Date: May 06, 2023

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

Scrip Code: **543333**
ISIN**: INE290S01011**

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

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

Sub: Transcript of the CarTrade Tech Limited Q4FY23 Earnings Conference Call held on Friday, April 28, 2023

Dear Sir/ Madam,

With reference to our letter dated April 21, 2023 intimating you about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of the CarTrade Tech Limited Q4FY23 Earnings Conference Call held on Friday, April 28, 2023.

The above information will also be available on the website of the Company: www.cartradetech.com.

This is for your information & record.

Thanking You.

***for* CarTrade Tech Limited**

PAL LAL BAHADUR DEEPNARAYAN
Digitally signed by PAL LAL BAHADUR DEEPNARAYAN

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

Enclose: a/a

"CarTrade Tech Limited

Q4 FY 2023 Earnings Conference Call"

April 28, 2023

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 28th April 2023 will prevail.

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

Moderator: Ladies and gentlemen, good day, and welcome to CarTrade Tech Limited Q4 and FY '23 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, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vinay Sanghi, Chairman and Managing Director, CarTrade Tech Limited. Thank you, and over to you, sir.

Vinay Sanghi: Thank you. Good afternoon, everybody, and thank you for joining this quarterly earnings call and also the final -- the year-end financial call as well. First of all, it gives me great pleasure to welcome all of you. We have also uploaded a presentation and I'll go straight to the presentation to give you some key highlights for the quarter and for the year.

On Slide 3, gives summary of some of the key metrics. It gives me a great pleasure to tell you that we've achieved the highest ever revenue in the year in the quarter and also highest ever adjusted EBITDA in a quarter or in the year. Revenue has grown by 20% for the year, adjusted EBITDA has grown by 28% during the year. We continue to be India's leading automotive platform. We are almost now 200-plus physical locations in the last year. March '23, we auctioned, 1.1 million vehicles. On our consumer platform, we received 34 million -- in the last quarter, we received 34 million unique customers every month. I think what, again, is remarkable is that 86% of these came organically, which shows why our margins have stayed strong.

Revenue for the year was at INR427.7 crores, which is, as I said, a growth of approximately 20%. End of the quarter was INR116.6 crores, which is also the highest in any quarter. Adjusted EBITDA was INR124.9 crores for the year and INR39.8 crores for the quarter, which also is the highest ever. Profit after tax is INR40.4 crores. Do remember that this also after a deferred tax of approximately INR11 crores in this PAT. And adjusted PAT adjusted for ESOPs as well as deferred tax is approximately INR80 crores for the year. We continue to be a strong business with completely no loans or any kind of debt with a strong cash balance, almost INR1,100 crores in the company.

If I go to the next slide, which is the consolidated financials for the year, which is Slide 4. As you can see here, the revenue for the quarter is INR116 crores. The net revenue for the year is INR421 crores. The net is estimated for some of the transaction business and comes to growth approximately 20%. Expenses from last quarter to this quarter stayed stable. Adjusted EBITDA has gone up to INR39.8 crores in the quarter, compared to INR36.6 crores in the previous quarter. And for the year, it's INR124.9 crores versus INR97 crores the previous year, which is a growth of approximately 28% during the year. I think the other thing is the adjusted EBITDA margin, as you can see. It is 34% for the quarter. If you remove other income, then the adjusted EBITDA margin comes to 20% during the quarter and 17% for the year.

The other key highlights in the consolidated accounts are, of course, the adjusted PAT and the PBT, which are below. The adjusted PAT for the quarter is INR28 crores and INR80 crores for the year, which is a growth of -- the adjusted PAT has grown about 42%. And then as you can see here, the profit after tax is actually turned profitable during the year at 17.49 for the quarter, compared to a loss last year. And the loss last year due to a new ESOP entry on an ESOP cost, which was taken in our accounts last year.

If you go to the standalone financials for the quarter, which is -- just the standalone accounts, which mainly includes the consumer business or consumer platforms. You can see that the quarters had a INR58.7 crores in net revenue, which is a growth of 35%. The year revenues are INR204.94 crores, which is a growth of 38% in a standalone. And as you can see, costs remaining stable in the quarter you can -- and then therefore, you've seen a big jump in our adjusted EBITDA for the quarter, almost 101% growth. And this is something we've been talking about in multiple calls over the years that increase in revenue results in a disproportionate increase in EBITDA.

As you can see here, 35% growth in revenue in the quarter has led to 101% growth in EBITDA during the quarter. And in a year, 38% growth in revenue led to a 94% growth in profitability. EBITDA margin is 41% with other income and 19% without other income, which has also grown in the year to 15% versus 5% in the previous year. So most of the numbers in the standalone accounts is extremely healthy, and we feel pretty good about the business on the standalone consumer business for the last year.

If you look at the next slide, which is the remarketing business, we've had headwinds here. In the quarter, there has been a slight degrowth and for the year, we've had a slight growth of 6%. EBITDA has also been hit in the year. We are down 13%. And adjusted EBITDA margins are also hit from 24% to 18%, even though Shriram AutoMall continues to have an adjusted EBITDA of INR15 crores versus INR12 crores the previous quarter. So there's slight better this quarter than slightly better than the previous quarter.

