



Conference Call Transcript

Event: IndiaMART Q2 FY2020 Earnings Conference Call

Event Date/Time: October 23, 2019 at 1600 hrs

CORPORATE PARTICIPANTS:

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Mr. Prateek Chandra – Chief Financial Officer



*IndiaMART InterMESH Limited
October 23, 2019*

Moderator: Ladies and gentlemen, good day and welcome to IndiaMART InterMESH Limited Q2 FY2020 earnings conference call. 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. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. Joining us today from the management side, we have Mr. Dinesh Agarwal, Chief Executive Officer, Mr. Brijesh Agarwal, whole time director, and Mr. Prateek Chandra, Chief Financial Officer. Before we begin, I would like to remind you that some of the statements made in today’s conference call maybe forward looking in nature and may involve risk and uncertainties. Kindly refer slide no. 2 of the earnings presentation for the detailed disclaimer. I would now like to hand the conference over to Mr. Dinesh Agarwal for his opening remarks. Thank you and over to Sir!

Dinesh Agarwal: Thank you very much. Good evening everybody and welcome to IndiaMART’s second quarter ending September 2019 results conference call. We have already circulated our earnings presentation and it is also available on our website as well as stock exchanges’ website. I am sure you will have gone through the presentation and I would be happy to take any questions afterwards on that. Just to summarize, we are happy to report that IndiaMART has achieved consolidated revenue from operations of Rs.157 Crores in the second quarter. This is about 28% Y-o-Y growth in the revenue. However, our deferred revenue has grown by 28% this quarter to Rs.631 Crores, which is much lower than 37% growth that we had in the same quarter last year, so overall deferred revenue growth has slowed down.

Net customer addition for this quarter has been approximately 4,500, which is higher than the last quarter when we added only 3,000 odd customers and is still much lower below our long-term average of last year’s quarterly net customer addition of about approximately 5,000 per quarter. We believe that this is primarily due to ongoing pain in the economy. This challenging environment calls for increased effort in our new sales acquisition as well as our upsell and renewal client servicing and we will continue to respond to this kind of economical challenge by way of strengthening our sales and servicing manpower, which may lead to a higher cost in the short run and this may put our margin expansion under pressure for some time.

While government has taken multiple steps to infuse liquidity in the economy, but we think it will be certainly beneficial for businesses in the long run, their impact in elevating the immediate term pain still remains to be seen. Lastly as a strategy we believe that our marketplace has a very good fitment with fintech and software space and that will play an

important role in expanding the reach of online marketplace and make it more useful and sticky for the small businesses. Accordingly, if you remember we had made an investment in Vyapar- an accounting, inventory and invoicing software for mobiles for MSMEs. That is about it. I would like to handover this call to Prateek to discuss numbers in detail including taxation and thank you and over to you and I will come back with your question and answers later. Thank you.

Prateek Chandra:

Thank you, Dinesh and good afternoon everyone. As mentioned by Dinesh, our revenue from operations grew 28% Y-o-Y to Rs.157 Crores. This is driven by 15% growth in the number of paying subscribers to approximately 137 thousand as compared to what it was in the last year and high realizations from the existing customers. Consolidated EBITDA margins increased to 23% in this quarter as compared to 18% in the same quarter last year, driven largely by better revenues and also adoption of Ind-AS 116 on lease accounting. Our tax expense for the quarter was at Rs.42 Crores, which is significantly higher than previous quarters primarily on account of one-time impact of Rs.31.4 Crores related to change in tax rates, i.e. primarily restatement of our deferred tax asset to the newer rate and the reversal of MAT credits, as the company has opted to move to 25% tax regime as per the option given in the taxation amendment ordinance 2019. Due to this one-time impact, the consolidated net profit for the period stood at only Rs.9 Crores as compared to the 23% EBITDA margin. Our cash flow from operations was Rs.42 Crores leading to a closing cash and investment of Rs.780 Crores as on September 30, 2019, as compared to Rs.503 Crores as on September 30, 2018 representing an increase of 55% Y-o-Y. Thank you very much. We are now ready to take any questions.

