

Date: May 09, 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 Q4FY22 Earnings Conference Call held on Wednesday, May 04, 2022

Dear Sir/ Madam,

With reference to our letter dated May 2, 2022 intimating you about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of the CarTrade Tech Limited Q4FY22 Earnings Conference Call held on Wednesday, May 04, 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

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

Enclose: a/a



“CarTrade Tech Limited
Q4 FY22 Earnings Conference Call”

May 04, 2022

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 04, 2022 will prevail.



**MANAGEMENT: MR. VINAY VINOD SANGHI – CHAIRMAN, MANAGING
DIRECTOR & CEO, CARTRADE TECH LIMITED
MS. ANEESHA MENON – CFO & DIRECTOR,
CARTRADE TECH LIMITED
MR. VIKRAM ALVA – CSO, CARTRADE TECH LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY22 Earnings Conference Call of CarTrade Tech Limited.

This conference call may contain forward looking statements about the Company which are based on the beliefs, opinions, and expectations of the Company as on date of this call. These statements are not 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 '*' and 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, Managing Director and CEO, CarTrade Tech Limited. Thank you and over to you, sir.

Vinay Vinod Sanghi: Thank you Margreth and I would like to welcome all of you to the CarTrade Tech quarterly investor presentation. Thank you for taking the time out and spending time with us to understand the progress and the plans of the Company.

We have uploaded our presentation and also I am going to refer to it and also speak out some of the numbers for people who may not have seen it or may not download it or have it with them at this point of time.

Really on Slide #2 or page 2, what we are covering is the industry overview:

What I want to talk about is the industry over the last few years first, if you look at the left and then to the passenger vehicle sales right from 2016-17 to 2021-22 as you can see it has almost been flat, 3 million cars were sold in 2016-17 and 3 million cars have been sold in 2021-22, inside there is small ups and downs during this period, but the industry mostly been flat over the last 5 to 6 years.

If you look at the two wheeler industry, it is actually over the last 5 to 6 years, it has degrown, I mean we had seen almost 10 to 15% degrowth from 16-17 because 17 million to 13.5 million in 21-22, so it has been a challenging time in the last few years with the auto industry, there are many reasons why that might have happened, there had been COVID in between, the BS-6 norms got implemented, demonetization, multiple factors, but the reality is same in industry over the last 5 years as mostly been flat to down.

If you look at Slide #3 and you look at the Company performances in the last year:

It gives me great pleasure to tell you that we have grown in spite of the tailwinds in the industry with supply constraints, with semiconductor issues, etc., the Company has grown by 28% and the Adjusted EBITDA has grown by about 25% as well. We are the number one two-wheeler and car portal in the country. We have crossed now 160+ locations that include our auto malls,

in 120 locations and 47 abSure outlets now. I will talk about abSure a little later as well. We had listed for auction, the highest numbers are 1.2 million vehicles in FY22, 30 million customers visit our consumer platforms. What is more remarkable in 30 million, unique visitors visit our platform every month is also the fact that 84% of them organically and that shows the brand affinity and strength in the brand and the leadership in the brand which our platforms or consumer platforms, CarWale, CarTrade and BikeWale have.

Our revenue is the highest ever we have achieved in the last year and in the last quarter, our last quarter revenues hit at Rs. 106 crores, it has given an annualized rate of Rs. 423 crores.

Our Adjusted EBITDA last quarter was Rs. 32 crores which is adjusting with our run rate of Rs. 127 crores. Our Adjusted EBITDA margin has come to 31% in Q4 and 21% is after excluding our other income. If we add our other income, it goes to 31%, so we have given you both the numbers, the Adjusted EBITDA margin without other income which is 21% and it includes other income which is the non-interest income or treasury earnings, it goes to 31%.

Our adjusted profit after tax and this is adjusted only for our onetime for us, our ESOP cost which are non-cash cost, so our adjusted PAT is at Rs. 64 crores last year.

As you know the Company is completely debt free, cash balances have gone to over Rs. 1000 crores which are invested and can be used for the Company's growth in the future, Rs. 64 crores is the adjusted PAT, as you know the Company is cash profitable and generating cash in the last year.

If we go to Slide #4 or page 5, I want to first cover the consolidated financial results for the Company. This is both for the quarter and for the year and Slide #5 will show you that we have achieved first our highest ever revenues in the last quarter Rs. 106 crores, we have also achieved highest ever revenues in the year at Rs. 358 crores in revenues in year 22 had given us 28% growth in revenues during the year.

Our adjusted EBITDA is adjusted for our ESOP cost or our non-cash ESOP cost is come at Rs. 97 crores which is a 25% increase over the previous year and also highest ever EBITDA. It has been a challenging year as I said for the industry with COVID, semi-conductors etc., but we have been able to achieve the highest ever revenues at Rs. 358 crores and adjusted EBITDA at Rs. 98 crores.

As I once again highlighted in the previous page, our adjusted PAT is Rs. 64 crores and you look at an adjusted EBITDA margin which is in absence of or removing the other income, it comes to 21% for the quarter and 16% for the year. So, these are rough financial highlights for the quarter and for the year.

The one concern I would like to point on the consolidated financial results has been some escalation in manpower cost and marketing cost last year in terms of the previous year, but I want to stress here that the manpower cost up by 25% is primarily 1 because the year prior to

COVID increments are very low on existence and therefore increments have been much higher in the last year. So, it is almost a correction in salaries.

Our marketing costs were very low during the COVID period and therefore have come back to more normal cost and therefore we are seeing huge escalation when compared to the previous year.

