

Date: November 04, 2024

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

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

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

**Sub: Transcript of the CarTrade Tech Limited Q2FY25 Earnings Conference Call held on Monday, October 28, 2024**

Dear Sir/ Madam,

With reference to our letter dated October 22, 2024 intimating about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of the CarTrade Tech Limited Q2FY25 Earnings Conference Call held on Monday, October 28, 2024.

The above information shall also be available on the website of the Company: [www.cartradetech.com](http://www.cartradetech.com).

This is for your information & record.

Thanking You.

**For CarTrade Tech Limited**

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

**Enclose: a/a**

**CarTrade Tech Limited**

Reg. Off. & Corp. Off.: 12th Floor, Vishwaroop IT Park, Sector 30A, Vashi, Navi Mumbai 400705.

W: cartradetech.com | T: +91 22 6739 8888 | E: investor@cartrade.com | CIN: L74900MH2000PLC126237

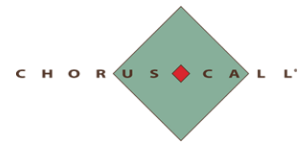




“CarTrade Tech Limited

Q2 FY '25 Earnings Conference Call”

October 28, 2024



**MANAGEMENT: MR. VINAY SANGHI – CHAIRMAN AND MANAGING  
DIRECTOR – CARTRADE TECH LIMITED  
SGA, INVESTOR RELATIONS ADVISOR – CARTRADE  
TECH LIMITED**

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on October 28 2024, will prevail.

**Moderator:** Ladies and gentlemen, good day and welcome to CarTrade Tech Limited Q2 FY '25 Earnings Conference Call. 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 performances and involves risks and uncertainties that are difficult to predict.

As a reminder, all participant line 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 and 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 of CarTrade Tech Limited. Thank you, and over to you, sir.

**Vinay Sanghi:** Thank you. Good afternoon, everybody, and welcome to CarTrade's Q2 earnings call. I want to -- of course, we've uploaded our presentation and the financials for all of you to see in advance. I just want to start off with saying that it's been a good quarter for the company. In this quarter, we achieved the highest ever revenue and profit before tax in any quarter..

We're the number one automotive platform in India across use classifieds, horizontal classifieds and of course, vehicle auctions. We received almost 77 million monthly active users on -- across all our platforms, CarWale, BikeWale, OLX, etcetera. We -- I think what is more remarkable that drives the performance of the company, 95% of these users come through organic sources, which means we don't pay for these users to come on to the platform.

We are now covering almost 450-plus physical locations. The auction at a rate of 1.4 million vehicles a year. Revenue for the quarter is at INR172 crores, which is highest, as I said, adjusted EBITDA is at INR57 crores, INR56.8 crores is also our highest ever. Profit after tax is almost INR31 crores. And as you know, we have a strong cash balance debt free with about INR832 crores of surplus cash.

If you go to our consolidated results, which is on Page 6. As I said, our revenue is INR172 crores. Revenue has grown by 27% in Q2 over last year. Half yearly revenues at INR328 crores, which has grown by 35% year-on-year. So the 6-month results showing a 35% growth in revenue.

You see our margins, our EBITDA margin, EBITDA is up at INR32.7 crores for the quarter and EBITDA margin jumped from 15% last quarter to 21%, which shows the leverage in the business. When increase in revenue, what we able to demonstrate an improvement in our operating and EBITDA margins. As you can see, even the EBITDA is up from 21.5 last quarter, which is almost a 50% jump in EBITDA quarter-on-quarter, 54% jump from last year. And half yearly EBITDA jumped 104%, INR54.8 crores consolidated from INR26.65 crores last year. And therefore, you see the margin gone up 11% to 17% half yearly.

PBT is up by 44% to INR37.14 crores for the quarter and INR61.29 crores for 6 months at 48% half yearly from last year. And that's what showed the leverage of the business, a 35% increase in revenues resulting in a 48% growth in the profit before tax. PAT for the year -- for the quarter first time the INR30.72 crores, which is up 500% from last year and 53.62 half yearly which is up 189% from last year, INR18.55 crores. So generally, you've seen a very strong set of revenue and profit growth with increase in margins across all periods.

If you look at adjusted EBITDA, which is just removing the ESOP cost and adding the interest income, it's at all time high of INR56.81 crores, up from INR42.8 crores last quarter and 37% year-on-year growth and almost INR100 crores for the 6 months ended, which is up 38% from last year.

So this is on the consolidated results. We got the stand-alone results, which is for the consumer group contains CarWale, BikeWale, some of these brands. Revenue was up -- operating revenue is up 23%, which is INR55.62 crores. Other income is down because of the acquisition of OLX last year, our cash balances have gone down, and therefore, see a slight dip in interest income, but operating revenue is up 23% for the quarter, 20% 6 months INR106 crores.

It's been a strong quarter performance of the Consumer Group. I think the highest ever revenue in any quarter. You see the employee costs and other costs well in control now, which shows the operating leverage even though the revenue is up quarter-on-quarter and year-on-year. You see the actual costs, overall expenses are flat or close to flat, which is really resulting in the massive 464% growth Q-on-Q on EBITDA and last year 73 lakhs becoming INR18.4 crores of EBITDA in the first 6 months here. So massive growth in both EBITDA over the small increase in revenue increases in revenues. PBT, again, is showing a 71% up to INR19 crores and half yearly up at 30% to INR32 crores.

When you look at profit after tax, INR15.75 crores versus INR12 crores last quarter and INR10 crores last year was up by 55% and INR28 crores for the 6 months on the stand-alone side, it's up by 27%.