Moderator:

Thank you very much. The first question is from the line of Sachin Hemnani from Perfect Research. Please go ahead.

Sachin Hemnani:

Good afternoon, Sir. I have got three questions with me. Question number one, if you look at Shopify Outside, it keeps coming out with new SaaS-based products in order to create more customer stickiness, is the acquisition of Vyapar in the same line?

Dinesh Agarwal:

Sachin, you continue with your other questions also, we can answer them together then.

Sachin Hemnani:

Question number two is with Udaan now successfully scaling up, don't you think the transactional based business should be started to offer more benefits to customers. Question number three, since our company will be generating lot of cash in the coming future, what do we look at investment opportunities outside SME space like InfoEdge does, that is it?

Dinesh Agarwal:

Can you please repeat your first question



IndiaMART InterMESH Limited
October 23, 2019

Sachin Hemnani: Shopify Outside providing products on the basis of the SaaS-based products, which creates more stickiness, so is the acquisition of Vyapar in the same line?

Dinesh Agarwal: I would not say in same line, but similar line. Shopify has a very do it yourself model where they only provide technological tools, they do not run a marketplace. They are a website making tool and in order to add multiple items on that website such as CRM or payment gateway, they provide different apps to do that, whereas IndiaMART is by and large marketplace, so there is a big difference between Shopify versus IndiaMART. Shopify is a website creator whereas IndiaMART is an aggregated marketplace. Shopify does not aggregate products across multiple suppliers or multiple participants. I am not sure if that answers your question, but these are the differences.

Sachin Hemnani: I was more concerned with the Vyapar thought process.

Dinesh Agarwal: Now coming to Vyapar, there is one similarity that Shopify tries to find which portion of their core customers is more likely to use other apps and that is a very similar argument that goes in IndiaMART case, where we are saying that IndiaMART also handles or benefits SMEs and Vyapar also benefits SME and accounting, invoicing, inventory are one of the second most important need beyond lead generation, so we feel that Vyapar has done a good job in making it an easier product, which can be handled by the SME themselves rather than having an accountant who understands debit, credit, balance sheet, profit & loss A/C, receivables and things like that.

Now coming to your second question about moving towards a transaction-based model or not? So, we have a very different approach going towards transaction. Yes, we should always make it easier for people to be able to go closer to the transaction or close the transaction on the platform; however, we represent a large number of categories 1,38,000 different categories are there. There are a lot of times B2B sourcing happening where the products are customized between buyer and seller, where the products are non-shippable also. So we have products like trucks, products like cranes, products like elevators, JCB machine etc. So, a small portion of the products may be readily transacted.

We feel that transaction has two to three parts, one is the accurate cataloguing and pricing being available, which we have continued to work and make sure that across 1,38,000 categories instead of picking up a few categories and going deeper there, we have taken an approach that let us open all the categories for pricing and better cataloguing and over the time, find out a minimum common denominator, which can work across the category.

Second, offering some kind of payment facilitation. at IndiaMART, we have taken a Pay-with-IndiaMART payment gateway solution which helps our sellers to receive payment from their buyers. So we are going one step closer there and another one I missed you know we have is, after lead generation, there is a lead management system, which helps you close those leads because you have to find a specification that the buyer is looking for, beyond a buy now product. We are slowly and slowly moving in that direction, do we want to become a courier company to pick up the goods, collect the payment on behalf of the people and do a cash on delivery, we think, no. We will continue to remain a technology-based platform, which will help buyer and seller meet each other, interact with each other, facilitate payment, provide credit financing whenever possible, so we continue to move closer towards the transactional route, but in a very different fashion than saying that we will work only for few categories and will do the cash on delivery and pickup the good as well.

