



NOT RATED

Issue Details

Listing	BSE & NSE
Open Date	9 th Aug 2021
Close Date	11 th Aug 2021
Price Band	INR 1585-1618
Market Lot	9 shares
Minimum Lot	1 Lot

CarTrade Tech Ltd (CTTL), incorporated in 2000, is a web/app based multi-channel auto platform provider. The company operates a number of online platforms such as CarWale, CarTrade, Shriram Automall, BikeWale, CarTradeExchange, Adroit Auto, and AutoBiz. CTTL has created an automotive digital ecosystem that connects new and used automobile customers, vehicle dealers, OEMs, financiers, insurance companies and other businesses, enabling them to offer their services for different types of vehicles (cars, 2Ws, CVs, tractors & construction equipment).

Issue Structure

Offer for sale	100%
Fresh Issue	0%
Issue Size	INR 2999 cr
Total no of shares	18,532,200
QIB share (%)	≥ 50%
Non Inst share (%)	≤ 15%
Retail share (%)	≤ 35%

According to Frost & Sullivan, the used car market in India stood at 3.8-4.0 mn units annually, making it 1.5X bigger than the 2.6-3.0 mn unit of new car market, compared to 2.8X in the USA and 4.1X in Europe. The volumes in both the segments, used & new cars, are set to rise in India by more than 10% CAGR in the next 5 years. The worldwide shortage of chips and semiconductors has not only delayed production schedules of new vehicles, but also resulted in a sharp price rise. With this situation unlikely to improve for the next 1 year, the used car market is expected to remain buoyed.

Earlier the used car market was unstructured, however with the entry of organized players, people are shifting towards branded resellers due to

- Variety of vehicles and brands they offer
- Quality assurance of vehicles
- One stop solution for financing and insurance

Shareholding Pattern

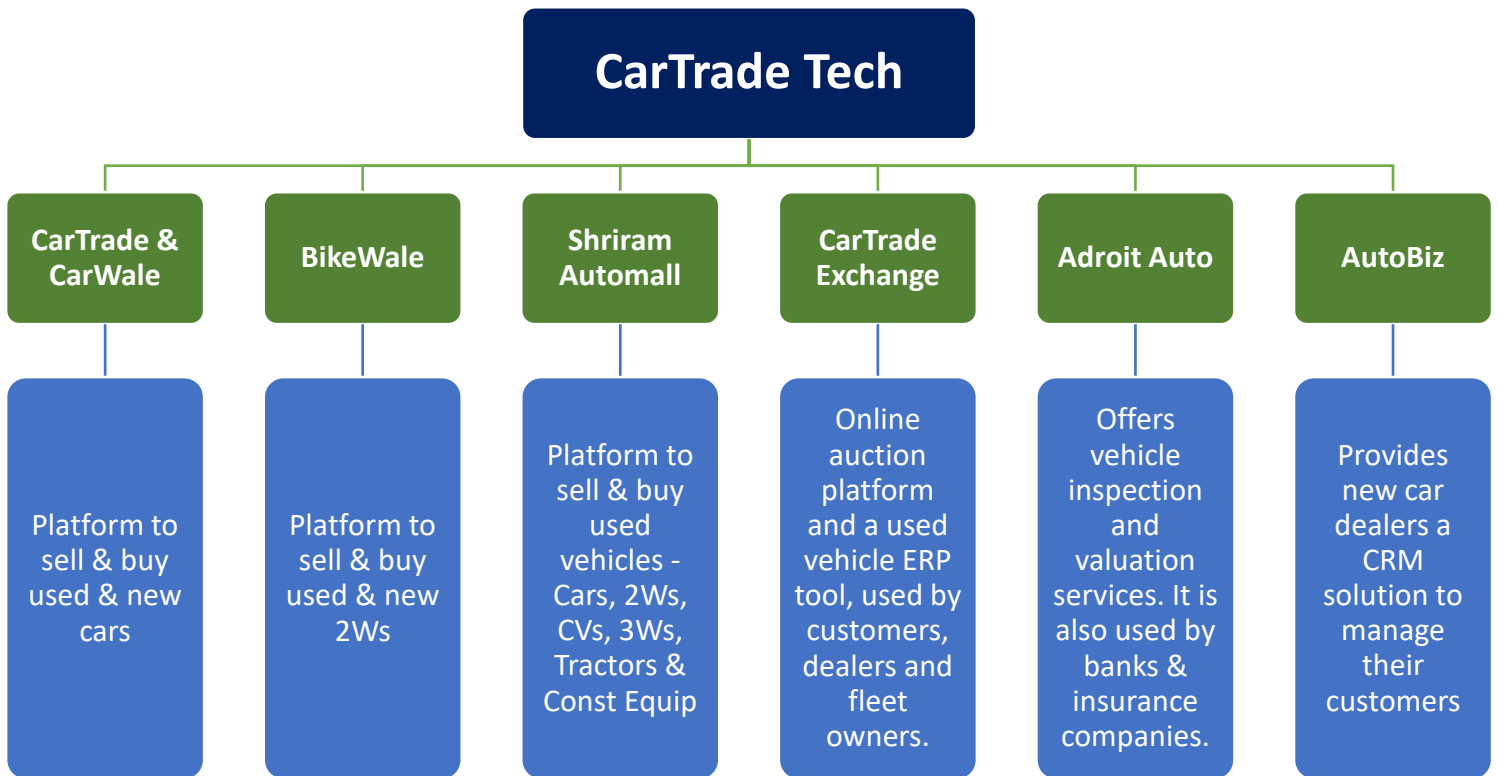
	Pre (%)	Post (%)
Promoters	0.0	0.0
Institutional	100.0	85.8
Public	0.0	14.2