There have been quite a few headwinds in this business, and we've talked about this in the last two quarters where the headwinds are mostly on account of the supply coming from repossessed vehicles, which has seen a little bit of a downturn with markets doing a little better. And the actual -- we've seen a good bit growth in our retail business. In fact, I'll share some of these percentages a little later on supply coming from various sources, but we're still seeing headwinds in the repossession side of this business and growth on the retail side of the business. So overall, we have seen headwinds in the entire consolidation of Shriram AutoMall business and we feel that, hopefully, in this year, at a later stage, it will correct itself.

If you look at the next slide, which is the organic monthly unique visitors, it's about 34 million in quarter 4 versus 29.8 million in the previous year, same quarter. So we've seen a reasonable growth in our unique visitors per month. As again, I want to stress that this is 86% organic, which is one of the reasons why the consumer business has seen leverage in its adjusted EBITDA going up.

The next slide is really a Google Trends on a popularity around brand affinity, which is really a reflection of our online search popularity. And you can see here, the gaps continue to be there versus our competitors. CarWale index 83 versus 21 being the next and BikeWale is 90 versus 45 in the next. So we've seen strength on online search popularity to continue.

The next slide about auction listings and volumes. And here, you can see the -- for the quarter has been 286,681. For the year, it was 1.1 million. I think listing have been more or less flat and so are the auction volumes, which is a reflection on SAMIL’s financials -- Shriram AutoMall financials by itself. These are high-level metrics. There are some other ratios I'd like to talk through. One is our percentage of used car to new car revenue in the consumer group. This year, the used car revenue has gone to 16% of our total consumer group revenues, which was 9% last year. So it is 91% new cars last year, which has gone to 84%, 16% used cars this year versus 9% the previous year. I think the other thing we've seen here is the growth rates. The used car business has grown up almost 136%, whereas the new car business is going about 26%, which really makes up the entire growth of the consumer business.

If you look at the OEM - Dealers split in our consumer business, it was 65% OEM and 35% dealer that's become 61% OEM and 39% of the dealer business has got better. And if you look at the Shriram AutoMall some key metrics, which we give out the percentage of repo business has gone from 69% last year to 55%. So we've dropped in the repossession supply in terms of percentage of our total business, and our retail business has gone from 21% to 33%. So we've seen huge growth in the retail side. And of course, as I've said, we've seen lots of constraints on the repossession business. It's gone from 69% to 55% of our business. These are some high-level metrics of the company.

I'm happy to answer questions which you might have and clarifications you might need.

Moderator: Thank you very much. We have a first question from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Sir, just first a housekeeping question. This OEM dealer revenue mix or growth, can you share for this quarter how it has been for the standalone business?

Vinay Sanghi: You want the split?

Siddhartha Bera: Yes.

Vinay Sanghi: It is for the quarter, it's 62:38. I said for the year, it's 61:39, so it's’not much different. Aneesha, is that correct?

Aneesha Menon: Yes. Vinay for the quarter, it is about 62 : 38.

Siddhartha Bera: Okay. And the new and used will be, new car and used revenue mix?

Vinay Sanghi: For the quarter, it's been similar, 16 to 84.

Siddhartha Bera: Okay. So quarter-on-quarter, not much change...

Vinay Sanghi: Not much change.

Siddhartha Bera: Okay. And second question on the growth side, I mean, we have shown a good growth momentum in the current quarter. So what is the outlook for the coming years? Given the trends or given the sort of traction you are seeing from the OEM dealers, what is your expectation for some of this growth momentum? I mean will it sustain or normalize or how to look at the next one year?

Vinay Sanghi: We don't give any guidance, Siddhartha. But we generally think that if you see the OEM, I mean the new car sales in India has grown about 28% this year. I think most predictions are around the fact that it will grow at 8% to 10% in the coming year. We feel pretty good about the business environment in the last quarter. We are just hopeful the same business environment continues for the next three months, six months, one year.

So we feel pretty confident. I can't give a growth number but we feel pretty confident. I just want to stress one more thing that if you look at the five-year CAGR of the company, growth rate in the past five years, it's there in the annual report, its at about 23% and 69% growth in EBITDA over a five-year period CAGR. So we've had a consistent growth and profitability growth track record over last five years. We feel pretty good that this year should not be any different. I mean, the market looks fine at this point.

Siddhartha Bera: Okay. No, because, I mean, on the new car side, we expect growth to slow down meaningfully this year. It may not be more than 5%, 6% is our view. So, on that context, I mean, given that -- I mean, generally, like you have said in the past, in case demand slows down, it leads to more incentives for the OEM to advertise more. So should we expect that for us, growth should continue to remain in healthy double digits is what I was just trying to understand?

Vinay Sanghi: Yes. What we said is that when demand -- not demand slows down, but when supply is more than demand, it helps us in what we said, which means that there are no shortages in vehicles. And the supply of manufacturers is more than demand. It's a more favorable them and vehicles under shortages because naturally, manufacturer and dealers don't need to advertise. So yes, I think we're moving more towards a market where demand exceeds supply. But we still want the new industry to grow. I think it's a combination of all of that.

Siddhartha Bera: Okay. Got it. And second on the margin side, I mean, obviously, we have continued to demonstrate good margin trends for the last two quarters. So is it something we can expect that with at least a double-digit growth we should sort of continue to build on what we have reported in the last nine months or...