Now coming to the third thing, Cash on our balance sheet, so we have about Rs.780 Crores of cash on our balance sheet and we will continue to look for adjacency and those adjacency as I said could be in a SME SaaS space, could be business SaaS space, B2B SaaS space, could be in fintech space and see if we can partner with them by way of financial partnering or strategic partnering. Do I want to go beyond SME, say something like in a healthcare, I do not think so, we will continue to focus on our adjacencies to deploy this cash and in any case we have a Rs.631 Crores of deferred revenue on our balance sheet, so we also need to conserve cash in order to service our deferred revenue for that matter. Last piece is we have already announced a policy for dividend distribution when the year completes, the board will take a decision how much dividend to be distributed. Thank you, we can move to the second question.

Moderator:

Thank you. The next question is from the line of Pranav Kshatriya from Edelweiss Securities. Please go ahead.

Pranav Kshatriya:

Thanks for the opportunity. My first question is regarding the employee cost, if we look at it, there is a sharp acceleration in the employee cost and just wanted to know how we should look at it and most specifically if I look at the collection for this quarter vis-à-vis collection for the year back for the same quarter, collection has increased by around Rs.22 Crores and similar is the increase in employee cost vis-à-vis that quarter, so how should we see the unit economics of higher employee coming onboard. After this I will go to the second question?

Prateek Chandra:

Sure. Mr. Pranav, you are right in saying that the employee cost has increased, in fact employees and outsource sales cost combined stood at almost Rs.87 Crores in this quarter

as compared to the number of Rs.65 Crores last quarter. This increase has happened, one, on account of the increments whatever we have announced during the year. We have the increments coming in effect from June 1, 2019, so this was the first quarter in which the full effect of increment has come in. The second reason of the increase was the headcount increase, which has primarily happened in the sales and the servicing functions, so as compared to last quarter when we had a total workforce of almost 4,200 people, now we have a total work force of 4,500 people and this 300 people addition has happened either in the new sales sides or on the servicing side. I think sequentially going quarter-by-quarter, we may not increase the manpower cost significantly, but on a Y-o-Y basis as the economy requires more effort on the new client acquisition as well as requires more effort in collecting higher realization for customer, this year we can safely assume that overall manpower cost would be higher than what we had in the previous years.

Pranav Kshatriya: My question is more related to, we are seeing employee cost increase at a faster pace than the revenue, so should we see this trend continuing for this year may be because of the economic challenges or is this quarter is more one-off and should normalize in the coming quarters?

Prateek Chandra: It should normalize, but all in all if you see we had two portions of the cost, one is the employee cost and second is the other cost. I think the total cost by the year-end probably may go up by almost 20% odd as opposed to the total revenue increase of what we are looking at 25% plus, so we could see our cost would be going slightly higher than what we anticipated earlier, but it will not go over and above our revenue growth.

Pranav Kshatriya: Thank you, very helpful. Second question is regarding tax rate, just want to clarify, so on operating income we should assume 25.2% tax rate and on the other income that is the income from investment, we should assume around 10%, is that a fair way to compute tax?

Prateek Chandra: So, on the business income you are right, that we should assume 25% and on the other income depending upon short-term gains or it's a long-term gain because the investment is largely in the liquid funds and the taxation may range accordingly.

Pranav Kshatriya: Any ballpark number for blended tax rate what we should assume?

Prateek Chandra: Overall, if you see for the last two quarters our effective tax rate has been pretty similar, doing around 31%, so all in all this tax rate should certainly come down to more like 22% to 23%.



IndiaMART InterMESH Limited
October 23, 2019

Pranav Kshatriya: And last question, how should we see this relatively lower growth in the business enquiry delivered and the traffic, have implications on the new customer addition?

