**Date: May 11, 2024**

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

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

ISIN: **INE290S01011**

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

**Sub: Transcript of the CarTrade Tech Limited Q4FY24 Earnings Conference Call held on May 06, 2024**

Dear Sir/ Madam,

With reference to our letter dated May 01, 2024 intimating about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of CarTrade Tech Limited Q4FY24 Earnings Conference Call held on May 06, 2024.

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**

PAL LAL BAHADUR DEEPNARAYAN
Digitally signed by PAL LAL BAHADUR DEEPNARAYAN

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

**Enclose: a/a**

“CarTrade Tech Limited

Q4 FY '24 Earnings Call”

May 06, 2024

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

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 06 2024, will prevail.

**Moderator:** Ladies and gentlemen, good day, and welcome to Q4 FY '24 Earnings Call for CarTrade Tech Limited. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the 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 star then zero 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. Thank you, and over to you, sir.

**Vinay Sanghi:** Thank you, and good afternoon, everybody. Just want to thank you all for joining this Q4 earnings call. Just wanted to start off and say it's been a very exciting quarter for the company. And we had also uploaded a presentation, which I'll go through a few slides to give you all an idea of what the company's performed through this quarter.

I think on first, Page five, I want to highlight that revenue has grown by 52%, profit after tax grown by 43% in Q4. We are still the number one automotive platform in India, the largest used car classified business, the largest vehicle auction platform. Almost 70 million unique customers visit our platforms, OLX, CarWale, BikeWale, etcetera, in the last -- per month -- at an average of per month in the last quarter. OLX, as you know, also has 100 million downloads on the phone.

There are 350-plus physical locations now for us. 90% of our 70 million customers a month come organically, which means we don't pay for this traffic. Our auction platform, Shriram Automall and the remarketing group had 1.2 million vehicles auctioned last year. Our revenues for the quarter Q4 are the highest ever at almost INR161 crores. Our adjusted EBITDA was also the highest ever in a quarter, which was at INR49.1 crores for the quarter and a profit after tax was INR25 crores in Q4 FY '24. As you know, we are a debt-free company, and we have a strong cash balance of almost INR750 crores.

When we go to the consolidated results, which is Page six of the presentation, as you can see here, the same -- the revenues grew by 52%, the operating revenue has grown by 52% for the quarter, the year ended revenues have grown by 37%. As you know, your OLX only were eight months in the year, consolidated from August 12. If you see the adjusted EBITDA was highest at INR49.1 crores for Q4. The EBITDA without other income, without our interest income was up 77% for the quarter, and the adjusted EBITDA without other income, without all our interest income for the whole year went up 63% or almost INR100 crores.

If you see the profits of the company, the PBT was INR29.72 crores in the quarter, our highest ever again, up by 30%. The PBT for the year was INR98 crores versus INR60 crores, which is up 62%. And our profit after tax for continuing operations was up 103%, which doubled from INR40 crores to INR82 crores during the year. The profit, including discontinued operations, was INR25 crores for the quarter. So it's been a very healthy financial and strong financial performance for the Q4.

If you go to Slide seven, which is our stand-alone result, if you see, I think that's one of the things, which most of you have asked is on our margins for our stand-alone business. In the quarter, margins have grown from last year 19% to this year, 26% for the quarter, which has shown a sharp increase in our margins, which is adjusted EBITDA margin without other income. This has sharply grown up.

Our revenues have grown up by 20% on a standalone basis for the year. Our adjusted EBITDA is up 41% during the year. Excluding other income, it shows that our adjusted EBITDA is going up at double the rate of our revenues and profit after tax on a stand-alone basis up 29%. It is slightly lower at 29%, up because of the reduction in our interest income because of the acquisition of OLX. So really, it's been a strong performance on the stand-alone business as well and margins have grown out there.

If you look at Slide eight, which is our remarketing results, even though it's been a flat year in terms of revenues for it, its profits are slightly improved at 8% in this quarter. Adjusted EBITDA is up 8%. In fact, adjusted EBITDA at INR16.3 crores is also reasonably good with 29% margin. But on the whole, revenues have been flat in the business, and profits have been also flattish during this current year. And this is as a fact of repossession vehicle supply coming down, which has been mostly replaced by our retail supplier of vehicles.

If you look at Slide nine, which is the OLX India results or Sobek Auto results. As you've seen here, we had last quarter a discontinuing, continuing operations. Now this quarter, March 31, we only have a continuing operation. And as we had indicated at that time, the revenue is now close to INR45 crores, and the profit or the adjusted EBITDA is close to INR11 crores, which is very similar to last quarter. Some marginal costs have gone up from last quarter, which have come to the continuing business. But overall, it's almost at a INR9 crores profit for the quarter, and we're quite confident of sustaining and growing this from here. It's a tremendous base.

As I said, a lot of the work last year for OLX India has been the technology transfer, putting together the product and the technology team, getting the management team in place, shutting down the loss-making businesses and all that has been completed. And as you can see in Q4 , a completely only classified result of INR45 crores and INR11 crores profit out here. This is what I had to say. In fact, the brand also on Google Trends, if you see Slide number 11 shows strength of the brands of CarWale and BikeWale. On Slide 12, you can see the brand of OLX continue to be strong. And as I said, our traffic continues to grow.

So this is what I had. I'm happy to open up for questions and answers now, to answer and clarify all your questions and doubts. Thank you.

**Moderator:** We have our first question from the line of Mr. Vijit Jain from Citi. Please go ahead.

**Vijit Jain:** Vinay, congratulations on a pretty terrific results here that we can see across the three businesses. My first question is for the OLX India classifieds business. Are we looking at what will now be the recurring cost structure for this business now? And also, if you can talk a little bit about growth in this segment because since you acquired this company, it seems to be somewhere around INR43 crores a quarter revenue business pretty steady at that. So your thoughts on that. That's my first question.

