

CarTrade Tech | REDUCE

Media reports suggesting acquisition of CarDekho

As per [media reports](#), CarTrade is in advanced stages of acquiring CarDekho. If it goes through, this could create the country's largest auto-tech platform with almost a monopolistic position across New Auto as well as Used Auto. CarDekho group currently houses New Auto and Ruppy (Lending platform for auto loans) as fully owned businesses along with majority ownership of InsuranceDekho and OTO (Southeast Asia business). Considering the size of CarDekho group (last valuation of USD 1.2bn) and minimal overlap with CarTrade's business segments, we believe any acquisition would only include the fully owned New Auto business. Furthermore, as per our maths in [Exhibit 1](#), it is likely to command a valuation of INR 61bn+ and a deal closure below this would make it highly accretive for CarTrade shareholders.

- **What is likely to be acquired?:** CarDekho has business presence in New Auto via CarDekho, Zigwheels, BikeDekho and Powerdrift. Across these platforms, our industry connects suggest the company did a revenue of c.INR 3bn at 33% EBITDA margin in FY25. While CarDekho portal used to be the largest India auto portal by traffic, it has conceded the position to Carwale over the past few years and hence could also be losing revenue market share. CarTrade management did highlight the market share gains over the recent earnings call. We believe CarDekho to still be larger than CarTrade's New Auto segment in FY26 even after assuming 20% lower growth and generate similar absolute EBITDA without assuming any margin expansion.
- **Why would the deal happen?:** From CarTrade's perspective, we find the rationale to be simple – opportunity to create an even larger auto-tech platform and gain substantial revenue with significant cost synergies. From CarDekho's perspective, this deal might make sense considering the immediate liquidity it provides to its shareholders. With the first institutional fundraise happening in 2013 followed by larger rounds in 2015 and 2019, there could be a certain pressure to generate liquidity for [existing investors](#). While the company did [finalise IPO bankers](#) early this year, we have not seen any further updates considering DRHP filing was anticipated in 1H25. This could enable the needed liquidity to these early investors.
- **How will the deal happen?:** As highlighted in [Exhibit 1](#), we anticipate any acquisition of CarDekho's New Auto business to require c. INR 61bn. Considering CarTrade currently has INR 10.8bn in cash on balance sheet, we believe this acquisition would require additional fundraise. There also remains the possibility of a debt raise considering the high cash generation that the acquired entity is likely to deliver. However, the acquisition would still be a mix of cash and share swap considering the large size of the transaction. Having an equity component could also be attractive for CarDekho's shareholders as they might be leaving money on the table if the transaction goes through for an amount lower than INR 61bn.
- **What it means for CarTrade's business operations?:** Our estimates suggest the two leading vertical platforms garner 18-20% market share of Indian Auto's digital advertising pool. Furthermore, a combined CarTrade and CarDekho could substantially enhance the pricing power that the two platforms could exercise individually. However, the consolidated nature of New Auto industry in India where a few OEMs account for a disproportionate market share could still make any price hikes tougher to execute. We still remain positive considering the demand-starved nature of Indian Auto and vertical platforms remaining one of the most efficient sources of demand generation.



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Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	REDUCE
Current Price Target (12M)	2,820
Upside/(Downside)	-5.1%
Previous Price Target	2,820
Change	0.0%

Key Data – CARTRADE IN

Current Market Price	INR2,970
Market cap (bn)	INR141.9/US\$1.6
Free Float	100%
Shares in issue (mn)	47.6
Diluted share (mn)	51.1
3-mon avg daily val (mn)	INR1,421.6/US\$16.0
52-week range	3,182/1,161
Sensex/Nifty	83,535/25,574
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	21.5	86.2	139.8
Relative*	20.0	77.1	128.2

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	4,899	6,411	7,787	9,177	10,729
Sales Growth (%)	34.7	30.9	21.5	17.8	16.9
EBITDA	793	1,505	2,448	3,361	4,401
EBITDA Margin (%)	16.2	23.5	31.4	36.6	41.0
Adjusted Net Profit	143	1,347	2,292	3,011	3,872
Diluted EPS (INR)	2.8	26.4	44.9	58.9	75.8
Diluted EPS Growth (%)	-58.1	837.7	70.3	31.3	28.6
ROIC (%)	2.5	5.5	9.2	12.5	16.1
ROE (%)	0.7	6.3	9.8	11.5	13.0
P/E (x)	1,056.9	112.7	66.2	50.4	39.2
P/B (x)	6.7	6.3	5.7	5.1	4.4
EV/EBITDA (x)	174.6	91.7	55.5	39.7	29.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 10/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

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

- **What it means for CarTrade's shareholders?:** While CarTrade has seen a strong stock performance in 2025, we believe this acquisition at an attractive valuation could drive substantial accretion on earnings despite the likely dilution it entails. Assuming an acquisition value of INR 61bn and the fact that it is at c.25% discount to the multiples being reflected at CMP, CarTrade shareholders could be looking at INR 20bn of value creation immediately upon acquisition without even assuming and revenue or cost synergies.