CTTL has an advanced and sophisticated online platform, which operates on an integrated technology infrastructure, handled by 221 technical employees working at 3 technology centers. During FY19-21, CTTL's online platforms reported 15.4% CAGR growth in average monthly unique visitors to 25.66 mn. It has been ranked No.1 on relative online search popularity compared to key competitors, such as Droom, Cars24, CarDekho, etc. Over the same period, despite the pandemic, the number of vehicles listed for auction or sale on CTTL's platform grew at a CAGR of 7.2% to 8,14,316 units. Besides, CTTL has accumulated a large data set, which it could leverage to enhance its offerings in new segments of the automotive space.

Key Financials (in ₹ crores)

	Sales	EBITDA	Adj PAT	EBITDA (%)	Net Profit (%)	EPS ₹	BV ₹	Adj RoE (%)	RoIC (%)	Adj P/E (x)	P/BV (x)	EV/EBITDA (x)
FY19	243.3	29.5	25.9	5.9	10.7	75.1	268.7	2.1	1.1	286.1	6.0	242.1
FY20	298.3	39.6	31.3	7.5	10.5	90.7	275.4	2.2	1.7	237.0	5.9	180.8
FY21	249.7	39.4	37.2	7.8	14.9	103.8	366.7	2.2	1.3	199.0	4.4	173.2