**Vinay Sanghi:** Thanks. The OLX, the costs are fully now -- this is what the costs are. I think this -- the continuing operation is probably steady state. The reflection of the finance in Q4 are the reflections of steady state for this business. Obviously, our attempt is to grow this INR44 crores quarter revenue from here. And it is a typical classified kind of marketplace, where as revenues grow, costs don't grow in relation to the revenues.

And you'll see that now in the next few quarters that our revenue continues to grow here, that profitability will rise at double the pace, which is, as you see, even in the consumer group, I mean, as revenues grow, our profits tend to grow at 1.5 or 2x the speed of revenues growing. And we want to have the same dynamics here, where increase in revenue, increase -- multiply growth in profits. So I think this is the leverage we have on our cost. Again, here, there's very low marketing cost, almost zero marketing cost and reasonably high leverage to profitability with revenue growth.

**Vijit Jain:** Got it. And any thoughts on sharing more metrics around OLX India, traffic, trends, category-wise, mix, those kinds of things now that this business is on a recurring basis?

**Vinay Sanghi:** Yes, sure. We will -- and I think the traffic tends to be about 30-odd million UVs a month. As I said, a large part of it is on an app on a phone, almost all of it is -- I mean, zero of -- net of market -- there's no marketing cost to this revenue to this traffic, sorry, which is making it -- giving the OLX business, strong margins. We'll start sharing the traffic metrics with you, I mean, very soon. I mean, now that there's some stability, that's something we'll start doing. If you look at the segmentation also, automotive tends to be about 45%, 50%. The rest is non-automotive. That's the other segmentation of the classified revenues, which also, over time, we'll start sharing in the breakup of automotive and nonautomotive.

**Vijit Jain:** Got it, Vinay. Vinay, my next question is on the remarketing business. So fair to say that overall, this business seems to have bottomed out here. I mean I see the volumes are still down on a Y-o-Y basis, but the decline seems to have reduced and revenues are flattish Y-o-Y now, so declining for three, four quarters. So that's my first question on the remarketing business. And is this coming from continuing growth in the retail side? Or has the repo business also bottomed out? That's my second..question.

**Vinay Sanghi:** The repo has definitely -- the repo rate is flattish now. So it's bottom to flattish. The repo -- and actually till last quarter still going down, but we're hoping that it is flat now from this year. Actually, last year, it has begun, and we're hoping that it's flat this year. But it's hard to predict. I think what's driving even the flattish nature of this business is the retail growth. I mean, clearly, which we're putting tremendous efforts to continue to grow. That doesn't change how we're thinking of the business. So we need to continuously grow and what we have control on, which is the retail business. The repo business will bounce back as and when it does.

So we are hoping that it flattened out, and it's bottomed out as a matter of fact. We're hoping it bottomed out. But we thought that last year and it still went down. So we're just looking and saying, listen, what's in our control is growing, all the other stuffs, supply sources and focused on that. But we do believe it should have bottomed out, yes.

**Vijit Jain:** Got it, Vinay. And my last question is for Aneesha. Just on this -- so just -- if I just look at the costs below EBITDA line, right, and the balance sheet and the cash flow statement. So if you can just talk about the lease cost trends, the financing costs and the working capital intensity for the full year FY '24 versus FY '23. And if there's anything to understand over there, that will be helpful.

**Aneesha Bhandary:** Sure, Vijit. So I think you are referring to the consolidated a set of accounts, which includes OLX in it, and hence it looks like a jump. If you go through the standalone disclosures independently, these are kind of status quo, Also, to clarify we don't have debt in the company, so we don't have any finance costs, what you see is only on account of lease accounting.

**Vijit Jain:** Right. And why have the lease costs gone up so much? Is that all related to OLX itself? Or there are lease cost increases related to the remarketing business as well?

**Aneesha Bhandary:** It's disclosed independently in each of the slides, Vijit. So, if you look at the stand-alone entity, there, the total finance cost itself is only INR16 lakhs and including depreciation, that cost has increased by about INR48 lakhs in the quarter, which includes both depreciation and lease costs. Majority of the increase in the consolidated number, is on account of the OLX.

Remarketing has also marginally increased on account of additional leases that we have taken.

**Moderator:** We have a next question from the line of Siddhartha Bera from Nomura. Please go ahead.

**Siddhartha Bera:** Congrats on great set of numbers. Sir, first question on the OLX side, again, I mean, would it be possible to share some insights into what can sort of help improve the run rate from current levels? Which are the areas you plan to target in the first year and when can we see that sort of benefit sort of coming in the revenues? It can be both on monetization or the segments which you think can help us sort of scale up faster?

**Vinay Sanghi:** Was the question on, how we go revenue? I mean, simply -- I mean was that...

**Siddhartha Bera:** Yes, yes. OLX, right, right.

**Vinay Sanghi:** Yes. OLX got two sides, it got auto and it's got nonauto. That's a 45%, 50% is auto. Within auto, it's used cars basically. And obviously, we believe that the used car classified business has a lots of runway to grow. And OLX is obviously focused on growing used car classified revenues by adding more dealers, by increasing ARPU per dealer, providing more value to the dealers, increasing traffic and supply more traffic to dealers. So it's a typical classified modelof dealers paying subscription revenues for listing vehicles. And as I said, the 30 million customers who come to OLX and that is why dealers list on this platform.

So clearly for us in the immediate future, I would say, next two quarters would be focusing on the used classified business, something we understand well as a group. And that would be the big focus for us, I would say, next two quarters. Post the two quarters, we're also extremely optimistic about the non-auto side.

The non auto side got homes, jobs, electronics, two-wheelers, primarily, and household item -- and household. The idea is to grow those five segments as well. And obviously, we're putting together a plan of action, a team, et cetera, et cetera, in those segments, which will probably take a couple of quarters for us to understand better and then focus on growth there.