So you see a strong operating performance here, slightly lower other income just because of the reduction in cash balances due to the acquisition of OLX. But overall, again, very, very strong operating metrics being reported in the stand-alone results. When you look at the remarketing result, which is on Page 8, you had a modest growth of about 3% and 57.24 and 3% for the year at 105.84. But we've kept our expenses under control, and there's been slight cost reduction, which has resulted in a 34% growth in profit before tax at INR10.26 crores and INR14 crores for the half yearly, which is up by 29% to last year.

PAT is also up 32% at INR7.59 crores and INR10 crores for the 6 months ended at 26% up from the last year. So generally a strong financial performance. We like the revenue growth to be stronger, but the financial performance has been quite strong even in Shriram AutoMall and the Remarketing Group.

When you look at the OLX results, which is on Page 9. OLX, obviously, there's a growth over the previous quarter from 49.48 from 48.23. It is difficult to compare over last year just because

only 2 months of operation during the first half of last year. But at 6 months now, we've achieved 97.72 crores revenue for the 6 months ended September '24. EBITDA is up at Q-on-Q from INR8.05 crores to INR8.55 crores and half yearly is now at INR16.6 crores. I see a small improvement margin from 17% to 18% quarter-on-quarter and PBT is up as well. PAT is slightly down, and that's partly only because of tax incurred on other income on some of our interest income we incurred some tax, and that's why the PAT is slightly lower than the previous quarter.

But generally, operations are stable. We feel it's a reasonably strong financial performance. Revenue growth is something we feel we'll achieve a stronger revenue growth something we'll achieve in the coming quarters, but generally a strong, stable performance from OLX as well. This is a good summary of the consolidated and subsidiary accounts in finance and operating metrics. I'd be happy to take questions now from each one of you. Thank you.

**Moderator:** Thank you so much sir. We will now begin question and answer, anyone wishes to ask the question, may press star and zero on your touchtone phone, if you wish to remove your self from question, may press star and two, participates are request to use handset while asking the question. Ladies and gentlemen we will wait for moment once the question assemble. We have the first question from the line of Siddhartha Bera from Nomura. Please go ahead.

**Siddhartha Bera:** Hi sir, congrats on a good set of results and Happy Diwali greetings to the entire team.

**Vinay Sanghi:** Happy Diwali.

**Siddhartha Bera:** Sir, first question I have on the OLX business. So if you see the ramp up, now it's been like close to 1 year, we have this business, we are operating and running this. How do you think has been the performance? Is many of the improvement still yet to play out? Or do you think it is taking longer? If you can guide us about how to look at the revenue scale up in the OLX business and some more color about which are these segments? Any mix or any more data, if you can share in terms of OLX? How the business is changing or what are we doing here to sort of scale up the revenues it will be helpful.

**Vinay Sanghi:** Well I think Happy Diwali to you that's first. The second thing is we've over the last been about 11 months to the end of September, for the -- from the acquisition of OLX, I mean, sorry, 13 months or so and obviously, the 10 in those first 13 months was around stability of technology platforms, teams, recruiting all the product technology teams, moving all of this technology and product to our own environment, stabilization and growth traffic, consumer traffic, processes and sales, etcetera, etcetera.

And the segments are pretty much the same. It's 45% of it is auto, used cars and used 2-wheelers and the rest is non-auto, which is like the real estate jobs, electronics, mobile, etcetera, etcetera. We've obviously -- there has been revenue growth in the last 13 months of operation during this period. And we feel a lot of the things we've done and a lot of the foundation we've laid the significant part of that growth will come in the future.

When you take over a business, I think you'll have a foundation where over the next 5 to 10 years, you can see that growth. So some of it started to play out. Obviously, the auto side is

something we were more comfortable with and obviously, a lot of the initiatives we launched in the automotive side first.

But now we are also working heavily on the non-automotive side, which is other segments of real estate mobiles and jobs, etcetera, etcetera. And we do feel in the coming quarters, we'll start seeing a more -- a stronger growth in revenue, I would say, across various sectors, which we're working on there.

So we feel very confident about that. We also feel very confident about the quality of traffic and users and the brand of OLX, right? I mean almost 30 million people a month, some every month. And as you know, we spend no advertising in OLX, which just shows the affinity of the brand, right? It's one of the leading -- or probably the leading used product platform in the country where people can come in and sell their products or buy use products, right?

So we feel of the initiatives we're taking will -- a lot of the growth, which is -- will show in the next few quarters by the initiatives we've taken in the last 13 months. But when we took the business, it's important to bring full stability and transfer of technology and product to our environment first.

So that's what we did. And what we feel now we are actually working on the business very hard on various aspects of sales processes. And other things to make sure or to -- and a strong foundation for growth in the future quarters coming ahead.

**Siddhartha Bera:**

Got it, sir. Sir, second question is on the consumer business, where we did see a very good growth sort of playing out. Here, again, if you can throw some light about how is the mix between OE and new and used car and where is basically the stronger traction if you are seeing any particular segment worth highlighting?

**Vinay Sanghi:**

Here, the consumer group is mostly 85% new vehicles, right, as you know. And there itself, the car industry has been at a very modest 2%, 3% growth in the first 6 months of the year. In fact, in the last 2, 3 months, it's been de-gegrowing. And the 2-wheeler industrial had a robust growth of 18%, 19% for 6 months, as the industry has been.

We've actually seen growth across segments across all new and used segments. I feel one of the -- even though the industry of car growth -- the growth in the car industry only 2%, 3%, it is still at a high base of last year, and that's helped us as well. So we feel good about the car industry, whether the 2-wheel industry and the used car industry the way they stand.

Some of the results have come in the first 6 months, and we just hope and we think that some of this will play out still in the 2, 3 quarters coming. So it's been a reasonably strong performance from the consumer Group, both on the car side, bike side, even us both, I think.