Details of Services Offered



Source: Company Reports

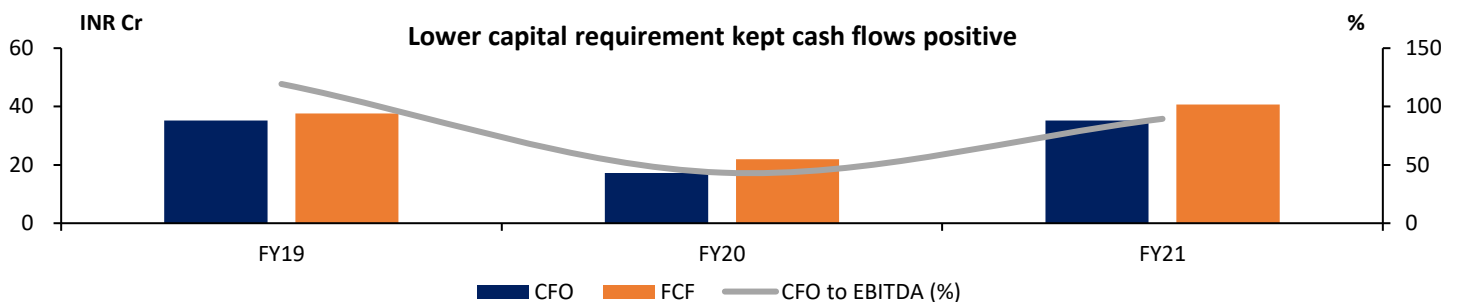
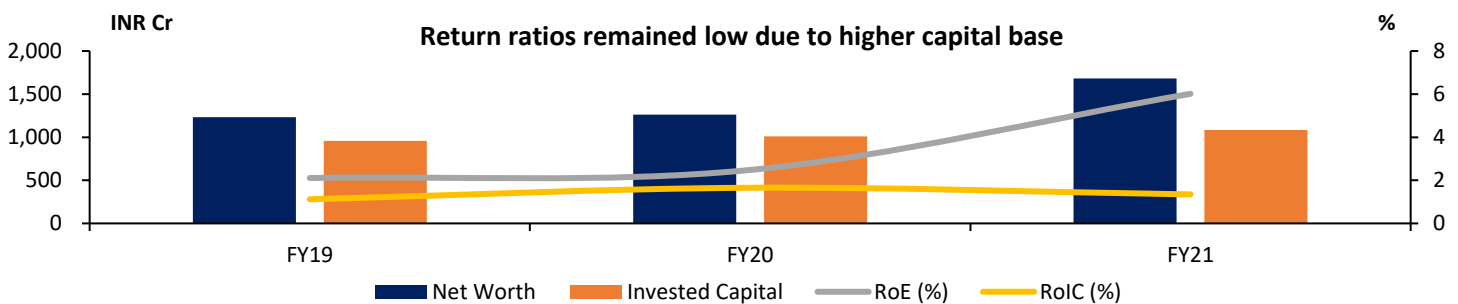
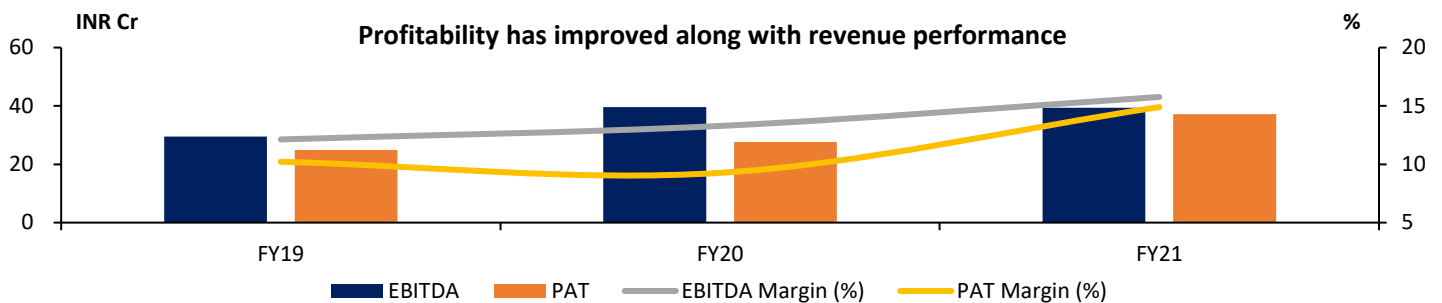
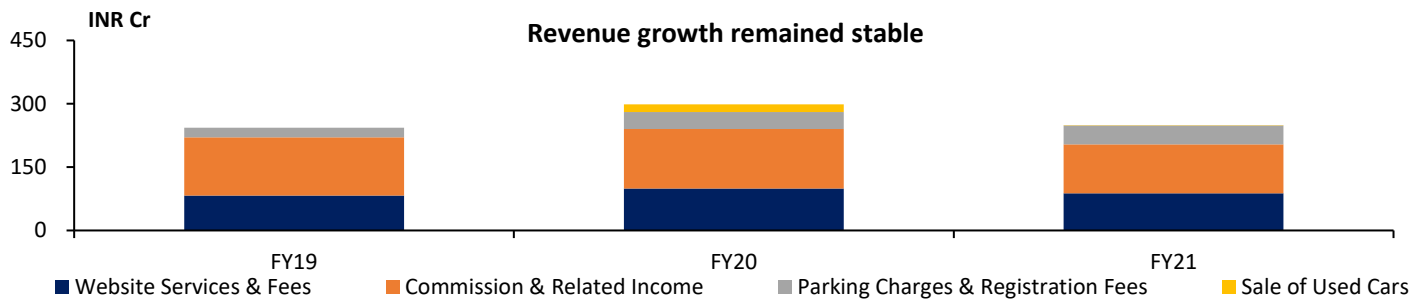
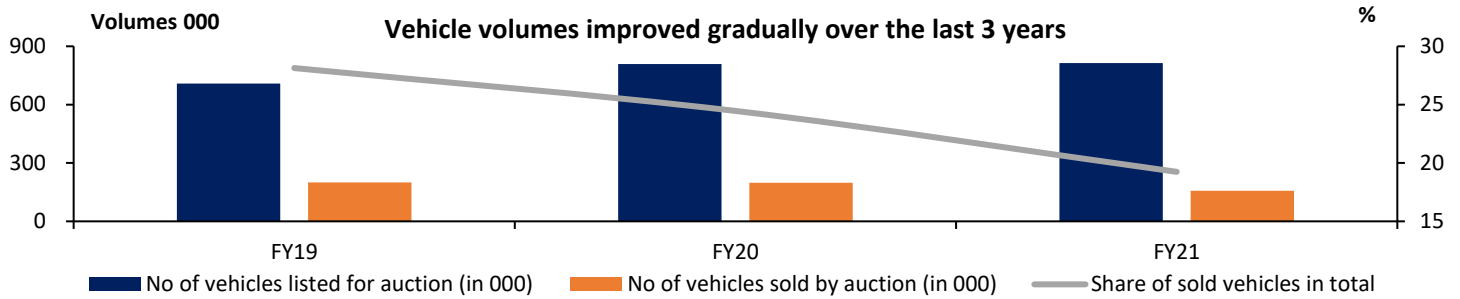
CTTL is the only profitable digital auto platform. It has already invested well in technology and thus require very limited additional capex. Over the period of FY19-21, revenue grew at a CAGR of 1.3% to INR 250 cr, while EBITDA and adjusted PAT grew faster at a CAGR of 15.5% to INR 39 cr and 22.4% to INR 37 cr, respectively. EBITDA and adj PAT margins improved to 15.8% (+364bps) and 14.9% (+468bps), respectively, over the last 3 years. As a result, return ratios, RoE and RoIC also improved to 2.2% (+20bps) and 1.3% (+23bps), respectively.