But it's almost like a short-term growth objective and a little -- I would say an immediate plan of action, which is growing used cars and a short term would be the nonautomotive segments. And of course, then in the medium and long term going other segments as well, which are not here even though today. So we intend to focus on growth over the next one, two, three years in OLX and the multiple, in fact, that -- we believe TAM is just unlimited. So whether it's used cars, whether it's the nonautomotive, in many ways, it's enhanced TAM of the entire group, not just OLX.

**Siddhartha Bera:** Got it, sir. And just a clarification on this OLX, again. I mean, when we acquired this entity, we had highlighted it had about 35 million plus MAUs. Now we are talking about 30 million. So has there been any moderation or the way accounting has changed or something like that...

**Vinay Sanghi:** I think we are also finding ways of -- it's about 30-odd million now, but it's also about how analytics are at work, and we've given a brief indication that evolves, but we also move from a global environment to our environment and the analytics related to it. So our traffic is pretty steady. I don't think -- in fact, it's now we feel -- there's a marginal growth we feel, but it's also all how the analytics are laid out in this business.

**Siddhartha Bera:** Okay. Okay. Got it, sir. Sir, second question on this stand-alone business -- or the consumer business. Here, we have seen growth rates sort of slightly coming off from, say, beginning early 20s to now mid-teens over the last one year. So going ahead with the industry tailwinds from like the supply normalizing, inventory levels building up, do we expect that growth here can be faster as we go ahead into the year because OEMs will need to spend more to sort of get customers. So any thoughts or any indications you are seeing here?

**Vinay Sanghi:** The new car business in FY '23 is more than 40% -- about 40% I think. And this year, it's about 20%, right, the new vehicle business for the consumer group. And I think the car industry, last year grew by 8%. So it's clearly ahead of the car industry, and it's also grown at 20% last year on a higher base of growth the previous year. We've always indicated that this is the rate of growth we normally see in the businesses and the car industry is reasonably, I would say, demand has been strong and supply has been strong, which is a good place to be, I would say, both demand and supply are reasonably strong. In fact, we had marginal growth in the car industry in April. The car companies have declared their volumes.

But last year, the car industry grew by 8%. One of our analysts -- and manufacturers are here, I think they think the car industry will be between 0% and 5% growth this year. They believe that. I think that's reasonably okay for the consumer group. We're going to have that level of because it's growing on a high base, too.

**Siddhartha Bera:** Okay. Okay. Sir, lastly, in terms -- Aneesha, for you, basically just wanted to clarify this, that the presentation says that the cash balance is about INR750 crores, but if you look at the balance sheet, the investments and cash in banks, the numbers add up to close to INR670 crores. So just if you can point out where the remaining number is sort of sitting?

**Aneesha Bhandary:** Sure. You will see that clubbed under the caption investments, cash and bank balances and the balance is under be other financial assets.

**Siddhartha Bera:** Okay. And the ESOP cost of INR6 crores per -- sorry?

**Aneesha Bhandary:** Sorry.

**Siddhartha Bera:** So I just was mentioning this ESOP cost of INR6 crores per quarter. So this is now a sustainable run rate for the next year also? Or should we expect some normalization in this number going ahead?

**Aneesha Bhandary:** We can expect the ESOP cost to be around this range in the next year too.

**Moderator:** We have a next question from the line of Ankit Konakia from Smart sync. Please go ahead.

**Ankit Kanodia:** Congratulations on a good set of numbers. So my question is related to numbers. So in the OLX business, this quarter, we have seen a rise in ESOP, finance and depreciation costs. So any color on to whether this will be continued in the subsequent quarters? Or will we expect some moderation here?

**Vinay Sanghi:** Yes. I think all OLX costs are almost like steady now, right? And I think one should anticipate that some of this will -- I mean, this will be a reflection of cost, then almost...

**Ankit Kanodia:** Okay. And trade receivables have almost jumped, I think, 50% compared to last year. What is the trade receivable if you can clarify? What are the nature of trade receivables?

**Vinay Sanghi:** Aneesha, you can add on, but I'll -- trade receivables are receivables from customers, which could be manufacturers or advertising agencies and that's the nature of it. I think with revenue growth of 50%, trade receivables accordingly grown as well. I think that's a ratio. Aneesha, you want to add on to anything?

**Aneesha Bhandary:** Yes. In fact, even in the trade receivable, there will be an element of OLX, which gets added, because what we are looking at is the consolidated set of accounts. So there is about INR10 crores, which is from OLX, which is added.

**Ankit Kanodia:** Okay. Do you expect that OLX number to come down in the subsequent quarters?

**Vinay Sanghi:** It will be trade receivables number. I think it'll be almost steady state, right? Aneesha, is that correct?

**Aneesha Bhandary:** Yes, it will be a steady state number.

**Ankit Kanodia:** So this trade receivable of OLX is basically on the continuing business, not from the discontinued business?

**Aneesha Bhandary:** Yes, yes, it's from the continuing business.

**Ankit Kanodia:** Okay. My second question is related to the synergies. So what I see in CarTrade like generally is that we have acquired several business over several times. But I still find it unable to understand how is the synergy playing out because I see CarWale as a separate platform. I see Shriram Automall is a completely different separate.

Similarly, OLX also is a wonderful platform. But how are we synergizing the benefit of all these different platforms? Because I don't see that synergy coming in -- maybe I'm unable to understand, but if you can throw some more light as to what we are working and in how many quarters we can see that synergy benefit accruing to the company, that would be very helpful.

**Vinay Sanghi:** I think the first thing I want to clarify that when we acquire a company, we try and look at synergies, but we also try and make sure these businesses are good on a stand-alone basis, which means that if there was no synergy applied to new businesses, they must grow revenues, margins and customer experience in their own field independently.

