Operator: Ladies and gentlemen, good day and welcome to CarTrade Tech Ltd. Q2 FY25 earnings conference call. As a reminder, all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Sayali Ambre from CarTrade Tech Ltd. Thank you, and over to you, ma'am.

Sayali Ambre: Thank you. Good afternoon, everyone. I welcome you all to the quarter two and half-year ended September 2024 earnings conference call for CarTrade Tech Ltd. To discuss the quarter's financial and business performance, we have from the management Mr. Vinay Sanghi, Chairman and Managing Director; Ms. Anisha Bhandari, Executive Director and Chief Financial Officer; and Mr. Varun Sanghi, Chief Strategy Officer.

Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking and may involve risks and uncertainties. For more details, kindly refer to the investor presentation and other filings that can be found on the company's website and on the stock exchanges. Without further ado, I would like to hand over the call to the management for their opening remarks. After that, we can open the floor for the Q&A session. Thank you, and over to you, sir.

Management: Thank you, Sayali, and good afternoon, everybody. Thank you for joining the half-yearly earnings call and the Q2 earnings call as well. I want to go straight to slide four in your presentation deck.

As you know, the company's margins have expanded this quarter to 36%. The 4-year growth story shows PAT growth of 60% CAGR over the 4 years. Revenue growth over the last 4 years is 24% CAGR, and EBITDA growth is 74%. When you look at the capital strength, the cash reserves have crossed 1,400 crores. Return on equity continues to be strong and, as you know, EPS has increased almost 7 times in the last 4 years.

If I go to the next slide and talk about the key metrics of the company, I am glad to inform you that the company has recorded its highest-ever revenue in its history at 236 crores of total income this quarter. PBT is also at its highest-ever level in this quarter, at 85 crores. We continue to be India's, and also the world's, leading automotive platform. We are also the leading used classified platform and vehicle auction platform. We received 76 million customers a month, or MAUs, with average MAUs of 76 million for this quarter. Organic traffic has jumped to 96%. We have 500 physical locations and 1.6 million vehicles auctioned at the rate of 1.6 million vehicles a year.

As I already said, revenue is at its highest at 236 crores. Adjusted EBITDA, which is a cash proxy for us, has crossed 106 crores for the quarter. PAT is at 66 crores and, as I told you earlier, our liquid cash balances are at 1,400 crores as of September 30.

If you look at the consolidated performance of the company, total income at 213 crores for the quarter is also the highest-ever in its history. As you have seen, total income has also grown sequentially from the previous quarter by 12 crores, from 201 crores last quarter to 213 crores this quarter. There has been a sequential jump in revenue growth. There has also been an annual jump

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of 10%. Half-yearly growth has been 13%.

Other income is down, primarily due to the write-backs last year in the same quarter. We had approximately 10 crores of write-backs. There is a footnote below, and 14 crores in the year of write-backs at OLX, where some expenses were written back into income. Therefore, other income is down 19% in the second quarter and 5% annually.

As I said, total income is at its highest-ever level of 236 crores, and revenue is also at its highest at 213 crores. Employee costs are stable, with 6% growth over last year, which shows the leverage in the business. EBITDA is up 20% over last year. EBITDA is also up sequentially by 20%. EBITDA at 76 crores is higher than the 63.59 crores recorded in the previous quarter and, of course, is higher by 20% from last year's 63 crores as well.

EBITDA margins have come out at 36%, as you know. Your company is focused on building a best-in-class margin structure, and you can see here that the EBITDA margin has jumped from 33% last quarter to 36%, and to 36% from 31% at the same time last year. For the half-year, EBITDA margins are 34% versus 29% last year for the half-year results. EBITDA is also up 30% year-on-year over last year for the first 6 months.

PBT, as I told you, is the highest in our history, at 85.45 crores, up from 79.92 crores last quarter and 74.545 crores last year. The 7% growth also takes into account the lower other income, which is bringing down the growth rate to only 7% because of the other write-backs at OLX in the same quarter last year.

PAT is up by 3% at 65.95 crores, or 66 crores, compared with 56.75 crores last quarter and 64 crores last year. It is a 3% growth in PAT. Let me clarify here that this is driven by a 10 crore write-back last quarter, in the same quarter last year, and therefore the growth is showing at only 3%.

Let me also stress here that the tax impact on OLX, or the income tax impact, is affecting this comparison. Last year, we had tax shelters on OLX, and this year we paid tax on OLX. There is a base effect from last year that is affecting the PAT of this year. These are the two or three reasons why PAT is up only 3%. One is because of the OLX write-backs last year in other income. The second is because OLX was tax-impacted this year, whereas last year OLX had tax shelters. These are the reasons why PAT is at 3%. But overall, revenue is at its highest-ever level, and PBT is also at its highest-ever level in the history of the company.

If you look at the Consumer Group, which is the next slide, revenue from operations is up 4%, EBITDA is up 5%, margins have come to 41%, and PAT is up 13%. Part of this reason is that, of course, half-yearly revenue is up 10% and EBITDA is up 16%.

Part of the reason is that, as you know, there was a GST reduction on September 22 last year, and there is also a base effect from the second quarter last year. If you look at the second quarter last year, growth was 37% in that quarter. So, if we look at a 2-year period, you will see a 20% CAGR in the new car business and the other new auto business. I think there is again a base effect from a very strong second quarter last year in the new car business.

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If we go further to the Remarketing business, profits have grown by 47%, margin is at 30%, revenue is up 13% half-yearly and 12% for the quarter, EBITDA margin is at 30%, EBITDA growth is 29% for the quarter, and PAT has grown by 47% in the quarter in the Remarketing business.