Vinay Sanghi: Absolutely. I think our cost structures and unit economic structures and the way the companies are built is that in revenue growth, you see a more disproportionate growth than EBITDA. And you've seen this demonstrated now across the whole year, 34% net to a 92% growth in profit. So I think that's quite clear that growth revenue leads to a disproportionate growth in EBITDA. So our basic business model and cost buildup has not changed. And this is typical to businesses like our marketplace business of cars where costs don't increase with proportional to revenues. In fact, we have two principal cost marketing and people. And if you see over five years, our marketing costs are flat, over five years. And at 34 million customers a month, right? It's still flat over five years. So we do feel good about the fact that with the revenue increase and costs don't go up in proportion.

Siddhartha Bera: Yes. Because on a quarter-on-quarter, basically, you're marketing costs have gone up. So given that if you're expecting demand to slow down, so shall we expect current trends to sustain, or I mean there can be upside risk to that trend to get sort of…

Vinay Sanghi: I think we should assume the same cost structure as we have today.

Siddhartha Bera: Okay. And lastly, sir on the...

Vinay Sanghi: There will be some escalation in costs. I think there will be some escalation in costs because as you see in 1, April, we all have an increment cycle. So you will see some escalation in costs because of increments, but that gets adjusted through the year.

Siddhartha Bera: Okay. Sir, on the last one, the AbSure side, we have not commented much this time. So just wanted your thoughts on what is happening there?

Vinay Sanghi: On the abSure side, actually, this quarter and the last three months I have slightly modified it. I think we've got abSure outlets and added another range, what we call signature outlets. And I did not stress, but we are close to about, I think, 90. Aneesha is that correct?

Aneesha Menon: Yes.

Vinay Sanghi: As I said, we've added a new dimension here because we want to scale up now. We're quite confident that we've tested the model. I think the whole abSure model is created, so someone can book a car online and other logistics or delivery, etcetera, get certified cars, etcetera. And a lot of that has now played out. As you know that we've tried to build a very asset-light model, and we continue in that endeavor. And our objective is to grow the abSure and signature outlets over the next two to three, four years now. As I've also highlighted that our used car business has grown 136%. Part of it is abSure, part of it is just a classified used car business growing itself. But we feel confident and bullish about it. It's a very, very small still part of our entire business. Used car itself is only, as I said, 16%. So it's a small part of the consumer group, but we're feeling confident about it for the future.

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

Vinay Sanghi: Thank you.

Moderator: Thank you. We have a next question from the line of Ankit Kanodia from Smart Sync Services. Mr. Kanodia, please go ahead.

Ankit Kanodia: Thank you for taking my question. And first of all, congratulations on a good set of numbers, especially in the consumer side of business. So my first question is related to the main pain point, which I see in your presentation in which you alluded to in your opening commentary also, which is the auction listing volume and particularly the repossessed vehicle. Would you throw some more light there as to what is happening there and what can change for the better in the coming time?

Vinay Sanghi: I think what we've seen is volume in the possession side slightly degrow. And I think that is we're hearing multiple reasons. One is, of course, the fact that the economy has done better. And clearly, people are able to pay loans. So that is one factor where repossession itself has gone down. I think the second factor, which is given is, and when we talk to our customers, is that resale value used cars or used vehicles is up. And therefore, people will not surrender vehicles, but payoff their loans. So I think these are two big factors we've seen. We're not sure whether it's cyclical and whether this will -- but these are cycles with the repossession industry gone through several times in the past as well.

So these are cycles and a cyclical part of the business. I think where we made effort to counter this drop and we are 69% repossession of volume. So that's what it's hurt us. I think where we feel good about the businesses we've been able to substitute a large part of that with growing fragmented supply retail supply which basically makes us a healthier business for the future because when the repossession volumes do come back, our retail business would also be of certain strength. And therefore, it enables the company to have a much, much stronger future. So that's the good part, but repossession has been a very tough six to eight months.

Ankit Kanodia: Thank you. That really helps. My second question is, I think we have been discussing this for the last two quarters now. So we are around INR2,000 crores market cap company now, INR1,100 crores of cash. At the Board level, are we having any discussion on buyback, maybe even a small buyback of INR100 crores or INR150 crores, can be a good confidence booster for investing companies. Do we have any discussion on the Board or have we decided...

Vinay Sanghi: Yes, we do discuss this from time-to-time. I think we also discussed the regulation around what quantum we are allowed to buyback and not buyback. And it's still under consideration with the Board. I don't think you've come to any conclusion as yet what to do or what not to do.

Ankit Kanodia: Sure. Thank you so much. And all the best. I'll come back in the queue.

Moderator: Thank you. We have a next question from the line of Raaj from Arjav Partners. Please go ahead.

Raaj: So first thing I want to say is for 12 p.m. calls, you are uploading everything at 11:55 a.m. So I think it is a bit unfair for all the investors, I guess, sir.

Vinay Sanghi: Yes, sir. I'd like to apologize for that. Sorry for that. We'll make sure that next time we do that earlier.

Raaj: Yes, please do. Other thing I wanted to ask you, sir, what is there in your other income?

