

# CarTrade Tech | BUY

## Near-term guidance enabling sustained upmove

CarTrade has seen a strong uptick since posting a reputable 2QFY25 result with the stock up 40%+ since result day. While increasing understanding of the company's business models and their growth drivers along with the operating leverage story justifies the uptick, it has caught further strength with the company twice sharing guidance on 3QFY25 – **30% YoY growth in Consumer group** and **25-30% PAT growth sequentially**. While PAT growth guidance was in line with JMFe, 30% growth in New Auto considering the relatively muted auto sales environment was a positive surprise. We expect these to drive sharp upgrades in consensus estimates. Furthermore, considering rising credibility of robust growth along with margin expansion, we upgrade multiples for New Auto and OLX segment to 30x FY27E EV/EBITDA. Consequently, we reiterate our 'BUY' rating with Mar'26 TP of INR 1,655.

- New Auto revenue increased marginally:** Considering the 30% YoY revenue growth guidance for 3QFY25, we raise FY25 revenue by 1.2% with operating leverage enabling 3.6% jump in reported EBITDA. Furthermore, traffic data ([Ex 1](#)) suggests that Carwale has incrementally gained market share and has taken a lead over CarDekho to become the dominant new auto portal in the country. CarDekho also has Zigwheels, 3<sup>rd</sup> largest new auto portal by traffic, and hence remains larger in terms of revenue. This market share shift is even more evident when we compare Bikewale (3x larger) with BikeDekho ([Ex 2](#)).
- OLX growth lowered as initiatives will take longer to show results:** OLX CEO, Amit Kumar, is leaving the company and OLX's Auto and Non-Auto Heads are expected to report directly to Mr. Vinay Sanghi going ahead. With management realignment happening simultaneously as CarTrade looks to cautiously incorporate strategic initiatives, we believe the results could take a bit longer to show up in numbers. Hence, we reduce OLX revenue by 2.1% in FY25 with EBITDA margins also lowered by 150bps.
- Multiple opportunities to plug revenue leakage at OLX:** Classifieds platforms across geographies have always struggled to monetise their traffic and user base with OLX India being no exception. This is driven by issues such as 1) consolidated user base restricting price hikes, 2) buyers and sellers establishing direct connect to bypass the platform, 3) inability to implement differential pricing by geographies and ticket size, and 4) availability of multiple platforms willing to undercut on pricing. Interestingly, we understand that the company has already figured out a few leaks and is gradually working on plugging them, which would drive topline growth without any major incremental investments.
- Multiple upgrade for New Auto and OLX segment, TP raised to INR 1,655:** We have reiterated previously that CarTrade is a strong re-rating story as more investor conviction gets established with sustained number delivery. Hence, we raise FY27E EV/EBITDA multiple for New Auto as well as OLX segment to 30x considering high-teens growth expectations for a sustained period and steady state EBITDA margins in 45-50% range. We value CarTrade using SoTP-based valuation on FY27E EV/EBITDA multiple for the 3 segments resulting in Mar'26 TP of INR 1,655, implying 14% upside.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,655
Upside/(Downside)	14.0%
Previous Price Target	1,225
Change	35.1%

### Key Data – CARTRADE IN

Current Market Price	INR1,452
Market cap (bn)	INR68.7/US\$0.8
Free Float	100%
Shares in issue (mn)	46.9
Diluted share (mn)	50.9
3-mon avg daily val (mn)	INR501.3/US\$5.9
52-week range	1,498/622
Sensex/Nifty	81,709/24,678
INR/US\$	84.7