OLX revenue had very strong growth. There was 28% half-yearly growth and 26% quarterly growth. EBITDA margins are up to 32% in OLX, and EBITDA growth is up to 36%. There is a decline in profit after tax primarily because of two reasons. As I said again, other income is sharply down from 13.51 crores last year in the same quarter to 4.41 crores this year, on account of those write-backs. In addition, tax is up by 58% over last year in OLX.

These are the reasons why PAT is down, but as I said, EBITDA is at 36%, which is its highest-ever level, and revenue is also at its highest-ever level at 26%.

This is the financial performance of the company. We feel very optimistic about the business conditions and the business of the company. As we have already said, we are moving towards our goal of becoming a company with 1,000 crore profit in the next 4 to 5 years, and we continue to strive towards that. As I said again, PBT has come to 86 crores, so directionally we are headed there.

EBITDA is up by 13 crores over the previous quarter. If you look at the coming quarters, we feel, as I said, that the business environment is strong. We feel that the OLX growth rates you see will be surpassed in the coming quarters. We believe the growth rate will cross 30-35% in the coming quarters at OLX.

We also believe that the EBITDA of the group will grow similarly. It has grown 20% from Q2 over Q1, and we believe we will have similar sequential EBITDA growth rates from Q2 to Q3. Q3 this year is likely to be our best-ever quarter in almost all our businesses. Obviously, growth is going to be strong over Q2.

As we go ahead, we are very optimistic about the future. As we continue to build a lot of products for the future, our main focus is building technology for all our customers across new cars, OLX, and SAMIL. We have attached a few slides to this presentation. Some of these slides had been discussed in previous analyst meetings. I thought I would stop here, and then we can take questions and answers.

I again want to reiterate the confidence we have in the business environment and the business performance. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Sanchit from Citi Group. Please go ahead.

Sanchit – Citi Group: Hi, am I audible?

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Management: Hi, Sanchit. Good morning. We can hear you.

Sanchit – Citi Group: Hi, thank you, and thanks for taking my question. I have 3 questions, so I will start with my first question.

Standalone revenue growth this quarter was 4% versus, let us say, 18% last quarter. I want to understand how much of an impact seasonality and the GST base effect you mentioned have had, and whether you have a sense that there is a broader slowdown. Are you seeing anything in digital advertising spends from OEMs, or something specific to where they allocated their digital advertising budgets? This is especially in the backdrop of OEMs seeing commodity cost pressures, as we are hearing commentary from them that they are trying to cut back on discretionary spends. Are you seeing any kind of impact from that?

Management: Let me take this one first. We actually think it is a complete base effect. GST was lowered on September 22 last year, and therefore, if you see the second quarter last year, there was 37% growth. The base is high and, obviously, this year we have grown on top of that growth of 37% in this quarter.

As I have already given some guidance, we expect the coming quarter to be the best-ever in the history of the new auto business, which is very likely. Even as I said today, we do not see any real change, but there is a significant base effect from last year.

If you look at the business over the last 2 years, we have more than a 20% CAGR in the business, but there is a base effect from last September, when GST was reduced, affecting our business and the industry itself. If you see the industry growth rate after that, and take it sequentially, it has not been strong. A lot of the growth was concentrated around that September period last year. There has been no real change in the approach of OEMs or in the business as such.

Sanchit – Citi Group: Understood. Thanks, that is quite clear. My second question is on OLX. You highlighted earlier that Elite Buyer is something you have been focused on, and then you have been focusing on product cadence. OLX revenue has been growing at a trajectory of 10 crores a quarter. Should we see an acceleration in this given your product cadence, or should something around these lines continue? I am asking specifically about OLX revenue in the backdrop of product cadence.

Management: The OLX growth rate will get stronger. We already see visibility of it. We had given that guidance earlier in the previous quarters as well. New product development is taking effect, and some of it is producing immediate results, while some of it will take longer.

The growth of existing products also exists. Therefore, the growth rates you see right now will become much stronger in the coming quarter and the quarter after that as well. You are going to see a stronger growth rate in OLX, and it will be higher than 26% in any case.

We strongly believe in new product adoption. We also strongly believe in the growth of existing products, in both areas of OLX. We are very optimistic about the OLX growth rates.

We also announced, as I said, retail initiatives and partnerships with Landmark. We have announced that e-commerce will be coming up in future quarters. Elite Buyer is getting deeper, and the Elite

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Seller product is now live in a large part of our business. All of that is going to contribute to growth in the coming quarters, and you will start seeing this growth rate of 26% being surpassed in the coming quarters as well.

Sanchit – Citi Group: Understood. The final question is on whether you can talk about trends in OEM versus dealer revenue mix, and also new versus used.

Management: There is really not much change in the OEM and dealer mix. It has been pretty [cut off] almost the same as [cut off]

Management: Or, you know, I think 65%, 70%, and the share is about

Anisha: Yes, and then it is

Management: If you take new, across new and new, if you take used, it is pretty much unchanged. There is not much change in new and used either. There is not much change.

Sanchit – Citi Group: Understood. Those were my questions. Thank you.

Management: Thank you.

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

Siddharth Bera – Nomura: Hi, sir. Thanks for the opportunity.

Management: Hi, Siddharth. How are you? Thank you.

Siddharth Bera – Nomura: I am good, sir. Thank you. My first question is on the consumer business again, the standalone business. In the past, if I look at the sequential performance, we have seen slightly more acceleration than this time. Can you call out any other slowdown we have seen on the OE side? Is the fact that the festive season has shifted to Q3 also a reason why growth is slower? How do you see the second half in this business, in the way you have mentioned for OLX? If you could give some colour here as well, it would be helpful.