**Siddhartha Bera:**

Got it. Sir, lastly, on this auction business, now volume seems to have gone up quite a bit compared to last quarter or year in the current quarter. So are we looking at any signs of turnaround in this business also as we enter the second half of the year? Or do you think this business also may take still longer for some of the recovery to play out?

**Vinay Sanghi:** Do you think that this -- it definitely seems to have bottomed out the reposition cycle, right? It doesn't seem to be getting -- it seems to have bottomed out. We do feel confident that this business now seems to be getting better. And of course, the other segments when we position have gone down, we've built other segments, which are also helping at this point of time.

So it's a mixture level of cost control a little bit of revenue growth, but we do feel that in the next couple of quarters, SAMIL should deliver a reasonable performance. And it's hard for us to right now say with the repossession in banks and NBFCs are getting stronger or not. I mean if it is early to say that, but we do feel it's bottomed up, that's for sure.

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

**Vinay Sanghi:** Thanks Siddhartha. Thank you.

**Moderator:** Thank you so much sir. The next question is from the line of Ankit K from Smartsync. Please go ahead.

**Ankit K:** Thank you for taking my question. And congratulations on the good set of numbers.

**Vinay Sanghi:** Thank you, Ankit.

**Ankit K:** So my first question is related to all the 3 segments, actually. So if I look at the segmental revenues, coincidentally, all 3 businesses are having roughly the quarterly revenue run rate of INR50 crores today. And -- but when you look at the life cycle of all the 3 businesses, probably all 3 are completely different in their life cycle revenue.

So I just wanted to know from our side, I'm not looking for any guidance, but just directionally, how do you see these business -- these 3 businesses to distinctly different kind of businesses growing or going from here over the next, say, 3 to 5 years? Qualitatively speaking, I'm not talking relatively any numbers per say, but how do you see the...?

**Vinay Sanghi:** Thanks for the question. I think the first part is because the consumer group, which is CarWale, BikeWale. It's 85% new vehicles, right, which is cars and 2-wheelers. And obviously, we feel with the car industry, India is the largest in market in the world, right? It is also top 5 car markets of the world. And naturally, for countries to grow, when you look at the penetration of cars in India, if you're going to be at 30 or 40 or 1,000, the penetration is extremely low.

So you do feel over a long period of time, 3 to 5 years what you've asked, the car industry will grow and the 2-wheeler industry will continue to grow with personal mobility on the rise. And therefore, we feel very strongly on the health of the consumer group by itself, which is 85% dependent on new vehicles, right?

We also feel for us if you have seen 2, 3 years ago, it is harder because when there was a semiconductor issue and other supply chain issues in the automotive industry, and demand was more than supply, it affected us because you stopped manufacturers and dealer from advertising on our platform because they didn't need to.

They were sold out because of just the availability of vehicles is low. Then availability is high, which is what the situation is today, where supply is more than demand, it's a little more favourable for the company, and we do see a strong demand cycle for the next 3 to 5 years in the automotive industry, but you also see supply being available.

And therefore, we feel very confident about the consumer group by itself over a 3 to 5 period. And obviously, what our attempt is not only is to go, as we said earlier, in CarWale or in BikeWale too not to move from a situation or go deeper into our transactions with our manufacturers and dealers.

And for our customers who will not even be able to find their car, select their cars, connect to a dealer online, but also borrowed by cars online. So we're moving and building technology and going deeper and deeper with the process for all our customers and dealers and manufacturers. So that should we feel confident about that. On the Shriram AutoMall, in the last 1.5 years, the repossession of vehicles coming down and supply to us coming down from that source. We had built a whole retail segment, which is almost 40% of our business today.

So obviously, we believe optimistic about growing the retail side of the business. But we also believe in times to come, it financing went up demand for vehicles going up, new vehicles, the repossession will also grow. And obviously, in the next 3 to 5 years, we feel got both the retail and the repossession market will grow and Shriram AutoMall will be a strong player will be a big beneficiary. So, we feel confident about that.

And then the third is OLX where the TAM of the business we operate in is limitless, right? It is basically handles all used products in India. It's the number one or leading place where any consumer can sell a used product or buy or used product. So, we obviously feel that TAM in India is just, as I said, limitless cant quote a number even. We have a large set of Indian consumers, who -- I mean, as some of the data we've shared before, more than 30 million users a month come on OLX to sell a product or to buy a product, used product. And we have obviously a significant leadership here.

So, there's limitless growth opportunities here, whether it's used cars, whether it's used bikes, whether it's used mobile phones or good household goods, like furniture, etcetera, etcetera, or even homes. And we feel very confident about OLX's future here as well over the next 3 to 5 years. So, on the whole across all 3 businesses, we see tremendous amount of levers to grow. I think one thing I would add here, as you might know, that -- and we've demonstrated successfully over the last 5, 6 quarters, is that every increase in revenue in this company, the results in a very strong profit growth.

We have a lot of levers in our business as normally when our revenues go up, only a small amount of manpower cost goes up with it. But a large part of the revenue growth leads to profitability, which you've seen.

**Ankit Kanodia:**

Got it. Thank you so much for the detail answer. Is it fair to assume that, say 3 to 5 years down the line probably our consumer business will form a large chunk of our revenue coming toward because that is the fastest growing also?



**Vinay Sanghi:** No, we don't think so. I think we did all the three businesses have opportunities. I mean they're all similar size today, but we don't -- it's hard for us to say that one way with other. They all have the reasonable opportunity to grow. So, I wouldn't want to predict that the consumer group will be the largest or OLX would be the largest or Shriram AutoMall will be the largest. I don't want to predict that right now. But all the levers to grow.