The management is planning to enhance its app-based offerings by adding new services for automotive accessories, servicing of vehicles and underwriting (for insurance & financing) in the coming years.

Valuation

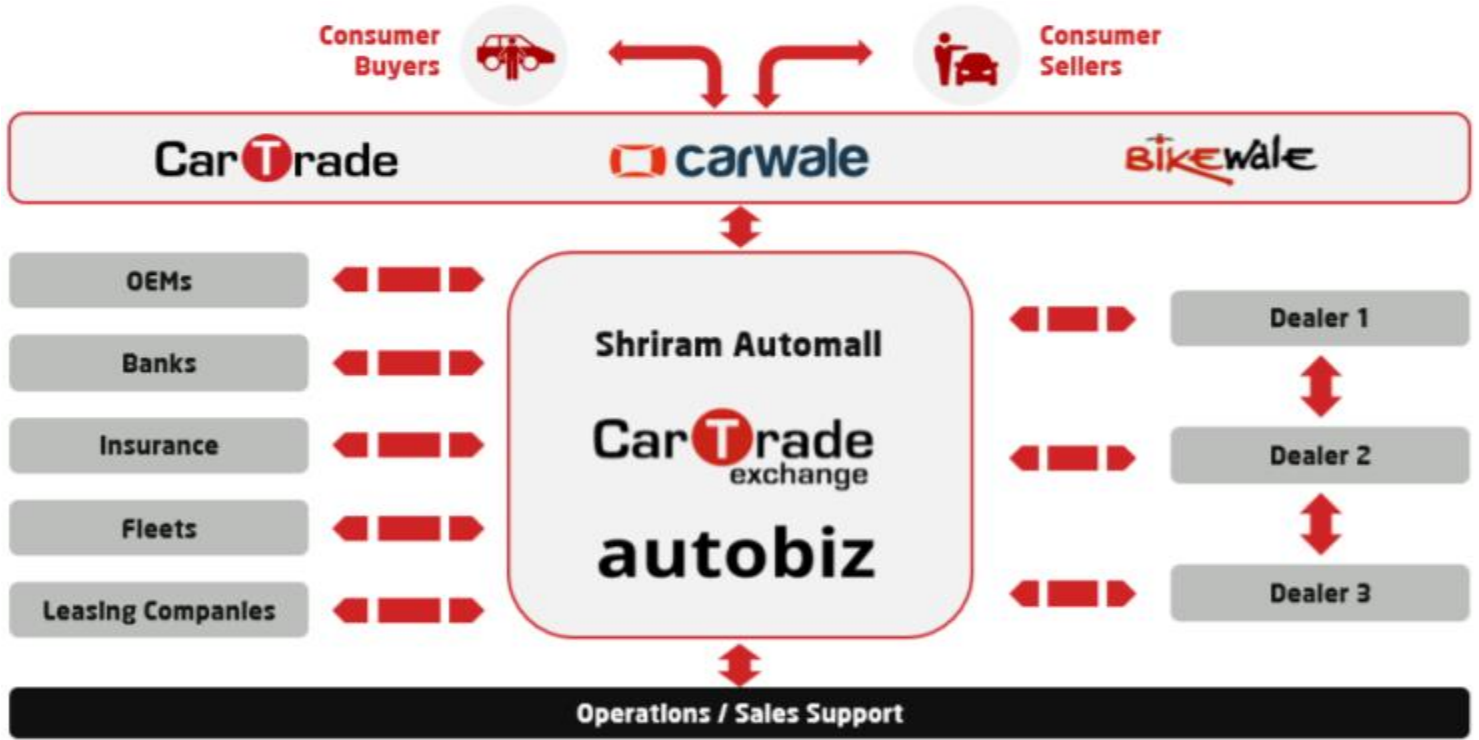
At the upper price band of INR 1,618 per share, CTTL’s valuation stands at 199 X FY24 adj P/E (adjusted for deferred tax gain in FY21).

