requiring cash investment, it will move around, it will keep going, but we want to make sure that we take advantage of the categories which exist out there. Many of them are under monetized which is probably the largest destination where the people sell electronics or other items, so we want to make sure that with the great products we will make it easier for the user to do so and grow these businesses. Ofcourse, we are excited about the auto classified side, but we have also excited about the non-automotive side of the business.

Rahul Ranade: Got it.

Vinay Sanghi: But if you asked me if we require cash investment, no the business does not require cash.

Rahul Ranade: Anything we probably will be in the existing categories that you highlight that electronics one, furniture etc., would be another...

Vinay Sanghi: Jobs, homes...

Rahul Ranade: Thanks a lot.

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

Nishit Jalan: Good morning. Congratulations on completing the acquisition. Just two, three clarifications and then I will come to my questions. Number one, we will continue to be allowed to use the OLX brand in India for the acquisition?

Vinay Sanghi: Yes, we have signed an IP licensing agreement for 20 years.

Nishit Jalan: And will the outgo for this be meaningful or it will be smaller?

Vinay Sanghi: It is small, not meaningful.

- Nishit Jalan:** Okay. Secondly, you talked about bringing down the marketing cost, can you tell a rough idea, it is not the actual numbers, what kind of marketing cost range is OLX incurring, just wanted to see what could be the reduction that you can do?
- Vinay Sanghi:** Roughly, it is about at the rate of Rs.40 Crores a year on the transaction side at this point. It will be much higher, but round about Rs. 40 Crores.
- Nishit Jalan:** Rs.40 Crores is the total marketing spend of OLX in India that is the right way to look at it?
- Vinay Sanghi:** At this point, yes.
- Nishit Jalan:** Okay and thirdly your presentation talks about that the tech transfer cost will last till December and from January it will be completed and everything, but you mentioned that part...
- Vinay Sanghi:** Actually, these projects are underway, so its between somewhere in January and March that is what I said.
- Nishit Jalan:** Okay, so basically the actual....
- Vinay Sanghi:** It could be January, it could be March end and this is not....
- Nishit Jalan:** By FY2024, it will be done?
- Vinay Sanghi:** That is correct.
- Nishit Jalan:** Okay and just one last thing on OLX, what I understand in OLX is look into sell their auto business globally and this transaction is a part of that strategy with their following globally, is that a right understanding and if yes then basically was OLX also looking to sell the non-auto business or it came as a parcel and you had to buy the non-auto business also, I just wanted to understand the thought process around that?
- Vinay Sanghi:** No, clearly when we have first told, we were excited about the auto business, because that is what CarTrade Tech is about, automotive marketplaces and that is the first intent and we were excited about that. As it went on it become apparent that is the entire classifieds and the automotive business, to be honest the non-auto also excited us because we saw the data and the numbers and the categories which are not created and can be created in India and a very, very strong add on, so it did excite us much, we actually got more excited about the transaction after that.

Nishit Jalan: Okay, but the marketing channels or where you market to get traffic for your auto related customers and for non-auto customers will be very different, don't you think that and for that reason basically the marketing cost will need to continue to incur for at least the non-automotive business?

Vinay Sanghi: The marketing cost on OLX is incurred only for the automotive business, not the non-automotive business, first. This 40 Crores incurred was entirely in the automotive business, entirely in the transaction side of the business, not on non-automotive and as I said earlier if you have so many downloads on the phones, I think it is a same user putting up a car today, putting up another item tomorrow right or using it to buy a home or rent a home, so the user is the same that is what we are excited about, unlike CarWale, there is someone will come this buy a new car or sell a car once in three years, the actually uses this very often and I think that leads to very low marketing cost sort of no marketing cost, because the app is used for multiple purposes, the user just always stays on.

Nishit Jalan: Okay and on the classified business, just wanted to understand I would assume that there are two revenues streams. One is the advertisement revenues and second could also be basically the listing charges or subscription packages which OLX will be charging for dealers, right? Is that the correct answer?

Vinay Sanghi: There are basically four different revenue streams. The one stream which is used car dealers classifieds revenues right. The second listing fees from consumers like you and me selling the product right, it could be a car, it could be electronic item, it could be anything. The third revenue is ad sales which is advertisers putting advertisements on OLX and the fourth stream of revenue is dealers of non-automotives, advertising on OLX, so basically four streams.

Nishit Jalan: Okay and may be at some point in future I would appreciate if you can share the breakdown broadly...

Vinay Sanghi: Absolutely.

Nishit Jalan: But right to assume that ads will be a bigger part of it or fees which will be the bigger part?

Vinay Sanghi: If you can look at the order, the used classified is the largest then all the three like I would say the second largest probably, but similar the others are similar.

Nishit Jalan: Okay and if I look at you also have used car dealer business dealer where you allow the dealers to take subscription packages and list their product on your website right, so the point here is I think you alluded to this, but at some point of time if you can articulate the medium term strategy because you have a lot of overlap in the business, your used car

business and OLX used car business. I am assuming lot of dealers will also be common between the two platforms would be listing their products and....

Vinay Sanghi: OLX is much larger platform, there is some commonality, but OLX is much larger platform.

Nishit Jalan: Okay, may be at some point of time, you might want to continue or you might want to adopt OLX for the used car business and CarWale for the new business and may be have...

Vinay Sanghi: Honestly, I am not looking at that. I think what we want to make sure that the dealer decides, whether they want to be on OLX or CarWale or both, this is going to make tech easy for them to do so, but eventually dealers decide what add value to them. There will be some dealers who like CarWale for the reason may be some of which like OLX, some may want both or some may have both already, do not matter.