**Ankit Kanodia:** Got it, yes. So, second question is related to the competition. So ever since we got listed and we started doing con-call and presentation. One client which has been always there is what you share regarding the Google trends where CarWale is always on top compared to all the other competitors, which you share. When I look at the on-ground feedback from maybe customers or dealers, we get some really good feedback about the competitors also in terms of the business, which is happening. So, can you share one reason why on Google Trends we are so high on the chart and consistently?

**Vinay Sanghi:** It's a brand, right? So, Google Trends is basically how many people search your name when it's OLX or CarWale or BikeWale into this search your name, right, and come to a platform, which means that it is -- the number of people who remember CarWale versus other people. That's what it is. It's a digital brand index.

And that's what it is. It's got nothing to do with dealers. It's got to do with consumers. It's the reason the 77 million MAUs come to these platforms. Just to give you context, 77 million people a month come to CarWale, BikeWale and OLX. That's a huge number. And 95% come in an organic manner, which we don't pay for it, completely free of advertise . That's why you have the margins we have in the company.

With 95% of our users come out without of any advertising costs, which is partly a reflection of Google trends, as you see, right? And which is why the consumer group or CarTrade Tech as the company is extremely profitable is because of the brand affinity of CarWale, BikeWale or OLX. These are strong brands now in the businesses we run. And that's a flex of Google Trends. It's got nothing to do with talking to dealers actually. It's not connected with that. It's a consumer.

**Ankit Kanodia:** Thank you so much. That was very valuable and all the best for the future.

**Vinay Sanghi:** Thank you.

**Moderator:** Thank you sir. Participants, if you wish to ask a question, you may press star and one on your touchtone telephone. The next question is from the line of Sachin Dixit from JM Financial. Please go ahead.

**Sachin Dixit:** Hi Vinay. Congrats on a great set of results.

**Vinay Sanghi:** Thank you.

**Sachin Dixit:** Quickly coming to questions, I wanted to understand that we discussed at obviously, we had a bunch of low-end that we can educate to, first of all, I wanted to just check on that.

**Vinay Sanghi:** The voice problem starts getting. Can you say it again, please?

**Sachin Dixit:** Sorry, I was saying that on OLX side, you -- we have discussed that there are a bunch of low-hanging fruits which we can cater to in order to deliver the growth that we wanted. I wanted to just get an update on that. Where do we stand on that? Have you seen any ramp-up in terms of advertising income coming from OLX or any price hikes any such things? Can you please give an update on that?

**Vinay Sanghi:** So, wallets I think what the things we've been working on are for the automotive side, which is the used car classified side of OLX, right? And then in non-automotive side, there's also an advertising side, which is driven by advertisers coming and putting this advertising on OLX side, the 3 different revenue sources in a way.

That is -- I would say a lot of work has gone in. I wouldn't say that a lot of the revenue, what we -- what we feel would kick in very quickly has all come in. I think we will probably see some of this growth coming in the next 2 to 3 quarters. And obviously, a lot of the foundation platform work is done, right, which is the products side, technology side, people side, processes side, so many small, small things after the M&A.

But as I said, some of it has come in, in terms of revenue growth, which you can see and some of it is a lot of it yet to come. And we just feel like OLX is a kind of a platform where we'll always be saying this over the next 3 to 5 years because this is so much the TAM is limitless, as we say, right?

Once we get one side, we got the other side and keep going deeper and deeper to monetize more and more aspects of the platform, right, and get more of more consumers on board. So, it's a nonstop effort. I think we all are spending lots and lots of hours on it. And we do feel in the coming quarters, you'll see some of that. And even the coming years, not just the quarters because, as I said, there's this no limit to can be achieved in OLX over the next 5 to 10 years.

**Sachin Dixit:** Understood. So quickly on revenue side on OLX again, right? So, we delivered roughly 2% Q-o-Q growth. Now if you recall like when this acquisition have been last year, we did talk about almost 20-plus percent class or growth. In order to deliver that, it looks like we'll need to deliver anywhere between 30-odd percent, 30%, 32-odd percent Y-o-Y growth over H2. Do you think we are on track for that? Or that's going to be less on that piece.

**Vinay Sanghi:** I don't know, I don't want to give any guidance on revenue. As I said, we don't want to give any guidance. So we're working on, obviously, all the growth levers. And some of them will happen next 6 months, some will happen in the 6 months after that. But all I can say we see a very long-term growth opportunity. I don't want to talk about the next 3 months or 6 months, very specifically.

I mean the one thing is happening in OLX that every quarter we get better than the last month, right? And not just in OLX accessing that applies in the consumer group and as well, where we actually make progress every single quarter. You see the numbers, almost every single quarter, but year-on-year better, right? So, we'll keep doing that. And some of it will play out now or some will play out after 3 months, 6 months, but the effort to continue to do that. And as I said,

again, when we grow our revenue, the margin expansion is quite high, right? The moment to grow revenue.

**Sachin Dixit:** Right, yes. That's fair. Coming to new auto very quickly on that piece like we delivered close to 23% growth in the quarter while auto industry continues to struggle to say the least. Do you see this trend sustaining? Obviously, you have highlighted that this is probably the best time on advertisement spends at its peak ?

**Vinay Sanghi:** Yes, we see some of this continuing. I think I do feel like October, December normally is a better quarter than even the major then even in July and September, normally every year. I don't think that's changed at all. I do think October, December, it is going to be better. And probably this trend might continue, if possible that I do see that volumes are generally at the highest ever for 2-wheelers and cars, even though the growth is low for cars. Although absolutely no growth, but the volumes are pretty high and supply is higher than demand. So it's reasonably a favourable market condition, I would say.