### Price Performance

%	1M	6M	12M
Absolute	21.9	87.6	101.2
Relative*	20.0	72.4	71.5

\* To the BSE Sensex

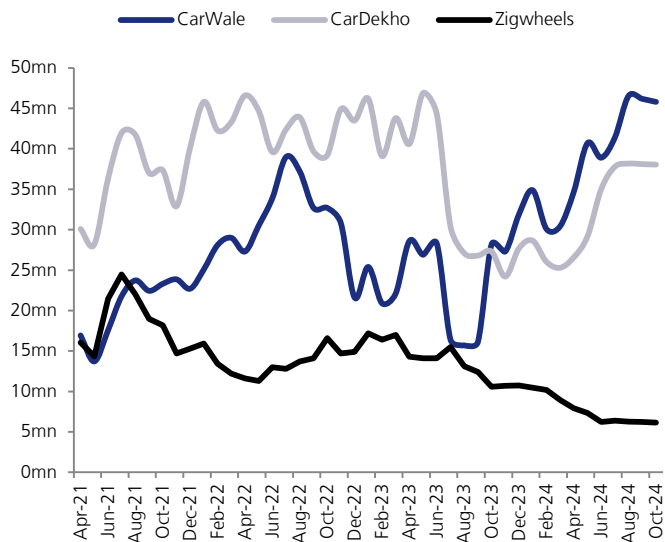
Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	3,637	4,899	6,452	7,692	9,118
Sales Growth (%)	16.3	34.7	31.7	19.2	18.5
EBITDA	330	793	1,414	2,055	2,829
EBITDA Margin (%)	9.1	16.2	21.9	26.7	31.0
Adjusted Net Profit	340	143	1,288	1,799	2,378
Diluted EPS (INR)	6.7	2.8	25.3	35.3	46.7
Diluted EPS Growth (%)	0.0	-58.1	800.7	39.6	32.2
ROIC (%)	0.2	2.5	5.1	7.6	10.4
ROE (%)	1.7	0.7	6.0	7.7	9.3
P/E (x)	216.5	516.7	57.4	41.1	31.1
P/B (x)	3.3	3.3	3.1	2.8	2.5
EV/EBITDA (x)	181.1	80.9	44.6	29.7	20.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 06/Dec/2024

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

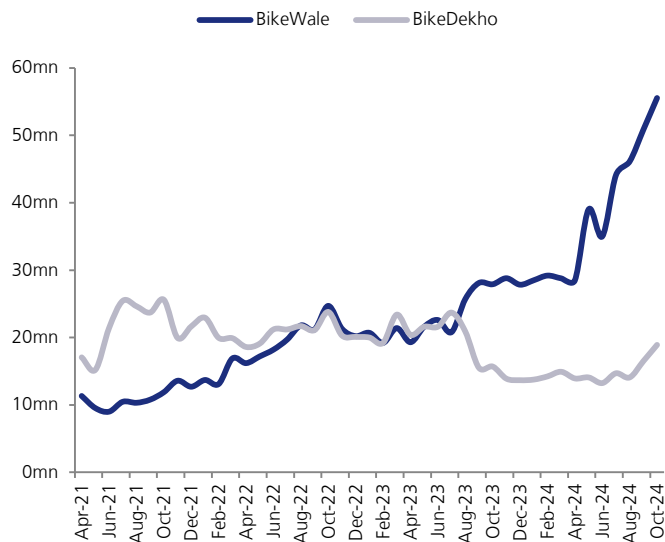
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Exhibit 1. CarWale monthly visits have moved from being on par with Zigwheels in Apr'21 to being equal to CarDekho plus Zigwheels in Oct'24**



Source: Similarweb, JM Financial

**Exhibit 2. BikeWale and BikeDekho have seen starkly different trajectories since Agu'23 with BikeWale becoming significantly larger over time**