Dinesh Agarwal: So, Pranav, two separate things, on the buyer side, we are not really worried, we get enough number of buyers and if we build the supply side right, we will be able to service the buyer to his satisfaction, so that he returns more frequently. We do not think there is too much universe left, which is not coming to IndiaMART; we are already touching a good portion of Indian internet population every month, so I am not too worried on buyer side even flattening out on the number of enquiries. There is enough unfulfilled enquiries, enough unfulfilled buyer base, which can become a regular buyer to IndiaMART if fulfilled properly. On building the supply side, SMEs as well as large businesses are not adept to utilize the internet fully. They are habitual of either a dealer distribution-based sales mechanism or inbound call or inbound walk-in customer base, this whole generating of lead and doing a lead-gen based system most of the businesses whether small or large are struggling to deal with this new era of finding a new customer and fulfilling them and there we continue to educate and continue to onboard many suppliers and many survive and learn though this whole process of internet and many say that this is not my cup of tea. So I think the supplier base addition and their maturity and what kind of tool we can provide them to make it easier for them to do a followup with the buyer or collect the payment from the buyer and how do we build the trust gap, remains the key challenge that we continue to solve for the economy and for the businesses. So just to reiterate I am not too worried on the buyer side, but supplier side, if we are not able to do at least 5,000 net customer addition that is a problem and more so, if we are not able to retain a majority of them over one or two years period, that is also a problem.

Pranav Kshatriya: Thank you Sir, this is very helpful.

Moderator: Thank you. The next question is from the line of Ankur Pant from Jefferies. Please go ahead.

Ankur Pant: Sir, good evening and thank you for taking my questions. My first question is on the payment side, so I understand that you are doing a lot on the payment facility side, so just wanted to know how is the traction there and how do you plan to scale that up. My next question is on realization, how do you see that evolving over the next couple of quarters or the year or so and on a related note if you could share anything on the strategy of differentiated pricing across geographies and categories, that would be very helpful?. That is it, thank you.

Dinesh Agarwal:

Thank you. So, on the payment facilitation side, earlier we started from an escrow kind of a solution and then we went on to providing a bouquet of payment facilitation. Currently, there is too much happening in the payment space in India, there are UPI-based payments, there are credit-based new payments, and then there are wallet-based payments. I think currently the market is very confused where to go and where not to go. So initially we got some good traction, but we are finding it difficult to scale up on the payment side, we currently do only 5,000 odd payments transactions every month and that has been in the product development stage and these are the early days. We continue to tweak our product on a monthly basis or so to find where is the sweet spot, which will work with the buyer and seller better. So we continue to do research, and continue to have belief that payment and credit are very important ingredients to a marketplace success.

Now, coming to the realization or average revenue per customer, so as you can see over the last three, four, five years our revenue per customer has been inching up slowly, around 5% odd or so, so we were at 33,000 odd and we are now at 39000, or 40000 odd on a yearly basis. As most of the customer come at the bottom of the pyramid, their ARPUs are lower and as the customers age over the period of time and they learn how to do business on internet, their ARPU keeps on increasing Y-o-Y. So an ARPU is not a function of, unlike in a telecom where everybody uses the same ARPU package. Here, the entire customer base is further divided into multiple silver, gold and platinum tiers and an ARPU is an average of all those. So on one side we have our lowest level customer, which gives us Rs.30,000, on the other side, top 10% of our customer base, which is about 14,000 customers, they give 40% of our revenue where the ARPU goes as high as Rs.1,60,000 or so. So, realization will keep on improving over the period of the time for many years albeit very slowly and more so given the collection being lower nowadays due to economic challenges.

Now coming to the differential pricing, we did touch base on this that, this is an opportunity area; however, we need to very carefully plan and see where we are going to implement and when we are going to implement. We were thinking of doing some pilot in the second half of this year; however, given that there are too many fronts already open where we are trying to matchup with our net customer addition and renewal and upsell, I think it may be a little prudent to try a completely new way of pricing maybe a little later, may be a couple of quarters later.

Ankur Pant:

That is very helpful. Thank you, Sir. You said payment gateways have 5,000 transactions per month, is that right?

Dinesh Agarwal:

Yes.

Ankur Pant: Okay. Thank you. Have a great day.

Moderator: Thank you. The next question is from the line of Binoy Jariwala from Sunidhi Securities. Please go ahead.