Exhibit 1. Potential valuation for CarDekho acquisition			
Particulars (All numbers are in INR million unless specified)	FY25E	FY26E	Comments
CarDekho Financials			
Revenue	3,000	3,719	JMFe; FY25E - Media reports
Growth rate		24.0%	JMFe - Assuming 20% lower growth rate vs. CarTrade FY26 growth rate
EBITDA Margin	33.0%	33.0%	JMFe; FY25E - Media reports; assuming flattish margins for FY26
EBITDA	990	1,227	Calculated
Valuation maths			
CarTrade CMP (INR)		2,970	
Market Cap [A]		141,950	
Net Debt [B]		-10,800	Company
Remarketing EV [C]		8,829	JMFe
OLX EV [D]		43,049	JMFe
CarTrade New Auto EV [E = A + B - C - D]		79,272	Calculated
Implied EV/ EBITDA for New Auto on FY26E		66.0x	Calculated
Assuming 25% discount for target multiple for CarDekho		49.5x	Assumed
Potential Valuation		60,752	

Source: Media reports, Company, JM Financial estimates

Exhibit 2. Shareholding structure over the years				
Date	Mar-15	Mar-20	Mar-21	Apr-25
Shareholders Name	% Shareholding			
Amit Jain (Founder)	25.30%	14.90%	14.90%	12.80%
Anurag Jain (Founder)	25.30%	13.80%	13.80%	11.80%
Sequoia Capital	27.20%	37.10%	37.10%	33.50%
Hillhouse Capital Group	10.40%	10.40%	10.40%	8.90%
Advent International		5.20%	5.20%	6.20%
Ping An		4.10%	4.10%	3.50%
LeapFrog Investments				3.50%
CapitalG		3.60%	3.60%	3.10%
Canyon Partners				1.70%
KMK Online		1.50%	1.50%	1.30%
Franklin Templeton India				0.90%
Mirae Asset Capital Markets				1.30%
Times Internet		2.00%	2.00%	1.70%
Axis Bank		1.60%	1.60%	1.40%
Others	11.80%	5.80%	5.80%	8.40%

Source: Traxcn, JM Financial. Note: Latest shareholding structure is available as of April, 2025.

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	4,899	6,411	7,787	9,177	10,729
Sales Growth	34.7%	30.9%	21.5%	17.8%	16.9%
Other Operating Income	0	0	0	0	0
Total Revenue	4,899	6,411	7,787	9,177	10,729
Cost of Goods Sold/Op. Exp	0	0	0	0	0
Personnel Cost	2,461	2,844	3,102	3,378	3,674
Other Expenses	1,646	2,062	2,237	2,437	2,653
EBITDA	793	1,505	2,448	3,361	4,401
EBITDA Margin	16.2%	23.5%	31.4%	36.6%	41.0%
EBITDA Growth	140.4%	89.8%	62.6%	37.3%	30.9%
Depn. & Amort.	374	409	395	423	452
EBIT	419	1,097	2,053	2,939	3,949
Other Income	654	699	1,137	1,356	1,614
Finance Cost	92	115	122	146	163
PBT before Excep. & Forex	980	1,680	3,068	4,149	5,400
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	980	1,680	3,068	4,149	5,400
Taxes	159	231	602	903	1,231
Extraordinary Inc./Loss(-)	-622	3	0	0	0
Assoc. Profit/Min. Int.(-)	57	106	174	235	297
Reported Net Profit	143	1,347	2,292	3,011	3,872
Adjusted Net Profit	143	1,347	2,292	3,011	3,872
Net Margin	2.9%	21.0%	29.4%	32.8%	36.1%
Diluted Share Cap. (mn)	50.9	51.1	51.1	51.1	51.1
Diluted EPS (INR)	2.8	26.4	44.9	58.9	75.8
Diluted EPS Growth	-58.1%	837.7%	70.3%	31.3%	28.6%
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	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	359	1,684	3,068	4,149	5,400
Depn. & Amort.	390	409	395	423	452
Net Interest Exp. / Inc. (-)	-69	-119	-1,015	-1,210	-1,451
Inc (-) / Dec in WCap.	-99	-71	-524	-518	-438
Others	-282	-181	157	167	177
Taxes Paid	-140	-12	-464	-903	-1,231
Operating Cash Flow	159	1,710	1,616	2,107	2,909
Capex	-28	-42	-90	-145	-158
Free Cash Flow	131	1,668	1,527	1,962	2,751
Inc (-) / Dec in Investments	4,042	-1,575	-1,252	0	0
Others	-5,116	242	1,015	1,210	1,451
Investing Cash Flow	-1,101	-1,376	-326	1,065	1,293
Inc / Dec (-) in Capital	2	72	2	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	0	0	294	264	279
Others	-331	-340	-281	-398	-426
Financing Cash Flow	-329	-268	15	-134	-147
Inc / Dec (-) in Cash	-1,272	66	1,305	3,037	4,055
Opening Cash Balance	2,267	700	766	2,071	5,108
Closing Cash Balance	995	766	2,071	5,108	9,163

