



IndiaMART InterMESH Ltd.
6th floor, Tower 2, Assotech Business Cresterra,
Plot No.22, Sec 135, Noida-201305, U.P.
Call Us: +91 - 9696969696
E: customercare@indiamart.com
Website: www.indiamart.com

May 06, 2026

To,
BSE Limited
(BSE: 542726)

National Stock Exchange of India Limited
(NSE: INDIAMART)

Subject: Transcript of Earnings Conference Call on financial results and developments for the quarter and financial year ended March 31, 2026

Dear Sir/Ma'am,

Pursuant to Regulation 30 read with Part A of Schedule III of the Listing Regulations, we wish to inform that the Transcript of Earnings Conference Call for Analysts and Investors held on Thursday, April 30, 2026, with respect to the financial performance of the Company for quarter and financial year ended March 31, 2026, is enclosed herewith.

The copy of transcript is also available on the Company's website at <https://investor.indiamart.com/FinancialResultsStatements.aspx>.

Kindly take note of the same.

Yours faithfully,
For IndiaMART InterMESH Limited

(Vasudha Bagri)
Compliance Officer
Membership No: A28500

Encl: As above.



Webinar Transcript

Event: IndiaMART Q4 FY2026 Earnings Webinar

Event Date/Time: April 30, 2026 at 17:00 hrs

CORPORATE PARTICIPANTS:

Mr. Dinesh Chandra Agarwal - Chief Executive Officer

Mr. Brijesh Kumar Agrawal - Whole-Time Director

Mr. Jitin Diwan - Chief Financial Officer

Mr. Prateek Chandra - Chief Strategy Officer

Mr. Avijit Vikram - Head Investor Relations

Avijit Vikram:

Good evening, ladies and gentlemen. I am Avijit Vikram, Head of Investor Relations. On behalf of IndiaMART InterMESH Limited, I welcome you all to the company's Q4 and FY26 Earnings Webinar. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Joining us today from the management side, we have Mr. Dinesh Agarwal - Chief Executive Officer, Mr. Brijesh Agrawal - Whole-Time Director, Mr. Jitin Diwan - Chief Financial Officer and Mr. Prateek Chandra - Chief Strategy Officer.

Before we begin, I would like to remind you that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. Kindly refer to Slide #3 of the earnings presentation for the detailed disclosure.

Now I would like to hand over the call to Mr. Dinesh Agarwal for his opening remarks. Thank you, and over to you.

Dinesh Chandra Agarwal:

Good evening, everyone, and welcome to IndiaMART's Q4 and FY26 Earnings Webinar. We have circulated our Earnings Presentation, which is available on our website as well as stock exchange websites. We are sure you would have gone through the presentation, and we would be happy to take any questions afterwards.

IndiaMART has delivered Consolidated Revenue from operations of Rs. 404 crores in the quarter 4 and Rs. 1,569 crores in the full-year, representing year-on-year growth of about 14% and 13%, respectively.

Consolidated Collections from customers grew to Rs. 595 crores in quarter 4 and Rs. 1,857 crores in the FY26, representing an year-on-year growth of 10% and 14% respectively. Consolidated deferred revenue grew to Rs. 1,965 crores representing year-on-year growth of 17%.

In quarter 4, unique business enquiries were about 27 million. In FY26, total number of paying suppliers increased by 3,200 to 2 lakh 20 thousand, while the quarter 4 saw a little decline of 1,200. This decrease can primarily be attributed to moderation in gross addition, due to price increase we implemented in the Silver subscription tier at the end of the second quarter.

Our Platinum and Gold customers, which constitute approximately 50% of our customer base and more than 75% of revenue, continue to have good upsell and retention rate.

On the platform side, we continue to take initiatives to improve the quality of enquiries. By capturing relevant and more product specification, we are now delivering enquiries which are having higher intent and relevance to sellers.

In addition to the seller side verification, we are now starting to do more buyer side verification as well, so as to increase the overall trust in the platform.

We also continue moving forward on our AI journey by embedding AI capabilities across our platforms. By combining three decades of our proprietary data with next-generation intelligence, we are making the discovery process much more precise and seamless for both buyers and sellers.

Currently, AI is driving multiple parts of our ecosystem, and it is helping us improve the product quality and reinforcing a deeply trusted marketplace. We remain committed to ensuring that our platform remains a reliable growth partner for businesses in a digital first world.

Now I will hand over the call to Brijesh to update about Busy Infotech. Thank you, and over to you, Brijesh.