Binoy Jariwala: Thank you for the opportunity. Mr. Dinesh, you just elaborated a bit on differential pricing and you are planning to postpone it by a couple of quarters that is what you are saying right, now given the nature of your platform, do you think that this differential pricing would not really antagonize your SME plans whenever implemented?

Dinesh Agarwal: So, we are not planning to implement it at the bottom of the pyramid, i.e., our entry level customer silver and gold, we are only planning to introduce differential pricing for a platinum listing or a premium listing in a particular category and to begin with we will start from the top of the funnel where somebody like a large corporate is taking a premium listing in a JCB kind of or in a truck kind of category, I think there we should be able to do that probably easily and then as and when as a concept this will happen, this will probably be scaled up to all platinum customers, but it will take I think many years to reach to a silver level differential. So I think Justdial has done a pretty much good job on that side, they do have a very good demand-supply based pricing mechanism and that too I think for higher packages only, not for the entry level packages.

Binoy Jariwala: Understood and likewise would you also whenever implement this, would you also implement it on basis of few geographies or would it be implemented on basis packages, but PAN India?

Dinesh Agarwal: I think it is too early to say. That would have a multiple parameters, that would have average price of the product in that category, that would have number of buyers in that category per month or every buyer, that would have the demand from the suppliers, how much demand from suppliers are there, if my buyers are coming and no supplier is bidding for them, that is also useless for me. So it is going to be more of a demand-supply and pricing-led and location-led. So on every city category combination, we will see what kind of a price and what kind of a demand and what kind of a supply is and factor of these three things will we decide what kind of a premium or what kind of a discount should be given for that particular premium listing in that particular category city combination. Brijesh, you want to add something?

Brijesh Agarwal: Binoy if I understand your question correctly, I think what you wanted to ask is that whenever we rollout the differential pricing would it be rolled out for our paying subscribers across India or in a particular geography, am I correct?

Binoy Jariwala: Absolutely, yes.

Brijesh Agarwal: So far when you go back and see whenever we have done any price changes it is always done on a PAN India basis, because specifically when you look at the premium customers, the platinum customers we have that entire base it in itself is about 10% of the overall paying subscriber base, so until and unless we roll it all across India, I think we would not be able to go back and assess the real impact. So, whenever we do it, we will do this PAN India for those subscribers.

Binoy Jariwala: Okay. Thank you so much Sir.

Brijesh Agarwal: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Prince Poddar from JM Financial. Please go ahead.

Prince Poddar: So, good set of numbers, congratulations for that. I just have three questions. One is very critical for me to understand. if you can please explain to me how your deferred revenue works because if I see it is about four quarters of deferred revenue, and I just wanted to understand what kind of revenue visibility does your deferred revenue provide us, so essentially is it one year kind of deferred revenue broken into four quarters or one-and-a-half years, so it is a little confusing on how do we see the revenue visibility from this, that is one. Then, there was a decline in other expenses and since it is a significant number I would want to understand where this decline came from. The third one would be a qualitative statement on if you can make us understand how difficult since most of the new suppliers are coming at the lower end, how difficult or how easy it is to get a new supplier onboard as a paying customer?

Prateek Chandra: Sure Prince. On your first question of deferred revenue, as you know that we have a subscription business and we have different packages of different durations, so we sell our subscriptions on monthly basis, on annual basis or a multiyear basis. We typically collect the entire money with respect to that subscription upfront at the time of signing up itself, whether he is taking a monthly subscription and annual or a multiyear subscription, which goes into deferred revenue and out of that deferred revenue over the period of the contract we recognize it as a revenue, so assuming if it is a three-year subscription package and somebody has paid as upfront, the entire thing goes into the deferred revenue for us and in the year one, only one-third of that revenue will get recognized and two-third will stay in the deferred revenue. As on September 30, 2019, we had ~ Rs.630 Crores of deferred revenues sitting on balance sheet, so what it represents is that the entire cash with respect to

this revenue has been collected and the service will get recognized over the period of the respective contract. On an average 60% of this deferred revenue represent the current portion, that is the revenue will get recognized in the next 12 months period and 40% of this deferred revenue will get recognized after 12 months, so that is how the aging of the entire deferred revenue works.