Source: Similarweb, JM Financial

**Exhibit 3. PV wholesale and retail sales trends**



Source: SIAM, FADA, JM Financial

**Exhibit 4. 2W wholesale and retail sales trends**



Source: SIAM, FADA, JM Financial

## Exhibit 5. Valuation comps

Company	MCap (USD bn)	EV (USD bn)	EV / Revenue (x)			Rev CAGR	EV / EBITDA (x)			EBIT CAGR	P / E (x)			EPS CAGR
			CY24E	CY25E	CY26E		CY24E	CY25E	CY26E		CY24E	CY25E	CY26E	
Cartrade Tech	0.8	0.7	9.4x	7.9x	6.7x	19%	43.0x	29.6x	21.5x	41%	54.6x	39.1x	29.6x	36%
<b>Auto Classifieds</b>														
Auto Home	3.5	0.1	0.3x	0.3x	0.3x	0%	1.0x	0.9x	0.9x	3%	12.6x	12.3x	11.6x	4%
Carguru	3.9	3.9	6.0x	6.0x	6.0x	0%	15.8x	13.9x	12.4x	13%	0.3x	0.3x	0.2x	15%
Carsales	10.2	11.0	14.7x	13.0x	11.6x	13%	27.4x	24.7x	21.0x	14%	43.9x	38.3x	32.7x	16%
Auto Trader	9.5	9.4	12.4x	11.3x	10.6x	8%	18.6x	17.0x	15.4x	10%	26.2x	23.7x	21.3x	11%
<b>B2B Auctions</b>														
KAR Auction Services	2.1	3.0	1.7x	1.7x	1.5x	6%	10.2x	9.4x	8.5x	10%	23.9x	20.9x	16.1x	22%
Copart	59.8	56.2	12.7x	11.6x	10.4x	10%	30.9x	27.3x	24.1x	13%	41.9x	38.0x	33.8x	11%
Ritchie Bros	17.9	22.0	5.2x	5.0x	4.8x	5%	17.5x	16.7x	15.4x	7%	29.2x	26.4x	23.6x	11%
ACV Auctions	3.9	3.8	5.9x	4.8x	3.7x	26%	144.6x	45.7x	20.2x	167%	406.5x	117.0x	30.6x	265%
<b>India Internet</b>														
Nykaa	5.8	5.9	6.2x	4.7x	3.7x	30%	96.5x	56.2x	36.2x	63%	356.9x	132.4x	69.6x	126%
Zomato	30.3	30.2	12.8x	9.2x	7.3x	32%	239.7x	103.5x	63.7x	94%	236.2x	98.3x	67.0x	88%
Policybazaar	10.4	10.4	17.9x	14.1x	11.3x	26%	796.0x	151.2x	81.8x	212%	282.6x	129.6x	83.0x	85%
Paytm	6.8	5.8	6.7x	7.3x	6.7x	0%	nm	nm	181.3x	nm	nm	nm	99.4x	nm
Easy Trip Planner	0.7	0.7	9.5x	8.5x	7.4x	13%	23.7x	20.2x	16.5x	20%	35.2x	29.1x	24.0x	21%
Makemytrip	12.6	12.1	13.0x	10.7x	8.8x	21%	69.4x	62.3x	46.1x	23%	75.5x	65.5x	54.0x	18%
Affle	2.9	2.8	10.9x	9.0x	7.5x	21%	53.4x	41.3x	32.5x	28%	67.2x	53.6x	41.6x	27%
Nazara	0.9	0.9	6.0x	4.6x	3.9x	25%	74.4x	36.3x	30.7x	56%	92.5x	70.5x	64.6x	20%
IRCTC	7.8	7.5	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Info Edge	13.0	13.0	41.1x	35.7x	30.5x	16%	100.1x	83.4x	67.7x	22%	132.7x	95.2x	77.1x	31%
Indiamart Intermesh	1.7	1.4	8.4x	7.6x	6.9x	11%	23.9x	22.1x	20.9x	7%	31.0x	28.8x	26.6x	8%
Justdial	1.1	0.6	4.2x	3.8x	3.4x	12%	14.6x	12.5x	10.8x	16%	16.5x	17.0x	14.9x	5%
<b>Mean - Auto Classifieds</b>			<b>8.3x</b>	<b>7.6x</b>	<b>7.1x</b>	<b>5.3%</b>	<b>15.7x</b>	<b>14.1x</b>	<b>12.4x</b>	<b>10.1%</b>	<b>20.7x</b>	<b>18.7x</b>	<b>16.5x</b>	<b>11.5%</b>
<b>Mean - B2B Auctions</b>			<b>6.4x</b>	<b>5.8x</b>	<b>5.1x</b>	<b>11.7%</b>	<b>50.8x</b>	<b>24.8x</b>	<b>17.1x</b>	<b>49.3%</b>	<b>125.4x</b>	<b>50.6x</b>	<b>26.0x</b>	<b>77.3%</b>
<b>Mean - India Internet</b>			<b>12.4x</b>	<b>10.5x</b>	<b>8.9x</b>	<b>18.8%</b>	<b>149.2x</b>	<b>58.9x</b>	<b>53.5x</b>	<b>54.0%</b>	<b>132.6x</b>	<b>72.0x</b>	<b>56.5x</b>	<b>42.9%</b>