Brijesh Kumar Agrawal:

Good evening, everyone. In Q4, Busy has done a billing of Rs. 45 crores, whereas in FY26, in total, we did Rs. 170 crores of billing. The normalised rate of growth that we have had year-on-year which excludes the impact of the change in the payout structure that we have introduced is 24% and 43%, respectively.

The Revenues from operation in Q4 were Rs. 34 crores, whereas for full year, this was at Rs. 119 crores and the normalised growth rates of 53% and 44%, respectively. The Deferred revenue was at Rs. 124 crores and this represents a normalised growth of 44% year-on-year.

Cashflow from operations in Q4 was Rs. 10 crores, whereas for the entire year, this was at about Rs. 49 crores for us. During the quarter, we also sold 11 thousand new licenses, and this takes the total count of licenses sold to 4 lakh 42 thousand. The new licenses sold during the entire year are close to about 45 thousand.

We continue to invest in improving the overall experience of the product. We are also now working upon adding AI-led features in the Busy product itself. And all of this should help us grow our sales further. This should lay the foundation for a sustained high growth at Busy for years to come.

Now with this, I'll request Jitin to take over and discuss the financial performance of the business.

Jitin Diwan:

Good evening, everyone. I'll take you through the financial performance for the quarter and year ending March 2026.

Consolidated Collection from customers was Rs. 595 crores in the quarter and Rs. 1,857 crores on a full-year basis. This represents year-on-year growth of 10% and 14%, respectively.

IndiaMART standalone Collection from customers for the quarter was Rs. 546 crores and Rs. 1,674 crores on full-year basis, registering year-on-year growth of 8% and 10%, respectively.

Consolidated Deferred revenue stood at Rs. 1,965 crores, an increase of 17% on year-on-year basis.

Consolidated Revenue from operations was Rs. 404 crores for the quarter and Rs. 1,569 crores for the full-year basis, registering year-on-year growth of 14% and 13%. Consolidated EBITDA was Rs. 133 crores for the quarter and Rs. 530 crores for the full-year, representing margin of 33% and 34%, respectively.

In quarter 4, Consolidated Other income for the quarter stood at negative Rs. 34 crores. This was primarily driven by mark-to-market losses on our treasury portfolio resulting from a significant increase in bond yields during the quarter. We view this as notional losses, which would reverse on a long-term basis. Other income stood at Rs. 204 crores for the full-year basis.

Consequently, Consolidated Net profit for the quarter was Rs. 50 crores and Rs. 475 crores for FY26.

Consolidated Cash generation from operations was Rs. 290 crores for the quarter and Rs. 694 crores for FY26. Consolidated Cash and treasury balance stood at Rs. 3,280 crores as on March 31, 2026.

And finally, Board of Directors have recommended a total dividend of Rs. 60, which includes final dividend of Rs. 30 and a special

dividend of another Rs. 30, this is subject to approval of shareholders.

Thank you very much, and now we are ready to take any questions.

Question-and-Answer Session

Avijit Vikram: We will now begin the Q&A session. If you wish to ask a question to the panellists, kindly raise your hand and allow camera and microphone access. Alternatively, you may type your question in the Chat box and we will revert on it. Please restrict to two questions so that we may be able to address questions from all the participants. We will wait for a few seconds, while the question queue assembles.

Moderator: First question is from the line of Vivekanand from Ambit Capital. Please unmute yourself and go ahead with your question.

Vivekanand Subbaraman: Thank you very much for the opportunity. Two questions: so the first one is on the gross adds. Thanks for the opening comments that you mentioned about the moderation in gross adds. So Dinesh, if you can just update us on the process changes that you were initiating in improving the quality of gross adds, where do you stand in the journey? And by when can we expect the business to go back to say, a net add trajectory of maybe 5-6% at least on an annual basis? That is question one.

And secondly, if you can give us an update on the churn metrics across the various tiers in the platform and where they stand now versus last year on an annual basis, that would be great. Thank you.

Dinesh Chandra Agarwal: So let me handle the churn rate first. As I have been repeating quarter-on-quarter, Gold and Platinum continue to do healthy business with the monthly churn rates in the Platinum segment being much lesser than 1% and in the Gold segment anywhere 1% to 1.5%. So on overall basis, about approximately 1% per month. While on the Silver annual, they are about 4% and the Silver monthly, they are about 7%. There is not much of a change that is there in each one of them.

Now coming to the gross add - quality and quantity, we continue to put levers where we can apply better quality of suppliers by way of GST verification, by way of turnover qualification, by way of any kind of a third-party signals that we can get. But in terms of the quantity, as I said, there is certain decrease in the gross adds

because of the pricing pressure. It took longer than what we expected, especially in March when the war also broke out. Otherwise, generally, February and March typically do a better job, which could not happen. So hopefully, this is going to continue a little longer with the pain in the market.