On the whole, I would say the Company's foundation has just got stronger. We have made lot of progress by growing at 28% and profits have grown as well, one of the few internet companies in India which are cash profitable and growing in revenues and that is probably the highlight. At the bottom, we found about the ESOPs of the Company which talk about the one-time charge which was there in the last year, worth Rs. 145 crores. As I said is this Rs. 145 crores was a onetime charge for FY22. We do not expect this to be in FY23, so I think that itself will tell you about the Company's performance going forward.

Aneesha, you want to add anything to this, you then take on the standalone and the other financial results.

Aneesha Menon:

Sure Vinay, thank you so much. To add to what Vinay said and clarify since there has been questions around the ESOP, the approximate cost for FY23 on an annual basis will probably be around Rs. 25 to Rs. 30 crores as against the Rs. 185 crores that we see in FY22. So, this is reiterating that this 185 is the onetime cost and probably in FY23, the approximate charge that we are likely to see is about Rs. 25 to Rs. 30 crores. This is on an annual basis.

If you move on to the next slide, the Slide #6 of the presentation, we have shared the standalone results of CarTrade Tech which predominantly hosts the consumer group business, these are revenues from other sides like CarWale, CarTrade, and BikeWale which are media and lead driven kind of businesses and also includes CarWale abSure.

We have achieved our ever highest quarterly revenues in the consumer group business which is about Rs. 36 crores in the quarter ended March 2022 and also we have reported a 35% growth year-on-year on the consumer group business or revenues from operations. The consumer group business continues to report profits if we exclude the ESOP adjustment for the quarter and for the year. The increase in the cost as Vinay has covered in the consolidated set of accounts is also rather holds good even for the consumer group business.

If we move on to the next Slide which covers the remarketing business, which is represented by the consolidated SAMIL accounts on Slide #7, this business includes our commission, our transaction revenues which is predominantly our auction and other related businesses hosted under the brand Shriram Automall which is SAMIL, CarTrade Exchange and Adroit. The revenue for the year was about Rs. 205 crores and the adjusted EBITDA for the year was about Rs. 60 crores. This has resulted in an adjusted EBITDA margin of 29% with other income and about 24% without other income. For quarter ended March 2022, we reported revenues of Rs.

60 crores with close to Rs. 20 crores of adjusted EBITDA which has resulted in a 30% adjusted EBITDA margin excluding the other income.

The Slide #8 shows the revenue growth of 28% on a year-on-year basis and 15% in Q4 FY22 as against Q4 of previous year. The adjusted EBITDA has grown 25% on the year-on-year basis as against 16% in Q4 of this year vis-à-vis last year. The next Slide over here displays our nonfinancial metrics that we have been consistently disclosing. This is the average monthly unique visitors across all our platforms. We continue to attract close to 30 million unique visitors every month of which more than 84% are organic which is to reiterate that we pay only for a small portion of our traffic which is close to 16%. We continue to make investments in customer experience and the product which enables us to sustain such traffic and enjoy a large organic base.

Slide #10 reiterates our dominance as a brand over a long period of time. We continue to stay strong as the number one position in both cars and bikes. This is the Google trends report which reiterates our high brand recall value which is because we are as the brand synonymous to trust, quality and reliability and we continue to make consistent efforts to improve the customer experience as a platform. On the auction side, if you refer to Slide #11 which has been part of the presentation, the listings on a year-on-year basis grew by 43% and by 25% in Q4 of this year as against the previous year. We reached the 1.2 million mark on the number of auctions listed for the year. The volumes for the corresponding period have also grown by 54% annually and about 18% quarterly. Vinay, if you could please take up the next Slide for us?

Vinay Vinod Sanghi:

Sure, thank you Aneesha. This, I want to spend a couple of minutes just on the platform and what we are looking to do and what we have done in terms of our key initiatives. Really, this is a platform we thought of build as I have said so in the earlier calls and earlier meetings, look at CarTrade Tech as a platform where on the leftmost side for the consumer side which houses all our consumer brands, CarWale, BikeWale and as we talked about earlier on this platform we get 30 million unique customers every month, so one of the strengths of the consumer brands where people come and buy new cars, used cars, two wheelers or sell their cars because 30 million customers and 84% then come organic.

So, as I said, key initiatives always will keep growing that business, we monetize leads and advertizing business for manufacturers and car dealers out there and we have talked through the standalone financial for that. Then, you got the second block which is our remarketing business where you got our auction businesses, auctions comes from various players of Shriram Automall, CarTrade Exchange, etc., and their supply comes from consumers like you and me, want to sell the vehicle or come for big business sell of vehicles to businesses just like C2B, B2B online, offline platform and that makes them Shriram Automall business which is our remarketing business. So, these are the two businesses and the two platforms which we run. This is divided into our consolidated accounts or standalone accounts and then the remarketing accounts which we have already talked about in the last 10 to 15 minutes. Each of these businesses are key initiatives, the consumer group first on the media business, we have got some key initiatives

around our CarWale abSure business which we will talk through a little later and a whole digitization of the automobile purchase cycle which also I will talk through a little bit later.

On the remarketing side, we have 2-3 very key initiatives, one is to bring more supply in the platform and that big initiative bringing suppliers who bringing more and more consumers to come and sell the vehicles, to auction out and add to this 1.2 million vehicles we already auctioned out, obviously also is to bring more buyers on the other side, bringing more and more businesses, fleet owners are expected to buy vehicles is part of the initiative and then the third block of ours is really how we can make strategic acquisition and investments in our ecosystem which is really about making investments and acquisitions in our existing businesses or really in other areas of synergies where our customers can get some value added service like auto finance, auto insurance, subscription, warranty, subscription financing, warranties, etc.