Management: Sure. Thanks, Sid. One big event last year was game-changing, and great credit goes to the government and the entire automotive industry. I think anybody in automotive saw a massive jump last year. There is a base effect there.

It is also correct that the entire festival season last year ended in October. I think this year it will spill over into November, so it was slightly delayed. You will probably see that effect this quarter. That has also happened.

I would just say that the main reason, as I said, is that there is no real difference in the way OEMs are behaving. Just to tell you, as I said, this October is going to be our best-ever number in the history of the auto business. I am again saying that a lot of this is simply the base effect, which sometimes occurs from the previous year to the current year.

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We do not really see any other major change. In OLX, as I answered earlier, the growth rates are just going to go up. This is just the beginning of this journey. For many quarters, all of you have been asking what these growth rates might be, and the growth rates have started accelerating.

As you heard, revenue has gone up by 10 crores quarter-on-quarter. The nature of these businesses is such that once growth starts, once we have visibility, and once we see the trend, we can give you enough guidance to know that this is just the start of our journey. We are obviously very optimistic about the near term and, of course, the very long term as well, in terms of growth rates and business growth.

The other good thing about these businesses is that when revenue goes up quarter-on-quarter, as you have seen this quarter, Q2 versus Q1, our EBITDA went up by 13 crores. Quarter-on-quarter EBITDA was up 20% across the group. It has been a very strong, solid performance when EBITDA grows 20% quarter-on-quarter.

That is the leverage in the business because costs have not gone up while revenue has increased. If revenue goes up in Q3, which it will, and it is probably going to be our best-ever quarter next quarter, while costs stay where they are, you can see margin expansion. You can see our goal of 40% margins at the group level coming in.

You can see OLX margins going up, CarWale margins going up, and all of that happening. That is the nature of the business, and obviously we feel very optimistic about OLX growth rates coming into Q3 and Q4.

Siddharth Bera – Nomura: Got it, sir. Can you share the breakup of OE, dealer, and new and used for the consumer business for the quarter, if it is handy?

Management: Sure. Anisha, can you answer that?

Anisha: Yes. It is the same ratio that we have followed in the past, Siddharth. About 74% would be OEM in total revenues.

Siddharth Bera – Nomura: I think in the past we used to have around 70%, so it has increased slightly, probably.

Management: Maybe slightly, by 3-4%, perhaps.

Anisha: Yes.

Management: It is also a factor of this period last year.

Siddharth Bera – Nomura: Got it. On the OLX side as well, in the past we did share some more colour on sign-ups among buyers and sellers. Is it possible to share some more insights on how those trended in the last quarter, Q2? Also, regarding your initiatives in other areas such as escrow and financing, which you had discussed, how should we expect the rollout in the second half?

Management: The first thing is the Elite Buyer program, which we also disclosed and which was launched for businesses. We have seen a massive uptake. It has been only about 30 days, but we have seen a massive increase in the number of Elite Buyers per day, as well as in the monetization

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of that program.

This is going to grow further. As I have said earlier, there are 6 times as many buyers as sellers on OLX. Almost a very large percentage of our monetization is seller-directed. This is the first buyer-initiated monetization model, and we see this becoming one of the largest parts of OLX's business going forward. That is the growth potential of OLX on the buyer side.

On the seller side, our monetization and number of paid users go up every day, and that is partly the reason for the growth rates you are seeing. There is very rarely any rate escalation, so the growth you are seeing is mostly due to more customers being acquired, new product launches, or new products for these customers.

Elite Seller has been a massive success in OLX. It is one of our new products for sellers, for businesses and consumers, and it is now becoming a significant part of the seller revenue model.

Apart from that, when you look at new product development, there are multiple initiatives going on. One of the biggest initiatives, apart from Elite Seller and Elite Buyer, is e-commerce.

We are already in the product development stage of building a platform where, if today you want to buy something, as you know, 25% of India's mobile phones sold are sold on OLX. If you want to buy a white good, mobiles, or a car, we are moving more towards a commerce model where you will be able to find it and buy it immediately, with escrow and logistics facilities.

We have already gone deep into the required integrations and partnerships, and we are building technology where required. I do not want to give a date, but in the coming quarters, it is not far away. These services will go live for non-auto products such as mobiles and others, and also for auto, especially cars, through the partnership with Landmark that we discussed earlier.

A lot of the physical operating work is being done by them, while our role will be technology, product, customer, and so on. The Landmark partnership is something we feel very excited about. They are probably the leading dealer group in the country. Along with that, we will look at doing this with other dealer groups as well in the future.

We are very optimistic about commerce through OLX for cars and non-cars. It is a big part of the next 5 years for us, where we try to give more to our existing consumers.

On loans, especially used products and used cars, integrations have started with banks. We are looking at more banks. It is still early days, but it could be very significant for the company 12 months from now.

We spoke about Elite Buyer 1 or 2 quarters ago, and today it is, I think, the same model that applies to loans or something else, or retail. When we start today, we are giving you visibility, but a year later we will be telling you that it is a very significant part of our business.

That is the product creation cycle. We start, and it starts contributing 1, 2, 3, or 4 quarters later. That is where we are.

Siddharth Bera – Nomura: Got it, sir. Thanks for the details.

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Management: It is partly because of all of this, and mostly because of existing products, that we feel the growth rate of OLX will continue to grow. The growth rates, not just the numbers, will continue to improve. This 26% will keep improving because we have visibility from existing products, and of course the new products will contribute in the future.

A lot of the growth we are talking about, even in the next quarter and the quarter after that, is really related to existing products again.