In terms of net adds, I think until and unless the churn improves, no amount of gross adds can actually do that. So we'll continue to have no guidance on the net adds until we have multiple quarters of continual success.

Vivekanand Subbaraman: Thanks for the explanation. Just one follow-up. How much of the current quarter's muted gross addition would you attribute to the war that broke out in the end of February? And how much would you attribute to, let's say, the price increase that you took in the middle of the year?

Dinesh Chandra Agarwal: So in terms of about 1,200-odd customers decrease. I think if there was no war, we could have been probably 2,000 customers positive. So that gives you the entire quarter, maybe 3,000. And out of that, I would say 1,000 - 1,500 could be because of the war, 1,000 - 1,500 could have been because of the price.

Moderator: Participants are requested to raise hand if they wanted to ask question to management. Next question is from the line of Anmol Garg from DAM Capital. Please unmute yourself and go ahead with your question.

Anmol Garg: Thanks for the opportunity. A couple of things that I wanted to understand. Firstly, have you thought about any value-added services that we want to provide through our platform for which we can charge higher prices and in turn could increase ARPU through that aspect?

Dinesh Chandra Agarwal: So, while we don't necessarily report value-add services as part of the financials or otherwise, when we say Platinum customers, all of it in value added only. And Platinum customers typically, the top 10% customers that you see doing 50% of the revenue, they are all value-added services, whether search targeting, whether location targeting, these are not typical subscription businesses. However, they are sold in the similar manner as yearly subscription and multi-year subscription, sometimes even quarterly and six-monthly subscription.

Now coming to the other kind of value-added services, which are not related to the access to market. So for example, Lead Manager

professional version or where you have a WhatsApp kind of an integration. So that contributes to some value-added revenue. There are a few other planned items on the Lead Management side, but they are not significant yet that that can be reported as a separate line item.

So export, again, as we started sometime around 2020, become a separate business altogether with almost Rs. 50 - 60 crores of collections. It was always there even when we were purely domestic at maybe Rs. 20 - 25 crores, but now it has become Rs. 60 - 70 crores of business. And you can look at our export-oriented website at export.indiamart.com. So that's there. We continue to maintain certain value-added experiments, which are towards logistics and credit facilitation, but those still remain very, very pilot and experimental and not yet have resulted into anything substantial. Hopefully, that answers your question.

Anmol Garg:

Thanks for that. And secondly, just from a holistic point of view, I wanted to understand the market sizing right now. So according to you, how many in India would be currently GST registered MSMEs and currently both non-paid and paid included, how many total MSMEs would be there on our platform as an overall basis?

Dinesh Chandra Agarwal:

So in total, 1.6 crore GST registered businesses. Typically, about 5% churn in GST registered businesses at the GST registration, cancellation, suspension that you would see. You can verify this data from the seven years of GST and six years of GST kind of a publication that happens on the official GST website. They also publish data by way of turnover. Approximately 50% of them are at a lower turnover, less than Rs. 40 lakhs turnover, and rest of them are higher. About 85% of them are proprietorship, rest of them are company and partnership in equal numbers. Out of them, at our IndiaMART level, when we look at the seller side of it, almost 50 lakh businesses with GST identified are registered with their own OTP, of the own email on IndiaMART.

Out of that, about half of them or little over half of them have now been verified with the GST where they are the true owners of that GST number, not only with the matchmaking number. Out of that, we now have 2 lakh 20 thousand customers which are live online.

In our lifetime, I think we would have brushed shoulders with more than 5 lakh customers in the past 4-5 years or so.

Anmol Garg:

So, in accordance to that, we have almost 40%. If I consider 16 million total GST registered MSMEs, we have almost you said 50

lakh MSMEs which are there on the platform, be that paid or non-paid. So almost 30% - 35% - 40% of the total MSMEs is what we have covered. Do you think that right now with this number, we have largely penetrated the market on overall basis?

Dinesh Chandra Agarwal: On the free basis, I would say out of the serviceable, obtainable, or what we can say as TOM, instead of TAM, SAM, and SOM. I guess we would have gotten to 50% kind of a number. So any incremental benefit coming from there is not really adding up. So on the variety of products that are available, on the variety of suppliers that are available on IndiaMART, I think from the buyer's perspective, they fulfil almost 80% of the needs which are required by the buyer, whether any particular unique product or unique location.

So almost 80% of the products and location, you will be able to find in IndiaMART. So from that perspective, yes, there is a limited headroom on increasing more supply in order to get a better experience.