The third division is something which is on acquisition and investments where we can make or use the cash we have to really acquire products or services, so that our 30 million customers can get access to other products and services and that is the intent out here. If you can go to the page 13 of the deck, for all of you and really one of our biggest initiative on the consumer group is really, how do we make sure, consumer like you or me can buy a good quality used car online and CarWale abSure provides this to all our consumers, so you can go online today to CarWale.com, look for an abSure car. We now had across 47 outlets for all these cars, so you can book it online, get your car delivered and all these cars come with what we call the 4s promise which is really around a warranty, having the money back guarantee of the car. So, it is really a solve to making sure of delivering an experience to consumer which enables him to book a car online and then have it delivered to him or her and then it comes at this 4s promise of quality assurance, so that is what CarWale abSure does. We have 47 outlets today. We are likely to go to 120 outlets by the end of next year and therefore become a sizable part of our revenues in our business as we go on.

If you go to Slide #14, which is really part of our big digital initiative for us, one of the things, the biggest product focus for the Company today is really enabling the journey of buying a vehicle or selling a vehicle in a completely seamless digital manner what we call in the Company, one click purchase which enables you to come to our platform to select a vehicle, choose the vehicle. What we want to enable now and we are enabling and moving towards is, you are being able to select the vehicle, book it online, get a loan instantly online delivered online to you so that you can get the vehicle delivered to you. So, getting your complete online experience on a one click approach to buying a vehicle, we have actually launched the finance market place some time back because multiple banks giving loans for new cars, used cars or new two wheelers and I think as we go on, this will become a very significant part of our digitization efforts to make sure when you buy a vehicle, you get the loan of your choice in a seamless, simple easy manner. We wanted to cover this with our financials and our key initiatives. We are happy to go into detailed question and answer session, so that we are able to answer all your questions and your doubts.

I again want to highlight saying that despite a very tough environment of COVID, semiconductor supply issues, etc., we have come out with this growth numbers and profit growth as well as revenue growth. There are very few companies in India which grow revenues and profits and grow them simultaneously. I think we have been able to consistently do that. The Company has actually made tremendous progress on its brand itself, brand or revenues or other metrics over the last year and we are happy to present these accounts to you.

As I said, now we are happy to go to question and answers and clear all your doubts and suggestions.

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

Ankit Kanodia: My first question is related to the cash which we have on our balance sheet, so we have been maintaining that in our previous con-calls as well wherein we will use it for inorganic growth or acquisition, can you throw some more color on that as in what kind of Company we would be looking at to acquire right now, just for example, I have been looking at something like Car Mechanics which is growing very fast in the car mechanic space, so would you be interested in something like that or there are other plans or other companies also in the other domains which you are looking at if you can help me?

Vinay Vinod Sanghi: Sure Ankit, what I want to stress on yes, we are sitting with almost Rs. 1000 crores of liquid assets and liquid funds on our balance sheet. I think the intent here is that we have these 30 million customers. Most people come to our platform to buy a car or sell a car or a two wheeler. Our intent is, can we provide an additional product or service to these 30 million customers which come every month. Now, like you said car servicing is an opportunity for us, we would obviously look at companies in this space, digital or real-world companies and see whether our customers would want to avail of a service or a repair or an accessory or a spare part or insurance or product or a financing product in the future and that would be the intent, that can we align product of service to these 30 million customers and then look in making investments or acquisitions in this Company, so that the customer benefits and our experience gets better for that user which is just coming on to our platform and if we can do that and if we can make or get the customer one more service or one value added service or product, of course in our automotive ecosystem, then we not only improve customer satisfaction and delight, but we also are able to help the Company we have made an investment or acquisition on and obviously able to create a synergy value within the Company we require to invest in.

Ankit Kanodia: My next question would be regarding the marketing spend, so if we compare our marketing spend with some of our companies like Cars24 or CarDekho, there is a huge gap, so could you throw some light on the philosophy and thought process when we have the cash in our books, what is our main thesis and understanding why we are spending so less compared to our other competitors?

Vinay Vinod Sanghi: Actually, it is a good question and our marketing cost over the last 5 years have continuously come down per user in absolute basis if you see and we showed the slide, there is a Slide on our Google trend score which show the search popularity where you can see that our search popularity or people searching CarWale versus some of the other brands is so much stronger and that shows our brand affinity. I think what we try to benchmark is our traffic or traffic growth and you can see 30 million customers a month come to these platforms and 84% come organically. I think one of the reasons why our marketing costs are lower is just our brand affinity and the fact that you can generate such a high volume 84% of 30 million every month organically which you don't have to pay for. I would assume that some of the other platforms don't have this level of organic traffic and I think that is one of the reasons why their marketing costs are much higher, just our brand affinity is just greater, I think that is the simple answer to this question.

Ankit Kanodia: And one last question related to SAMIL, in case of SAMIL, where do we see in terms of the digital and the physical auction going right now and why do we see in the next 2-3 years if you can throw some color as to which, I think we acquired SAMIL in 2018 if I am not wrong and how has the journey been, where it is right now and how do we see it in the next 2-3 years directionally?

