Date: **August 04, 2022**

**To,**
**Department of Corporate Services,**
**BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

**To,**
**Listing Department,**
**National Stock Exchange of India Limited**
Exchange Plaza, C-1, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

Scrip Code: **543333**

Scrip Symbol: **CARTRADE**

**ISIN:** INE290S01011

**Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Sub: Transcript of the CarTrade Tech Limited Q1FY23 Earnings Conference Call held on Friday, July 29, 2022**

Dear Sir/ Madam,

With reference to our letter dated July 27, 2022 intimating you about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of the CarTrade Tech Limited Q1FY23 Earnings Conference Call held on Friday, July 29, 2022.

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
# Q1 FY2023 Earnings Conference Call"

## July 29, 2022

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th July 2022 will prevail.

**MANAGEMENT:** **MR. VINAY VINOD SANGHI – CHAIRMAN, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER - CARTRADE TECH LIMITED**
**MS. ANEESHA MENON – CHIEF FINANCIAL OFFICER & DIRECTOR, CARTRADE TECH LIMITED**
**MR. VIKRAM ALVA – CHIEF STRATEGY OFFICER - CARTRADE TECH LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to CarTrade Tech Limited Q1 FY2023 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 performance and involve risks and uncertainties that are difficult to predict.

As a reminder for the duration of this conference all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vinay Vinod Sanghi – Chairman, MD and CEO, CarTrade Tech Limited. Thank you and over to you, Sir!

**Vinay Vinod Sanghi**: Good evening, everybody and thank you for taking the time out to attend this earnings call in the evening and it is quite late in the day, but thank you for that.

Just want to go straight to highlight slide which is slide #3 on your presentation and take out a few numbers from here. We are the number one automotive two-wheeler, four-wheeler portal in India. We have now 180 locations, about 126 auto malls and the rest are abSure outlets. Number of vehicles we have auctioned is at the run rate of 1.1 million in Q1 in quarter one, we also hit 31 million unique visitors on CarWale, CarTrade, BikeWale platforms. 84% of the 31 million unique visitors came organically which is the strength and health of the company. Quarter one revenue was about 93 Crores which grew by about 47%, Adjusted EBITDA was about close to 18 Crores 17.7 which grew by about 100% and the company made a profit after tax of approximately 33 million or 3.3 Crores during the year. As you know the company is completely debt free and there is strong cash balance of almost 1000 Crores.

If you go to slide #4 in the presentation and this is the consolidated financials for three months ended June 2022. This has got some of the key highlights which I have already talked about. 93 Crores is the total income or revenue which grew at 47% it is last year same period of 63 Crores having said that last year was a COVID year so the growth of 47% is taking them into account. Adjusted EBITDA is about close to 18 Crores there has been some cost escalation on employees about 25% which has gone up and if you look at the adjusted PAT which is really the profit before ESOPS and deferred tax the tax expenses is roughly about 8.6 Crores and if you look at PAT which is full deferred tax and ESOP is about 3.3 Crores. This is partly also because of the onetime ESOP cost last year which is now come down to the level which you see here. So, the company is back to PAT positive limits.

If you look at slide #5, it talks about the standalone financials of the company which has grown by about 42% at 42 Crores. Adjusted EBITDA is up by 100% which is 8.6 Crores, adjusted PAT is about 7 Crores which is up again double of last year and PAT itself is 1.68 Crores. So, on a standalone basis as well the company is profitable. The adjusted EBITDA margin which is without other income is roughly 4% if we take with the other income it goes up to about 21%.

If you look at the next slide which is the remarketing side and the remarketing business which is slide #6. Here itself we have also achieved a 52% growth which is a 51 Crores. Adjusted EBITDA is at 9 Crores which is again a 100% growth over last year. PAT again as I said even the subsidiary Shriram Automall is PAT positive and at 2.8 Crores versus the loss last year and adjusted EBITDA margin excluding other income is roughly about 13% which is much higher than last year but a little lower in the previous quarter. So, one thing in the financials I want to highlight is that quarter one for the company is normally a little lower than quarter four and I think the accounts reflect that it is not that our business is not very seasonable, but there is some seasonal factors and every quarter one in any year is normally the most mutated of the other least of the four quarters. So that is then one direction. The other thing I want to highlight a few segmentation for you, so you get a better sense of the business can you look at the consumer growth itself which is standalone. Our new vehicle business grew by about 48% and the standalone which is our used car media business is grew by 187% and now the used car media business contributes close to 16% of the consumer group revenue. The remarketing business for us which is Shriram Automall is completely used and if we take that used business and we add a consumer group used business out of the total revenues of 93 Crores of roughly about 67% of our revenue is used and the balance of course is new. The other cut I wanted to discuss with you is in the consumer group. Our OEM business that the car manufactures business is at 51% and the consumer group our dealer business grew by 76% in the quarter and now our dealer business contributes 40% of our consumer group or the standalone revenues. The other one point I want to just give out is our abSure outlets have now gone to 57 across 34 cities in the last year there is a big focus on rolling out the stores this year in the last few months we have been more focused on operations of the stores and also looking at the processes customer self action making sure that booking online etc., etc., various aspects of our used vehicle booking online or abSure business in terms of operations need to be so there is heavy focus around that for us in the first quarter and we continue to work heavily on our product initiatives around India as really allowing consumers some of the research vehicles on CarWale, BikeWale, CarTrade but also trying to complete the journey online to buy vehicle and we are continuously building and working with manufacturers, banks, dealers to allow that so what we call a one click purchase on our platforms. So, a lot of new product initiatives going on in the company as well and of course all these initiatives are taking up, are built into the cost for standalone accounts.