Source: Bloomberg, JM Financial

Maintain BUY; TP raised to INR 1,655

Exhibit 6. Valuation maths

	Revenue	EBITDA	Valuation
Website Services (Classifieds) - FY26	2.6	1.2	
<b>Target EV/EBITDA multiple</b>		<b>30.0x</b>	37.4
Commission Income (B2B) - FY26	2.6	0.6	
<b>Target EV/EBITDA multiple</b>		<b>14.0x</b>	4.7
OLX Classifieds – FY26	3.0	1.0	
<b>Target EV/EBITDA multiple</b>		<b>30.0x</b>	29.3
<b>Implied Enterprise value (INR bn) on TP date</b>			<b>71.4</b>
Net Debt (INR bn) on TP Date			-12.9
<b>Market value (INR bn) on TP date</b>			<b>84.4</b>
Diluted equity shares (mn)			51.0
<b>1-year forward target price</b>			<b>1,655</b>

Source: Company, JM Financial

Exhibit 7. Marginal revenue increases with profitability margins expected to track better

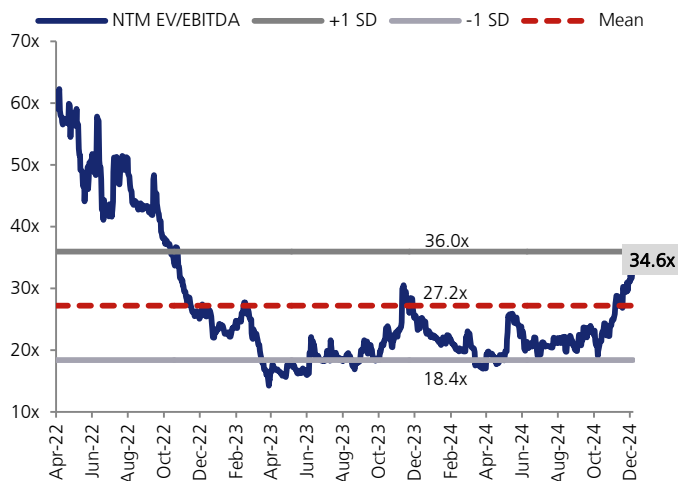
	Old					New					Change				
	FY25E	FY26E	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E
Consolidated revenue (INR mn)	6,468	7,674	9,074	10,627	12,323	6,452	7,692	9,118	10,723	12,479	-0.2%	0.2%	0.5%	0.9%	1.3%
Revenue growth rate (YoY)	32.0%	18.7%	18.2%	17.1%	16.0%	31.7%	19.2%	18.5%	17.6%	16.4%	-33bp	57bp	30bp	49bp	41bp
EBITDA (INR mn)	1,415	2,022	2,757	3,599	4,526	1,414	2,055	2,829	3,729	4,722	0.0%	1.6%	2.6%	3.6%	4.3%
EBITDA Margin	21.9%	26.3%	30.4%	33.9%	36.7%	21.9%	26.7%	31.0%	34.8%	37.8%	4bp	37bp	64bp	91bp	111bp
EBIT (INR mn)	1,008	1,620	2,333	3,144	4,033	1,027	1,672	2,423	3,292	4,246	1.9%	3.2%	3.9%	4.7%	5.3%
EPS - Basic	27.11	37.19	48.76	63.84	80.85	27.48	38.36	50.71	66.99	85.34	1.4%	3.2%	4.0%	4.9%	5.6%

Source: Company, JM Financial

Key Risks

- **Key upside risks** to our price target are: (1) sooner than expected reversal in remarketing business with sharp rise in retail channel; (2) faster than expected growth in New Auto and OLX with strong operating leverage; (3) any accretive acquisition not currently priced in; and (4) foray into a larger revenue opportunity such as new auto transactions.
- **Key downside risks** are: (1) market share loss in new auto advertising to newer formats; (2) any after-effects of product and tech expense integration causing margin losses; (3) sustained pressure in repossessions; and (4) any mistakes in capital allocation (stock got beaten when rumours of GoMechanic acquisition were floated).