CTTL story in charts



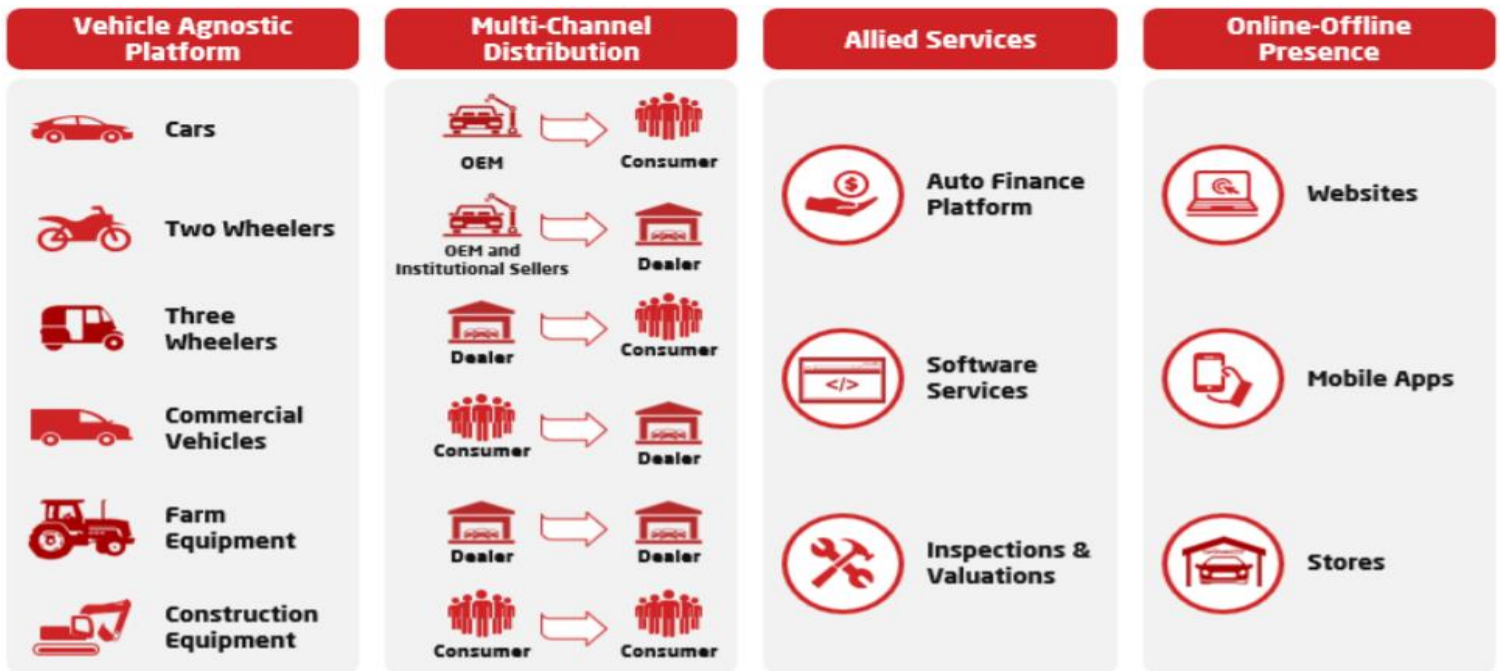
Source: Company Reports and Ventura Research

Synergistic Ecosystem Serving Key Stakeholders



Source: Company Reports

A Multi Channel Vehicle Agnostic Platform



Source: Company Reports

Management Team

Key Person	Designation	Details
Mr Vinay Vinod Sanghi	Chairman, MD and CEO	He holds a bachelor's degree in commerce from the University of Bombay. He was appointed as the CEO of CTTL on September 1, 2009. He has previously been associated with Mahindra First Choice Wheels Ltd and Project Automobiles (Bombay) Pvt Ltd. He has over 30 years of experience in the automobile industry.
Mrs Aneesha Menon	Executive Director & CFO	She is a chartered accountant with the Institute of Chartered Accountants of India. She was previously employed with S. R. Batliboi & Co. LLP and has 13 years of 165 experience in the field of finance. She joined Automotive Exchange Pvt Ltd (an erstwhile Subsidiary which was subsequently amalgamated with CTTL) – as AVP - Finance on December 8, 2015. She was then appointed as the CFO on July 21, 2020.
Mr Banwari Lal Sharma	CEO - Consumer Business	He holds a bachelor's degree in engineering from University of Technology of Madhya Pradesh. He joined Automotive Exchange Pvt Ltd (an erstwhile Subsidiary which was subsequently amalgamated with CTTL) in 2004 and has 17 years of experience in software engineering. He was promoted to the position of CEO – Consumer Business in Oct 2020
Mr Sameer Malhotra	CEO - Shriram Automall	He holds a bachelor's degree in commerce from University of Delhi and a PG diploma in financial management from Sardar Patel College of Communication & Management. He has passed the intermediate examination held by ICWAI. He was previously employed with Ritchie Bros Auctioneers (ME), Ansal Housing & Construction, Empire Finance Company, Premium Finance & Leasing and SREI Infra Finance and has over 31 years of experience in sales industry.
Mr Akshay Shankar	Chief Product Officer	He holds a master's degree in science (with honours) from University of Twente, Netherlands. He has 14 years of experience in product management. He started his career at ABN AMRO Central Enterprise Services Pvt Ltd. He was one of the first directors of Nassau IT Services Pvt Ltd, erstwhile owner of the CarTradeIndia.com portal, in 2007. He joined CTTL in Aug 2009 as a product manager and has held technology & product leadership roles. He was promoted to the position of CPO in Oct 2020
Mr Vikram Alva	Chief Strategy Officer	He holds a bachelor's degree in engineering from the University of Pune and PGDBM from the IMDR, Pune, India. He was previously employed with Tata International Ltd, Webneuron Services Ltd (JobsAhead.com) and Solutions Integrated Marketing Services Pvt Ltd (Solutions DIGITAS). He has 24 years of experience in building businesses, product management and marketing. He joined CTTL in Jan 2012 as SVP – marketing and was promoted to the position of CSO in Oct 2020.