Vinay Sanghi: Aneesha, you want to explain this?

Aneesha Menon: Sure. Other income includes treasury income, because we have large funds, which is about INR1,100 crores. These are found with highly conservative mutual funds and overnight funds, which in return, which is classified under the other income.

Raaj: All right. And how much of interest is being earned on these funds?

Aneesha Menon: Ballpark about 6%.

Raaj: 6% interest. All right. And also regarding I wanted to ask about adjusted PAT. So what adjustments have you done in it?

Vinay Sanghi: Adjusted for deferred tax, which is about INR11 crores, right, Aneesha? And cashless ESOPs is about INR27 crores, is that correct?

Aneesha Menon: Yes.

Raaj: INR27 crores ESOPs, okay.

Vinay Sanghi: Yes. And there's also PAT below, which is approximately INR40 crores. The adjusted is about 79.

Raaj: All right. Okay. And also for FY '24, can you give a rough outlook on the operations of the company? Like how do you see going ahead?

Vinay Sanghi: We don't give a guidance, but what I can say is that we feel pretty good about the state of the business and the state of the market on the consumer group, which is the new car and used car consumer platforms. In the near future, it seems that the repossession industry will still continue to go through what it has gone through in the last six to eight months. But there, again, we're making lots of efforts to get supply from other sources. So we can continue to grow at Shriram AutoMall as well. We feel pretty confident about the business and as many reasons why. I think one is really the traffic of consumers on our platform and really the leadership we have on our first popularity and marketing costs related to that.

On the consumer side of the business, the traction of used car is growing, which we see a very strong positive for our business. And really, on the Shriram AutoMall, as I said, we've established a new vertical of retail segment and retail supply. So we feel quite confident about the business. There are some headwinds on the repossession side, which continue to be there. But on the whole, we've seen very, very -- reasonably confident about the business.

Moderator: Thank you. We request you to come back in the queue for follow-up question. We have a next question from the line of Sachin Dixit from JM Financial. Please go ahead.

Sachin Dixit: Hi, Vinay. Congratulations on a great set of results.

Vinay Sanghi: Hi, Sachin. Thank you.

Sachin Dixit: So I wanted to talk regarding the OEM advertising spend, right? So I believe since COVID, the demand-supply mismatch has resulted in ad spend going down as percentage of revenue for these OEMs. What do you think is the trajectory on this? How long does it take to lever, or do you see this happening in a year, two, three years? How do you see it?

Vinay Sanghi: It seems positive because the demand supply position has actually changed in the last six to eight months. So just to give you a context, OEM business grew by 29% for us this year. Am I right, Aneesha? This 29%?

Aneesha Menon: Yes.

Vinay Sanghi: So we feel pretty good about it. The markets are changing. OEM are starting to spend more money than they did. Digital emphasis is increasing. In fact, the year before that it was a tough year because really supply was not available and OEMs chose to cut -- not cut but hold advertising. But a lot of has bounced back in the last year, which you can see in our results as well. At this stage, actually, the market is reasonably favorable. It's very similar to what we should be. There is demand -- there is in many -- in a couple of manufacturers, demand is much more than supply, but generally across the board, supply seems to be getting better.

Sachin Dixit: Understood. And my second question related to the first one itself. So when OEMs are shifting to more of the ad spend digitally, a lot of the spend is, I think, happening also on video and other such formats, which I don't think CarTrade has as of now. So how are you trying to get that wallet share from OEMs?

Vinay Sanghi: There are different segment. So, you're right. I think out of a total digital spend, out of the total digital spend, manufacturer spend on OTT platforms and even horizontals. We are really a verticalized business for them, which gives them the lowest cost of customer acquisition. So, I think the reason CarWale is compelling to manufacturers is just because it's the lowest cost of customer acquisition from them with all the 34 million customers coming on most people buying a new cars coming to our platform. This is the single biggest destination for existing customers.

And as I told you, as they have more-and-more supply and demand growth is lower than supply, they need these customers to increase as well. So, we are more, as I said, verticalized business with very focused set of customers for them, and in many cases the lowest cost of acquisition for them for a customer and that's where we make our own space in this whole digital advertising space. So they put out -- I don't know OTT platform is very generic customer, who are seeing the ad, and therefore the cost of advertising is much higher for them versus putting up ads or partnering with CarWale.

Sachin Dixit: Sure. And just one clarification on this one. Do you see the vertical versus horizontal shift in OEM advertisement spend or it roughly will stay like this?

Vinay Sanghi: We think it will stay this way. Both have their own purpose, horizontal gives them a different kind of reach and brand capability, verticalized is then individual customer with the lowest customer acquisition. So we will probably continue as it is. What we tried to do as a company is try and go deeper-and-deeper in our offerings to manufacturers, so that we always relevant to the manufacturers. So the deep integration, even now it is multiple integrations with multiple manufacturers, so that their offering becomes strong for the customer. And that's where we invest all our product and technology today, so that we stay relevant versus horizontals. I think that's the…

Sachin Dixit: Understood. Thank you.

Vinay Sanghi: Thank you.

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

Vijit Jain: Great. Hi, Vinay. Hi, Aneesha. My first question is on the standalone business. So you shared the traffic trends on a quarterly basis. Are there any other metrics of traffic engagement that you can share in terms of say user-generated content like ratings, reviews uploaded every quarter or time spent, whatever makes sense, is that possible to do?