**Sachin Dixit:** Sir, the reason why I asked that question was last year in H2, our Y-o-Y growth dipped quite sharply compared to H1. So that's why I am asking this question.

**Vinay Sanghi:** The growth rate -- not the absolute number, the growth rate may be lower.

**Sachin Dixit:** Yes, growth rate. So which is where I'm coming from, like do you see that growth rate like this 23% Y-o-Y growth rate sustaining in H2 or...

**Vinay Sanghi:** I don't want to give a guidance on growth rate, but all I can say is normally the market conditions are slightly better. And I do feel like these quarters will be better than the previous quarter. That's what I do feel. Is that -- but I can't -- I don't want to give a growth rate guidance.

**Sachin Dixit:** No worries. Thanks so much. Happy Diwali.

**Vinay Sanghi:** Yes, thank you. Thanks Sachin. Thank you, happy Diwali.

**Moderator:** Thank you sir. We have the next question from the line of Akshay Satija from Alpha Invesco. Please go ahead.

**Akshay Satija:** Hi, congratulations on a good set of numbers and happy Diwali to all of you.

**Vinay Sanghi:** Happy Diwali.

**Akshay Satija:** Sir, my first question will be, for our remarketing business, our EBITDA per car sales have improved from what it was in Q1. So I just wanted to understand is it because of contributions from maybe retail sales, higher number of retail sales, or it's just that, as you said, the operating leverage that you sold more cars...

**Vinay Sanghi:** It's part of the operating leverage -- it's also some cost. It's also the remarketing. There's also some cost reduction, but it is also -- the product mix has not changed much, but it's -- there is some cost reduction as well, which will help.

- Akshay Satija:** Okay. If you could specify the numbers for retail and B2B that you do for remarketing?
- Vinay Sanghi:** Aneesha, you want to give it? But I think it's 40% is retail, which is quite similar to what it was earlier, 39% earlier, it's 40% now I think. So it's quite similar actually. Not much has changed.
- Akshay Satija:** Okay. Sir, could you also share the new versus used car ratio for the consumer business? And if you could just go a little into detail for the abSure business that we have. So what would be sort of revenues? My belief is that we report abSure revenue under the consumer business, so what would be the revenues or volumes for the abSure business and how many stores that we hold of abSure as of now?
- Vinay Sanghi:** Sure. So I think the first part, about 86% is new in the consumer group. That's one, which is pretty similar to what it was, 85% and now it's 86%. That's the first question. The second question is abSure. So Aneesha, you want to tell how many outlets we have, but I'm sure plus - abSure outlets are actually growing. What's that? What is that?
- Aneesha Bhandary:** 165.
- Vinay Sanghi:** 165 are the number of outlets. We normally don't disclose the volume and the revenue as yet. But the 165 outlet is something obviously we are growing. And not only are we growing it here, I think OLX has a very similar number of OLX branded stores as well for used cars, right. Am I right, Aneesha? Similar number? Sorry, go ahead.
- Aneesha Bhandary:** About 170.
- Vinay Sanghi:** 170, so that would be actually 335 such stores now. So the intent of these stores, I'll be honest was and still is the ability for a consumer to come online and select a good certified car and then buy it with a -- eventually buy it in a one click experience, so they can actually have a completely online experience. And we're working towards that, but the coverage actually improved with the OLX acquisition. The 165 actually become about 330 now, or 340 stores.
- Akshay Satija:** Okay. So my final question is, could you just elaborate a little on the auto mall stores and on that front, so say we list roughly 1.2 million cars a year, but we are selling only 20% of those cars. Just wanted to understand what happens to rest of the cars? Are they kept as an inventory? Not with us, but with someone who's listing it with us. Just wanted to understand is that inventory carried forward to the next quarter or just wanted to understand the business trend there?
- Vinay Sanghi:** Sure. First, a large part of that inventory does not come physically. It's not -- I don't have the exact number yet, but a large percentage only comes online. It doesn't ever come physically to us in the auto malls. Some percentage comes physically and even in that percentage, if the seller decides not to sell it, they can take the vehicle back and then give it back whenever they feel they would like to sell it again. So, the 20% -- I think it's 25% or 28% is a conversion ratio, which is of every hundred vehicles coming to auction that many get sold, I think that's what it is.
- Akshay Satija:** Okay. Do you see this number probably could go up or --?

**Vinay Sanghi:** No, it's been quite stable actually. It's not gone up. It's not gone down. It's been quite stable. I think the conversion ratio would probably be stable. Our attempt here is of course to improve conversion ratio by getting more buyers, but it's also through increase in volume on supply. I think they're two different efforts here, but we don't see much -- there's not been much change over the last couple of years in the percentage actually.

**Akshay Satija:** All right. That's it from my side. Thank you.

**Vinay Sanghi:** Thank you. Thank you.

**Moderator:** Thank you, sir. We have next question from the line of Vijit Jain from Citigroup. Please go ahead.

**Vijit Jain:** Yes. Thanks.

**Vinay Sanghi:** Hi, Vijit.

**Vijit Jain:** Hi, Vinay. Hi, Aneesha. Congratulations on great 2Q across the three businesses. My first question is, so I note on the presentation that organic traffic growth was especially stronger than the overall growth this quarter. But you did increase your standalone marketing spend about 20% this year -- this quarter, right. So my question I guess is, is that with an eye towards the next half of the year? Are you seeing any trends which makes you want to increase your marketing spend here?

And I think a related question to that is, in addition to what you show on Google Trends, one can see on app traffic and other third party data sources as well that you have taken market share in both cars and bikes from the competitors this year, especially on the bike side. So if you could give a view on what is happening there really? Have -- is your business in the bike side, for example, particularly higher now this year versus last year?