Siddharth Bera – Nomura: Got it, sir. Thanks a lot.

Operator: Thank you. The next question is from the line of Jyoti Singh from Haitong Securities. Please go ahead.

Jyoti Singh – Haitong Securities: Thank you for the opportunity. I have 2 or 3 questions. First, on the share-based expense, which has nearly doubled, are there any new grants, and what is the expected dilution over the next 2 years?

Second, I do not know whether you have mentioned this or not, but other expenses grew 22%, and the half-year growth was around 24%. What is driving that?

My third question is around {? Via Live ?}. When do we expect it to go fully live?

Management: I will take your {? Via Live ?} question first. It is also covered in the presentation that we uploaded, where various aspects of {? Via Live ?} are shown.

{? Via Live ?} is going to be pathbreaking for the company. There are 2 products within {? Via Live ?}. It is a product through which the entire automotive ecosystem gets connected.

The first product is what we call {? Via ?} for Business, or Enterprises, where manufacturers and dealers get to use the product to understand all aspects of their own products and how they perform in the market. It also helps them target users for sales.

The second part of {? Via Live ?} is {? Via ?} for Consumer, which is for someone like you and me. It is going to be the number-one sales agent for any consumer who wants to buy or sell a car or a bike.

If you want to sell your car, you need to upload 5 photographs, and {? Via Live ?} will give you a customer, a price, and a condition report instantly. If you want to buy a car, it will help you compare cars, tell you what other customers think about them, provide pricing, offers, and discounts, and assist you through the entire buying journey.

If you want to buy a used car, it will assess the car, price the car, find the car, and do all of that for you. It is a sales agent at your fingertips as a consumer.

{? Via Live ?} has 2 distinct types of users. It has OEMs and dealers on one side of the product, and consumers on the other side. We are very hopeful that sometime this quarter, as we are already testing it, it will roll out for both OEMs and consumers.

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We also showed analysts a demonstration of this at an earlier analyst meeting. We are very hopeful that sometime in this quarter it will roll out for both OEMs and consumers, and that it will become one of our leading flagship products for cars and bikes across new and used, and across buyers and sellers, in the coming years.

It is a new way of transacting, and it is built completely on intelligence. It is built completely on proprietary data, so it is impossible for someone else to replicate. All the buyers, sellers, vehicles, and our proprietary instances of data and behaviour across all our platforms are synchronized, so that the customer gets the best benefit from all this intelligence.

We are very confident and optimistic about it. Over the next 1, 2, or 3 quarters, I think you will all see this becoming one of the flagship automotive products in the country across OLX, CarWale, BikeWale, and so on.

The second question was share-based payments. The ESOPs are only for management and team members, but the amount is very insignificant. We really do not see any significant dilution for shareholders at any point. If you look at the ESOP cost continuously over the last 5 years, it has been coming down in the company.

At this point, it is a very insignificant part of the total manpower cost of the company, so I do not see

The third question was on other income and other expenses. Anisha, would you like to take that? The other expenses?

Anisha: Sure. Just to clarify, in the past these have been expenses towards technology and licenses that are procured, but they are more fixed in nature. They are not variable.

Management: They are fixed. Fair enough. Okay. Thank you. Thank you.

Operator: Thank you. The next question is from the line of Swapnil from JM Financial. Please go ahead.

Swapnil – JM Financial: Hi. Thanks for the opportunity.

Management: Hi, Swapnil.

Swapnil – JM Financial: I have 3 questions, actually. The first one is on your monthly traffic numbers that you have disclosed. Monthly unique traffic

Management: Traffic, yes, okay.

Swapnil – JM Financial: Yes, which is at 43 million for this quarter. The question is that traffic is down 18% year-on-year and 9% quarter-on-quarter. Is there any particular reason you can highlight for this meaningful slowdown, and is it related to AI becoming more prominent?

The second question is related to your OLX Elite Buyers. We disclosed 1 lakh buyers in July, and there was also a press release saying that on some days you were adding more than 5,000 buyers daily. Is there any update on that number at the end of this quarter?

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The third question is with respect to employee cost. In the OLX business, employee cost has gone up 15-16% quarter-on-quarter, but in the Consumer business it is down 12%. Is there any particular reason why these numbers have changed? Our commentary in the past has been that typical OPEX costs are flat after Q1 for the rest of the year. Thank you.

Management: The first is the traffic question. Compared to last year, we talked about the entire enthusiasm around GST, where multiple people were inquiring or checking prices and the impact of taxes coming down when they wanted to buy a product, a car, or a bike.

The impact of those large numbers of users coming on board meant that traffic last year showed huge growth as well. There is an impact from that.

The second thing, as somebody else also said earlier in the call, is that the season has been postponed this year. What happened in September last year is happening in October this year because the festival season was delayed this year by about 10 days or so. That is another impact relating to September.

We do not really see any impact of AI on genuine users. We also measure lead numbers and other metrics, which are quite stable in the company.

Vinay: The company is what we monetize, right? That is pretty stable in the company, and we do not really see any impact on end users in the company from a traffic standpoint.

Also, if you see, organic traffic has gone to 96%, so we are able to control some of the quality users we want to bring in and manage our marketing costs extremely well. Organic traffic is almost 96% today.

I think these are all the advantages we have in this area. We believe that a large part of the reason traffic is at 76 million versus last year is primarily GST and the change in festival timing to this year. That is the first part.

I am sorry, because of the questions, Swapnil, you asked 3 questions. What was the second one?