Vinay Sanghi: We can try and share it to you. I don't have it right now, but we can try and share with you, but it will also publicly available on many comparative platforms. But we do look at things like time on-site, bounce rates, page views, and things like that which are clearly best-in class, even when you look at these numbers, but we do look at it. I don't have it right now, but maybe we can try and share that with you in comparison, what's available to us.

Vijit Jain: Got it. And Vinay, just related to that, is user-generated content or the website something that you think is important and relevant to the business in the way you, do it? And do you track that, because at least those things, right, whether people are uploading their own reviews and stuff, could be indication of how copyright content for you or other proprietary content for you?

Vinay Sanghi: User-gen content is important, but it's not the primary content or the most visited content on our website. I think what tends to be comparative shopping comparing one car with be other car, people come with many reasons, and one of the big reasons they come to us is to understand what car to buy. And that partly comes from user content, but lots of it comes from understanding expert opinions, understanding comparative features, understanding maybe a video or 360 or a different view of the vehicle to finding a dealer to buy from what price to pay etcetera. So, even there is lot of digital content it's not the primary reason in India, why they come to us.

Vijit Jain: Got it. And my second question, Vinay, is on the remarketing business. So, I think, I believe in the last call also you mentioned, and you've said a couple of times now that the repo market is going through a tough time. The consumer market in the remarketing business is doing well. When I look at those metrics you shared, it looks like, likely the repo business is kind of flattish Q-o-Q, and the retail business continues to do well. So, I mean, just based on those numbers, 69% of the business last year versus 55% this year, 53% previous quarter, it looks like you're now at around INR29 crores, INR30 crores in repo, and retail is around INR24 crores, INR25 crores. So I'm just wondering, if on an absolute basis has repo bottomed-out in your view, because this used to be around INR39 crores, INR40 crores.

Vinay Sanghi: It seems to have bottomed out, yes, if that's the question. It seems to be. Although, it's pretty much similar for last two quarters, but it seems to be bottomed out, yes.

Vijit Jain: And in terms of margins, just on a sequential basis, obviously in this business, while absolute revenues kind of flattish, Q-o-Q, you margins have improved, is that also a function of the mix?

Vinay Sanghi: Yes, the retail, by definition is little higher margin for us. So if you can build, I think the two things in retail. One is, if you can build retail fragmented supply as we call it, one is margin is slightly better, but also our ability to differentiate, from any kind of competition will come in the future is very high, because there you have high level of fragmented supply, it's very hard for people to replicate. So there are two advantages on that. One is the immediate margin, but bigger thing is the ability to defend and create moats around that business which would be impossible for somebody to breakthrough a little later.

Vijit Jain: Got it. And Vinay, just to understand this right, the retail is essentially C2B2B, for you right, you're buying from…

Vinay Sanghi: It could be C2B2B, it could be C2B, it could be customers coming to us, it could be customer coming through a very small broker or middleman to us either, both ways.

Vijit Jain: I see. Got it. Understood. Thanks. Those were my questions.

Vinay Sanghi: Those are very fragmented, very small middleman brokers, they're not bulk. It's not very insignificant in terms of per person volume.

Vijit Jain: Got it. Understood. Thanks.

Moderator: Thank you. We have our next question from the line of Sanjay Parekh from Sohum Asset Managers. Please go ahead.

Sanjay Parekh: Yes. Thank you. So my question to Vinay is that today on standalone, let's say, you may be doing INR156 crores turnover and the core operating profit, which is excluding other income is INR23 crores. So just three years from now, I mean, for a leadership that we have, clearly it is replicate, which is showing up in our ratings and viewership. I mean, the downloads. It seems to be quite low in terms of the overall pie, which is largely advertising and referrals from dealers. So the question is that three years from now, can we grow at 25%? And if yes, then should this operating leverage kick in in terms of more like 25% margins in three years? I mean, I'm not trying to get a number. I'm just trying to get your vision for three years for this company on standalone first.

Vinay Sanghi: Is the question that 25% on top line, is that the question?

Sanjay Parekh: Yes. So the first is the top line 25% growth because the pie looks quite small for the leadership we have and the opportunity that I'm trying to understand. The second is, is that 25% growth were to come through, we've done 19% core profit, operating profit margin in the fourth quarter, should this be around 25% in three years from now?

Vinay Sanghi: Right. I think it's a good question. The one thing I want to highlight here is that about 13%, 14% of money spent by any manufacturer and dealers are advertising is on digital. In most countries, it's about 40%. So one can see that manufacturing dealer's money is in the next three, four years or five years, going on 13%, 14% or maybe 20% 25% or 30% digital. So that's one factor of growth for us. As I told you, the last five-year CAGR of our entire business about 23% and a 69% growth in EBITDA.

So we definitely feel that if we are able to grow as the number you going 25% or 30% or 20%, the EBITDA will go to higher margin -- at higher clip and the margins should improve. As we've demonstrated last year as well, coming to the 19%. I think the same question was asked last year, and we feel that any kind of revenue growth from here, this will increase the margins, there may be odd years where manpower cost go up a little higher, but generally we feel pretty confident that revenue growth will increase the margins.