Source: Company Reports

Issue Structure and Offer Details

The proposed issue size of CTTL's IPO is INR 2,998.5 cr which is entirely an offer for sale. The price band for the issue is in the range of INR 1,585-1,618 and the bid lot is 9 shares and multiples thereof.

Issue Structure		
Category	No. of shares offered	No of shares Offered
QIB	At least 9,266,100	At least 50% of public issue
Non-Institutional Bidders	Not more than 2,779,830	Not more than 15% of public issue
Retail	Not more than 6,486,270	Not more than 35% of public issue

* No of shares based on higher price band of INR 1,618

Source: Company Reports & SEBI

Shareholding Pattern		
Category	Pre-issue	Post-issue
Promoters	0.0%	0.0%
Institutions	100.0%	85.8%
Public	0.0%	14.2%

Source: Company Reports and SEBI

Key Risks & Concerns

- CTTL collects, processes and stores personal information of customers on its integrated platform. Such data includes names, addresses, e-mail IDs and phone numbers. Failure to protect such personal information could damage the company's reputation and brand.
- The tech-based market space is changing rapidly and many start-ups are launching their online solutions. Inability to keep the pace with advances in technology may reduce customer traffic and impact business performance.
- Failure to provide quality content or quality vehicles on platforms could hamper the image of various brands