Vinay Vinod Sanghi: Yes, we did acquire SAMIL in 2018 that is correct. We think SAMIL as a phygital business, the physical aspect is extremely bottom and big differentiation cause, we have 120 automalls now and it provides us a tremendous leverage of infrastructure which of course many of our other players don't have and gives us a clear differentiation. What we wanted to be is a physical business which has large amounts of digital elements to it or a phygital business where vehicles can be kept physically with us because vehicles are very physical and then we can do a complete online sale for this vehicle and that is what we are looking to implement. Where we see the big advantage of it being a digital business is a big initiative of us which is going on which is really India's one market, you may be aware that GST rules on used vehicles getting simplified and now if you buy a vehicle from one state to the other or you bring one vehicle from one state to the other, GST doesn't get incurred again, it makes it viable to be India's one market, right, so typically you could have a vehicle in Mumbai of being bid on by a customer in Gujarat for that matter or Delhi or any other state and that gives our digital business a tremendous opportunity. So, if there are, as I said 10,000, 15,000 make model variants of vehicles in the country and if there is a particular vehicle being sold in Pune, it is not necessary in Pune the best price for that vehicle gets right, it is possible that bidder in Coimbatore or Madurai or anywhere in India could bid higher for that vehicle. So, the project we are running within which is really going to benefit for us and where do you think we can dominate the entire used vehicle industry is that we keep India as one market and auction is 1.2 million vehicles every year which we do and we allow every bidder in India to have access to all our inventory which we do through online system, it gives us a very big, differentiated advantage, as you say India's one market and one click purchase. That is one of the biggest objectives within the Company. So, as I said it is a phygital business, we like the phygital elements, but the digital elements of that business really differentiate us from everything else.

- Ankit Kanodia:** One last request, it is not a question, if you can throw some more detail about our media business which I believe is an integral part of our business where we have this business, so if you can throw some more light on the presentation or on the call if you can throw some more details that would really help us to understand?
- Vinay Vinod Sanghi:** What is your question, on the media business?
- Ankit Kanodia:** Yes, on the media business.
- Vinay Vinod Sanghi:** Our consumer business is entirely the media business where we monetize dealers and car manufacturers, it is where the 30 million customers come and we monetize car manufacturers for advertising a new generation, it is media business and we monetize car dealers for new generation and as a media business, we will be intend to the media money spend by car manufacturers and car dealers as the industry report in DRHP showed about 13-14% of all money spent by the manufacturers and dealers are on digital advertising. This is growing and likely to grow in India over the next 4 to 5 years and really our revenues come from the digital budgets of car manufacturers and car dealers. As that grows, then the car market grows, our revenue then will continue to grow. As we have shown in the standalone accounts that revenue is grown by 35% last year or so.
- Moderator:** Thank you. The next question is from the line of Vijit Jain from Citi. Please go ahead.
- Vijit Jain:** I have couple of questions on the remarketing business, so 4Q is generally seasonally strong for you in the remarketing business, right and in that context two things look like in the numbers and I see them versus 3Q there is not very big growth there and second also when I look at Y-o-Y the marketing businesses looks like commission per vehicle has declined a bit because the auction volumes are still up 20% odd, but the revenues are down slightly versus that, so that is my first question on the remarketing business and then I will just ask my question on the consumer business?
- Vinay Vinod Sanghi:** So, Q-o-Q revenue from Q3 to Q4 is your question really, Q3-Q4 has been more or less similar. I think the difference we had in Q1, Q2 and Q3 really on one side and Q3, Q4 on the other side, seasonality is not high, but you want to remember just now across the businesses, it has been very hard to compare Q-o-Q because of the COVID impact at various stages, I think Omicron January, February, the previous year you had, we had April and July really in this current year itself COVID and the previous year April to June again, so it has just been hard to really look at any quarter-on-quarter, but the seasonality in the business, there is some seasonality as Q3, Q4 are better than Q2, Q1 normally, but there is no such acute seasonality, I think that is the first question, what is the second question, sorry Vijit, I missed the second one.
- Vijit Jain:** Just the general commission income that you are probably generating from the vehicle auctions, that numbers seems to be going down?

Vinay Vinod Sanghi: Yes, that is right. I think what your point is volumes have grown to a higher pace than the revenues, the revenue is 20%, I think the volumes have grown by about 40% odd. I think there are two things on that, one is that the ticket size is slightly less, number one. Number two, what has happened is that lot of because of COVID. We have phygital business and when we park vehicles physically for this and online sale, our charges are much higher. When you just do an online sale, our charges are lower in terms of actual revenue and even though our cost of size is low, but the revenues are also slightly lower and I think with COVID, what has happened is that our actual take rate for vehicle is slightly lower than the previous 2-3 years and that is because lot of it went online just because it is very hard to do this physical aspect of it during this COVID period, so I think that is the impact you are seeing.

Vijit Jain: My question on the consumer business, Vinay is the traffic, how should one think about it going forward because Y-o-Y the traffic number seems to have come off a little bit and second, so in that context, how are you thinking about the marketing spends here going forward, I know FY21, you were kicking it back to normal levels, so first that and second on abSure, do you have at this point any guidance on what kind of volumes you think you will hit once you hit that 120 store count by end of FY23?

Vinay Vinod Sanghi: The first thing on the traffic part is, the traffic is quite stable actually at the 30 million number, 30 million is a huge number. You have to remember the auto industry itself is not growing right, so for us to grow traffic in absence of the industry, in fact the two wheelers have degrown, dramatic degrowth in the two-wheeler industry, so traffic is going to mirror at some point the industry itself, right. I think it is very hard considering what and how is our penetration and digital penetration, I think 80-90% of customers would go on and then our penetration is quite high. I think one thing all of us need is that the auto industry used to grow, the car industry used to grow and the two-wheeler industry used to grow. I think we have had 2-3 years of COVID and before that something else and before than something else, so the fact of life actually 5-year track record of the industry is actually flat to degrown. We had in spite of that reasonable growth over a long period of time and now seems to be stable at 30 million, 30 million is a huge number by the way per month, this is not per quarter or per year, this is per month, so that is the first part. I don't think we are looking at, the brand is pretty strong, as we showed you google trend stand. So, we don't need to really increase marketing spend at all, we think marketing costs are stable and should stay stable in the future, I think we should not worry about that. That is the first question. The second question, I forgot the second question.