However, now there are multiple levers that open up in terms of increasing the trust, in terms of increasing the discoverability, in terms of better digitisation and accurate digitisation of those products. So there are many levers where supply itself can be improved multiple times. However, just by doing multiple numbers of the sellers, I don't think it is going to add incrementally very high value to the customers.

Anmol Garg: So, if the volume growth from a SAM perspective is now limited, the other part to grow is through realisation and through value added services. But from that perspective as well, we haven't seen much happening over there. So from going ahead perspective, should we expect that the platform growth would largely come from increase in the prices that we see given that as Silver monthly customers or Silver annual customers churn persist, in that case, eventually the upgradation towards gold and platinum will also somewhere slow down.

So how do you think that the growth going ahead in the business would be from that perspective?

Dinesh Chandra Agarwal: You can see, out of our total growth number, when we were at upwards of 20%, half of that came from ARPU growth and half of that came from customer growth over a longer period of time. Currently, since the customer growth is hardly 1 - 2%, so most of the growth is coming from ARPU which is growing at 8 - 9%. I think until we fix the supplier growth, either directly acquiring

customers through Silver and retaining them and upgrading them to gold and platinum or directly acquiring gold and platinum, I would say that there is enough headroom. So for example, 1688.com in China typically has about a million paying suppliers. However, they stopped growing total supplier, but they continue to grow their revenue at their revenue at 25% year-on-year with the ARPU side of it. We have only recently in the last 2 - 3 years, started monetising the category on a differential basis and location on a differential basis.

There's a lot of optimisation that can be done over the period, by way of better demand supply duration and making sure that between us and supplier and the buyer, there is a better distribution of margins for each one of them. We continue to think that it is too early to completely focus on the ARPU side. However, given the organisation size, I think now that we have matured enough organisation, with matured enough brand and cash balance, I think why should we not be looking at multiple ways of monetising, whether it is through credit or whether it is through value added services.

So you are right, but currently, let us stay with what you are thinking in terms of ARPU and paying supplier, as the main growth operator remains the similar rate as you can see. So we'll continue to aim for a double-digit growth in the near term. As we continue to do multiple experiments on the value-added services as well as on the credit facilitation. Until something becomes meaningful enough, the reality is that 10% ARPU and 10% dependent on paying supplier growth is there.

Anmol Garg:

And lastly, just wanted to understand that have you seen any impact in traffic on the platform coming from, Google or Direct on the platform because of new chat-based AI platforms which might be used for discovery related aspects.

Dinesh Chandra Agarwal:

I don't know if there are significant impact started to happen on our kind of website today. So in terms of our traffic, there is so much of bot traffic, and there's so much of real traffic, and there's so much of agentic traffic. So we stopped reporting on the traffic side of it, but when we look at the unique business enquiries and all these, they are typically not yet declining anytime soon. So I can't say that there's an impact on B2B kind of enquiry have reached to the ChatGPTs. I think ChatGPTs are still limited to more consumer facing entertainment, infotainment, but I don't think they are yet very, very good at the B2B kind of queries.

Moderator: Next question is from the line of Nikhil Choudhary from Nuvama. Please unmute yourself and go ahead with your question.

Nikhil Choudhary: Thanks for the opportunity. My first question is on unique business enquiries. This quarter, it declined 1%. Last quarter, also, there was a decline, and I think management gave a commentary that due to low working days, and more holidays, there were less spent and that led to decline last quarter.

But more important point is, that last two quarter, it's been 27 - 28 million. And even last year, for most of the quarter in FY25 out of 3, out of 4 quarter, it was 27 - 28 million. So despite of us investing so much on performance marketing, why this number is not inching up?

Dinesh Chandra Agarwal: Thank you very much. This is a very good question. So if you really see the quarter 2, quarter 2 is typically a softer quarter on unique business enquiry. But now given the quarter 4, why it is slower? So few experiments that we are doing in the last 3 - 4 months is all these while we have been trying to improve the trust of the platform by putting more verification on the seller side.

We started with mobile verification, email verification, GST matchmaking, and now GST verification, bank account verification, and things like that. However, the platform is still totally free for buyers to come and visit, and also you can put in any phone number and start interacting with the platform.

Now as part of our overall trusted ecosystem process, first thing was that we started to put about 2 years ago, we started to put multiple questions when you are asking for enquiries and if you did not submit those question, you still have to skip, skip, skip so that we know that at least you have put in 3 times skip or 3 times those questions. So that increase the intent of the buyer that whether he wanted to actually put in the enquiry for that particular product or he was just looking around. Now we are going ahead and also saying that you can maybe make 1 or 2 enquiry without verifying yourself.