Swapnil - JM Financial: The second question was on Elite Buyers. They were at 81,000—

Vinay: Elite Buyers continue to grow. Elite Buyers continue to grow. We had given guidance and said this was the rate. I do not want to comment on further growth rates. Perhaps in the coming quarter we will tell you how these numbers have progressed.

It continues to do well and continues to grow, and these are still early days. I think this is the starting point. It is not, in any stretch of the imagination, going to be stable. It will continue to grow over the next quarter and the quarter after that.

What was the third question?

Swapnil - JM Financial: On the employee cost side. Employee cost in OLX has gone up.

Vinay: OLX costs have gone up slightly, and CarWale costs are slightly down. Primarily, we have looked at our used car business across both companies and tried to invest more in the used car

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business in OLX in terms of costs and management, while trying to bring down slightly the CarWale management and management costs on the used car side.

Both have a common business, and I think that is the effect you might be seeing in terms of one going up and one going down. It is stable. I do not think this will change at all now.

Swapnil – JM Financial: Got it, Vinay. Got it. Just a follow-up on the first question: are you saying that in the next quarter we will possibly see an improvement in traffic and, therefore, more conversion on the revenue side in auto classifieds?

Vinay: We have already given guidance that Q3 will be the best quarter in our history on the automotive side, without doubt. Revenues will probably be the highest-ever in our history in Q3.

It is partly because of the festivities and partly because they have been postponed. We are very optimistic about the new auto business over the next few quarters as well. We feel quite confident about the new auto business.

Swapnil – JM Financial: Got it. Thanks a lot.

Vinay: Thank you. Thanks, Swapnil.

Operator: Thank you. The next question is from the line of Dhiraj Kadam from InCred Equities. Please go ahead.

Dhiraj Kadam – InCred Equities: Hi, Vinay. Congratulations on a great set of results. I had a few questions. First of all, can you shed some light on the intersegmental revenue, which has been a big item in the past 2 quarters?

Vinay: What is the intersegmental revenue? Sorry, you

Dhiraj Kadam – InCred Equities: Yes, the intersegmental revenue elimination between the segments.

Vinay: Anisha, would you like to take this question?

Anisha: I think he is referring to the intercompany segment elimination that we do based on the used car business that is being transferred, or any other related business between the entities. In the last 2 quarters, Q1 and Q2, it has been for the used car business, which is now consolidated.

Dhiraj Kadam – InCred Equities: Okay, sure. Coming to the OLX segment, it has been performing well. Over the past 2 quarters we have witnessed very high growth, mostly on the back of the products launched in Q3 and Q4, including Elite Buyer, Elite Seller, verified buyers, and all of that.

What would be the contribution of these new products compared with total OLX revenue right now? Has it already become 10-15%?

Vinay: It will be a little lower than that. But, to clarify, as I said in the earlier question as well, OLX is growing significantly through the older products we already had, our management of those customers, customer experience in the products we had, and improvements in those products.

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The new products have started to contribute, and Elite Buyer is one of them. But, as I said, a lot of the contribution from new products will come in the future as well.

What we feel most optimistic about is not only the new products, their growth, and their launches, but also the existing business growing. Our first objective is to keep existing businesses growing, and our second objective is to build new products.

The growth rate you are seeing of 26%, and the growth rates that are going to increase over the next quarter and the quarter after that, are largely due to existing products and not just new products. New products will come on top of that.

That is why we feel good about the company and the business, because the old products are also delivering, and we are obviously working heavily on new products so that they contribute in the future as well.

Dhiraj Kadam – InCred Equities: Okay, sure. Great. I wanted some more clarity on the remarketing segment. We have witnessed good growth this quarter, with good growth in revenue and very good growth in EBITDA. Can you shed some light on how many cars we have put up for auction, what the conversion rate is, and what the average revenue per car sold is?

Vinay: I will give a high-level view, and Anisha can give you the numbers. The growth in SAMIL is primarily being driven by the retail business of SAMIL. We have a retail business where individual retail users sell to dealers.

Dhiraj Kadam – InCred Equities: Online auctions.

Vinay: Yes, online auctions. That growth has been very strong. We generally feel very optimistic about the retail business within SAMIL.

Repossessions have also grown, but generally the retail business growth has been stronger. That is one of the reasons you are seeing margin expansion, because our margins are highest in the retail business. You are also seeing retail growth and volume growth.

Anisha, would you like to quickly share the number of vehicles auctioned and the conversions?

Anisha: Yes, Vinay. One second. It is actually in the presentation as well. We had about 1.56 million vehicles listed, of which {? 2.35 ?} were auctioned. These are annualized figures for Q2.

Dhiraj Kadam – InCred Equities: Okay. What is the conversion and revenue per car? Over the past 10 years, we have seen SUVs increase significantly as a percentage of the total car pool. Are we seeing any increase in the selling price of each car as more SUVs become dominant in the auction pool? Are we seeing any tailwind from that?

Vinay: ARPUs are stable. Of course, most vehicles that enter the auction pool through retail tend to be 3-, 4-, or 5-year-old vehicles. In the case of repossessions, the vehicles tend to be newer.

These are more or less a reflection of the market, depending on what comes in. It tends to be a mix of newer and older vehicles.

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Dhiraj Kadam – InCred Equities: Okay, sure. Thank you very much. That will be all from my side.

Vinay: Sure. Thank you.

Operator: Thank you. The next question is from the line of Himanshu Singh from BNP Paribas Mutual Fund. Please go ahead.

Himanshu Singh – BNP Paribas Mutual Fund: Thank you for the opportunity. On the Consumer side, you said the base was high in Q2, but the base was high in Q1 as well, and growth continues to be very good at over 25% in the second half. How do you see the growth rate in the second half for the Consumer business?