Vijit Jain: My second question was around abSure, so you said you will hit 120 stores?

Vinay Vinod Sanghi: Yes, we were saying 120 stores, I think our focus right now is just rolling out across the location. One of the pump parts of our team is just ramping out, we promised 45 to 50 outlets this year and we have done that. We have gone to get to another 75 to 80 outlets in the current year, coming year and one of our teams just focuses on ramping up and getting sure that every customer in multiple cities get access to an abSure vehicle through our online platform CarWale and the second part of our team is focused on the operation of the stores, how many vehicles, sale per outlet, profitability of the outlet, making sure customer experience in great outlet, cars,

the car standard, the quality standard of the cars and the customer experience on owning that car is excellent, etc., the warranty and all of that. At this point, I am not able to give an average volume per store guidance, but we have focused heavily on making sure these outlets keep growing and stay healthy and profitable and let us say these are franchise owned outlets, they are run and owned by dealers. We provide the products certification, brand, the quality checks, the money back guarantee, the online sale, the technology and software and all those tools and products, but basically the outlets operated by our franchisee, so for us, it is extremely critical that the franchisee makes money and of course we will make money actually because of the asset light model, we make money very quickly, but it is very important the stores had a minimum volumes that the franchisee is very healthy and makes a lot of money as well.

Moderator: Thank you. The next question is from the line of Vimal Gohil from Union AMC. Please go ahead.

Vimal Gohil: Sir, my first question is on your standalone margins, basically just wanted the clarification on while you have clarified on the marketing spends, just wanted to know what is causing the other expenses which is about Rs. 8.5 crores, you are running in that run rate per quarter, we were at about Rs. 5 crores quarter run rate last year, so what is leading that? That is my first question and the second question is on abSure again, so basically what kind of take rates are we looking at, generally for the used car industry the take rates will hover around 7 to 8%, since we are in the franchisee model what are the take rates that we are looking at this point in time and should we assume similar take rates going forward as well?

Vinay Vinod Sanghi: Aneesha, you wanted to take the other cost issue first, then can talk about abSure.

Aneesha Menon: Sure, Vinay. On the other expenses for the standalone entity as we pointed out the quarterly cost is about Rs. 8 crores as against Rs. 5 crores, the average between the two is more realistic going forward, Vimal, so the Rs. 8 crores does have some amount of annual entries that we do pass. Also there were some amount of listing related or expenses that we did in the post listing which is appearing in the other expenses. Travel and some of the other expenses have gone up, recently where we have picked up has gone back to our routine businesses. Otherwise, the expenses are just routine in nature, the increase that you are seeing.

Vimal Gohil: So, should we then assume this as the normalized rate going forward?

Aneesha Menon: Yes, you could assume that.

Vimal Gohil: And your outlook on margins for the standalone starts, what is the aspiration, guidance, whatever, you may probably call it, what is it like, should we still understand this visits to be a very nonlinear kind of a business where there is a very huge upgrade to margin?

Vinay Vinod Sanghi: Yes, Aneesha I will take this. So, I think you are absolutely right. I think it has been tough year for us and I think especially it is a tough year when you look at the previous year like I think because the previous year cost were all time low. I think there is no travel cost, but the increments

and really marketing cost were all time low. So, when we start comparing year 21 and 22, it looks like this and the fact is also you are absolutely correct, some of the costs in 22 have gone up and I think the primary reason for that is product tech talent in the consumer business has been just with amount of money or start-ups getting funded, challenge has been product tech, talent and cost related to that. To me, these are now more stable, I would say and I would think that this is where I should land up and these are businesses that have tremendous leverage, so as revenue grows profitability should grow at a far higher fillip, we always like to say that if revenues grow by x, the profitability should be x into 1.5 at the same rate except the 1.5, but to be honest, this is other issue in FY22, but that is the nature of this business, it has got tremendous leverage around it in terms of increase in revenue and increase in profitability.

Vimal Gohil: Because all sudden we have still grown at a phenomenal 75% rate; I would have assumed to see some margin expansion at 35% growth?

Vinay Vinod Sanghi: I completely agree with you and in fact this has been a tough year for us to be honest because the base of the previous year has been the challenge to be honest. It is not so much the actual cost, but it is more the base from the previous year. We feel pretty good that if we have had revenue growth in the future, the profitability should grow at a higher rate with that. We feel pretty good about that.

Vimal Gohil: And last question would be just to clarify on that take rate?

Vinay Vinod Sanghi: So, the take rates in abSure for us, the used car margins, you are right at about 8 to 10% for the dealer. Depending on the service, we provide to various abSure dealers, our take rates have been 1.5 to 3% and as I said is completely asset light, there are very few cost against that.

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

Sachin Dixit: Quickly on a couple of things, basically my first question is with regards to appearance of COG for inventory in your financial, so what does this refer to can you elaborate on that please?

Vinay Vinod Sanghi: Aneesha, you want to clarify?

Aneesha Menon: Sachin, this is in relation to the buy and sell which is hosted under the auction umbrella. There were some portion of our auction revenues where we did buy inventory and sell inventory which is what is appearing in the purchase stock.