Sanjay Parekh: Yes. Thank you. That is very helpful. Second question is on the standalone. While there is a cyclical weakness currently, but again the same question here, I mean, our attributable EBITDA is 50%. And I think roughly, if I remove other income, we are at a INR50 crores EBITDA, INR45 crores EBITDA. So we as economic interest get very 50%, so that's INR25 crores. So, three years down the line again for the same question here, you're certainly not grow at that rate, but do you see once the cyclical part is over, this should be more like 10% to 15% top line and then again, we get an operating leverage or what would be your view?

Vinay Sanghi: Yes. I think, I tend to agree that as we build our verticals, one is we are hoping to the repossessed markets, and that's a cyclical, so three to six months later should come back. And secondly, we can build other verticals like retail, which have higher margins also more defensible. We should see a reasonable growth in the business. And as well, this is again a very similar business, where it's a marketplace, we don't take positions on vehicles, it's an asset-light business. So as we see volumes go up, revenues go up, we clearly have a differentiated margin structure here as well. So I think it's pretty similar. They are both marketplaces. One is a C2B2B marketplace, and one is our B2C marketplace, but the nature of the business are quite similar.

Sanjay Parekh: Sure. Very, very helpful. The last is, I mean, clearly, we understand you're conservative and that's a very good virtue as a management. So we have INR1,100 crores cash now. So in terms of how do you think about acquisitions and in terms of the clearly the payback period, a little bit of your understanding of what are the areas, if at all you're thinking would help?

Vinay Sanghi: So the way we think about any investment or acquisition, or use of money is that it's really got to be a business which is going to help our current set of users or is going to be a business where our current product and technology can be used to a new set of users, so consumers. But the intent here is, of course, to look at businesses which are synergistic to our current businesses. Obviously, a threshold for us to do this is high, because we like to see that when you look at the investment acquisition, the management team, which we are investing behind or the business model or the scale of that business is of a certain level.

And I think in the past on three such acquisitions, all three have been successful, in fact, Shriram AutoMall, CarWale are both acquisitions involving successful and therefore you're right the threshold is high, because we want to make sure we get it right, we're not a company which is in the past done 10s and 20s or 30s of investments and acquisitions. And so we are prudent about it, we like to have a proper thorough look at what we're doing. And if we find something of even a little bit higher size of acquisition, we're not afraid, as long as we are convinced that we can make it work.

Sanjay Parekh: Yes, thank you very much. Very helpful.

Vinay Sanghi: Thank you.

Moderator: Thank you. We have our next question from the line of Pramod Amthe from InCred Capital. Please go ahead.

Pramod Amthe: Yes. Hi. Thanks for taking my question. Couple of questions. One, what's your recent experience in terms of availability of used cars? Has it improved? And what's your outlook for the same next year? And second, relevant to the same is, what has been the inflationary price trends for used car and how do you expect that to be going forward?

Vinay Sanghi: Yes. We've actually seen suppliers, actually used cars, but it is actually really hard just post-COVID. But in the last six months, we've seen supply get better. And I think that comes from, as I said earlier, at that point of time that a new car supply improves, people tend to sell the old car and buy new cars. It's very hard to sell an old car when the new cars not available, because you tend to replace it. So as new car availability has gone up and delivery has increased and a new car market as you can see 28% used car supply has got better. So, I think that's one big trend which is good for the used-car industry.

The other thing, of course, we've seen not only in used cars, but also new cars is a trend you may be seen as well is that the average ticket size of customer preference or behaviour to buy has changed, which means that today if someone is buying a new car, they tend to now buy the highest variant of the same type, which is a very different behaviour to which was there maybe three, four, five years ago. So the average ticket sizes for most car manufacturers itself has gone up. And as a result, you're seeing even the used-car market, the average ticket size going up. So we've seen inflationary trends where the used-car average ticket size of price has gone up, number one. And that's similar in the new car industry as well.

So these are all good things for the car industry, when you have average prices of new cars and used cars going up, because people are making new choices one model make variant and suppliers increase the used-car market or sales increase in new car markets, these are just basically favourable trends for the entire car industry in the last year or so.

Pramod Amthe: And do you compare on a like-to-like feature, how have the used-car prices going up, what's the trend there? I understand people are moving…

Vinay Sanghi: We do actually on our website look at the average listing price today versus what it was two years ago or earlier about three years ago, we had that data, and also, we look at our abSure outlets the average selling price today versus what might be some time ago. So we tent to compare this just to know what's happening in the car industry, and of course we've got relevant data available.

Pramod Amthe: The third one is related to the competitive intensity. Do you see that easing already considering the funding challenges which we see in global markets and that's percolating down? And as a result of which will also may get reflected to you in terms of reduced competition to procure these used cars?

Vinay Sanghi: So, we are a marketplace, all-inclusive marketplace. We, of course, as you know are profitable and generating cash and some of the other players in the industry are losing money or losing cash. We actually are not -- we are not a business which buys cars or takes position on vehicles, etcetera. Many of the other players who may have funding this competition actually buy cars, refurbish them, and sell them. So, they are almost like online dealers. Some of them are even our customers, because we don't see any conflict in them putting vehicles in our marketplace to sell. So, we almost with some people who were terming a competition, they actually now more customers to us and competition, I think we can put it this way.