But if you're trying to make multiple enquiries, please verify your phone number through an OTP, please verify your email ID, please verify yourself. So we are starting to do more buyer verification also, and that is leading to probably 1% of drop in the conversion from traffic to this. So this is going to be a little bit of a challenge in the medium term.

- Nikhil Choudhary:** Got it. But, again, like you highlighted, just 1% drop in conversion. Even then, it means the overall increase is very limited. That was the point. And second, if possible, you can quantify the mix, how many of these queries you have acquired to performance marketing, if possible, and rest of which are organic?
- Dinesh Chandra Agarwal:** I don't think I would be able to give you that number because performance marketing is very new, and we continue to do a lot of experiment because which categories we want to put more budget, which categories we want to put less budget, so we continue to do a lot of experimentation on that side. Until we reach a Rs. 10 crores per quarter continuous number, I won't be able to give you how much traffic is coming through organic search, how much traffic is coming through direct, how much traffic is coming through affiliate, and how much traffic is coming through AdWord or Facebook. So there are now multiple channels through which the traffic comes, and I can't provide you a split on each one of them.
- Nikhil Choudhary:** Got it. The last one on gross addition side. I think two quarters back you mentioned that when we increased our prices in August, September, that generally it takes 2 quarters for gross addition to normalise. So are we seeing that to happen, especially in the month of April? If not, when can we expect that?
- Dinesh Chandra Agarwal:** As I said, I've already answered that question in the previous response. So I think it is taking much longer given the geopolitical as well as the pricing, because SMEs are really going through a lot of pain right now. And this price increase and our sales process and the Silver churn, elevated Silver churn is not helping, but we are not going back on pricing.
- Moderator:** Next question is from the line of Ritvik Agarwal from 3P Investments. Please unmute yourself and go ahead with your question.
- Ritvik Agarwal:** Thank you for the opportunity, so I just have one question. You implemented some price hike in Q2 - Q3. Just wanted to understand why are we not seeing an uptick in ARPU, not just on the whole level, but also on the Silver membership subscribers. The ARPU has been pretty much flat. Any reason, any stress there?
- Dinesh Chandra Agarwal:** We are seeing uptick in ARPU because here you are seeing a mixed ARPU of everybody together. So you will see ARPU uptick in times to come because it is only applied to new subscribers signing up, not an entire base over a period of time. So every price hike takes 1,2,3 years. So any price hike that we would have taken 1

year ago in Trustseal or 2 year ago in the Star supplier or 2 year ago in the Silver, is still in the rolling out phase. So both the ARPUs are growing consistently whether it is the top 10% ARPU, and if you see the ACPU, average collection per user, that will give you some better understanding because ARPU is the revenue per user and revenue itself is a 18-month moving average. So that is why you are not seeing immediate uptick.

Ritvik Agarwal: Understood. One more question. Assuming that we have all the pressures gone, where do you see the number of suppliers, the paid suppliers number can rise ARPU? Any directional sense, any way we can grow? How are you seeing it internally basically?

Dinesh Chandra Agarwal: I think I've answered that question, 1688 does about 1 million sellers, Justdial does about 0.5 million sellers, we do about 0.25 million sellers. We still feel that there is at least 2x more opportunity from here on. And we need to find a better, further improved product market fit for higher frequency of repeat buyers so that we are able to retain the sellers at the Silver level.

Moderator: Next question is from the line of Abhisek Banerjee from ICICI Securities. Please unmute yourself and go ahead with your question.

Abhisek Banerjee: Thanks for taking the question. So this is the first time that we are seeing that registered buyers and your active buyers, there is a divergence. Registered buyers is up 9% Y-on-Y and active buyers is actually down 3% Y-on-Y. Is there any analysis that you have done to understand why this happening. Is there a question on relevance coming down.

And the second one is about the virtuous loop when you do net adds and your buyers also kind of pick up. Now given we are seeing negative trends in both is that something that worries you of falling into a vicious cycle.

Dinesh Chandra Agarwal: I could only make out the registered buyer versus active buyers. So registered buyers, there are a lot of agentic traffic nowadays coming and we continue to deploy armours and other ways so that, and that is why we started doing more OTP verification so that people writing simple agents to do multiple phone numbers, to simply scrape the website or simply send one enquiry or read the data. So that is why registered users is also becoming difficult. I could not make out what you have said in the second question.

Abhisek Banerjee:

I was talking about the virtuous loop that we used to talk about when our net additions were going up steadily and active buyers is also going up. Now that both are in a decline. Is there a worry of falling into a vicious loop?