Aneesha, you want to take the next couple of slides.

**Aneesha Menon**: Sure, Vinay. This is another slide which we have been giving quarterly consistently this is the average monthly UVs. As Vinay just mentioned UVs for Q1 has been about 31 million and we continue to enjoy 84% of that being organic the rest of it is gives us growth quarter-on-quarter and year-on-year.

The next slide is very important slide for is the Google trend slide. It continues to demonstrate the dominance that we have as a brand the high recall values at CarWale and BikeWale continue to enjoy over its competition giving in a way head and shoulders over our competition in terms of brand value.

The next slide out there which is slide #9 talks about the key metrics on the auction side of the business. Our listings for this quarter was about 2.7 lakh with a 57000 volumes which transits to about 21% of conversion. Auction listing grew by about 28% quarter-on-quarter and about 92% in terms of the auction volumes that are transact on the platform.

Vinay, that's about it.

**Vinay Vinod Sanghi**: Yes, I just want to add one more thing that as I said the first quarter for us is the 47% growth one should take in account the last year was COVID as well and normally I will again repeat the first quarter normally is the lows for us for the industry as well. Although the industry also had a healthy growth of the last year same period the car industry as well as two-wheeler industry and that is coming from again a COVID base last year. So, and this is what we had to say we are happy to go into question and answers, etc., etc. and I will clarify any doubts you might have.

**Moderator**: Thank you very much. We will now begin with the question and answer session. We have our first question from the line of Ankit Kanodia from Smart Sync Services. Please go ahead.

**Ankit Kanodia**: Thank you for taking my question and congratulations on good set of numbers. I have two questions; number one is on auction listing. So if I see the auction listings I see a clear trend that probably Q1 and Q2 are your weak quarters and Q3 and Q4 are strong quarter is that correct.

**Vinay Vinod Sanghi**: That is correct thank you for asking the question that is correct as I said Q1 is normally the most, the lowest and there is some seasonality as I said it is not very significant but there is some signals the last year Q1 was extremely low also because of COVID but generally Q3, Q4 are better quarters for us.

**Ankit Kanodia**: So is it fair to assume that we have chance of crossing 3.5 lakh volumes in Q3 and Q4 this year.

**Vinay Vinod Sanghi**: Our effort is of course continuously work on more and more supply coming to the platform but that as I said Q1 is normally a tough quarter and there is some seasonality effect of Q1.

**Ankit Kanodia**: So, my second question is in the month of May we read some news about one of your competitors laying off 600 employees and so even when our balance sheet is very strong and some of our competitors who are probably cash strapped right now so are we looking at this situation to be more aggressive and look for something maybe acquisition or something like that or we continue to do our work as it is. Any thought or any color on that.

**Vinay Vinod Sanghi**: It is a good question and we actually continue to do our work we feel that we can consistent over many years and focusing on our consumer and delivering a fantastic customer experience very, very stable with our recruitment policies and people policies and one of the goals we have taken this year is to create a really strong people and learning organization. I always has said one of the biggest strength we have got is the fact that we have to build the stability in our business over many years now and as where we focus heavily on making sure our execution capabilities are strong so we keep delivering fantastic value to our customers and that can only be done because we have strong people policies as well.

**Moderator**: Thank you. We have our next question from the line of Nikhil Kale from Axis Capital. Please go ahead.

**Nikhil Kale**: Thank you for taking my questions. So, Vinay my first question was on the standalone business so you talked about that the employee costs have kind of gone up. So if you could just throw some color on that also in the employee cost is there any variable component. So going forward what kind of quarterly run rate should we be taking at and this is for the standalone business.