Vinay: We feel optimistic about the business and its growth. The base effect was highest in Q2 and somewhat present in early Q3. Clearly, we see very strong numbers in Q3 and Q4 as we move forward in the new auto business.

Himanshu Singh – BNP Paribas Mutual Fund: Okay, sure. On monthly traffic, I was looking at last year, when there was a sudden jump in Q2 from 44 million to 52.5 million, and now we are back close to 43 million. Should we see this jump again because of the festive season, to around 50-53 million?

Vinay: I do not want to give guidance on total traffic, but obviously the festival period will be better than the non-festival period in terms of traffic. Consumer enthusiasm is higher.

As I said, comparing it with previous periods, when the GST reduction and the enthusiasm around it led many people to inquire or check prices, traffic was obviously higher for those reasons. The situation is different at this point in time.

Himanshu Singh – BNP Paribas Mutual Fund: Right. I also see that monetization has improved on the traffic. Has any new product come into the Consumer segment, or has there been any traction in any of the subsegments?

Vinay: There are a number of new products that have been launched and are being launched. We have launched perhaps 6 or 7 new things this month and this quarter as well.

On the new car side, we have also discussed this in earlier meetings. There is a price-check and buy-sure product that was launched earlier in the previous quarter for new auto. There are trade-in agents, loan agents, and many other products coming in this quarter.

The attempt is that, over the next 6 months in the new auto business, buyer leads and buyer-consumer products, which we discussed earlier, will be new auto products coming out this quarter.

There are multiple things we are working on through the product team to bring out new products in the new auto business as well. These enhance your experience as a shopper and your ability to buy a new vehicle, whether a bike or a car.

That investment is continuous. We are building more products today than we ever have in our history. We are launching products at a very high pace, which is partly fuelling all the growth in OLX,

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CarWale, and Shriram Automall.

At this point, we are also heavily focused on building intelligence into our business so that consumers, dealers, and OEMs benefit from all the data we have. This is a continuous effort that is currently under way.

Himanshu Singh – BNP Paribas Mutual Fund: Okay, sure, sir. Thank you.

Vinay: Thank you.

Operator: Thank you. The next question is from the line of Ashutosh Chaubey from ITI Mutual Fund. Please go ahead.

Dhimant Shah – ITI Mutual Fund: Hi.

Vinay: Hi.

Dhimant Shah – ITI Mutual Fund: This is Dhimant Shah from ITI. I have 2 questions on Consumer. Is there a push-pull that can transpire to accelerate growth? If you see that you budgeted for the current year, let us say, 15% growth, and in the half-year you find that it is only 10%, is there a push-pull that you can implement by offering something to the counterparties to further enhance growth?

My second question is regarding {? Vaya ?}. You will have a fixed base of IT expenses. How much can expenses increase solely because of {? Vaya ?}, and by how much could the fixed base of IT expenses therefore increase?

My last question is that you had a tax break and you were able to accumulate a very large cash balance on the balance sheet. What is the potential use of this large cash pool? Can we do a buyback at some stage? Can you provide some clarity on that?

Vinay: The first question was on the Consumer Group. The way we think about Consumer Group growth is: how do we bring more products for consumers, how do we improve existing product performance for our customers, and how do we use that as the fuel for growth?

Whether the customer is a consumer, dealer, or OEM, the best way for us to grow is by giving them more capability and optimizing our product so that they use it more. Bringing in more users every day is our role.

More users come partly because the CarWale and BikeWale products are superior to others, so users find them to be the best places to go. To me, that is the fuel for growth.

When the industry grows, it is better for us. If our pool's growth is better, that is obviously better for us. Sometimes, as happened last year, there are positively abnormal situations where tax is reduced and there is a huge jump.

Those are not normal situations, and we have to accept that new bases are set. If you look at the automotive industry from last September to this year, it has barely grown after September 22. Most of the growth happened during that period, and after that growth has been more or less moderate.

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There was some reporting by FADA that Navratri sales were lower than Navratri sales at the same time last year. That is obvious because there was pent-up demand from the GST reduction.

Our focus, in the short term, medium term, and long term, is that the best way to grow is to build great products for our customers. We spend all our energy, effort, time, and mindshare on that—not just me or our team here, but hundreds and hundreds of engineers, product design people, and product strategy people.

That is what they do. This is how revenue grows, products improve, new products come out, existing products get better, revenue and traffic grow, and [cut off]

Vinay: NPS goes up. The second question was on {? Vaia ?}. We do not see any significant change in {? Vaia ?} technology costs. They are more or less fixed, so we do not see any real change in technology costs with {? Vaia ?} or any of the other products we launch.

We are very sensitive to that. We also understand that you may be referring to whether there could be greater token usage, and so on. We work very hard as a company to optimize token costs and determine where intelligence is used, where our own proprietary data exists and machine learning is used, and where we cache data and incur computing costs.

We are very sensitive to that. We understand that we have to deliver great products in India. We also understand that delivering great products at very low cost is very important in India.

We do not really see any material change in technology costs from {? Vaia ?}. That was the question. I am sorry, I did not get the third question. Can you repeat the third question? I cannot remember.

Dhimant Shah – ITI Mutual Fund: The use of the cash pool.

Vinay: Yes, the use of the cash pool. The good thing about a company like ours is that there is really no capex, there is no significant working capital expense, and almost all the profits we generate go to cash.

That is the great dynamic of a marketplace business, where we keep generating cash every quarter. Ideally, this cash will be used for M&A, if possible. However, M&A opportunities are hard to find.