**Vinay Sanghi:** Yes, okay. The first is the marketing spend. Marketing spend in these businesses is very -- I would say, tactical, but it's very -- it's not brand driven expense or traffic driven expense, it's very targeted at manufacturers who may want to sell a certain kind of product. And who are spending money on advertising and they try and build a specific consumer for them and that traffic and their advertising has incurred with them. 20% is up, but it's a very small number. I mean, the numbers are really small, right. Our total -- are insignificant, so the amounts are very insignificant here. That's one.

I would not think and correlate that with any increase in advertising or any significant increase in advertising spend in the next six months. I would not think that would happen. It may be -- directly a little bit in correlation with a bit of revenue, but it's not likely to go up substantially in the next six months at all. This is also not driving the growth in traffic, as we said. This is -- actually the organic percentages are going up. It's 95% now across platforms. So it is going up. The brands are getting stronger.

Our consumer traffic actually in absolute terms if you see, it is in the deck as well in one of the last two slides, is substantially up. So, the quantum or traffic up cannot be done by advertising.

This is just done on brand and organic basis. 2-wheelers have gone up a lot and so have cars gone up. So both traffic on both concepts gone up. We do feel that -- one is that, as I said earlier, the demand for cars is not down, it's just that the growth rate is down, right. If you look at the first six months actually it's grown by 2%, 3%.

So it's not negative, number one. Number two, the 2-wheeler industry has been very, very strong, which has shown growth in every parameter, right. I mean the volumes have gone up. Traffic is of course going up. Everything is going up. So, it is -- it's a massive opportunity for us as well, the two wheeler side but both cars and 2-wheeler have been quite healthy. So this traffic -- in fact the traffic growth has been very, very healthy I would say. Also some of the new launches, have fuelled this, right, I mean we had a couple of big launches in the car market where there's a lot of interest on traffic, right. I mean, the traffic side.

**Vijit Jain:** Right. So, Vinay, any broad sense on, I don't know if you want to -- if you don't want to disclose split between say 2-wheelers and 4-wheelers, maybe some sense in terms of what growth rate you saw in the two categories this year?

**Vinay Sanghi:** It's been strong on both sides, I would say. I mean 2-wheelers on a smaller base, so it's outpaced the growth, but generally it's been strong both places. The revenue split is something, Aneesha, have you given the revenue split on 2-wheelers and 4-wheelers?

**Aneesha Bhandary:** Not yet.

**Vinay Sanghi:** Not yet because it's quite -- okay, it's actually we didn't mix up vis-a-vis OEMs and dealers, not so much on 2-wheelers and cars. That's the reason we have given the OEM and dealer split, but the -- I think we see robustness in both actually cars and 2-wheelers both has grown.

**Vijit Jain:** Got it. Great. And my next question is the remarketing business. So I guess, the shift -- the mix shifted a little bit in the repo favor this quarter because, obviously, I can see the auctions went up, but the realizations went down.

**Vinay Sanghi:** Slightly better. I think there's some suppressed pricing of used products is used cycles as well, which is affected a little bit. But generally that I said, reposition seems to have bottomed out. It's always hard to predict because it's not something in our control, but it seems to have bottomed out, what I said earlier in the call, it seems to be a little better.

**Vijit Jain:** And you have -- I mean I think you mentioned it around the end of 4Q results, but you have added about 100 locations across Shriram Automall, abSure and OLX this calendar year. I think last 4Q you were around 350, now you're at 450 thereabouts. So could you give us a sense of where these additions are coming? Are these mostly in abSure here?

**Vinay Sanghi:** Mostly in abSure Signature and OLX, they're not Shriram Automall is a very few. It's almost all there.

**Vijit Jain:** And so basically about 50 to 100 store ads on the abSure site?

- Vinay Sanghi:** Probably to 100, I don't know the exact number. But almost all the additions will be there. I mean, I don't think Shriram Automall. I couldn't be more than I mean maybe 5. We don't really add very many Automalls. So it's mostly come in OLX and abSure.
- Vijit Jain:** Got it. So with abSure, do you think you -- this is a pace that you could probably continue to?
- Vinay Sanghi:** Yes that seems logically the pace. There's a lot of work to be done on the pace which is like probably will continue both from the OLX side and the abSure/Signature outlets. What we're looking at doing is obviously adding a lot more tech and product to it and over time as consumers want. The whole idea is getting also is to give a differentiated experience for a user on CarWale or on OLX.
- And I think that is still something we're working on. Distribution seems to be catching on, but now we've got to also -- when you come to the consumer provide this one-click like ability to buy a used car if you want to do so. I think that maturity will also come in consumers over time. So it's a combination of all of that.
- Vijit Jain:** Got it. And my last question Vinay. Just the OLX business, given the nature of the business, the October, November, December quarter should have a fair bit of seasonality related uptick. I mean not just -- I mean I know you said that for the auto business, but non-auto parts?
- Vinay Sanghi:** I think OLX too it should be better because normally October is definitely normally better. November the holidays and stuff so you don't always know because Diwali by the time businesses will really start all over again. But generally, this October & December is normally a little better than July to September.
- Vijit Jain:** So the question I was trying to -- the answer I was trying to get to also in part Vinay was we have a lot of the festive season sales that the e-commerce platforms run and I would imagine some of that will drive traffic to yours for used transactions. Is that a fair understanding of how this would work?
- Vinay Sanghi:** No, I don't think they're really connected with even though every e-commerce platforms have sales not convinced that directly correlated with the traffic on OLX or definitely not CarWale. But I would think that this season is normally better for anybody. I think normally October is always this year, Diwali and Dussehra both happened to be the same month as well. So normally, it is a strong month always.
- Vijit Jain:** Got it. Understood. Thanks Vinay. Those are my questions and Happy Diwali to you and Aneesha.
- Vinay Sanghi:** Happy Diwali. Thank you Vijit.
- Moderator:** Thank you so much. We have the next question from the line of Rahul Ranade from Goldman Sachs Asset Management. Please go ahead.
- Rahul Ranade:** Hi. Thanks for the opportunity. Happy Diwali Vinay.
- Vinay Sanghi:** Happy Diwali Rahul.