Vinay Vinod Sanghi: It is more of pilot, I don't think we are doing it going forward, this is just piloting a model, it is very small amount, so we are just piloting the model.

Sachin Dixit: Another question is with regards to the same thing that Vimal was asking about, so on the standalone piece, I remember during the last earnings call you were certain that there is some cost which are on the group level and are being reflected in the standalone piece, so that is why

we see relatively low margins there, so can you please explain like roughly where do these margin fall, I believe 5% is still very low margin for business of this nature?

Vinay Vinod Sanghi: That is correct Sachin, I think what we said was that all our corporate overheads sit in standalone accounts and that is what we said. As I said Shriram Automall and rest of the subsidiaries which carries their cost, but basic overhead on the Company sits out here, so in a way it goes all to the consumer business, these cost are debited, right, I think that is what we mentioned. I think we continue to maintain that as revenues out here grow the margins will grow in a nonlinear basis. If you look at the standalone accounts on its own, the EBITDA margin is 26%, if when you take up the other income comes down to 5%, but we believe that this is only going to keep growing and get better.

Sachin Dixit: Just a clarification on this, if we try to allocate the corporate cost on both the business analyzing, do we see how should the margins improving?

Vinay Vinod Sanghi: It will change, I don't have the exact number that will change, but you got to remember SAMIL is not a 100% owned subsidiary, so it is not that we can allocate cost there either, so it is done on a standalone, I mean they are all allocated in a standalone basis. I don't have the exact percentage as what impact would it make, but of course these margins and in spite of all the cost being loaded here and not at Shriram Automall.

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

Siddhartha Bera: Sir, my first question is on the standalone business again, if I look at the growth trajectory, on a quarter-on-quarter basis, the industry volumes have definitely improved, but in terms of our revenues, the improvement has been more gradual, so is it that the industry recovery on the advertisement side is taking longer or is there any market share changes which are happening and what is the outlook from here, how much growth do you see can come through for the industry as such in the next year?

Vinay Vinod Sanghi: Sorry, was your question at the revenues have grown at 35% and the standalone that is clear in the consumer business, what was the question, was it that the industry is doing?

Siddhartha Bera: I was more actually looking the growth may be on quarter-on-quarter basis because the COVID impact is not there and the industry's volume size is sort of going up, so from that perspective actually a 6% growth...?

Vinay Vinod Sanghi: Actually, the industry last quarter is degrown by 1%, so I don't know if the industry has grown last quarter. So, the car industry has actually degrown by 1% last quarter, but what I was right to explain, just explaining to you, we have grown at 35% for the year, the car industry is actually grown by 11% over the previous year, so we have outpaced the car industry growth. I am actually hoping that in FY23, the car industry grows at double digits at least in FY23. We feel pretty confident that these growth levels with the industry growing, the car industry growing in double digits, we feel confidence in similar growth rates for the future pretty much, I think in this range

is what we feel comfortable with, but I think the important thing is we all are hoping that we can see a double-digit growth in the car industry for the next few years actually.

Siddhartha Bera: And sir, on the cost side like we have seen costs moving up at the quarter, so from here on from these levels like you said that it should be at least on the other expenditure side should be a sort of number which we have sustained, so anything else, how to understand the variable part of the other cost, then how much can sort of be constant going ahead?

Vinay Vinod Sanghi: Aneesha, do you want to answer that question?

Aneesha Menon: Sorry, I don't get that question, Vinay.

Vinay Vinod Sanghi: I think it is for other expenses, what we expect it to be and what the growth rates of it.

Aneesha Menon: Yes, Q4 would be, assume the Q4 numbers to continue. There won't be substantial growth from there. There would be hardly any growth on the other expenses. The other expenses typically would include your rent and travel kind of expenses, so the Q4 is realistic benchmark of the number that you should expect going forward.

Siddhant Bera: There are no lumpy cost which has come in the quarter, these are more of steady state trends which would continue?

Aneesha Menon: Yes, mostly.

Moderator: Thank you. The next question is from the line of Akshay Jogani from Exponent Capital. Please go ahead.

Akshay Jogani: I have couple of questions, first is that if it would be possible going forward or rather can you give us some understanding of the standalone business in the sense that how much cost is related to directly to the advertising piece or rather the business and how much to the new project that we have which is the financing in abSure, so that we can actually better understand the margins that are coming from that, the reason I ask is globally such platforms deliver 30%-40% EBITDA margin? That is one, second, I wanted to understand if I look at Google trend data, the views or visits show a lot higher for your competitor versus yours, but when we see Google trend data that you put on your presentation, they show a different trend, so can you just sort of help us understand why there is a difference?

Vinay Vinod Sanghi: I think the first question is where we are making investments, we are making two significant investments which are factored in our standalone accounts, one is on digitization where we have whole product teams working on giving a different customer experience for the future. That is an investment which is to me an operating expense because it is investing in our current business which is really about making sure when people like you and me come on a platform, today there are certain things, find the car, select the car, choose the car, understand which car to buy, the whole bunch of work. Tomorrow, we want them to be able to or built so that you can comfortably come, not only find the car and select the car, book a car online, get the finance and disburse

instantly online or get a resale value for your old car online instantly, so there are lot of technology and products and tools are building for which you are hiring multiple teams, so that as it is really about investing in the next 2, 3, 5, 10 years for the Company for us, it is really our future. These will also bring as we talked about earlier other source of revenue for us in the future. They are not matured enough, but they will bring financing income or insurance income or booking online income or some transaction income, but those revenues are not accruing today. So, there are cost being incurred and investments being made for the future. That is one part of it. We treat that today in our standalone accounts as operating expenditure, because that is being incurred on a daily, monthly, yearly basis. The second thing is the abSure part. The abSure is the part of our used car business, but it is slightly different, it is a franchising business and there also we are incurring costs today and the revenues don't commensurate those costs, but we are very bullish about the future of abSure because it gives the ability to consumer to sit in his home with one click, buy a used car and have it delivered to him or her with complete assurance and trust which it should carry and these are investments we are making and as I said these are odd factor in our margins, so we are investing in the future. Some of the revenues are not accruing and showing here, but they will start coming up in the current FY23 and the years after that. So, that is the first part. I am sorry, forgot the second question, what is the second question?