So these acquisitions are not done only for synergies, they were done as good independent businesses, too. Of course, we believe there are customer synergies. For example, a used car dealer today is bidding for a vehicle on Shriram Automall, that same dealer is listing a car on OLX or CarWale for sale. So that's the obvious customer synergy, right? The person is -- the consumers coming to CarWale to sell a car or buy a new car, it's also selling a used car on OLX, right, the same customer.

So there is a lot of customer synergy, which exists across, which is not apparent to everybody, but exists across these platforms. Just so also when we acquired CarWale, CarWale had a used car classified business and CarTrade had a used car classified business. So the first thing we did with synergy was, we allowed dealers who are selling used cars to list on one technology platform, cars on CarWale and CarTrade seamlessly, which means if you are a dealer and you want to sell your car, earlier, you'd have to go to CarWale separately and then buy a separate package with CarTrade and then missed your car. Here on one list, you can do it both.

Obviously, when we acquired OLX, the intent would be that if you're a used car dealers using CarWale and you're using OLX, the intent would be, which is what our tech team is now currently working on, that if you want to sell your car on CarWale or OLX with one press or one button, it will go on to both platforms, which gives dealers an access to both platforms, give consumers to access on both inventory in both places and obviously, it helps us monetize it even better. So some of these synergies, whether it's customer synergies, whether it is technology synergies, we've been exploiting over the last many years.

I think -- and we've always tried to work at synergy in our -- at least in the group has been on a very arms-length win-win basis, which means we don't enforce synergies on our teams. if they believe there's a win-win relationship with another sister concern, then they choose to work with them. And it's always completely on arms-length basis, and that's the way we function. But there are a lot of customers and obvious technology synergies also. Let me give you some examples. I want to give you two, three examples of it, but yes.

**Ankit Kanodia:** Yes. And I think you only missed Shriram Automall...

**Vinay Sanghi:** Shriram Automall. So Shriram Automall, there are two, three obvious synergies, dealers buying vehicle from Shriram Automall list on CarWale for sale. So the same dealer is being tapped by the group in 2 different places. So that's the first customer synergy, which exists automatically. I think the one we're trying to make work, to be honest, which is harder, is people coming to CarWale or now OLX to list their car for sale, consumers, like you and me. Can we get them to auction the vehicle on Shriram Automall? And that's been a harder challenge than we think. But that would be the other obvious synergy, which is still not fully exploited, I would say.

**Ankit Kanodia:** Yes. If you can share some data related to like what you said just now, as in where a dealer who has auctioned the car can also sell the car on CarWale. So if you can share some data related to how many cross-selling opportunities or those things are there? I think that will be very helpful to us.

**Vinay Sanghi:** I think, for me, from a competitor angle, we won't want to potentially share the data. But I'll tell you one thing that -- in fact, I said something else. I said dealers who are buying vehicles from Shriram Automall are also selling on...

**Ankit Kanodia:** CarWale and OLX...

**Vinay Sanghi:** I think the other way round. But obviously, due to competitive dynamics of the business, I'm not sure that we will want to give out a number of dealers using all our platforms, etcetera, etcetera.

**Ankit Kanodia:** Right, right. One last question related to the stand-alone numbers. So over the year, it is showing 20% growth. But towards the last quarter, it is showing only 15% growth. What would be the reason for this slower growth and...

**Vinay Sanghi:** No, no reason as such. I just think that even the last base of last year is probably higher, but no reason as such. The Q4 was probably the best quarter in the consumer group ever anyway. So closer to best quarter ever. So I don't think there's anything at all. Nothing from a business standpoint we've seen.

**Ankit Kanodia:** Sir, I know that you don't provide any guidance, but generally 20% to 25% growth rate is achievable in the foreseeable future also in the stand-alone business?

**Vinay Sanghi:** Yes. As I said earlier, we tend to grow those rates in decent years. Our track record is that. So I don't want to talk about the future, but our track record is what one should see. It may be a little different in M&A here because last year was an M&A year , this year there's part effect of M&A because OLX is not fully factored last year. So it may be a little better in M&A years, but otherwise, it tends to be in that range, the track record is such.

**Moderator:** We have our next question from the line of Atul Borse from JM Financials. Please go ahead.

**Atul Borse:** Yes. So first of all, congratulations on a good set of numbers. Sir, my question is around OLX business that there has been a dip in margin for OLX in this quarter. So where do you see this margin stabilizing in the future?

**Vinay Sanghi:** There's been a slight dip just because some costs, as we indicated in the last earnings call, have moved from discontinuing to continuing operations. But this is normal now. So this is a normalized. Now we'll see the margins will improve from here, and margins will improve account of revenue growth now. I think all the costs are factored. This is probably a completely normal quarter for OLX, and it's stable.

So from here as revenue grows, we believe that margin will continue to grow. And I said earlier on the call that when revenue grows, we expect margins to outpace. And like the I expect to see in the consumer group from 19 to 26. We just also would like to see, and we believe that OLX revenue growth will see disproportionate margin growth as well.

**Atul Borse:** All right. And if you can share any color on how will the OLX revenue will shape up from long-term view...

**Vinay Sanghi:** We have given some discussion on the call earlier, but there are two segments. There's automotive and nonautomotive. Obviously, our intent in the immediate term right now is to grow the automotive side, which is 45%, 50% of the business. And over the medium, I mean, I would say, long -- short term, this is after six to 12 months would be to grow the nonautomotive side.

But we all believe that OLX has very, very strong growth potential. If the acquisition itself was probably game changing for CarTrade as a group and obviously given us an opportunity to explore other segments outside automotive. Although we are continuing to be very bullish about used cars with OLX, it also gives us a chance to do homes and jobs and electronics, 2-wheelers, etcetera, etcetera.

**Moderator:** We have our next question from the line of Arpit Shah from Stallion Assets. Please go ahead.

**Arpit Shah:** Yes. Just one. Just wanted to understand the ESOP cost for FY '25. Would it be around INR25 crores?

**Vinay Sanghi:** Yes, I think, maybe, that's probably right. It's probably the same rate at this quarter. So probably same, Aneesha, am I right?