Exhibit 8. NTM EV/EBITDA



Source: JM Financial, Bloomberg

Exhibit 9. NTM PER



Source: JM Financial, Bloomberg

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	3,637	4,899	6,452	7,692	9,118	
Sales Growth	16.3%	34.7%	31.7%	19.2%	18.5%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>3,637</b>	<b>4,899</b>	<b>6,452</b>	<b>7,692</b>	<b>9,118</b>	
Cost of Goods Sold/Op. Exp	65	0	0	0	0	
Personnel Cost	2,053	2,461	2,891	3,221	3,584	
Other Expenses	1,190	1,646	2,147	2,416	2,706	
<b>EBITDA</b>	<b>330</b>	<b>793</b>	<b>1,414</b>	<b>2,055</b>	<b>2,829</b>	
EBITDA Margin	9.1%	16.2%	21.9%	26.7%	31.0%	
EBITDA Growth	0.0%	140.4%	78.3%	45.3%	37.6%	
Depn. & Amort.	287	374	387	383	406	
EBIT	43	419	1,027	1,672	2,423	
Other Income	640	654	734	883	1,057	
Finance Cost	77	92	106	129	149	
PBT before Excep. & Forex	606	980	1,655	2,426	3,331	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	606	980	1,655	2,426	3,331	
Taxes	201	159	276	528	838	
Extraordinary Inc./Loss(-)	0	-622	0	0	0	
Assoc. Profit/Min. Int.(-)	64	57	90	99	115	
Reported Net Profit	340	143	1,288	1,799	2,378	
<b>Adjusted Net Profit</b>	<b>340</b>	<b>143</b>	<b>1,288</b>	<b>1,799</b>	<b>2,378</b>	
Net Margin	9.3%	2.9%	20.0%	23.4%	26.1%	
Diluted Share Cap. (mn)	50.7	50.9	50.9	50.9	50.9	
<b>Diluted EPS (INR)</b>	<b>6.7</b>	<b>2.8</b>	<b>25.3</b>	<b>35.3</b>	<b>46.7</b>	
Diluted EPS Growth	0.0%	-58.1%	800.7%	39.6%	32.2%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	606	359	1,655	2,426	3,331	
Depn. & Amort.	287	390	387	383	406	
Net Interest Exp. / Inc. (-)	-36	-69	-627	-754	-909	
Inc (-) / Dec in WCap.	-147	-99	-370	-156	-301	
Others	-206	-282	244	253	262	
Taxes Paid	-23	-140	-276	-528	-838	
<b>Operating Cash Flow</b>	<b>482</b>	<b>159</b>	<b>1,012</b>	<b>1,624</b>	<b>1,951</b>	
Capex	-71	-28	-127	-71	-132	
Free Cash Flow	411	131	885	1,553	1,819	
Inc (-) / Dec in Investments	-136	4,042	0	0	0	
Others	42	-5,116	627	754	909	
<b>Investing Cash Flow</b>	<b>-166</b>	<b>-1,101</b>	<b>500</b>	<b>683</b>	<b>776</b>	
Inc / Dec (-) in Capital	37	2	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	0	0	308	256	290	
Others	-428	-331	-352	-250	-364	
<b>Financing Cash Flow</b>	<b>-391</b>	<b>-329</b>	<b>-44</b>	<b>6</b>	<b>-74</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-75</b>	<b>-1,272</b>	<b>1,468</b>	<b>2,314</b>	<b>2,654</b>	
Opening Cash Balance	353	2,267	995	2,463	4,776	
Closing Cash Balance	279	995	2,463	4,776	7,430	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	20,434	20,700	22,232	24,284	26,924	
Share Capital	468	469	469	469	469	
Reserves & Surplus	20,434	20,700	22,232	24,284	26,924	
Preference Share Capital	0	0	0	0	0	
Minority Interest	790	869	959	1,058	1,173	
Total Loans	864	1,125	1,433	1,689	1,979	
Def. Tax Liab. / Assets (-)	-581	-559	-559	-559	-559	
<b>Total - Equity &amp; Liab.</b>	<b>21,508</b>	<b>22,134</b>	<b>24,065</b>	<b>26,472</b>	<b>29,518</b>	
Net Fixed Assets	10,422	14,891	14,983	14,921	15,012	
Gross Fixed Assets	1,654	1,976	2,216	2,300	2,542	
Intangible Assets	9,103	13,301	13,216	13,132	13,051	
Less: Depn. & Amort.	335	385	448	512	581	
Capital WIP	0	0	0	0	0	
Investments	9,854	5,100	5,100	5,100	5,100	
Current Assets	2,576	4,548	6,924	9,897	13,352	
Inventories	0	0	0	0	0	
Sundry Debtors	516	733	876	1,000	1,174	
Cash & Bank Balances	279	995	2,463	4,776	7,430	
Loans & Advances	33	0	0	0	0	
Other Current Assets	1,749	2,821	3,585	4,121	4,748	
Current Liab. & Prov.	1,344	2,404	2,942	3,446	3,946	
Current Liabilities	216	348	341	433	433	
Provisions & Others	1,128	2,057	2,602	3,013	3,513	
Net Current Assets	1,232	2,144	3,982	6,451	9,406	
<b>Total - Assets</b>	<b>21,508</b>	<b>22,134</b>	<b>24,065</b>	<b>26,472</b>	<b>29,518</b>	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin		9.3%	2.9%	20.0%	23.4%	26.1%
Asset Turnover (x)		0.2	0.2	0.3	0.3	0.3
Leverage Factor (x)		1.1	1.1	1.1	1.1	1.1
RoE		1.7%	0.7%	6.0%	7.7%	9.3%