For us, we've tried to keep a very inclusive marketplace where everyone can play a part, when you're a bank you can sell loans, when you are a dealer, you can sell vehicles, you are manufacturer, you can sell vehicles or if you're one of these online dealers, you can also sell vehicles in our platform.

Moderator: Thank you. I request you to come back in the queue for follow-up questions. We have our next question from the line of Pratyush Agarwal from White Oak. Please go ahead.

Pratyush Agarwal: Yes. So, I just have one sort of question. So both on BikeWale and CarWale. so we see these non-automotive advertisements as well. So I mean, do you have a -- so first question is, sort of, like you mentioned, these websites are very vertical-specific, and it makes a lot of sense for automotive guys to target on these websites. So one, first question is really that why are there sort of non-automotive advertisements? And second, if you can provide a rough mix of auto versus non-automotive revenue from these two sites.

Vinay Sanghi: Sorry, I didn't get. Non-automotive / automotive on which website?

Pratyush Agarwal: So, both on CarWale and BikeWale, we see these, I mean, on your website, there also seems to be non-automotive advertisement…

Vinay Sanghi: No, the non-automotive is very insignificant. I don't have number, but very insignificant. I think what happens is when you most advertising the automotive, which are rather manufacturers and agencies, etcetera and dealers, sometimes you have free space on a website. So, you use a program, which allows you to fill it up, it's like a fill rate. But the quantum of revenue generated is very insignificant from non-automotive. I mean, I would think -- I don't know, in terms of total company less than like not even a percent of revenue.

Pratyush Agarwal: Got it. And if you could sort of …

Vinay Sanghi: It's just a filler because you don't want to keep your ad space free. So it's just -- there are various programs which allow you to take ads for non-automotive. Yes.

Pratyush Agarwal: So it's not a function of getting more -- less traction from the automotive. It's just -- it's more of just filling ad space, is that correct?

Vinay Sanghi: It's just filling ad space, yes, it's not -- as I said, less than a percent, it's not significant and not something we focus on.

Pratyush Agarwal: Right. And sort of given last year, both and from what we understand from the digital ad market, so, how have your conversations on pricing being in the past year and how do you see it going forward?

Vinay Sanghi: For us, it's been a lot about working with manufacturers and dealers. Pricing has been stable, it's not gone up, it's not gone down. I think, for us, it's also about getting more budgets and providing more value. And I don't see us increasing or decreasing prices. I think, there may be some gradual inflationary increase, but not dramatic increase on prices or decrease.

Pratyush Agarwal: Got it. Thank you.

Vinay Sanghi: Thank you.

Moderator: Thank you. We have our next question from the line of Rakesh Jain from Axis Capital. Please go ahead. Mr. Jain, we're unable to hear you. Your voice is breaking.

Rakesh Jain: Yes. Hi. Vinay, just one question on bookkeeping side. The other expenses have seen a jump from last two to three quarters, right? Any particular reason or are there any one-offs being recorded?

Vinay Sanghi: It is on – Aneesha, you – I didn't hear which…

Rakesh Jain: On a consol level.

Vinay Sanghi: On the consol, Aneesha you want to answer that?

Aneesha Menon: Sure, the last quarter was INR24 crores, which has gone up to INR25 crores. Is that the number you're looking at?

Rakesh Jain: So, INR3.2 crores is the number I'm looking.

Vinay Sanghi: Other expenses, Aneesha.

Aneesha Menon: I am also looking at the other expenses. Rakesh, if you could just explain. This is quarter ended December and quarter ended March. The other expenses at consolidated levels was INR24 crores last quarter and gone up to INR25 crores, is that the number you're looking at?

Vinay Sanghi: INR24.19 crores has become INR25.34 crores, I think that's…

Aneesha Menon: Yes.

Rakesh Jain: No, I'm looking at INR3.2 crores versus INR3 crores last quarter. Not sure if there is some adjustment to that.

Aneesha Menon: I am sorry. Can we come back to this slide? Because I think you are looking at…

Rakesh Jain: At the consol level, your consol level other expenses is INR3.2 crores at March quarter and it was INR3 crores last quarter.

Aneesha Menon: No. I think, you're looking at the wrong slide or…

Rakesh Jain: No, I'm looking at the press release, the quarterly press release.

Aneesha Menon: So maybe just we can have a look at that please and I'll come back to you. Give me a minute.

Rakesh Jain: Sure. Sir, and just one more thing. You mentioned that there is a one-off -- on the one-off, because you're mentioning the ESOP expense of INR27 crores, is that right?

Aneesha Menon: Yes, and this quarter was about INR7.3 crores. For the year was about INR27.9 crores.

Rakesh Jain: Okay. Thanks. Got it. Thanks so much.

Moderator: Thank you. We have our next question from the line of Sagar Sanghvi from ADD Capital. Please go ahead.

Sagar Sanghvi: Yes. Hi. Thanks for the opportunity. I'll have two set of questions. Vinay, in the prior calls you have been talking of there'll be a couple of new revenue drivers or segments that would also kick in revenues for some period of time that is you are talking of insurance revenue, insurance commission revenue or loan disbursement fees, or maybe transaction-based revenue with car dealer. So when do you expect such revenues to kick-in and what would be the margins for this kind of a segment? That is one.