**Aneesha Bhandary:** Yes.

**Vinay Sanghi:** That's correct. Do you have any other question?

**Arpit Shah:** Yes. Yes. So in Q3 call, I think so we have highlighted there are going to be some one-off costs in Q4 and Q1 pertaining to OLX. So can you quantify what is that number in...

**Vinay Sanghi:** No, no, we have not indicated that. And there is no -- everything is done. There's no one-off cost now. We had indicated that in Q3, there were some one-off costs. They're not -- there's no one-off costs in Q4 or Q1 next year.

**Arpit Shah:** Like we are going to see some depressed profitability in OLX business due to some reorganization, which we had to complete in the auto classifieds business. So I'm just asking about that?

**Vinay Sanghi:** No, no, there is nothing. Aneesha, am I correct? There's nothing now, which -- I mean, as you see the quarter of Q4, I think that's more than a stable state. There is no further one-off kind of cost.

**Aneesha Bhandary:** What we had indicated in the Q3 results was that in Q4, we would see a bit of a decline in the profit on account of CTX overhead being absorbed by CLA, which is already factored in the Q4 results. And Q1, the only impact that we had indicated previously were increments because one of our largest costs is the employee cost. So those are the only two hits we had spoken about.

**Vinay Sanghi:** But I would just confirm – I would say that Q4 is now all factored at this time.

**Arpit Shah:** Got it. Now I just wanted to understand the growth for all the three businesses. If I see the consumer business that I think we should be growing around 2x of the auto industry, 2 to 3X. Remarketing business will depend on the repo business, which has been degrowing for FY '24. How should we look at the growth part in OLX business -- the auto classifieds and the nonauto classifieds because there, you have a big potential in terms of property, electronics and everything, which is there on the nonauto side. So how should we look at it? Should we -- should it be a similar at consumer business kind of growth of 20%? Or should we look at it like a 30%, 40% kind of a number going ahead in the next couple of quarters?

**Vinay Sanghi:** First, the consumer group. This year, at least, it has to go higher than the car industry does because car industry is supposed to be zero to five. So we're hoping that the consumer group growth is much, much stronger than double, the new car industry growth for sure. That's one. But it is a factor of growth in the car industry factor growth and digital advertising, a factor of growth of digitalization of dealerships and manufacturers and all of that. But we feel pretty optimistic about the position of the car industry or new vehicle industry.

Shriram Automall, you're right. I think the two things, one is to keep in the retail business and the fall in repossession is probably we're hoping bottomed out. But yes, it is to keep growing the retail business, and repossession during the year will probably come back and volumes will increase there. That will give us the growth and potential is there.

On OLX, actually, we are very bullish on growth. And I don't know, put a percentage to it, but OLX is not governed by car manufacturers or car dealers or new car sales. It's governed by a very fragmented used car market. 45%, 50% of this revenue comes from the used car industry, and the used car industry sells 5 million to 6 million cars a year. It's been robust and buoyant for the last three, four years. There are thousands and thousands of dealers who use OLX for selling these cars. OLX has reasonable relevance to the dealers. A large percentage of the dealer sales comes from OLX. It is the number one in used car sales platform in the country.

And we believe that OLX has a tremendous opportunity to grow this business. And this growth is something we're extremely optimistic about. And one of the reasons we acquired OLX is probably for its growth. The second area of jobs, homes, especially, OLX is the second -- has two categories in OLX, biggest categories. In terms of revenue, they -- both these categories, OLX is reasonably strong in B and C towns in India for both jobs and homes and especially in your home, it's mostly for low-ticket size homes. So it got its own segment there. And as I said, in the -- not in the immediate term, but probably in the short term, let's say six months -- it will take us six months to put teams behind this. We see tremendous growth opportunities in both jobs and homes as well.

There are two other categories, which is bikes and electronics, which is OLX extreme impact today if any one of us want to sell a 2-wheeler or a mobile phone, OLX is probably the platform we will use. And that's -- again, very, very strong at that. It is a category we believe also we can monitor extremely well in the next two to three to four to five years. So we have lots of plans around all these categories. And therefore, we put -- as I said, I don't put a percentage of growth, but we feel very optimistic about the growth at OLX.

**Arpit Shah:** Got it. I just wanted to understand, like now we have complete dominance on the used cars market, like from the CarWale acquisition in 2016, the way you started in 2012 CarTrade, now we have OLX Auto also. So how should we look at the J curve in terms of profitability? Today, if I see your profitability, we are all probably on a run rate of INR100 crores PAT, maybe in FY '25. How should we look at the J curve because we have worked really hard for the last six, nine years to make this kind of a dominance. So when should we expect to see a very big jump in profitability for a company? Now you're very early dominant player in the field that you're operating. How should we look at that?

**Vinay Sanghi:** Yes. So first, we have good relevance with -- especially in used cars, we have strong relevance with used car dealers and used car consumers. I agree with you. I mean with this INR24 crores, INR25 crores PAT, that's probably the current run rate of profitability. We do believe that revenues -- the growth of the revenue, the profit should rise and margins should rise. That's the nature of the business. The cost don't go in relation to revenues. So we feel very optimistic about profitability for the next one, two, three, four years, clearly. And we also believe that one of the biggest opportunities within the company are used car classifieds. We do believe that.

With the acquisition of OLX, our ability to focus on used car classifieds with consumers and dealers becomes even stronger, being -- OLX being the largest player at this. So clearly, used car classifieds is important. Clearly, it will help drive revenue growth and profitability growth for the group. Used car classified, the business is already profitable for us. In fact, all our businesses are usually profitable. So we feel quite optimistic about profitability growth as well as revenue growth.