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	20,700	22,206	24,657	27,835	31,884
Share Capital	469	474	476	476	476
Reserves & Surplus	20,700	22,206	24,657	27,835	31,884
Preference Share Capital	0	0	0	0	0
Minority Interest	869	1,059	1,233	1,467	1,764
Total Loans	1,125	1,314	1,607	1,871	2,150
Def. Tax Liab. / Assets (-)	-559	-412	-275	-275	-275
Total - Equity & Liab.	22,134	24,167	27,223	30,899	35,524
Net Fixed Assets	14,891	14,972	14,948	15,069	15,200
Gross Fixed Assets	2,011	2,184	2,286	2,541	2,815
Intangible Assets	13,301	13,247	13,204	13,163	13,123
Less: Depn. & Amort.	421	459	543	635	738
Capital WIP	0	0	0	0	0
Investments	5,100	6,142	7,393	7,393	7,393
Current Assets	4,548	5,526	7,735	11,645	16,643
Inventories	0	0	0	0	0
Sundry Debtors	733	868	1,034	1,194	1,396
Cash & Bank Balances	995	766	2,071	5,108	9,163
Loans & Advances	0	0	0	0	0
Other Current Assets	2,821	3,893	4,631	5,342	6,085
Current Liab. & Prov.	2,404	2,474	2,854	3,208	3,713
Current Liabilities	348	317	409	382	479
Provisions & Others	2,057	2,157	2,445	2,826	3,234
Net Current Assets	2,144	3,053	4,881	8,437	12,930
Total - Assets	22,134	24,167	27,223	30,899	35,524

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.9%	21.0%	29.4%	32.8%	36.1%
Asset Turnover (x)	0.2	0.3	0.3	0.3	0.3
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1
RoE	0.7%	6.3%	9.8%	11.5%	13.0%

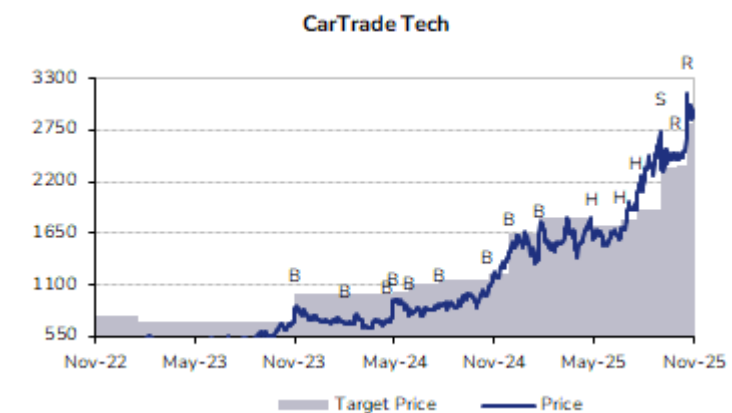
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	441.4	468.5	519.8	586.8	672.1
ROIC	2.5%	5.5%	9.2%	12.5%	16.1%
ROE	0.7%	6.3%	9.8%	11.5%	13.0%
Net Debt/Equity (x)	-0.2	-0.3	-0.3	-0.4	-0.5
P/E (x)	1,056.9	112.7	66.2	50.4	39.2
P/B (x)	6.7	6.3	5.7	5.1	4.4
EV/EBITDA (x)	174.6	91.7	55.5	39.7	29.5
EV/Sales (x)	28.3	21.5	17.5	14.5	12.1
Debtor days	55	49	48	48	47
Inventory days	0	0	0	0	0
Creditor days	31	24	28	24	28

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
23-Oct-22	Buy	760	
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
6-Dec-24	Buy	1,655	35.1
29-Jan-25	Buy	1,820	10.0
7-May-25	Hold	1,730	-4.9
30-Jun-25	Hold	1,800	4.0
28-Jul-25	Hold	1,910	6.1
9-Sep-25	Sell	2,350	23.0
8-Oct-25	Reduce	2,370	0.9
28-Oct-25	Reduce	2,820	19.0

Recommendation History



APPENDIX I

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
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.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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