**Vinay Vinod Sanghi**: Yes, it is a good question Nikhil and I think it is employee cost has gone up and I think the first quarter is factoring increments which have gone in which is the increase of incremental cost about if you see the March employee cost increasing, if it is June employee cost with differential is basically the increment which come across in the business, our employee cost mostly is not variable so we do not see at this point a significant jump in employee cost in the next few quarters but it has gone up and I think it has gone up over last quarter which is the incremental differential but also year-on-year gone up quite significantly and that is again the factor of wage escalation and cost escalation which are varied.

**Nikhil Kale**: So, then this is the run rate that we should be looking at.

**Vinay Vinod Sanghi**: Yes, I would think this rating should be correct.

**Nikhil Kale**: Just again on the standalone business if I look at the other expenses right so you said the marketing expenses the other expenses there has been a sharp cut sequentially from 8, 9 Crores to around maybe 5, 6 Crores so any items here and again do you expect it going forward there could be some normalization on these other expenses or they should continue at least further.

**Vinay Vinod Sanghi**: To answer your one specific I am sure we have taken the results specific entry last quarter which is why it is not there and you want to talk about that, Aneesha.

**Aneesha Menon**: So, this is as we had explained in the previous quarter call and that the contracts was of cost that we saw was the provisional entry or provision for that will just come about 2.4 Crores which s probably the biggest delta between that and June otherwise the cost that you see in June is a good benchmark of the other expenses.

**Nikhil Kale**: Okay great I will get back in queue. Thank you.

**Moderator**: Thank you. We have our next question from the line of Vijit Jain from Citi. Please go ahead.

**Vijit Jain**: Thanks for the opportunity and congratulations on a great set of numbers. Just two questions, one is can you give me some outlook on your marketing plans for FY23 is there any change in your outlook towards performance marketing and second your acquisition outlook given this environment change that we are seeing for startups in general. That is my first question, and my second question is on abSure now you will have had some dealerships which are nearly a year old if you could give a sense of what kind of volumes you are seeing in these relatively more mature dealerships that would be great.

**Vinay Vinod Sanghi**: Sure, Vijit this question did you want to know about the acquisition of customers you want the acquisition as on business acquisition what do you want to know.

**Vijit Jain**: No business acquisitions because you had those plans earlier right.

**Vinay Vinod Sanghi**: Correct, so on the customer acquisition front of the marketing side as you have seen on the Google Trend slide one is our traffic is up to 31 million compared to previous year same quarter and we have seen the Google Trend slide what has happened is when competition spends have come down the gaps between our brand or a digital brand and then becomes more stock and then it goes on the Google Trend slide, and as I said the brand has got stronger we feel our strength is at 85% organic traffic and our strength is also the factor we go now to the rest of the getting performance based advertising which builds the requirements through business is. So, there is really no plan to change that strategy at this point of time first point. The second part is the acquisition strategy we our strength is again the 30 million customer with millions of vehicles we auction all the technology is softer we have we are consistently on the book for inorganic opportunities so that we can augment additional progresses in the same sort of customers there is nothing at that levels where we can come out and say that we have growing it and we have done it but we are continuously on look out for opportunities in every adjacency in the ecosystem and the automotive ecosystem so that is part of our daily job now. We are sitting with cash as you all know and the idea is to use that cash for such opportunities just that we have not found something it to talk about but we are continuously looking out for this. On the abSure side as I said earlier the rolled out of 57 outlets at 34 locations the intense here is to now just focus heavily on the operations of the locations which is really about two, three different things one is when you come on buying the CarWale list on abSure car you will find it how is the buying experience which is the tech interface or the technology interface or the car quality itself the certification for active service the money back guarantees so we are heavily, heavily focused on the operation side of the business versus last year where we looking at the rollout of the business the second thing we focused on every store location what the volume plus store is the viability of franchises, the viability of ours out there so these are the things which we have heavily, heavily focused on. Our first goal here is to make sure that the level of customer experience in fact many of you expressed doubts about six to eight months ago where you see we chose the franchise model to deliver this whole one click used car buying experience and many of the doubt we do not control the entire experience can you deliver a fantastic customer experience. So, we feel pretty confident now by the abSure model deliver the fabulous customer experience and I would say that's the biggest achievement for us over the last few months.

**Vijit Jain**: Just one follow-up question if I can at the start of this call you gave some cuts of revenue and I am not sure I have got all of them so just confirming some of these numbers if I can you talked about the consumer business and you said new vehicle business is up 48% and new car media is up 107% did I get that right.