We have been very good with M&A in the past, but we have not found anything at this point in the last 2 or 3 years. Alternatively, the cash will be distributed back to shareholders in the form of a buyback and dividend, which we have wanted to do.

The tax shelters are actually in OLX and not in the consolidated or standalone group. We still have benefits in the standalone company, and therefore distribution is currently not allowed by regulation through a buyback or dividend.

Dhimant Shah – ITI Mutual Fund: That period will possibly come to a close in the current year, so next year you can use it for a buyback?

Vinay: No, I do not think it will be this year.

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Dhimant Shah – ITI Mutual Fund: Okay.

Vinay: It will not be this year.

Dhimant Shah – ITI Mutual Fund: At least not this year, but perhaps next year?

Vinay: I think this benefit continues for 1 or 2 more years. The tax benefit continues, which is beneficial for the company as well.

Dhimant Shah – ITI Mutual Fund: Sure, sure. Thank you very much.

Vinay: Thank you.

Operator: Thank you. The next question is from the line of Vivek Doshi from Nippon AIF. Please go ahead.

Vivek Doshi – Nippon AIF: Hi, sir. Thanks for the opportunity. I have one question on the Consumer Group. How much of the slowdown in the current quarter for the festival period can we expect to come back in Q3? What would be the growth rate, and how should we think about the growth rate from year-on-year? Do we expect Q3 growth to accelerate year-on-year back to the 16-18% range, or how should we think about growth for the Consumer business from here?

Vinay: I do not want to give guidance around specific growth rates. But we do feel that Q3, as I already told you, has been the best, or probably the best, in our history in the Consumer business. The business is as strong as ever.

There are base effects from September last year, and we have to see how much of that gets covered and how the industry performs over the next 2 or 3 quarters, as you are seeing with all other manufacturers as well.

We are very optimistic about the performance of the business, and we do feel that in the coming quarters you will see better absolute numbers and growth rates than in the past. We are very optimistic about the future. There are base effects from last year, especially in Q2, which you have already seen.

Vivek Doshi – Nippon AIF: Sure, sir. Thank you.

Vinay: Yes.

Operator: Thank you. The next question is from the line of Rohan Nagpal from Helios Capital. Please go ahead.

Rohan Nagpal – Helios Capital: Thanks for taking my question. Am I audible?

Vinay: Yes, we can hear you.

Rohan Nagpal – Helios Capital: I wanted to check on the Consumer business. Is the right way to look at this as a 20% CAGR over a 2-year period to adjust for the base, and is that how you see the business continuing through the remainder of this year?

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Vinay: One way to look at it is to add this 20% CAGR over 2 years. That is specifically in Q2 because the impact of late Q2 last year was very heavy. That is one way to look at it.

As far as we are concerned, we look at the health of the business, what OEMs are doing, what customers are doing, what dealers are doing, how the business is tracking, and how the business metrics are tracking. They are all good.

One way to think about it is that last year was abnormal because of 37% growth in that quarter. That is somewhat abnormal, and you can have a base effect there.

The idea is to keep improving and getting better. Rather than discussing CAGR and 20%, we want to focus on getting absolutely better in the business every day. When these base effects pass, which is the period from September last year to September this year, we will return to our trajectory of growth and improve many other metrics as well.

Rohan Nagpal – Helios Capital: If I look at a 20% CAGR over 2 years, that implies significant sequential acceleration in Q3 as well. I wanted to understand whether that is how one should build the business, or whether a 20% sequential acceleration is too aggressive in your view based on what you are seeing.

Vinay: I do not want to comment on sequential growth for Q3. At this point, the guidance we are giving is that Q3 is going to be the best quarter in our history. That is what we are saying. I do not want to comment on whether it will be sequentially at a particular growth rate. At this point, it would be difficult for me to do so.

Rohan Nagpal – Helios Capital: Fair enough. On the business, in terms of the revenue generated from lead generation, could you provide some colour on whether the increase in revenue we are seeing is coming from volume or realization?

Vinay: Sorry, I did not get the first part. Are you saying that the increase in revenue is coming from the lead-generation business?

Rohan Nagpal – Helios Capital: Yes. In the Consumer business, there is a good amount of revenue that we generate from lead generation. How much of the revenue is from lead generation, and what is the mix between volume growth and realization growth?

Vinay: In our new auto business, growth is allocated to better conversion funnels, better management of users, better conversions for the OEMs, and all of those metrics.

Our revenue is from leads or transactions, but it is mostly associated with that. Regardless of which part of the funnel is involved—whether customers are taking advertisements, leads, which are a very significant part, or transactions, which are also becoming significant—it ultimately comes down to performance-driven metrics.

If you come as a customer, it is about how many cars or bikes you buy from someone. You may come through advertising and contribute, through a lead and contribute, or through a transaction and contribute. It depends on which part of the funnel you, as a consumer, choose to follow.

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Lead generation is the largest component. I do not think there is price escalation, so a lot of this is volume escalation and conversion escalation. It is not really rate escalation.

Rohan Nagpal – Helios Capital: Understood. That is all from my end. Thank you.

Vinay: Thank you.

Operator: Thank you. The next question is from the line of Vimal Jamnadas Gohil from Alchemy Capital Management Private Limited. Please go ahead.

Vimal Jamnadas Gohil – Alchemy Capital Management Private Limited: Part of my question has already been answered. I am sorry to keep returning to the Consumer segment.

Vinay, it does seem—and I apologize for looking at it from a short-term perspective—that next quarter also, if I look at it closely, we reported 86 crores of revenue and we are still below that level.

There are 2 things here. Are we looking to surpass that in the second half? Also, do we see this business returning to 20% growth in the latter half of this year?