**Moderator:** We have a next question from the line of Mr. Sahil Doshi from Thinqwise. Please go ahead.

**Sahil Doshi:** So the question relates to OLX. In terms of, could just help us understand what is the kind of paid listings we have? And what is the growth which we are seeing there organically? And how much of it is driven by ARPU possibly? I understand it's a little too early, but if you can just help us get a direction of that, that will really help us to understand the size of the opportunity.

**Vinay Sanghi:** Sorry, can you just -- the ARPU of -- sorry, I didn't get the last part. The ARPU...

**Sahil Doshi:** Yes. I mean if you could possibly bifurcate how much of it you are expecting from the ARPU driving and...

**Vinay Sanghi :** It's hard to give a percentage, but we expect a growth in number of dealers, the number of people paying as well as ARPUs both.

**Sahil Doshi:** Okay. So could you possibly quantify the number of paid listings we would have today in OLX?

**Vinay Sanghi:** As of now, we are not -- we're not sharing that. We're just -- in future, we will try and say some of the metrics, but it is one of -- it is probably the largest marketplace in India with consumer paid listings. We have two sets of paid listings. One is consumer listing for paid and dealer listing for paid. We are still not sharing a total number of paid versus total number of listings. Going forward, we'll try and share some of these data, but the objective is to grow all paid listers, and the objectives are also to grow ARPU's per paid lister, both.

**Sahil Doshi:** Understood. Appreciate that, sir, any sense on the average ARPU, meaning what will be an average ARPU for paid listing...

**Vinay Sanghi:** We'll have to give it distinctly because it's by segment, right? So it could be a consumer listing a phone, consumer listing a car is different, and that's live on the website actually the cost for it. Or it could be a dealer again, listing a car or a 2-wheeler or home model. So it's just -- it's hard to put an ARPU to this. This is different rates for different listers.

**Sahil Doshi:** Okay. Understood. Appreciate, sir. And the second question is on the stand-alone business, where we see a little bit of a dip compared to our past run rate of growth at around 15% Y-o-Y this quarter. Any reason why this is happening? Is it -- because this is contrary to the fact that the number of users and the conversion, the organic traffic has actually gone up?

**Vinay Sanghi:** That is correct. The organic traffic that has gone up. It's higher because the stand-alone business probably had the best operating revenue growth, the best revenue -- operating revenue ever in the history. So it is on a high last year base as well. The last year, we grew again at a very high pace. And this has grown 20% Y-o-Y over above that base. But also, you got to remember that the growth in the car industry from double -- more than double-digit growth the previous year has come down to 8% in FY '24 and only 2% in April, right? So there is also a bit of car industry growth factor here. But as I said, we feel pretty good about the industry state and the consumer group state. And I think these are now normal growth rates, what we're showing in the track record we had in the last two, three years.

**Sahil Doshi:** Understood. Final question from my end, sir. When do we see the initiative which we are working on, the one click and a lot of other initiatives around financing or the card paid or basically on the website, which you're trying. When do you see that actually becoming meaningful in terms of monetization for the platform?

**Vinay Sanghi:** So the one-click journey of giving an ability to someone buy a loan or a vehicle is going on. There are already some elements of that like, for example, on financing is definitely live on CarWale, BikeWale and multiple other platforms, where you can get a loan immediately approved. We also work with various car manufacturers on their -- under their leadership and their website to allow this finance products to work. And that's a continuous exercise for us. It's already become significant in terms of customer experience. I mean, tens of thousands of people get approvals every month on this technology of a financing or a fintech products.

And the fintech product of the buy OneClick has got two parts of it. Again, the first part, we've always said about customer experience, allowing consumers to have a superior financing or buying experience, which is what we primarily work on. The second part of it is, can you monetize it better? And the monetization becomes significant. I think the monetization is something which is secondary to us right now around it.

We've always said that this whole financing of buy one-click is about customer experience and giving visibility for a consumer to have a quick convenient experience to do something on CarWale, BikeWale and even OLX. In the next two quarters, the financing product will get launch there as well. So the intent is, of course, to take because buying one-click journey across all our platforms, including OLX. And the intent is also to get better customer experience.

Monetization. This customer is already monetized by way of charging dealers etcetera, etcetera. We're not so worried about it. Our margins are also improving as increased revenue. So we're not worried about that. I think the biggest thing for us is how do we enhance the use of this product and then how do we make the experience of the journey of buying a vehicle or a used car or a 2-wheeler more easy by this one-click financing or one-click buying approach.

**Moderator:** We have our next question from the line of Aniket Kulkarni from BMSPL Capital. Please go ahead.

**Aniket Kulkarni:** So you're giving your presentation that you have close to INR750 crores in cash balance here. So how do you plan to utilize this cash and if you can give any outlay for the same for the current year or the next year?

**Vinay Sanghi:** Yes, the cash which is there, obviously, the intent is to look at future growth in the business. OLX is a very game-changer acquisition for the group and obviously over the next two to three years as and when we find another opportunity, we would look at it. And if you don't, we won't. And obviously our intent will be over a period of time, we distribute it back to shareholders and stakeholders as we go on. So there could be two use, as I said, one is probably the near term or medium term, if we do find another M&A opportunity.

As you know, it takes a long time for us to find something after Shriram Automall in 2018, OLX was in 2023, sofive years later. So until we find something and we feel really good that we can turn it around and exploit all the synergies, obviously, we won't make an acquisition. And if we do not -- as you know, we are profitable, generating cash and the INR750 crores will keep growing. And we will obviously look at returning it when it's possible to do to shareholders and stakeholders, obviously.

**Moderator:** We have our next question from the line of Rahul Ranade from Goldman Sachs. Please go ahead.

**Rahul Ranade:** Vinay, I just wanted to get an update in terms of the abSure foray that we had in terms of certified vehicles. How is that going? Because I think a couple of quarters, we've kind of not mentioned the number of outlets, etcetera. So just wanted to understand how that's going, what's the throughput over there?