**Vinay Vinod Sanghi**: I said the new vehicle business of 48% I said the OEM business grew by 51% our overall dealer business and our consumer group used and new grew by 76% and if you count Shriram Automall our total used business which is come from our media used as well as Shriram Automall is 67% of our total revenues and if you just got the used media side which is just B2C it grew by 187% and a 16% of our revenues.

**Vijit Jain**: Thanks those were my questions, I will get back in the queue.

**Moderator**: Thank you. Next in line is Mr. Siddhartha Bera from Nomura. Please go ahead.

**Siddhartha Bera**: Hi! Sir, thanks for the opportunity. My first question is again on the standalone part of your business in terms of the new car ad spend so we started seeing in terms of supply normalizing and the production picking up from the OEMs so because this obviously had a impact on base growth is probably not correct but just on your perspective how to look at the revenue ramp up growth given that now things are pretty back to normal level.

**Vinay Vinod Sanghi**: See I usually talk about the car industry. The car industry sold in the last quarter 900000 vehicles which is similar to quarter four I think you are right the fact that supply chain seems to be getting better semiconductor seems to be getting better I do not think it is fully recovered but probably over the next again people are saying over the next three to six months the supply constraints I mean supply should be available this definitely helps us so if we see that supply chain getting better or you see supply getting better is definitely a benefit to our business on the new car side so we are hopeful that happens it has been actually last year so the industry has been pretty hard since the first quarter last year is around 640000 and then 740000 so getting this 900000 it takes to almost the car industry roughly at about 3.6 million rate is pretty healthy and we are hoping that this escalate even further in quarter three, quarter four.

**Siddhartha Bera**: Got it. So in terms of the numbers, I mean would it be possible to highlight that given by improve traction of 20% plus type of growth run rate we probably can do going ahead on a sustainable basis or do you think that it is early to comment right now.

**Vinay Vinod Sanghi**: Sorry I did not get the number the percentage.

**Siddhartha Bera**: 20%.

**Vinay Vinod Sanghi**: Are you talking about the car industry or what.

**Siddhartha Bera**: In terms of our sort of revenue traction in terms of the standalone level.

**Vinay Vinod Sanghi**: It is about 20% is the question. Yes, we would liked it to go by 20% yes I think so I considered about 47% growth in the first quarter I think we will definitely grow by 20%.

**Siddhartha Bera**: And second is on the margin side so like we have seen a couple of cost remaining largely stable in the last couple of quarters except these employees so now with revenues cutting up by how soon can we expect to touch double digit margins which we use to probably have some time in the past.

**Vinay Vinod Sanghi**: We feel that the first quarter normally what happens is that your cost build in of increments were happened now the revenue if you see the 10 Crores more than the previous quarter because quarter four last year the moment we get back to that level of rate we will get back to the margin front. Because we do not see cost increasing in proportion to the revenue increase over next few quarters.

**Siddhartha Bera**: Got it I will come back for more questions.

**Moderator**: Thank you. We have our next question from the line of Sachin Dixit from JM financial. Please go ahead.

**Sachin Dixit**: Congratulations on a great set of numbers. I had a couple of questions the first one is like was saying that abSure business was being in operation for some time now is it possible for you to layout a quick used cars landscape how are the used cars sales tracking and if like between the inventory led models and the franchise models which cause the initial debate and when you launch this business like how are the different models tracking like are you see franchise models ramping up faster inventory led models getting stuck with there with cash becoming critical.

**Vinay Vinod Sanghi**: So we of course never had inventory led model we as a company stay at asset light we find that when we run a franchise driven model and the inventories held by the franchisee or the infrastructures held by the franchise it definitely scale faster I think the big challenge is now whether it scales up so the big challenge was whether you can deliver the same customer experience by not owning the whole stack which has been increase the physical infrastructure and everything we said we will own the product right which as we known the technology the software which we enables to be book online we will own the certification product the money back guarantee and all of it, but we have not own the inventory if possible or the infrastructure because it is just scales much faster and we feel that has been working because the one thing as I said earlier we validated is the customer experience is actually excellent irrespective whether we own the vehicle and the franchise on the vehicle. So, if you do obviously believe that there is not only that the business scale faster also has a fantastic unit economic because we are completely asset light. There are many people who are to take an inventory driven models and they believe they want to own control the entire experience I think the challenge for them will always be when you want to own everything one is you are completing with every dealer in India and the second thing as you know how do you make your unit economics work and how do you rollout fast enough because you are going to put up every location yourself you are going to buy every vehicle yourself so I think that challenges are there by they believe that they can have a superior customer experience we do not believe that but that is where these two models are against each other one thing I want to highlight here the Indian car market or the used car market is close to 5, 6 million and growing over the next five years so if possible that you might have both running we might have a very successful franchise model others may have a reasonably successful whole stack model I think we all have fragment of the market and opportunity is huge so one should not think that only one will succeed or two will succeed there may be many which will be successful.