Akshay Jagani:

So, what do you understand the data discrepancy between the traffic data?

Vinay Vinod Sanghi:

The traffic data, the Google trend is a brand index which basically says how many people, what is the search popularity of the brand which means suppose we go to the browser and you put CarWale versus another competitor of us, how many people put CarWale versus the competitor, so we are far ahead which was a brand affinity. I don't know which third party website you have seen, but you may be talking about them showing various visits in traffic, so that is a little different Google trend is really about popularity of the brand itself, the name CarWale and that is the reflection on the 84% organic traffic we get and the fact that our market costs are low, that was the reason why we are profitable versus the competitor. I think that is the difference.

Akshay Jagani:

But just to kind of double click on that, if your brand popularity is higher, then shouldn't it translate into a lot higher number of visits too.

Vinay Vinod Sanghi:

No, but the traffic, if you see it better attract, I don't know as I said it is the party you look at, but if you look at some of them, they have ranked us number one anyway, so I am not sure which one and some other companies have multiple kinds of traffic, it is not one or two kinds, it is multiple kinds of traffic.

Akshay Jagani:

Yes, traffic on a monthly basis, so I am talking about longer trend than a particular month, one more follow-up, if I see last year to this year on a standalone basis, your marketing expenses grows from about Rs. 111 odd crores, essentially it is Rs. 9 crores growth in marketing expense and revenue growth has been about Rs. 29 to Rs. 30 on an absolute basis, so incremental marketing spend required to get revenue is almost same, how should we see this over the next 2 to 3 years?

- Vinay Vinod Sanghi:** I think it is a very good question, I feel marketing cost are reasonably stable, I would say, I think last year is an aberration if you look at our marketing cost current year, it has gone back to 2 years back actually the marketing cost has gone back to pre-COVID level. Last year, I think the trade, the industry was shut for 3 months, the marketing cost look lower than this just because three months there was no advertising. I think that is what it was, so I wouldn't read it too much. I would actually just take current numbers and say this in market cost is 21 crores or 19 crores on revenue of 124 crores and that is the ratio I would use. That is the better way to look at it. Our marketing cost is Rs. 20 crores on 124, that is the percentage you should look at.
- Moderator:** Thank you. The next question is from the line of Devang Mehta from Bay Capital. Please go ahead.
- Ravi:** Vinay, Aneesha, this is Ravi from Bay Capital. Just one question from my side, the topline growth is at 35% growth in the standalone numbers, if you can just talk a bit about what is driving that growth, so is it driven more by OEMs disproportionately swimming on digital or is it because dealers are sending for more business on digital push towards you, if you can just talk a bit more about that it will be very useful for us?
- Vinay Vinod Sanghi:** The growth is coming from actually both sectors, I think the two things which are happening, one is that of course there is a little bit more of digital belief among manufacturers and dealers in India. The trade itself is changing, behavior itself is changing because of the COVID impact, so even though the industry as a whole not grown, the digital is growing for them and I think we are just seeing the first signs of it. This is in no means where it will be. I think it will grow at a fast rate or manufacturers and dealers in this form are digitalized to go on as the time goes on. So, it is coming on both sides. We feel pretty confident that the dealer side looks a lot, more positive in the last quarter, but as I said both manufacturers and dealers are driving it.
- Ravi:** Second question I just wanted to ask is, the trends that you are showing which is CarWale and how dominant it is versus others, is that also getting reflected in the business that you are getting versus others?
- Vinay Vinod Sanghi:** To be honest, Ravi, two businesses are quite different, Cars24, at least some of the other 3 competitors are in a different space would be to see you are buying the used cars. I think the only one which is very similar is CarDekho which has got a media side to it on the new car site. The rest of businesses are quite different, so it is hard to compare, it is not an apple to apple comparison.
- Ravi:** If you compare CarWale and CarDekho is that disproportionate brand advantage is also getting reflected in the kind of media spends that the OEMs or the dealers are doing on your platform versus the other one?
- Vinay Vinod Sanghi:** I think it has been reflected in partly right, yes the media spends and how they spend is also being reflected in the various profitabilities of the Company and the unit economics of the

Company because traffic is generated by brand affinity or by spending money on advertising too. So, I think it is also reflected in the unit economics and both of it.

Ravi: Last question from my side is, just to understand last year and year before that we have seen lot of issues with the industry. Today, when you look at the industry, what is the issue is that, that there is a demand side issue because the price has gone up significantly once BS-VI was imposed and the insurance cost and everything, so total cost of ownership has gone up and then of course commodity prices are added to that and then there was also a supply chain issue, in your view what is the main impediment in the industry, is it demand or it is supply?