Dinesh Chandra Agarwal:

Yes, there is definitely a worry of falling into the vicious loop because that virtuous cycle where the suppliers were increasing and buyers were increasing. Suppliers, we were increasing and buyers were increasing because the total Internet size was increasing. Now if it has to increase, the buyers have to come more frequently and supply side has to become more trustable and more better. So I think that's where we have hit a little bit of a saturation point, but we are trying our best to find out what will keep bringing the buyers with a better frequency and what will keep the sellers with a better retention. So I think, this is a typical S curve that you find, it's the growth-consolidation.

And in every growth side of it, you will find that this virtuous cycle keeps on increasing and improving better and better and better. But every time you hit the plateau side of the S curve, you need to further scratch the surface to find even better product market. So if I can go back in time, earlier we were purely, purely supplier name and phone number and e-mail ID listing. And then we became a product listing, then we became a product with price listing, then we became product with price and specification listing, and then we became product with price and specification and photos and videos and reviews listing.

So I think every time we improve the supply side better and similarly, the verified supplier base and then the GST supplier base, I think we need to find one such more lever for us to go to the second, I mean, enhanced layer of the S curve and that is where we are.

Abhisek Banerjee:

Understood. And just one last question which is on cash distribution. We are obviously a cash-based company and we generate quite a decent amount of cash. Are you actually thinking about changing the payout ratio or doing some sort of larger dividend or something on those lines?

Jitin Diwan:

So Abhishek, thanks for the question. So we have been pretty consistent in distributing the capital back, if you see in the last three, four years, we have distributed about 40% to 60% of the cash which we have generated. As per the approval from the Board this time also, we have gone in the similar trend and had a dividend of about Rs. 60 per share. We have taken your suggestion. We'll

probably discuss with the Board again and come back the next year. This year, it is Rs. 60 dividend.

Avijit Vikram:

So now we will take a question from the chat box. From a strategic point of view, what all measures have been taken to improve stickiness of suppliers? Secondly, we understand you are facing issues in Silver segment. However, just wanted to know if this segment churn has always been this high. Has bundled selling of accounting softwares helped enhance the stickiness? The question is from Mr. Suraj Fatehchandani.

Dinesh Chandra Agarwal:

Very good question on the supplier churn. So supplier churn on the Silver side has not been this high. On a monthly basis, it was in the best ever terms, the Silver annual churn went as low as 2% - 2.5% side. So I think we are on an annual basis, around 10% to 15% down on the retention numbers. And same is on that monthly side. Monthly side used to be 5% to 6%. Now we are running at 7%, about 2% per month we have deteriorated. And if you take the month-on-month decreasing value, I think 15% lesser retention, and this is pre-COVID versus post-COVID. On the Platinum and Gold side, I think we have been very similar churn ratio of about 1% per month, and that hasn't changed.

Second question was the bundling of the accounting software. So we are not yet bundling the accounting software. Accounting as a segment now has about 2 lakh 25 thousand net paying customers currently. However, we have sold 4 lakh licenses. Out of that, there are multiple people who were sold before the 2021 time, where we didn't have the direct connect with the customer and also the software was being sold as a one-time perpetual license software. And that segment, now that we are 2 lakh 25 thousand, Busy is also 2 lakh 25 thousand. In times to come, we will start to see what kind of synergetic bundling can we do between Busy and this. But this has not yet been done. Thank you.

Moderator:

Next question is from the line of Swapnil from JM Financial. Please unmute yourself and go ahead with your question.

Swapnil Potdukhe:

I have just one question. This is pertaining to your employee expenses. Typically, 4Q is the quarter where employee expenses go up meaningfully on a quarter-to-quarter basis. But this time around, there has been a decent decline. Any particular reason for that? And a related question to that is with the number of employees, I think there has been some rationalisation on the employees also.

The second question was like the number of employees that you have reported, 6,200 something. It was 6,300 in the previous quarter. Is this some kind of a rationalisation exercise? And is it linked to the employee expenses going down also in a way? Any particular reason for that? And what are the thought process on the number of employees going up or going ahead?

Jitin Diwan:

Let me answer the first question. So if you remember, last quarter, there was a labour code impact, which we had taken. It was about Rs. 8.5 crores if I remember, which we had taken last quarter, and that's how it is looking like the expense has reduced. So that is not the case. On the employee count, it has reached to 6,200 as we speak. There is no rationalisation as such. There are like campus hiring, etc., which we do on a periodic basis just to scale up our servicing and sales team, but no rationalisation by design as such, which we are trying to do. I hope that answers your question.