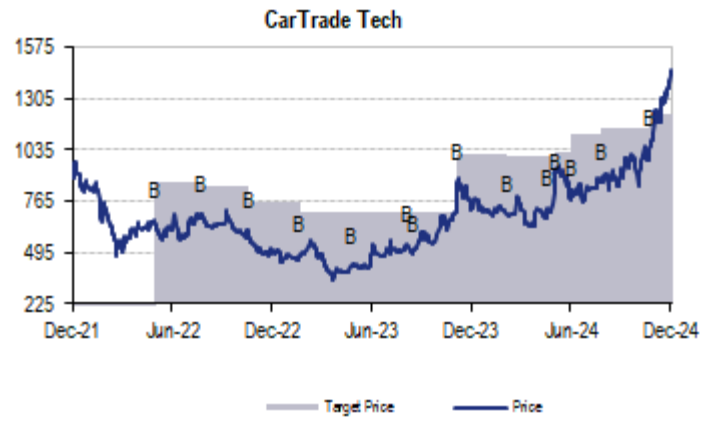
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)		437.6	441.4	474.2	517.9	574.2
ROIC		0.2%	2.5%	5.1%	7.6%	10.4%
ROE		1.7%	0.7%	6.0%	7.7%	9.3%
Net Debt/Equity (x)		-0.5	-0.2	-0.3	-0.3	-0.4
P/E (x)		216.5	516.7	57.4	41.1	31.1
P/B (x)		3.3	3.3	3.1	2.8	2.5
EV/EBITDA (x)		181.1	80.9	44.6	29.7	20.8
EV/Sales (x)		16.4	13.1	9.8	7.9	6.5
Debtor days		52	55	50	47	47
Inventory days		0	0	0	0	0
Creditor days		24	31	25	28	25

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
5-May-22	Buy	860	
30-Jul-22	Buy	840	-2.3
23-Oct-22	Buy	760	-9.5
25-Jan-23	Buy	710	-6.6
28-Apr-23	Buy	710	0.0
10-Aug-23	Buy	710	0.0
21-Aug-23	Buy	710	0.0
10-Nov-23	Buy	1,010	42.3
8-Feb-24	Buy	1,000	-1.0
24-Apr-24	Buy	1,000	0.0
6-May-24	Buy	1,020	2.0
6-Jun-24	Buy	1,120	9.8
30-Jul-24	Buy	1,150	2.7
28-Oct-24	Buy	1,225	6.5

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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