Financial Statements & Analysis

Figures in INR Crores	FY19	FY20	FY21	Figures in INR Crores	FY19	FY20	FY21
Income Statement				Per Share Data & Yield			
Revenue	243.3	298.3	249.7	Adjusted EPS (Rs)	5.7	6.8	22.1
<i>YoY Growth (%)</i>		22.6	(16.3)	Adjusted Cash EPS (Rs)	9.0	10.6	26.4
Raw Material Cost	0.0	17.1	1.3	Adjusted BVPS (Rs)	268.7	275.4	366.7
<i>YoY Growth (%)</i>			(92.7)	CFO per share (Rs)	7.7	3.7	7.7
Employee Cost	127.6	133.1	130.1	CFO Yield (%)	0.5	0.2	0.5
<i>YoY Growth (%)</i>		4.3	(2.2)	CFO to EBITDA (%)	119.3	43.3	89.4
Inspection/Valuation/Web Charges	16.4	30.5	26.3	FCF per share (Rs)	8.2	4.8	8.9
<i>YoY Growth (%)</i>		85.4	(13.7)	FCF Yield (%)	0.5	0.3	0.5
Other Expenses	69.7	78.0	52.7				
<i>YoY Growth (%)</i>		11.8	(32.5)	Solvency Ratio (X)			
EBITDA	29.5	39.6	39.4	Total Debt to Equity	0.0	0.0	0.0
<i>YoY Growth (%)</i>		34.3	(0.7)	Net Debt to Equity	(0.2)	(0.2)	(0.4)
<i>Margin (%)</i>	12.1	13.3	15.8	Net Debt to EBITDA	(9.3)	(6.4)	(15.2)
Depreciation	15.2	17.4	19.9	Interest Coverage Ratio	6.0	6.4	4.5
EBIT	14.3	22.2	19.4				
<i>YoY Growth (%)</i>		55.7	(12.6)	Return Ratios (%)			
<i>Margin (%)</i>	5.9	7.5	7.8	Return on Equity	2.1	2.5	6.0
Other Income	23.5	20.2	31.8	Return on Capital Employed	0.8	1.3	0.8
Finance Cost	2.4	3.5	4.3	Return on Invested Capital	1.1	1.7	1.3
PBT	35.4	38.9	47.0				
<i>YoY Growth (%)</i>		9.8	20.7	Working Capital Ratios			
<i>Margin (%)</i>	14.6	13.0	18.8	Inventory Days	1	0	2
Reported Tax	9.5	7.6	(54.1)	Receivable Days	54	57	69
<i>Tax Rate</i>	26.9	19.6	(115.2)	Payable Days	27	24	33
PAT	25.9	31.3	101.1	Net Working Capital Days	28	33	39
<i>YoY Growth (%)</i>		20.7	223.0	Net Working Capital to Sales (%)	7.8	9.1	10.7
<i>Margin (%)</i>	10.7	10.5	40.5				
Balance Sheet				Valuation (X)			
Share Capital	3.4	3.4	3.6	P/E Ratio	286.1	237.0	73.4
Total Reserves	1,228.0	1,258.8	1,677.0	P/S Ratio	30.5	24.9	29.7
Shareholders' Fund	1,231.4	1,262.2	1,680.6	P/BV Ratio	6.0	5.9	4.4
Non Controlling Interest	55.7	70.3	81.8	EV/EBITDA	242.1	180.8	173.2
LT Lease Liabilities	21.7	34.6	46.4	EV/Sales	29.4	24.0	27.3
Deferred Tax Liabilities	9.6	7.9	6.3				
LT Provisions	3.7	4.2	4.5	Cash Flow Statement			
Other Non Current Liabilities	0.0	0.1	0.1	Profit Before Tax	35.4	38.9	47.0
Total Liabilities	1,322.1	1,379.3	1,819.8	Adjustments	10.0	(5.9)	(66.4)
Gross Block	70.3	73.8	77.5	Change in Working Capital	(0.7)	(8.2)	0.5
Less: Accumulated Depreciation	22.7	24.1	26.3	Less: Tax Paid	(9.5)	(7.6)	54.1
Net Block	47.6	49.7	51.1	Cash Flow from Operations	35.2	17.2	35.2
Capital WIP	0.0	0.2	0.5	Net Capital Expenditure	(2.4)	(4.8)	(5.4)
Goodwill	897.7	898.0	898.0	Change in Investments	(15.6)	(3.4)	(335.4)
Other Intangible Assets	37.7	31.3	25.4	Cash Flow from Investing	(18.0)	(8.2)	(340.8)
Right of use assets	27.3	36.6	48.0	Proceeds from Equity Capital	0.0	0.0	321.6
Non Current Investments	1.7	20.6	18.1	Principle Payment of Lease Liabilities	(5.5)	(7.6)	(9.3)
Other LT Financial Assets	3.2	4.8	24.6	Less: Finance Cost	(2.4)	(3.5)	(4.3)
Deferred Tax Assets	2.8	3.1	65.4	Change in Other Liabilities	0.0	0.0	0.1
Income Tax Assets	9.2	8.4	10.8	Cash Flow from Financing	(7.8)	(11.1)	308.1
Other Non Current Assets	4.6	2.2	2.0	Net Cash Flow	9.3	(2.1)	2.5
Net Current Assets	290.4	324.6	676.0	FOREX Income	0.0	0.0	0.0
Total Assets	1,322.1	1,379.3	1,819.8	Opening Balance of Cash	12.2	21.6	19.5
				Closing Balance of Cash	21.6	19.5	22.0

Source: Company Reports & Ventura Research

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