Swapnil Potdukhe:

Just the continuation of that, like do you plan to add a more number of people or do you want to wait and watch for the collections growth to come pick up first.

Jitin Diwan:

On the basis of servicing and sales team, what is required, we usually hire that. We are already at the level what we require. So we don't see any like gap which needs to be bridged at this point of time.

Swapnil Potdukhe:

So will it be fair to say that you should get some kind of operating leverage if you're not adding people on the margin side, at least?

Jitin Diwan:

No, it is variable. As per the business grows, expenses also grow, especially for the employee side.

Avijit Vikram:

So, now we'll take a question from the chat box. What are the updates we can provide on the trends with some of our key investee companies in terms of growth, competition, funding scenarios, etc. The question is from Mr. Krushi Parekh.

Prateek Chandra:

Thanks Krushi for the question. As you know that we started investing sometime in 2020 onwards. So in the last 5-6 years, as we have invested almost Rs. 750-odd crores across 13 different investments primarily in the area of business software, logistics and the fintech opportunities that we kind of came across.

So out of 13 investments that we made so far, almost six companies have crossed more than Rs. 100 crores in the turnover. So they've been kind of doing very well and been kind of growing at a very

reasonable rate that we foresee. So that's like, let's say 50% of the investments we have done.

And the other investments are also kind of doing good, or there, but these six companies, particularly we hope that probably the next 2-3 years may go down the more IPO path also. So, that investment what we have done is kind of playing out well in line with our own thinking that what we had at the time of making these investments.

In the terms of specific metrics for all those 12, 13 companies you would be coming out with the annual report, which may have some kind of revenues and the disclosures that you would find. So probably I would suggest maybe once you go through it, that you may find some metrics working around those companies.

Moderator:

Next question is from the line of Pranaya Jain from Banyan Tree. Please unmute yourself and go ahead with your question.

Pranaya Jain:

So, I have three questions. Number one is you mentioned about 1688, can we also assume that, we'll see ARPU led growth in the medium term on a consistent basis? That's question number one. Question number two is, can you talk a little more about some of the value-added services that you are providing? What are our methods of monetising them?

Do we have any plans of getting into fulfilment as well? And the last question is on buybacks. So, what are your thoughts on buybacks given the change in taxation policies?

Dinesh Chandra Agarwal:

So first on the 1688. As I said, 1688 has a million customers and ARPU of about \$2,000 now. So that makes it about \$2 billion in revenue. And it has started to become mostly ARPU led growth. Even today, they have ARPU and customer both, but I think they started doing that when they reached, when they crossed more than 750 thousand paying sellers. And I believe that given that India versus China, manufacturing versus not manufacturing, services versus product, we also aim to become at least half a million customer in times to come. So I believe that it is too early to be purely and purely dependent on our ARPU led growth.

So, we will continue to look for customer led growth as well as ARPU led growth in the medium term. And over the time, when we are closer to 500 thousand customers, maybe 400 thousand, that's when we will start to look at mostly ARPU led growth. But currently, we are stuck in a position in the last 2-3 years that it looks like that we are mostly doing ARPU led growth.

That coming to the second part of the VAS. So if you compare the 1688 or Alibaba.com, what portion of the subscription and VAS revenue they report? And I mean, what they report as subscription and what they report as VAS versus what we report as subscription and VAS is slightly different.

If you look at it, all the platinum customers' revenue that they report, barring the basic subscription they have, they report it as a VAS. So all the search and premium listing and the keyword listing and the location targeting, they report it as VAS. When we look at them because there's not much of a detailed version available, it's only the 2011 version when they were listed as a B2B company that was available. So, I guess you should see our top 10% customers revenue as typically the VAS revenue which could be compared with the Alibaba.com. Having said that, over the last 15 years or so, Alibaba has matured into multiple revenue items, whether it is fulfilment, whether it is lending, whether it is software enablement, whether it is payments.

So they have built the entire stack over a period of time, and fulfilment is just one of them. So we believe that fulfilment through signing or fulfilment through partnering with people like maybe Porter, Shiprocket and the likes while trying to build other items like payment, we don't need much here in India because Indian payment infrastructure is very, very good and we have done multiple attempts in the past when it was not good.

On the other value added side, I think we are continuously working towards the software value added, which is accounting, lead management, AI based seller initiative for lead qualification and things like that. So we'll continue to work on that. On the buyback versus dividend, I don't think there's much different now.

Jitin Diwan:

So we had evaluated this in detail, and that's how we came to the conclusion for the basis of the amount of dividend to be declared, amount of money to be reallocated to shareholders. We decided dividend is the right way. So next year, we'll re-evaluate it, and we'll come back.