**Sachin Dixit**: Just a small follow up on the same things like I missed that we were planning to liquidate all the inventory that was on our books as of March 2022 but we still continue to see some inventory cost in the current P&L of like roughly 2.5 Crores. So can you explain how that coming is or how the business model is shaping up.

**Vinay Vinod Sanghi**: Aneesha you want to highlight that I think there is a significant pilots we can do but Aneesha you want to talk about it.

**Aneesha Menon**: Yes, sure. So Sachin the amount you see if you look at the standalone entity the purchase of stock in this quarter is only 10 lakhs. So the number you are seeing is along with the change in inventory which is why it was like a 2.5 number it is a small number now in Q1.

**Sachin Dixit**: Okay, but we will continue to purchase some inventory like in terms of inventory only.

**Aneesha Menon**: So, in the standalone inventory under the abSure model we have to build it out we do not have any more purchase of stock I think we will have to refer to the standalone and see the capital purchase of stock and trade which in March was about 2.7 Crores for the quarter which has come down to about 10 lakhs in that quarter.

**Sachin Dixit**: Okay sure thanks.

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

**Rahul Ranade**: Hi! Thanks for the opportunity I just have few question from my side. On the remarketing slide if I was even just look at numbers from March quarter to June quarter perspective for the expenses broadly they have remained flat right employee cost is the same marketing if the same other expenses are the same. So is there no element of variable cost built into the model as such and that is why we have seen the EBITDA margin drop to let us say 18 versus 33 is that a fair understanding.

**Vinay Vinod Sanghi**: Yes, the variable elements are very small I think it is not completely correlated when revenue jumps up in a quarter if you see the 60 Crores in the previous quarter and 51 Crores now is not necessary that cost jump in the same proportion I think what you see over the last year same period is 30% up on manpower cost I think that is coming from increment this year increment last year and last year, as I said , because of COVID there was a lot of cost reduction across the board which is taking place and I think but I would tend to say that the variable elements are very limited across businesses that is one of our strength actually.

**Rahul Ranade**: Just looking at consolidated numbers just wanted to understand finance cost better actually let us say for the full year it amounted to let us say 6.5 Crores last year what does this pertain to is this purely bank charges etc. or because I do not understand why we need to kind of borrow right.

**Vinay Vinod Sanghi**: No, we do not borrow I think this is an Ind AS accounting standard for, Aneesha will you explain this out.

**Aneesha Menon**: As you are referring to the depreciation, so finance cost is about 1.85 Crores for the quarter and 6.5 for the year. That is purely on account of Ind AS accounting for the least we do not have any debt in the company there is no finance charges or bank charges.

**Rahul Ranade**: Yes, I was referring to the 6.5 Crores numbers for FY2022 you are right because that is largely did from the Ind AS accounting standard.

**Aneesha Menon**: Yes.

**Rahul Ranade**: Lastly just on the abSure side of it like the initial stores that we would have opened are any of those stores, kind of in your view reached a maturity stage or are they still ramping up and is there any of the stores have reached maturity just wanted to understand the throughput in terms of number of vehicles where are they in terms of breakeven just broad sense on that will be helpful.

**Vinay Vinod Sanghi**: The oldest outlet must be a year, year and maybe 15 months and of course those have reached I mean those are far more stable in terms of the volumes. The hardest kind are the one's which are in zero to four months and zero to three months where the volumes will start from zero and I think the challenge there buying a vehicle and then stocking it and then selling so it is a process by itself we have almost have got 60 days cycle itself to buy a vehicle, refurbish and sell it. But the older ones are more stable and doing better and also are the ones where we get confidence from on all elements which is the whole process of certification, warranties, the dealer viability, our viability. One of the things we have been focused on when you appoint dealers we are keep their cost frugal so we know that their rental cost or their manpower cost are frugal so that we can make sure that the dealer makes money for us dealer viability or franchise viability is as important as anything else. I will say two pillars which we focused on our customer experience on purchase of vehicle and dealer viability these are the top two things which we feel are really going to dictate the success of this model.

**Rahul Ranade**: So, would it be fair to say that the initial outlets are kind of had breakeven now.

**Vinay Vinod Sanghi**: Yes, many of them would be profitable we in fact now in our monthly review we calculate or we review the profitability chart for dealers so the initial one would be profitable I mean as I said again there will be some profitable some getting the profitability but we feel pretty comfortable?