- Prince Poddar:** Got it and this 60% would have remained same in the past few years, not changed much?
- Prateek Chandra:** Yes, at least in the last five, six quarters, it has been the same in fact we have uploaded in earnings presentation on our website and there is a slide on the deferred revenue, you can go through that, you would see that this has been pretty much consistent at around 60% for the last good two years. On your second question, other expenses decline I believe you are talking about a decline in this quarter with respect to the previous quarter, right?
- Prince Poddar:** Yes, for same quarter last year, Q2 FY2020 is Rs.32 Crores and Q2 FY2019 was Rs.34 Crores, so a small decline, but nevertheless a decline, which actually helped your margins to some extent?
- Prateek Chandra:** I understand, so on this one, we have actually implement Ind-AS 116 from April 1, 2019, which requires all of our rent expense being classified as a depreciation expense and the financial interest expense, so this has been approximately Rs.4 Crores per quarter. If you see the results that we have uploaded, there is a footnote there, which explains this impact, so the right number to compare with respect to the last quarter is Rs.32 Crores of other expense in this quarter plus Rs.4 Crores of the rest expense, almost 36.7 Crores as compared to 34 Crores last year.
- Prince Poddar:** Got it, it is just the rent, it is nothing else. It is just the Ind-AS 116, which is different, otherwise nothing else?
- Prateek Chandra:** Absolutely, I mean this is Rs.4 Crores of expense, which got shifted from the other expense line to the depreciation and the finance cost line.
- Prince Poddar:** Got it and last one on new suppliers addition, how is easy or difficult it is to, what I mean to ask is basically, what kind of sales effort or on-ground effort is required to add incremental paying subscriber?
- Dinesh Agarwal:** I have already addressed this earlier. Let me repeat again, our net new customer addition has been at around 5,000 odd per quarter for the entire last year or so, now last two quarters especially the April, May and June quarter, we faced net new customer addition to be only

3,000-3300 and we were anyway in the process of ramping up our sales force and this quarter we have been able to get to 4,500 odd net new customer addition and given the economy is hard, which cuts across both the side because one, it becomes difficult to acquire new customers and the productivity falls down on that side. Two, it is difficult to retain the customer which has been on-boarded on two accounts, one customer themselves run out of the business and they shutdown their business and second, they do not have enough cash to advertise, to spend on advertising, so both of them leads to higher churns. Yes, it is difficult in the subscription business like this and acquisition and churn are the two very important parameters, which we continue to work up on every day. I hope that, one, economy will improve over the time and two, we will find better ways to engage our customer and signup our customer and three, it will become easier for SMEs to adopt to internet-based doing business, currently as I said earlier most businesses are not habitual of a lead-based customer acquisition system. They are either habitual of dealer distribution-based sales or they are habitual of inbound call or walk-in customer-based system. It is only service industry, which is more habitual of a lead-based customer management system. The product-based systems are not understood that way, but I guess especially in B2B, where the sale cannot happen off the shelf because of the customization of the product, because of the unique nature of the product, because of the long tail of the product, people will ultimately have to migrate to a lead-based management system and I would hope of that and these are early days of internet and I would say that there is at least next 10 to 20 years, which are available for keeping this particular thing in mind how to increase our net subscribe base and how to make it easier for them to onboard and how to make it easier for them to convert their leads.

Prince Poddar: Got it. That is very helpful. Thanks, Sir.

Moderator: Thank you. The next question is from the line of Sabya Mukherjee from Centrum. Please go ahead.