- Rahul Ranade:** So just a couple of questions. So one is what answered partially in terms of seasonality for OLX. So you're saying there could be some bit of a seasonality element in Q3, so that is answered. But just on the other side OEM to dealer we used to share the split earlier on, did we share that now?
- Vinay Sanghi:** Yes, we can give it Aneesha you have that. Can you give the OEM was it 67?
- Aneesha Bhandary:** Yes 67 and 33.
- Vinay Sanghi:** 67-33. It's not changed much. I think it's a model that's been.
- Rahul Ranade:** Okay. So is it the right understanding when we say new to use is 85-15 during the 67-33 this 67 is out of the 85 and then the 33 is a split between new and used?
- Vinay VSanghi:** That is right.
- Rahul Ranade:** Okay. Got it. And lastly, I just wanted to check in terms of progress on these allied services that we kind of talk when we say buying vehicles at the click of a button. So, let's say, financing or insurance have they started contributing to our revenue in any way in terms of?
- Vinay Sanghi:** They are very small revenues. Insurance is not, financing is a very small revenue contributor. But the important thing is the tech and all of that has started to play in. So you can see on almost all our platforms now that one click you can get a loan. I think those are the kind of things and lot of the products were launched whether it's abSure or these loans to enable a lot of the future transactions which might come online as consumers want to do more and more.
- So when you buy a loan today and you come to CarWale or BikeWale or OLX even now and you apply online and you have sanctioned instantly by multiple, multiple banks and vendors. You've got a sanction, but from sanction to disbursement is not necessarily that all the banks and other partners are ready to at this point or able to do it even at this point, it requires also documentation, KYC customers, etc as for their processes. So it's not fully, I would say the product is all the business sanctions differently. It doesn't still probably give you a loan in account in the next 1 minute or something. I mean the disbursements -- the sanction disbursement cycle is not fully online yet.
- Rahul Ranade:** Got it. So the meaningful attrition in terms of monetization, I mean, will only happen when that piece also falls in place? Is that the right understanding.
- Vinay Sanghi:** I think the important monetization might improves it, but that's not the intent here. The intent was always that we give this journey to a car buyer or a 2-wheeler buyer or a used kind of a buyer. Initially when you buy a product I think get a loan instantly so you can buy the car online.
- So large part of two wheelers and cars are financed. So if you don't get a loan instantly then buying a car on one-click on one is almost impossible. Because if you want a loan the journey they never going to get broken. And I think that's what we work with banks and other stakeholders to see this journey can be completed online. But it's more from a customer experience angle. Monetization is one thing, but it's also experience.



**Rahul Rande:** Yes understood. And just lastly, this is not many CarTrade or CarWale value specific. I just wanted to understand from a financing penetration standpoint, if you were to look, let's say, 4 years, 5 years back to now for used vehicles both used cars and used 2-wheelers, do you see a significantly greater proportion of people going for financing for their used vehicles or is it more or less the same how?

**Vinay Sanghi:** New cars as you know for last 4 years, 5 years maybe last 10 years, it's been -- it's very high as a percentage. In used cars, we've actually seen it being not move much. I feel like industry has grown one. And second bigger thing is that you still don't have a large number of organized financials, financing used cars. A lot of people buying used cars are taking loans from unorganized sources, right? It could be a personal loan. It could be like a personal secured loan? Or could we even be from an employer or someone else, right? So you feel like the long, long way to go use financing in India. It's actually a massive opportunity. I think for any bank or any NBFC, it's just a big, big opportunity.

**Rahul Rande:** **Understood.** Thank you.

**Moderator:** Thank you so much. The next question is from the line of Mohit Madhiwalla from Envision Capital. Please go ahead.

**Mohit Madhiwalla:** Thank you for taking my questions. A great set of numbers, so congratulations on that. Just a few bookkeeping questions. Number one, I can see on the balance sheet that in the noncurrent assets, other financial assets have gone up, while in the current financial -- other financial assets have gone down

kind of a similar amount. Just wanted to understand what that movement has been firstly?

**Vinay Sanghi:** What is that Aneesha? Do you want to explain that?

**Aneesha Bhandary:** What's your question is that your other financial assets have come down and the investments have gone up. Is that a question?

**Mohit Madhiwalla:** No. So my question is that in the current assets part of it, it has gone down by about INR50 crores from March 31, September 30. Whereas in the noncurrent part, it has gone up by INR58 crores. So just wanted to understand what this is related to?

**Aneesha Bhandary:** Second because most of it was because fixed deposits, we would have moved into investment in mutual funds. But give me a minute. The other financial assets (current / non-current) includes deposits by SAMIL. The increase in non-current assets is mainly due to shifting of current portion of deposits to non-current on account of holding period more than 12 months.

**Mohit Madhiwalla:** it must be that

**Aneesha Bhandary:** No, both of them. I even in SAMIL there have been some, but no other change. Well, cash balance has improved by INR50 crores.

**Mohit Madhiwalla:** Okay. Next question was basically that there's been a bad debt written off or that it is a very small amount, sort of 75 lakhs. I just wanted to understand where this has come from?