**Rahul Ranade**: Thanks.

**Moderator**: Thank you. We have a question from the line of Sagar Parekh from Oneup Finance. Please go ahead.

**Sagar Parekh**: Vinay thanks for taking my questions. Sir, few questions actually firstly on the standalone business so if I look at sequentially the monthly average unique visitors has actually gone up from 30 million to about 31 million right so but on a sequential basis the revenues have kind of like gone down by 5% so just wanted to get your sense on this so does that mean that they are not getting converted or something or the ad revenues are not up to the mark as or there is no correlation between the two.

**Vinay Vinod Sanghi**: No, there is not much correlation you are talking about Q4 and Q1 this year.

**Sagar Parekh**: Yes, correct.

**Vinay Vinod Sanghi**: The Q4 normally part of our revenues in the standalone business come from I mean that is come from manufacturer and dealer spending more money on us and that is completely coming from their budget, their volume, their sales right. So, I think it is a factor of all of that in fact if you see the business, the standalone business normally you would find some quarter four to quarter one is a drop. This time actually you find in the standalone that from Q4 to Q1 there has been a very marginal 8%, 9% drop 42 Crores and 46 Crores.

**Sagar Parekh**: No if I include the other income so I am just looking at the…?

**Vinay Vinod Sanghi**: Yes, even if you look at 34.8 and 36.4 even that is about like 7%, 8% fall normally it will be much, much steeper between last Q4 and Q1 it has been a better Q1 for that business but the traffic in this are not pretty correlated is what I would say. The traffic is that the revenues are dependent on what manufacturers and dealers spend.

**Sagar Parekh**: So basically, the bulk of the revenues in standalone would be largely dealer driven subscription kind of revenue.

**Vinay Vinod Sanghi**: As I said only a 40% of it is dealer driven 60% comes from manufacturers.

**Sagar Parekh**: So, when you say manufacturers is still, okay so manufacturers are also subscription driven only right.

**Vinay Vinod Sanghi**: No, the manufacturer could spend on leads it could spend on advertising some are even conversion base models so manufacturers at different bucket dealers would be read the subscription.

**Sagar Parekh**: And my next question is on the remarketing business so obviously the number volumes are sequentially have fallen and you are leading to the saying that it is more seasonal in nature but if I look at your average take rates it has actually improved sequentially so what is your sense on how should we think of the commission for Car so it is like 8400 for the quarter versus let us say last two, three quarter it is averaged about 7500.

**Vinay Vinod Sanghi**: Yes, there is a seasonal fact I think the take rates is just more a mix one of the things we focused on is heavily that takes us slightly better on our retail inventory Shriram Automall has two distinct inventory supply sources one is from corporates and big business and bring vehicles and a secondary is from small users which is what we call retail and retail tends to be higher in margin for us and there is a little bit of mix in the sense, there is a little bit of higher growth level is that what we call our retail business.

**Sagar Parekh**: Last question is on the abSure business so what is the, can you give some color on the absolute revenues I know it is insignificant but broadly if you can just give us

**Vinay Vinod Sanghi**: It is insignificant actually I will be honest to you right now our full focus is not revenue it is really about as I said customer experience and franchise reliability because we feel if you plug two things in we can scale very quickly out there both are correlated in a manner so we have actually one of them it is not a big focus area for us right now just trying to get the whole technologies of product the customer this is again the certification product and the money back guarantee, the dealer viability, the roll out of the stores I think I still at that way it is only 12 to 14 months of business where the first three four months have spend on experimentation and etc., etc., which was far more stable there but it will take up another quarter or two quarters to focus on revenues and margins etc., etc.

**Sagar Parekh**: But it is classified in the standalone business right.

**Vinay Vinod Sanghi**: It is in the standalone that is correct.

**Sagar Parekh**: And just the commission that you charge for car is reflected as revenues or is the actual value of the car.

**Vinay Vinod Sanghi**: No, this is commission of the car.

**Sagar Parekh**: Okay, great thanks Vinay for taking my questions.

**Moderator**: Thank you. We have our next question from the line of Bhargava Perni from Emkay Global. Please go ahead.

**Bhargava Perni**: Hi Sir, Congratulations on a great set of numbers. Just wanted to know that how has the manufacturers and dealers spending been in this quarter? Is the trend showing upwards, given that the last year was a Covid year and manufacturers and dealers were not spending much on getting leads and all. So how has that trend been? I'll come back with my next question

**Vinay Vinod Sanghi**: Yes, the OEM business as I said earlier in this quarter grew by 51% so it has been a positive trend. One would debate whether it could be better but it will grew by 51% we feel that when supply chain is an issue and supply is an issue, manufacturers anybody would spend that money in advertising so if a particular product have a shortage it is hard to convince manufacturers who spend money on it and advertise it so that becomes a challenge but in spite of that we have done about 51% as we said earlier on the call as supply eases up over the next few quarters, it would actually help our business because manufacturer need to spend then more money to sell that product so it is actually how is it works.