Sabya Mukherjee: Thanks for the opportunity. Three questions, first on the muted growth in supplier, storefronts and as well as net addition of paying subscriber base, I thought when we last spoke in Q1 conference call you said that there was an impact on the price increase and that is why the growth was small, the net addition was small in Q1, but Q2 beginning July onwards things started on a good note. If you can throw some light on the monthly trends like how has been July and after that August, September and October especially in terms of growth in storefronts as well as the paying subscriber base?

Dinesh Agarwal: First, let me take up the paying supplier base because that number is far more important from the revenue perspective. So yes, in the April, May, June quarter we did say that there

could be some impact due to the prices of annual customer base that has been increase from January 1, 2019. Timings of our pricing increase got wrong, because the economy sluggishness coincided with that, so from 3,000 customers, which we added in the last quarter, we have improved to 4,500 odd customer this quarter. On a monthly run rate basis, I think again in the next quarter also we can assume somewhere around 4,500 to 5,000 odd customer base and we will continue to see how do we reach to our previous normal of about 5,000 customer adds a month.

Now coming to the overall supplier storefront, last year or so, we have become lot more stringent in terms of what kind of supplier base to acquire and what kind of supplier base to focus, so earlier we did not have a policy of 100% e-mail verification or 100% mobile verification for adding a supplier. Now, at least we had said that old ones will keep on doing because they have been accumulated over the last 10 year, but at least the new ones until and unless the mobile is verified by an OTP or e-mail is verified by an OTP in order because we have become a large platform today, any miscreant can cause a lot of disturbance. So we are moving towards the trusted platform, so we are becoming lot more careful when we signup a customer/Supplier. Also we did not have a very good hang of formal economy, so there are about 1 Crore GST registered businesses, there are about 2 Crore people who file income tax return and say that their income was from business or profession. Though there is an SME census, which says that there are about 6 Crore SMEs, but if you really see the formal number of SMEs is only 1 to 2 Crores and it makes a lot more sense for a B2B platform like us, to focus more on the formalized economy. Earlier we used to have multiple parameters like gumasta or business registrations certificate from state or a VAT thing or a central excise registration certificate or a service tax registration certificate or even Udyog Aadhar. Now we say that, let us focus only on GST-registered businesses. So our overall supplier storefront may seem a lower growth and may continue to seem a lower growth, because we have actively taken this approach that we should only and only onboard supplier with the mobile number and e-mail ID fully verified and focus more on the GST-registered businesses.

Sabya Mukherjee:

That is very helpful. Secondly, on the margins, you said that in this quarter, we have been hiring pretty aggressively and I think we have opened 5 branches and new territories as well as I see Guwahati being opened up to reach the northeast part of the country. Any sense on how and how many number of branches we will be opening in H2 and the employee base that will be required for this opening of branches?

Dinesh Agarwal:

I do not think too many branches are planned maybe a couple of them in the entire next 6 months. Yes, in terms of overall employee addition, employees are added for two reasons, one to support existing customers, so for every set of X number of customers, we need one

more service or upsell employee and second, for acquisition of customers. As I said that acquisition has become tougher as well as churn has become higher and also our overall customer base is increasing, so employee base will increase a little bit more and I think as we are already up from 4,000 in March to almost 4,500, so in last six months I think we have added 500 people, may be another 200 or more in the next quarter or so.

Sabya Mukherjee: Lastly a bookkeeping question, on your balance sheet, I see that the PP&E, the property plant and equipment that has gone down, there has been a decline, any color on that?

Prateek Chandra: Yes, in the property plant and equipment, we had a leasehold land, which was earlier showing up as a property plant and equipment. Since April 1, 2019, we have adopted Ind-AS 116, which requires us to classify it as a right of use asset, so the land had shifted from the property, plant and equipment to right of use asset, which is a different category than property plant and equipment.

Sabya Mukherjee: That would be roughly of value of Rs.3 Crores, the difference amount that we see?

Prateek Chandra: Yes, almost 3.5 Crores.

Sabya Mukherjee: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Ayaz Motiwala from Nivalis Partners Hong Kong. Please go ahead.