**Vinay Sanghi:** Actually, the -- yes, it's a good question. The OLX acquisition has actually changed this a little bit, where OLX also had an equal number of -- a similar number of certified stores, OLX stores. So by force, obviously, a number of stores, we have doubled, which I think is close to 220 or 230 today automatically. We are working on a very deep strategy on how to look at these stores in relation to where you want to grow it, number one, of course. But also, do we want to combine the OLX, CarWale store or not or at least if not combine the stores, at least provide similar technology and features and products to both stores, right? So that's a big game-changing thing.

But independently, the CarWale, abSure and signature stores have grown and independently, we acquired OLX. So it's actually doubled our coverage automatically, and it's something very big focus area for the next 12 months to first come out of the product, which is uniform for both OLX and CarWale stores. And the second is to, of course, then keep growing the stores, both of these.

**Rahul Ranade:** Got it. Got it. So currently, we are running independently, but you wouldn't look to -- let's say, there is someone who sold his vehicle on an OLX, the same car probably sometime down the line will also be available to sell on CarWale, abSure. Is that...

**Vinay Sanghi:** We are still working through the modalities of how does a franchise store of OLX and CarWale get the same products and services. So it will take us some business synergies come in. It will take us some time. But the fact that 220 coverage points makes us very excited about this area. It's actually doubled our coverage automatically actually.

**Rahul Ranade:** Understood. Understood. And on a stand-alone basis, in terms of abSure, would they have kind of stabilized now in terms of profitability on a per store basis? What's the throughput number of cars required per month? Any kind of metrics around that...

**Vinay Sanghi:** It is quite stable, but it's also always because our -- we have no -- it's an asset-light business for us. So again, it's a reasonably high-margin business. It doesn't -- there's very little cost against except variable manpower. As I said, no marketing cost against it or no capex against it. So it's just variable manpower, which work on the process at some of the stores. So we feel it's a very attractive business for us. And that's why we feel excited about the OLX acquisition, not only have to used classified business, but definitely has the signature/abSure business as well.

**Rahul Ranade:** Got it. Got it. And just on the consumer piece, if you could kind of say for the full year FY '24 versus '23, a broad split between our revenues, how much would have come from auto manufacturers versus the...

**Vinay Sanghi:** Yes, really stable. Actually, we didn't, it's not my mistake. We didn't do it. It was an original presentation. But it's pretty similar. 85%, 15% is new and used, OEM dealers about 65%, 35% in Q4, which is quite stable. In fact, some of the other metrics were repo for the year is about 49%, which is down -- 49% is slightly lower. So I think the percentages are quite stable to what were the previous quarter, so we have not given it out. But yes, your question was on OEM versus dealer 65%-35%.

**Rahul Ranade:** 65%-35%. And this number, let's say, going forward in a scenario where now there is no kind of pent-up demand on the customer side. One would assume that OEMs will need to spend more in terms of advertising, right, to kind of attract demand. So this proportion would ideally move in favor of OEMs. That would be the right way to think about it?

**Vinay Sanghi:** No, we think the other way round. Logic issue win sigh a dealers, but has been quite stable over the last four, five quarters. So it's hard to say, but we actually believe that it should be quite favoring dealers as dealers advertise more. It is more from that angle. But as of now, it's been quite stable, actually, to be honest.

**Moderator:** We have our next question from the line of Nitin Shakdher from Green Capital Single Family Office. Please go ahead.

**Nitin Shakdher:** First of all, congratulations on the steadily bounce back and the promise that there will be no further write-offs on the business. So can we take that as gospel that there shouldn't be any further one-off write-offs because that's called the annual trend?

**Vinay Sanghi:** Actually, the only write-off we had was on discontinuing a business, which we had said we're discontinuing. Otherwise, we never had one anyway. So I don't want to talk about the future, but clearly, in the last couple of years, the only thing has really been the one discontinuing business, which is a company, which we acquired and kept the classified as discontinuing C2B, but there are no anticipated write-off. That is the question.

**Nitin Shakdher:** Okay. Great. And my second thing is you spoke about it briefly, but I just want to get a bit specific. Like obviously, the cash and bank balance is far healthier right now to what it was last year and the closing position seems fairly good. Now while you're doing acquiring and M&A and strategies which take time and synergies built up over time. I just want you to consider specific solution for existing institutions as well as shareholders in terms of can you evaluate a buyback?

If that's accretive towards your ratios and things like that? Or dividend strategy because it has to be something given to shareholders as well considering you came in at 1,500 on our IPO and it's already 2.5, three years, where it has to be something you're constantly expanding where you saw full. But I don't see you returning a lot more back to the shareholders at a significant push there. Any thoughts on that?

**Vinay Sanghi:** Sure. I think there are two things, one is that in the IPO, we did only second -- no primary raise into the company, number one. The second part is actually the -- if you see the ESOP cost for the last three years have continuously come down. So that is the second part of INR27 crores, down INR22 crores this year. The second part is that.

The third was, we would absolutely look at buybacks and dividends as we think that money can be distributed back. There is regulation today dictating what quantum of buybacks and dividend distribution we can do. So we obviously have to work within the guidelines of the regulation, and we're restricted from doing certain things by regulation itself. And as and when the regulation allows us to distribute in terms of buyback or dividends, we absolutely would like to do so.

**Nitin Shakdher:** Yes. I mean just a request, the company knows better in terms of financial management and engineering, but I think you should consider that also significantly for this year considering start of the year and put that as how you could sort of work on that. That just...

**Vinay Sanghi:** Yes. We will, but we can only do it within the constraints of the regulation. That's all I'm saying. And the company's act.

**Moderator:** We have our next question from the line of Rishikesh Oza from RoboCapital. Please go ahead.

**Rishikesh Oza:** Sir, for FY '24, our net revenues have grown by 32%, while our adjusted EBITDA has grown 63%. Can you indicate like how are we looking our revenue growth at for, let's say, for next two to three years? And would it be fair to say that our EBITDA growth would be 2x of revenue growth going ahead also?