Nishit Jalan: Okay and lastly the C2B transaction is basically also kind of similar which CARS24 also do at a bigger level right?

Vinay Sanghi: It is actually very similar that is correct.

Nishit Jalan: What kind of synergy do you see from your auction business to this or may be you can use some of their tech to your auction business or how do you think that could allow to about a period of time because this is an interesting business and you get a lot of dealers who are buying vehicle from, could be buying vehicle from this auction business right?

Vinay Sanghi: Yes, obviously the auction or the dealers being able to bid on both vehicles right, whether there is an OLX car or Shriram Automall car, that is one. The second is tech synergy clearly, which platform works better for what purpose and what are the technologies which OLX has which could work on SAMIL and vice versa. Third, massive synergy is data, if we look at the quantum of data between OLX, SAMIL and CarWale just data of understanding vehicle pricing to other things like today for a user, if you could make with the amount of data we have make it easier to make a decision on what they want to do - to sell a car or buy a car etc., the price data for example or ability for dealers to give faster quotes just because of the numbers of dealers on both these platforms. These are all synergy we are working through, but it will take time. These are medium term answers, they are not short-term answers. Exploiting synergies like this would take us may be I do not know 12 months, 24 months and I think the third synergy will be cost right, because if OLX the transaction business got location where the key vehicles and SAMIL has 130 Automalls can we leverage those locations, so they are thinking a cost synergy, they are thinking of data synergies to help users, they are thinking of obviously tech synergies, user synergies, consumer synergies or dealer synergies all of that.

- Nishit Jalan:** Just lastly one small point, in C2B business all the auctions on let us say if a customer has to go to OLX to get their car listed, it is completely online or do they have small, small stores or small, small...
- Vinay Sanghi:** You can get on OLX online and the flow takes you to say – listen I want to sell my vehicle to OLX auto the transaction side and it just goes there. No, you do not have to walk in to physical locations.
- Nishit Jalan:** There are no offices, there are no walk in physical...
- Vinay Sanghi:** You do not need to walk in. They have franchise to also B2C, but they do not like app store, but they do not have, that is not C2B store, basically you do that online. You do not have to come anywhere as a user, somebody will come to your house and check your car.
- Nishit Jalan:** This B2C business also you have bought in with the franchisee stores they have or that is not part of this?
- Vinay Sanghi:** No, we brought everything, so any franchise store, OLX is part of the OLX classified platform.
- Nishit Jalan:** Okay.
- Vinay Sanghi:** We bought in almost I think 120, 130 OLX franchise stores.
- Nishit Jalan:** They also work on asset light model, I am assuming that they are...
- Vinay Sanghi:** They are absolutely asset light.
- Nishit Jalan:** Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Pankaj from Affluent Assets. Please go ahead.
- Pankaj:** Thanks for taking my question. Just wanted to understand with this acquisition where does it take our market share to pan India basis and secondly, do we plan as you in answer to previous participant questions, you mentioned that the business model is more or less similar to CARS24, so do you plan to forward integrate into scrapping the vehicles and getting into that type of business?
- Vinay Sanghi:** There are two parts which we acquired one is the classified side, which is just about users like you and me and sell to consumers, so that is one part of the business. It is very hard to

look at market share, because it is a horizontal versus some of the other automotive players, so it is very hard to get and then the C2B transaction which overlaps a little bit with CARS24, so these are two players there, but we are not looking to getting into scrapping or it does not change, scrapping does not come on to these exchanges really someone selling car and getting a simple easy manner to sell it off or convenient way to sell it off and that is what the system involves.

Pankaj: Okay, in the future timeline, when do you see this OLX business getting completely integrated into our business and thereafter what type of growth do you see over a period of time?

Vinay Sanghi: Obviously, we see the tech side as I said it will take between may be four to six months and the growth we are very bullish about the sector whether classified or the C2B side, so we believe that we have reasonably good growth, I do not give you a guidance around it, but we have given you what the path growth will be so we definitely see reasonable growth rate in both the transactions side and the classified side.

Pankaj: Any synergies leading to cost savings on...

Vinay Sanghi: There will be lots of synergy on cost, obviously the tech costs is one, cost of locations, physical locations and other one across the board we see cost synergies, so we are going to be working on it, but mostly on tech and physical locations.

Pankaj: How has been the profitability of OLX, where they better off in terms of profitability margins compared to us or lesser than us?

Vinay Sanghi: So, we have shared the numbers with you, the classified side of course is probably better than us. On the transaction side I mean SAMIL is far more profitable, so on one side, Shriram Automall is profitable than OLX transaction and on the other side, the horizontal classified OLX, in terms of the margins seems a little better than CarWale.

Pankaj: On overall basis, classified and transactions whether....

Vinay Sanghi: I will be honest, it is too early to compare I think it will take us about six to eight months to get the tech transition all of them and then you know draw comparison, but idea is not a draw comparison. The idea is to make them both grow, so...

Pankaj: I agreed, but at this moment, would attribution be margin dilutive in nature?

Vinay Sanghi: No, we do not think that will be the margin dilutive, after four to six month integration we do not believe any margin dilutive at all.

Pankaj: Thanks a lot.

Moderator: Thank you. Ladies and gentlemen due to time constraints that was the last question of our question and session. I would now like to hand the conference over to the management for their closing comments.

Vinay Sanghi: Thank you everybody for joining. We are really excited about this new phase of our journey as it goes on we will keep communicating and sharing more and more information and our excitement with you. Thank you once again for joining. All the best. Take care.

Moderator: Thank you. On behalf of CarTrade Tech Limited we conclude this conference. Thank you for joining us and you may now disconnect your lines.