Moderator:

Next question is from the line of Shreya Chatterjee from Ageless Capital. Please unmute yourself and go ahead with your question.

Shreya Chatterjee:

Thank you for taking my question. I'd like to understand what other metrics that you provide in your presentation, do you actually track to understand that the RFPs that are provided out by the buyer is

actually closed by the sellers? So are there any close metrics that you track that, okay, it will be closed with 80% or 90% fulfilment rate? So anything on that?

Dinesh Chandra Agarwal: So there is no definite metric that we have because, we are mostly advertising and referral platform. We are not a transaction and fulfilment platform. So we are intermediary rather than being a marketplace. Now coming to the anecdotal and survey-based thing, we send out a survey to all the buyers whose email ID is available with us, and almost 60-70% of the buyers will have email ID also available.

So in those cases, we send out email after 3 days and after 7 days, asking them whether their RFQ was fulfilled or if it was fulfilled, whether it was fulfilled through IndiaMART sellers, it was fulfilled from outside or if they postponed their requirement. That almost 2% of the buyers actually respond to those thing and given that our 9 million unique monthly buyers out of that 6 million of this typically have email ID, when we send out to them, about 1.2 lakh we end up getting feedback.

And that 1.2 lakh feedback every month that we get, we get to see anywhere between 40% to 45% fulfilment confirmed by the buyer. However, these are survey figures.

Shreya Chatterjee: Got it. And secondly, on your product listing side, the number of active products has gone up. So are you trying to like focus on certain particular categories with this increased product listings? And on my first question, you say that you track it on a lag basis, like after you send out the mails, then you get to know what was the fulfilment rate. But do you want to incorporate some measures so that this can also help you to close more leads and that would actually get the buyers more interested?

Dinesh Chandra Agarwal: So earlier we were looking at the payment as one mode towards that. Now we try to do it, in a manner where we can fulfil across the categories because if we apply anything which is category specific fulfilment, that would be too restricted. I think we continue to love to be a horizontal platform where items from apparel to machinery to raw material. I mean, if you go to one of those slides which says end-to-end fulfilment.

So we continue to find levers so that we can actually do transaction by transaction tracking, but we haven't found much success on that side. Maybe some kind of a financial way or maybe some kind of incentivisation, buyer incentivisation and that has been difficult in

any classified business or any intermediary business. So we continue to read multiple business models across the world, where there could be some innovation, where you would be able to find, you would be able to track if the transaction loop closed or not.

On the category side, if you see our paying customer distribution in the presentation. Our paying customer distribution in the presentation, you will find that industrial plant and machinery, construction, electrical equipment, these are some of the top industries that we focus on. And mostly in the plant and machinery and industrial equipment and electrical equipment. If you typically take these four, these four account for almost 30% of the total paying suppliers and then there is a long tail of it.

And we are now trying to work on a three-tier architecture of the differential pricing where there is a standard pricing which is applicable to almost 95% of the categories, 5% of the categories are the premium ones, and top 1,000 categories are the super-premium ones. So that's where we get even better insight on category ARPU, buyer demand, seller demand, location wise demand and that's where we try to increase category focus even better. But given that we are a horizontal across thousands and thousands of categories, it is difficult to scale and manage it. Even if we are able to manage a few category experts, as soon as you expand it to couple of dozen category managers, it becomes difficult to manage.

Hopefully, with the AI coming in, I think a lot of horizontal part can be taken care of, and maybe then we can invest only on the vertical part of the business where we would be able to focus mainly on few categories to be able to disproportionately generate better business from them.

You can see, for example, metal, especially, steel is one of the very large categories on IndiaMART. You will see simple plant and machineries like chapati making machine or chappal making machine or donut making machine. Those are very tier-3 kind of a buyer, is a very good use case for IndiaMART, lathe machines like that. Similarly, you will find industrial shed or industrial flooring, colour coated roofing sheets, puff panels. So there is a lot of variety of products that you can go into details. And some of them you can see on the screen on the end-to-end supply chain also.

Moderator:

This will be the last question for the day. I will now hand over the call to Dinesh Agarwal for his concluding remarks. Over to you.

Dinesh Chandra Agarwal: Thank you, ladies and gentlemen, for joining our quarter four and FY26 Conference call. We have tried to address your queries in the time available. But if you still have questions, please free to contact our Investor Relations team. Thank you and Good evening and Good night.

Moderator: On behalf of IndiaMART, we thank everyone for joining us on this webinar. You may now disconnect your lines. Thank you.

Notes:

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