**Bhargava Perni**: On the average like vehicles that have been sold by maybe abSure so just wanted to know what is your level of comfort where youu want like a per month basis how many vehicles do you want for your comfort so that is good for the business like 10 vehicles per month or something on that front anything that you have looked at.

**Vinay Vinod Sanghi**: We are intent as we said earlier this year if we have to go to about 100 locations and some 57 now and ideally you are right I think the average viability for a dealer be 10, 15 I mean in India normally used car dealers have volume of 15, 20 cars per month and our intent is to be like between 10, 15 to 20 cars is the volume where we were came to operate with so I think that is how we think about it build a very strong foundation this year with maybe 100 locations and maybe between 10 to 20 vehicles per outlet which is really making sure that they are viable.

**Bhargava Perni**: And thirdly on the Adroit business so how much of the revenue from valuation and inspection business. a number.

**Vinay Vinod Sanghi**: Aneesha what is the total number.

**Aneesha Menon**: Total is about 4.6 Crores in the quarter.

**Bhargava Perni**: Okay thank you, that is very helpful.

**Moderator**: Thank you. We have our next question from the line of Vijit Jain from Citi. Please go ahead.

**Vijit Jain**: My question is on – there have been a few vehicle launches. So, I was just asking about there have been a few launches from some OEMs like Citroen and even Maruti has launched a new SUV, so just wondering are you seeing any increase in engagement from new OEMs and established OEMs, as the take a fresh view on where to spend their budgets on?

**Vinay Vinod Sanghi**: We definitely are seeing across established on new OEMs in general view to digital I mean or let us say a different or focus to our business without the Citroen or whether it is any established player so that is clear. I think one of the factors is that you are seeing a lot of launches coming out this year and the next year because for two years of COVID a lot of manufacturers have not been able to do it and obviously you will do it so that should help us I think when you have new launches coming out it does help us and we are hoping that over the next two, three four quarters that will start happening but that is definite, maybe more from new and less from established, but thee drive to digital definitely can be seen and that come with a 51% growth rate of OEM.

**Moderator**: Thank you. We have our next question from the line of Nikhil Kale from Axis Capital. Please go ahead.

**Nikhil Kale:** Thanks. I have a couple of questions on the remarketing business, so just going back to the average commission per vehicle in the remarketing side, so specifically wanted to understand that the QoQ increase, is that a function of value added services? So, I remember that you were mentioning that last year the parking charges. The parking charges have also kind of normalized now?

**Vinay Vinod Sanghi**: I think it is a good point and it is a little better because if you get last year's margins than this year when you had COVID the physical aspects on the new vehicles we do we could not do but it is mostly completely online and digital, when COVID gone back I think we can provide lot more physical services to customers and if our take rates do go up but I would think that the fact of fear is that it is a range it is 7500 and 8000 odd is not that much of a difference, it is really in this range. I would still bet that the focus we've got is not that the take rates going up but really the focus is how to increase the conversion ratios and increase volume that is the focus we have and the second thing here to note is the value added service we talk about many of them have not kicked in yet, maybe somewhat I am whether this documentation services and financing services some of these things it will take some time so most of this is just a little bit product mix differential all them in our physical services because COVID has gone. The COVID has not impacted now it has gone but now impacted this quarter.

**Nikhil Kale:** Lastly, in this remarketing business, there is some purchase of stock in trade worth about 1.2 cr, so what is that pertaining to?

**Vinay Vinod Sanghi**: It is we had experiment, we did a small experiment which is what is the result of that it is very insignificant where we were just experimenting I think in all our businesses we trying to some level experimentation which this is to understand some model.

**Moderator**: Thank you. We have our next question from the line of Karthi from Suyash Advisors. Please go ahead.

**Karthi**: Good evening, thanks for the opportunity. Couple of things, one is in terms of take rates you mentioned that retail tends to be more profitable than corporate I am also curious whether the vehicle mix make a difference and could you share the vehicle mix for the quarter in terms of auctions?