Vinay Sanghi: What we said -- should I answer this?

Sagar Sanghvi: Yes, please.

Vinay Sanghi: So what we've discussed and what we've said earlier is mostly today people like all of us come to CarWale to find a car, select a car, find out a dealer to buy, what price to pay, compare cars etcetera, and we monetize manufacturers and dealers for advertising revenues. I think what we said in the future is building technology and product for our platform, as well as manufacturers for getting to a more purchase online methodology that basically means, can you get a loan approved online instantly, can you book your car online, and that's where the whole CarWale abSure signature movement came around.

So the intent is to get closer to the transaction, we can book online, book a loan online or maybe even buy an insurance policy online, etcetera. This is not a place where -- this is not a thing that you can do at one point of time, this is a journey, it may take two, three, four years, and that's where we are investing all our future product and tech in. So, I think our point was that as we go on today you can find a car on CarWale or select a car on CarWale, tomorrow you will be able to buy a loan on CarWale, day after tomorrow you will be able to sell your old car instantly at CarWale, and the day after that you'll buy an insurance policy or get the car delivered. So these are all work-in-progress.

Over the next, I would say, two, three, four, five years, this is really where we will have an additional sources of monetization, lot of like the loans are already online, if you come to CarWale today and get instant approval for a new car or used car already, right, so various elements of it being built as we go on. It's not significant today, the revenue, it will take some time for it to be significant, maybe two, three years, while our digital advertising revenue continued to grow there is some additional sources in the future.

Sagar Sanghvi: Okay. So let's assume you would be having, let's say INR100 of incremental revenues from all the sources on the standalone business. And given your most of the cost is fixed, linked to inflation, so what kind of incremental EBITDA margins that we should be looking at over next two, three, five years?

Vinay Sanghi: The incremental EBITDA, as I discussed earlier, would mostly come from our advertising revenue growth, because the leverage we have. This would -- yes, the cost against this would be mostly product development cost and technology cost, because the customer acquisition is really the same. So it's hard to say at this point to give a guidance around what incremental margins or EBITDA margin will come from this. But clearly, it's an investment we are making already. If you see our financials, these investments are already being made. In fact, they are in operating cost, these technology and product investments and we continue to do that and investing it. So we do see margin increasing, I think, revenue stick in I can't exactly quantify the amount of margin increase, but yes, there is very little cost against some of these future revenue streams.

Moderator: We'll move to the next question from…

Aneesha Menon: So before we take the question, I would just want to go back to Rakesh's question. I even went through the press release. These numbers are not really there, Rakesh. Could you please help me and understand which -- what numbers are you referring to?

Moderator: Do you want me to unmute him?

Aneesha Menon: Yes, please.

Moderator: Just a moment, please. Mr. Jain?

Rakesh Jain: Yes, so maybe I'll get back to you with, maybe we can connect after the call.

Aneesha Menon: No problem.

Moderator: Thank you. We have a question from the line of Shrish Vaze from Moneylife Advisory Services. Please go ahead.

Shrish Vaze: Yes. Thank you, sir, for taking my question. My question pertains to we had announced setting up of CarTrade Ventures. So, I just wanted to understand our thinking behind this and the kind of corporate structure that we are looking for this. Would this be like an in-house VC fund or what exactly would be the structure for this? Thank you.

Vinay Sanghi: Yes. Thank you. See, one of the things we've always talked about is that we would like to invest or acquire companies in our automotive ecosystem. We have 35 million or 34 million customers a month coming. And today, they can come and find a new car or used car. Tomorrow, we like to avail of a loan or an insurance policy or service the vehicle or sell old car or other things in the automotive ecosystem right from automotive software etcetera. So what we've done is really formed a team, which is really looking at augmenting our current products and services with investments and acquisitions.

And I think the brand CarTrade Ventures was formed for that. And the intent is to use over a period of time are generated earnings or cash earnings every year. And some, of course, our retained earnings and look at whether we can add additional products and services to these set of customers or if you can buy technology with our current customers can use. And the intent here is that can we incrementally grow faster inorganically, apart from the growth rates you're seeing organically in our business.

I think the one good thing we feel about our businesses compared to all the other Internet automotive Internet companies and other in the Internet space itself both our businesses are cash profitable and generate cash. And a pretty stable over a five-year period. So we feel good that can we add more products and services to these sets of users or can we bring new products and service to our user or buy new technologies as well. So the intent of CarTrade Ventures is that. As I said, we will keep looking at transactions and investments in automotive ecosystem and see something comes around.

Shrish Vaze: Got it. Thanks, sir. That was my question. I'll get back in the queue.

Moderator: Thank you. I would now like to hand the conference over to Mr. Vinay Sanghi for closing comments. Over to you, sir.

Vinay Sanghi: Thank you. I just want to thank all of you for joining the call. It's been an eventful year for us, one of our businesses, the Consumer group has done well and the other one has faced headwinds. But overall, we had this highest-ever revenue and highest-ever profitability -- EBIT DA as well as PBT. Again, thank all of you and look forward to interacting with you in the future. Thank you, everybody. Thank you.

Aneesha Menon: Thank you.

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