**Vinay Sanghi:** Yes, we see a strong position in terms of revenue growth, et cetera. But -- and you also indicated earlier that our profitability tends to grow at a much sharper pace than our revenue growth. It tends to be 1.5 to 2x. I would say more 1.5% if revenue was INR100 and profitably INR150. I think that is by 100%, 150%. So -- or 1% or 1.5%. I think I would take that ratio. That's what tends to be sometimes better than that, but now it's currently better than that, but it tends to be that's the way it grows because our cost will go up along with the revenue growth and we only have people costs.

**Moderator:** We have our next question from the line of Tushar Sarda from Athena Investments. Please go ahead.

**Tushar Sarda:** Congratulations for a good set of numbers. Yes, I wanted to ask on this CarWale, your revenue has grown, but your expenses have grown higher, and this is a fairly mature business. So how does the operating leverage play out in this business?

**Vinay Sanghi:** So if you see the revenue growth is for the year is about 20% from operations, stand-alone, which is our consumer group. And our expense has grown by I think 16%. Aneesha, is that correct? 16%. So the actual expenses have not grown the same rate as revenue. That's why we have 41% growth in adjusted EBITDA. So actually, the way to look at it is revenue growth is 20%. Adjusted...

**Tushar Sarda:** Sir, one should look at the annual, not the quarterly numbers. Is that what you're saying?

**Vinay Sanghi:** Yes, I'm looking at the annual numbers. And...

**Tushar Sarda:** Because annual -- revenue has grown 19% and even employee cost has grown 19%. So...

**Vinay Sanghi:** Employee cost size, but as I said, the marketing costs only up 7%, other expense up 15%. So I agree with you.

**Tushar Sarda:** But this is a business based on Internet advertising, right? So why would the employee cost go up, sir?

**Vinay Sanghi:** It is not necessarily -- it's a mix of, of course, Internet and I think from manufacturers and dealers, but it's also about adding all our technology development in the future goes to revenue expense. So if we develop future technologies in our tech product team, any expansion goes to employee costs, any expansion of field force or call centers goes also to employee costs. And that's the number one cost, which tends to go up. As I said, in a lot of companies, employee cost, marketing cost, operating costs all go up. In our case, variable manpower is what goes up and we, as a company keeps growing. And therefore, you see even then a 20% revenue from operation growth has got a 41% growth in adjusted EBITDA.

**Tushar Sarda:** Okay. And on the OLX acquisition, what is going to be your policy to write off the cost of acquisition? Are you going to expenses to P&L? Or would it carry on in the balance sheet?

**Vinay Sanghi:** The OLX acquisition has been captured in our goodwill. The acquisition will value itself is captured in our goodwill, which is reflecting on our balance sheet. And actually, the objective is to give a return on that capital employed and not write it off because we obviously believe that the acquisition itself is value creating.

**Tushar Sarda:** Okay. So no plans to amortize it?

**Vinay Sanghi:** No, no, no amortization or goodwill, no.

**Moderator:** We have our next question from the line of Vijit Jain from Citi. Please g o ahead

**Vijit Jain:** Two follow-up questions. One, Vinay, in general, for the stand-alone business for the industry overall, just your comments on do you see dealers being subdued generally in FY '24 relative to other segments of the business across new and used businesses? In general, whatever you can talk about what you see on the dealer's side for the industry? That's my first question.

**Vinay Sanghi:** You see, dealers means in terms of supply? Or do you see them in terms of the health of dealer?

**Vijit Jain:** Just in terms of the willingness to spend on platform or on your kind of platforms, et cetera for marketing and for acquiring vehicles in the used side, both those things.

**Vinay Sanghi:** Yes, we've generally seen -- we've been to a trend -- I'll give a new car industry trend. Basically what we've seen until two, three years ago, maybe two years ago, that dealers and manufacturers are reluctant to spend because certain vehicles are not available for supply. There were supply chain issues, etcetera. There were force coming out of COVID. Then volumes of sales have gone up and now demand seems good and supply seems good. So we're in a favorable situation, where supply is available and demand is good as well. So dealers tend to spend, manufacturers tend to spend, too, to increases sales because there is supply available.

I think in the used car industry, it's very early days and monetization by itself, even the OLX is very strong at it. It's very, very early days. The used car dealers are still not used to spending large amounts of money on advertising or selling the vehicles. And I think that change is now ready to happen, where if dealers have to divert losses and money towards digital advertising or spending money on selling the vehicles on platforms like OLX. So that trend is still, I would say, probably going to start in India now.

**Vijit Jain:** Got it. And my last question on the stand-alone business side. I know you don't have a guidance as such on the growth side, but I'm just wondering if there's a certain growth rate you need for margins to expand in FY '25 versus what you had in FY '24. Is 15%, 16% growth rate in the stand-alone business is good enough for margins to expand? Given I ask that because obviously...

**Vinay Sanghi:** Whether you have 10% or you are 15%, you are 20% or 30%, margin expansion will probably happen in all our businesses. I think internally also and we said in the last call, and you've seen this in the consumer group, 19% to 26%. We have given tremendous guidance to all our teams to improve margin. I think -- we are a management or a company, which is not only focus on revenue growth and customer growth and customer satisfaction and delight and building great product and tech, but we also believe in working around and making sure our margins continues to improve. And even over the last three, four years, the company has continuously demonstrated how the margins have gone up as increase in revenue. So we believe that this year, in addition, we should see -- irrespective our revenue growth, you should see margin growth.

**Moderator:** That would be the last question for today. I would now like to hand the conference over to management for closing comments.

**Vinay Sanghi:** I do want to thank all of you joining in for this one hour session, and we feel pretty optimistic about the position of the company as demonstrated as well as the foundation, the base we have from our last financial results in Q4 last year. We look forward to seeing you again in the next quarter results. But thank you for joining in today. All the best. Thank you.

**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.