**Vinay Vinod Sanghi**: Yes, what definitely matters is one biggest suppliers obviously the margins are lower number one the more online and digital, also the margins are lower obviously we have physical services as well as the online sales those margins are better so I think and the third is if you have supply coming from single users that is obviously the highest margins we have had in the business one of our biggest focus areas in Shriram Automall is to bring more single user supply is roughly as I said 20%, 25% of our supply today but that is the focus on the 1.2 million vehicle roughly 20%, 25% comes from single users so it is a big focus area for us and that does help in margins we look at product mix maybe series commercial vehicle which is 20%, 25% of our volume is also slightly better margins but I would say and again I was getting that the focus is not on take rates and margins, the focus really is on changing this 21% conversion rate and bringing that upwards or increasing the volume of vehicles auctioned.

**Karthi**: The second question is on your abSure stores I know it is early days but if you have to give us the breakeven volume number monthly basis for the franchisee beyond which of course it becomes interesting and how soon can that be.

**Vinay Vinod Sanghi**: You are talking about a single operator>

**Karthi**: Yes.

**Vinay Vinod Sanghi**: Is it our breakeven or the franchises breakeven?

**Karthi**: I mean the franchisees breakeven.

**Vinay Vinod Sanghi**: I think the franchisee that central vehicles in a month they will breakeven that is typical to and we are a part of this dictated by the cost of real estate right because franchises are going to take on a place it will from there but normally a used car dealer the central vehicles are not that breakeven at that volume but as I said again it is for many of them who own properties and do not rent a lease properties it could be even more than that it is a question of what is the rental cost or the premises cost is.

**Karthi**: And for you what would be an interesting volume number, would 20 be an interesting number or 30 be. I do not know the density and economics so could you throw some light on that.

**Vinay Vinod Sanghi**: It is like again over a period of time I mean it is too early right now over a period of time we will know the average.

**Karthi**: Thanks. One broader question and that would be from my side would be in terms of adjacencies that you can get into to increase for example I am looking at Pes acquisition of Porter so something like that we have interest we were current thoughts on?

**Vinay Vinod Sanghi**: Can you come again?

**Karthi**: The online diagnostic services that was acquired in Pune?

**Vinay Vinod Sanghi**: So what we looked at in our consumer group business or in Ola business so it is again a strength of even our customers the data the technology the product. We are continuously opt for investments and acquisitions but we would be in adjacency is the two thee different adjacencies so one is it could be like financing, insurance it could be around warranties of vehicles, it could be around something to do with the electric vehicles it could be ownership which is on car servicing and the spares, or it could in product and tech which is just around good products which with the customers but then we would not make any acquisition unless it directly benefited our customers what we had products to offer to their customers and there is that core what we call as synergy value and as I said lot of the tech we do build, build on our own but if there is something out there and which providing a differentiated experience because the technologies were build we will be happy to look at that and we are looking at those kind of cases.

**Karthi**: The reason I ask you this is the frequency of transaction or rather this frequency of interaction between transaction is fairly long between one vehicle purchase to the next for an individual, so I was just trying to understand how you fill the time gap?

**Vinay Vinod Sanghi**: Between somebody buying a car today and buying a car after three, four years there is lot of gap and that is one reason we are continuously look out that is something on this whole car ownership space as we call it and helping him maintain or own a vehicle. It is just that we have not found something which we think we could invest and acquire but we are on the lookout for it.

**Karthi**: Right sure thanks so much for the opportunity.

**Moderator**: Thank you. We have our next question from the line of Naveen Jain from 3& International. Please go ahead.

**Naveen Jain**: My question is like I want to know the full year employee benefit expenses for the full year.

**Vinay Vinod Sanghi**: The first quarter was roughly about 5 or 4 crores. I think you mean the ESOP side or you mean the salary what did you mean?

**Naveen Jain**: ESOP side.

**Vinay Vinod Sanghi**: So, the ESOP is about 5.3 Crores in the first quarter, three maybe some marginal increase in quarter-to-quarter quarter three, quarter four but Aneesha would you say the end of year we should be somewhere about 25 to 30 Crores in that range.

**Aneesha Menon**: Yes, Vinay.

**Naveen Jain**: Thanks a lot.

**Moderator**: Thank you Mr. Jain. As there are no further questions I would now like to hand the conference over to the management team for closing comments. Over to you Sir!

**Vinay Vinod Sanghi**: I just want to thank everybody for joining the call. It has been a very eventful quarter for us and in this quarter we have clearly been able to demonstrate a reasonable growth over the last year same quarter also you have seen that our profitability returning to the company which has really been a track record of over many years over the last three, four years. And mainly thank you again for joining in and happy at a later day to also clarify any doubts or questions you might have. Thank you everybody. Thank you.

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