Vinay Vinod Sanghi: In the car industry, it appears at this point and I say appears for reason because demand is not the issue, supply is an issue, semiconductor or supply chain is an issue, for most manufacturers it seems to be. It also seems clear that if supply was better or semiconductor is not an issue, sales would be much higher than they are today, the new car sales, but I must caution here that these markets or most markets there, if the shortage is 3, 4, 5% get magnified and you all believe the shortage is bigger than it actually is, I am not very confident that if we had 5% or 7% more supply, this would be the same situation. It may not be a large gap, it would just be a very minor gap, it is getting magnified and seen by all of us. So, I think that is one part of it. I think there are concerns on commodity price increases, price escalation, fuel price increases. All these are real issues for the auto industry. As I said, we are all hopeful that we have a double-digit growth rate in the car industry with the next 3, 4, 5 years consistently, not one year up one year down kind of which we had for the last 5 years. We are all hoping and believing that it will happen. I think the two big patterns which have changed, one is that car ownership and the right people want to own rather than hire a taxi, the intent that has clearly changed as we see that in customer behavior and the second thing, the customer is definitely more digital savvy and so the manufacturer and the dealer which helps us. These are two big changes, but honestly I would like to see it grow by 10 to 12%. I am not fully convinced that if the supply was 5 to 10% higher, the demand also exists, I am not fully convinced, but that is the belief around that the market could sell 10-15% more vehicle if cars are available.

Ravi: On the two-wheeler side?

Vinay Vinod Sanghi: Two-wheeler side, I think price escalation, I think the insurance issue and that is actually one of the challenges because we are not able to understand fully because I think the supply challenges, they are not supply challenges in the two wheeler side, it is just the sales are down and I think that is probably a reflection of this demand being down. I think there is some confusion on electric vehicles and ICE engines and consumers are confused or what the future might be here, but generally it just seems to be that demand is sluggish.

Ravi: Understood, thanks guys, in terms of the industry headwinds this is a great set of numbers, so congratulations and thank you.

Moderator: Thank you. The next question is from the line of Suryanarayanan Manian from DSP Investment Managers. Please go ahead.

- Suryanarayanan Manian:** Just one question I had Vinay related to the comment that you made earlier to this question which is that this 30 million NAUs I understand this is on a monthly basis, but are you indicating that this kind of traffic is good enough and you can still try and monetize this base better that is how growth is going to come or at the top of the funnel you will also need more and more users coming to your site because obviously engagement metrics and sort of viewership metrics those need to keep going up, right, so from that perspective I am just a little concerned that this number is sort of flat lining?
- Vinay Vinod Sanghi:** Yes, it is a good question Surya and actually in our business, we do not monetize all these users. It is something on a fill rate which means a percentage of this 30 million we are able to monetize from car manufacturers and car dealers. The limitation for us is not the number of customers, the limitation for us is the amount of money, manufacturers, dealers spend on digital. That is the limitation, so without increasing traffic we could rapidly grow our revenues, it is the simple answer, as manufacturers gives us budgets go up on digital advertising, I think that is the point.
- Suryanarayanan Manian:** And the other way is obviously if you are able to get them into transacting measures and get them correct.
- Vinay Vinod Sanghi:** And it is other way to monetize the customers better by alternate methods of transaction financing insurance loans because the customers do in both ways, one is monetizing them just as car manufacturer and dealers there because we don't monetize all of them and second is of course adding other source of revenue from the same customer, both actually are right.
- Suryanarayanan Manian:** And this may not be such a big trend, but just that in terms of the percentage organic traffic that you are getting it seems to be just sequentially coming down a bit over the last 2-3 quarters, so is that something that you anticipate will go up and hence your marketing spends needs to go up in just in terms of paid ...?
- Vinay Vinod Sanghi:** No, we don't say the marketing cost will go up significantly, but anything this at 30 million 81% is very high, it is not normal. 88% is extremely high, so I think these are minor fluctuations which take place. I think it will be reasonably stable at these levels.
- Suryanarayanan Manian:** Do have like any cutoff in mind before you intervene or how do you think about that?
- Vinay Vinod Sanghi:** Not really, I don't think we try and worry about it being at 88% or 84% or 85%, it isn't really matter as I said traffic we get 29 and 31, these are very minor fluctuations.
- Moderator:** Thank you. The next question is from the line of Bhargava from Emkay Global. Please go ahead.
- Bhargava:** So, as you have mentioned that your 14% of the OEM spends are digital, I just want to know how much of this revenue comes to be auto portals and may be what is the market share of CarWale of that spend of those auto portals?
- Vinay Vinod Sanghi:** The total amount spend is about I think about Rs. 6,500 to Rs. 7000 crores, 14% of that would be about Rs. 850 crores a year. Our standalone accounts show Rs. 123 crores, so that is the

simple as our CarWale is already at Rs. 850 crores and Rs. 123. That is one part. Where is the balance 700 going is mostly to be honest, mostly going to horizontals, it is all digital spends, it all going to like Google, Facebook or it will go to Youtube or it will go to Times of India.com or any kind of digital asset horizontal in the country, but CarWale is 120 out of 840 and 850. Aneesha, was that the correct?

Aneesha Menon: Yes sir, that is correct.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to Mr. Vinay Vinod Sanghi for closing comments.

Vinay Vinod Sanghi: I just want thank everybody for joining the call and it has been everybody in India has been, it is quite a challenging year with 2 years of COVID. The industry has gone through a very specific challenge of supply constraints through semiconductors and other supply chain issues, but the whole industry is getting back to normal and we are really happy that we have had year with the foundation got stronger. We had a reasonably robust 28% growth rate in spite of all the market situations. We are feeling pretty confident of the future and we are very excited that in the next year, we should do a lot more things to help our customers and consumers as well. Once again, thank you for joining in and we will talk again soon. Bye-bye.

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