- Vinay Sanghi:** Aneesha, I don't have much client report, but is it the consumer group?
- Aneesha Bhandary:** Yes. So we have done a cleanup or debtors which are more than 3 years, you have provisions in the only what was beyond 3 years portion of this year.
- Vinay Sanghi:** Yes. So what we do is the provisioning of course, as per accounting policies and then we move from provisions to writing off. I think that's what's probably more from provision bucket to the write-off bucket.
- Aneesha Bhandary::** Yes, you provide for.
- Vinay Sanghi:** But fully provided for earlier is what she is saying.
- Mohit Madhiwalla:** And the ESOP cost, we are still at the run rate of INR6 crores per quarter, right? So is expected to continue going ahead?
- Vinay Sanghi:** Yes, I think for this year, it is going to be similar. It should -- as per the vesting schedule will come down from next year further. At this point, it will continue, yes, through this year. And I think it comes down next year as to the vesting schedules.
- Mohit Madhiwalla:** So for FY '25, we would still be around a full year INR24 crores kind of on an ESOP cost...
- Vinay Sanghi:** That's right.
- Mohit Madhiwalla:** Slightly lower in FY '26.
- Vinay Sanghi:** They'll come down '25. '26 will come down. That's correct.
- Mohit Madhiwalla:** Okay. Got it. And just 1 last question. What would be a reasonable kind of overall tax rate to assume as for the full year FY '25 because we are currently at around 21% on an effective tax case? I just wanted to understand where we can end for the full year, given all the OLX kind of net sale losses what have been absorbed?
- Vinay Sanghi:** I think there is no -- Aneesha, correct me I'm wrong, but there is no tax in OLX, right? And they'll go back in the stand-alone entity, the only tax in Shriram Automall. The tax has seen on the stand-alone entity is deferred tax, which has come from the change in the budget.
- I think it's a full change from long-term capital gain tax on debt funds, right which is not actually pertaining to the quarter, it's pertaining to a previous period. So the deferred tax impact on account of change in indexation rule will probably continue for quarters this year, and then will go away, there is no tax from business profit in stand-alone or in OLX (both these Companies have tax shelter due to brought forward losses).
- Mohit Madhiwalla:** Right. Okay. So I think I misspoke previously, the effective tax rate for this quarter was 17%. So that's why.
- Vinay Sanghi:** Mostly Deferred tax, which is in the budget, right, when they move this indexation on mutual fund.

- Mohit Madhiwalla:** So then for the full year, it would be at like what below 25%?
- Vinay Sanghi:** It's exactly the same. It did.
- Mohit Madhiwalla:** Great. Thank you so much.
- Vinay Sanghi:** And deferred tax has to be lower because the profit goes up, the tax rate should come down. This amount of deferred taxes identical for next 2 quarters. This exactly the same amount. So the profit went up, the effective tax would see would go down actually. Because on our normal business income, there's no tax.
- Mohit Madhiwalla:** Thank you, sir.
- Moderator:** Thank you so much. We have the next question from the line of Sachin Dixit from JM Financial. Please go ahead.
- Sachin Dixit:** I have a couple of bookkeeping questions. So the first 1 being that when I'm mentioning the depreciation expense across the 3 segments or it's not matching up with the console number by a decent margin. Why is that the key?
- Vinay Sanghi:** What is not matching,, sorry?
- Sachin Dixit:** Depreciation expense. And this is consistent across a few years in, like this is what we keep on.
- Vinay Sanghi:** You're saying we add up depreciation doesn't total? Is that what you said?
- Aneesha Bhandary:** Because there's an entry ad consolidation Sachin. There is a contract asset that we've created on the SAMIL acquisition. That entry gets passed only a consolidation. So the one plus one will not equal to the consolidated number of depreciation.
- Sachin Dixit:** Is it fair to assume that you use that plug to be a part of Shriram Automall business or the remarketing business? Any think of segments?
- Aneesha Bhandary:** No, it's a very specific entry for the Shriram acquisition, which was done in 2018, where our contract asset was created is a depreciation on the particular asset, which is created in the consolidated set of accounts. It's not to do with OLX or Consumer Group. It's only for the Shriram acquisition.
- Sachin Dixit:** Yes, understood. Second question is on lease liabilities. So we are seeing that the lease liability went up by roughly March 31 and September 30. Question that the business is largely non-asset heavy. Where are these lease liabilities arising from?
- Vinay Sanghi:** It's also from OLX, I think a come from.
- Aneesha Bhandary:** Yes.
- Vinay Sanghi:** Yes. But is rental for OLX, right? Because it's only been 2 months of the year -- last year, only 2 months, 1.5 months in this year's whole year.

- Sachin Dixit:** But this is a balance sheet entry, right? You were giving a snapshot as of March 31 or September 30. Number of months accounted that should not the change?
- Aneesha Bhandary:** Sachin, which number are you comparing? The balance sheet early?
- Sachin Dixit:** Yes, in balance sheet, lease liabilities as of March 31, INR112 cr. They went to 122 this September 30. What are the in coming from?
- Aneesha Bhandary:** So the increase is coming from SAMIL. There was 7 millions us new lease are ers added in SAMIL, I mean from the compared to that, you see from March to September.
- Sachin Dixit:** Thank you so much.
- Moderator:** Thank you so much. We will take this as our last question for the day. I would now like to hand the conference over to management for closing comments.
- Vinay Sanghi:** Thank you, everybody, for joining this earnings call. And we are quite buoyant by the quarter we just had. I look forward to talking to you again in the next quarter. Happy Diwali to you and all your families. Thank you, everybody.
- Moderator:** On behalf of CarTrade Tech Limited, we conclude this conference. Thank you for joining us. You may now disconnect your lines.