Vinay: We are saying that we are very confident of achieving our best-ever number, so we have to surpass that. That is obvious.

There are base effects from last year. It is hard to predict whether we will achieve 20% growth in 1 quarter or 2 quarters because of those base effects.

The company's objective is, of course, to have growth rates like that. In OLX, the growth rates are much higher and best-in-class in the country. Here, we are going through a phase of base effects, but the objective is absolutely to return to best-in-class growth rates in this business as well.

When you have a very strong previous year, as happened in this case with 37% growth in a quarter, the base effects tend to come into play. I think you will see the growth rate return naturally in this business in 1 or 2 quarters.

Vimal Jamnadas Gohil – Alchemy Capital Management Private Limited: Understood. I have one more question on {? Vaia ?}. Would you be able to quantify how much investment we have made to date in this particular new product or offering?

Vinay: I will be honest with you: the costs are not significant. I will tell you why. First, a lot of {? Vaia ?} is built on AI code. Second, it is built on proprietary data.

We do not buy data or use LLM data. If you use LLM data or LLM data sources, you will incur significant token costs. We do not do that. We use only proprietary data.

A lot of what we are building here therefore does not involve significant cost. It is not material, as I said. It is a very revolutionary product, but it is not built on cost. The strength of a business like ours, and our ability to build the best sales agent or different products like this, comes from the data we carry.

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We have billions of consumers on the new car side, millions of consumers on the used car side in OLX, and millions of sellers on both CarWale and OLX, across cars and bikes.

When you have that kind of data and the instances of that data, including all vehicle data, the largest listings in the country or a very strong percentage of listings in the country, all vehicles in the country, manufacturers tied up, OEMs tied up, and banks tied up, that data helps us provide products like this.

It is not built on cost. It is built on the capability to build intelligence around that data.

Vimal Jamnadas Gohil – Alchemy Capital Management Private Limited: Understood.

Vinay: It is not material. It is not material, as I said.

Vimal Jamnadas Gohil – Alchemy Capital Management Private Limited: Understood. Thanks, Vinay. Thanks a lot. All the best.

Vinay: Thank you.

Operator: Thank you. The next question is from the line of Sanjay {? Nedwewala ?} Shah from {? Tanishta ?}. Please go ahead.

Sanjay {? Nedwewala ?} Shah – {? Tanishta ?}: Thank you. I hope you can hear me, Vinay.

Vinay: Yes, we can hear you. Thank you.

Sanjay {? Nedwewala ?} Shah – {? Tanishta ?}: Thank you. I have 2 questions. The first is for the Consumer marketing group. Can you comment on the trend we are seeing with respect to the offline versus online spend of OEMs? Within online spend, what kind of trend are you seeing for classifieds such as ourselves versus others? That is one question. Should I ask the second question later?

Vinay: The first question is about the offline and online spend of OEMs. What was the second question?

Sanjay {? Nedwewala ?} Shah – {? Tanishta ?}: The second question is about tie-ups such as the one we have for OLX with Landmark. Is there any financial investment or any share of the car purchases in which we also have to participate, or is it just a technology and platform contribution from our perspective?

Vinay: The first part is that there has been no real shift in OEM online or digital conversion of spending. In fact, there has been a trend over the last few years of digital spending increasing for OEMs, while offline spending is being measured more carefully.

That is because online spending provides a more performance-based objective for them. If you look at the Consumer Group's growth over the last 5 years, it has been almost 26% CAGR, and that reflects the direction in which OEMs have moved.

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Digital platforms like ours still account for about 18–20% of total spending. As I said, we have outpaced overall market growth in terms of these spends.

We see this trend continuing over the next 2 or 3 years. We see online digital spending increasing. If an OEM had to sell a car or a bike, I think the number-one place it would come to is CarWale. If an OEM had to build a product brand from scratch, it might use television or YouTube.

Therefore, there is a distinct difference in how OEMs and dealers think about their spending. We feel there is a huge trend towards digital spending across OEMs and dealers, and that trend will continue for a long time.

In most countries, digital spending is at 40%, 50%, or 60%. India is still at an early stage of that trend.

Regarding Landmark, we are very enthusiastic about the arrangement. For many years, analysts and the analyst community have asked whether we are building a full-stack model in which we buy cars and sell cars.

We have always said that we are a marketplace like Amazon, where all dealers and all stakeholders can participate, whether they are buyers, sellers, banks, or others. That is what CarWale and OLX provide: a huge marketplace where 65% of all cars listed, and also 65% of all cars sold in India, are listed for sale.

We also considered how to provide a curated marketplace within CarWale or OLX. One way would have been a full-stack model, where we buy cars ourselves, fix them, keep them, house them, sell them, and do all of that.

The second way was to partner with large groups. We chose the second route because our strengths are in product, technology, and customers. We believe groups like Landmark are very good at physical storage and [inaudible]

Management: Buying physical auctions, selling, and all of that. We said, let them handle the operating and physical requirements, and let us handle the technology, product, and customer side. That is how these partnerships are formed.

With Landmark, we are working out whether, based on our margin structure, we should invest some portion of the working capital. That depends on how much margin we want to share. Those equations are being worked out as we move forward.

Sanjay {? Nedwewala ?} Shah – {? Tanishta ?}: Understood. Thank you.

Management: No, thank you very much.

Management: Thank you. Thank you. Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Ms. Sayali Ambre for closing comments. Over to you.

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Sayali Ambre: I would like to thank the management for taking the time for the conference call today, and I would also like to thank all the participants. If you have any queries, please feel free to contact us. Thank you so much.

Management: Thanks, everybody.

Management: Thank you.

Management: Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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