Ayaz Motiwala: Good evening gentlemen. Thank you for taking my question. I will go quickly on two big questions that I have; one is on the people front, you have a segment called outsourced as well. So could you explain the mechanics of how this works in terms of the planned addition on outsource and in-house people and the incentive and the accounting that you do for people who are outsourced, who bring in the business of these customers who sign up for subscription services?

Prateek Chandra: Sure Ayaz. In the terms of the manpower essentially, we have one sale side and the other is servicing side. The entire servicing team, which caters to our existing customers, is pretty much on roll; however the team that goes out and acquires a new paying customer, which we call it as a new sales team, that is where we take help of the outsource partner and essentially, these are the people who are pretty much similar to kind of temp staff and we work with different partners to build up that particular sales force. In the terms of accounting, they are being shown as an outsource sales cost and all the people who are on our pay roll, which is the servicing team, the product team and the entire corporate team is

shown as in manpower expense. Since the outsource sales is also an integral function, we have been guiding to combine these two costs together and look at it as a common manpower cost.

Ayaz Motiwala: Right, what is the breakup in the sales part of it, as you said, which is to add on new paying customers, what is the proportion of outsource for that versus in-house, outsource number of staff is already there in your presentation as I can see, so what is the breakup of that?

Prateek Chandra: Currently, we have almost 1,350 people on the outsourced side as opposed to a total work force including them is approximately 4,500.

Ayaz Motiwala: Right, but as you explained the servicing team and the in-house product team is not part of that, so in terms of core sales, what is the breakup of that?

Prateek Chandra: Sorry, I did not get the question, the new sales is 1,350 people, which are on the outsource.

Ayaz Motiwala: 1,350 people on outsource, okay, so the rest will be in-house, I am saying the in-house sales number for this equivalent 1,350 who do the similar roll, what is that number?

Dinesh Agarwal: If you consider the executive level people, almost all of them are now on the outsource sales rolls, anybody who is team leader or a manager, or a data support person, they are all on the IndiaMART pay rolls, so they are all part of the sales. So if you see there is a 432 people, who are in the sales organization over and above new customer sales organization, over and above these 1,350 people, which primarily comprise of team leaders, managers and regional managers, and so the entire management team of the new customer acquisition function and support chain of the new customer acquisition function.

Prateek Chandra: Just to clarify, there are another 2,100 people who are part of our servicing team, which are responsible for getting renewal and upsell of the existing customer, so the entire sales and service network is roughly around 2,100 on servicing and almost 1,700 on new sales, out of 1,700, 1,300 odd people are outsourced and 400 odd are on rolls.

Ayaz Motiwala: 432, that is very helpful, I got that one. That is excellent. Thank you. Second question is the point that you highlighted about the tough market and the churn, which happens in these types of periods where the business is stretched, and they say that this platform turned out to be less effective than what they thought. So in terms of your sales pitch, what are typically customers looking for in terms of fulfilling their sort of innate demand for paying up that Rs.40,000 to Rs.45,000 or Rs.30,000 as a basic package, what are the factors that

they are looking at in terms of IndiaMART delivering to them as a one-year pay of even a two-year package, etc.?

Dinesh Agarwal:

So, multiple people come with different thought processes because all in all what we provide to a seller as a value proposition, I will repeat that. So, number one, we provide a web presence to a seller, fully automated web presence where customer mini website is available on desktop, on mobile platforms and it is well categorized into 1,38,000 different categories. Number two, we provide customers that the buyers can call them or send them an e-mail through our marketplace. Number three, we offer a value-added service- a priority listing, if you are the platinum customer you will get a priority listing over the gold customer, if you are a gold customer you will get a priority listing over silver customer or if you are even a paying customer you will get a priority listing over the free listed customer base in the similar category. Third, what we offer is the number of RFQs per week as in RFQ credits per week, so only paying customers get a certain number of RFQ credits per week, which expire every week and at the silver level, they get about 7 RFQs per week, which is 1 RFQ a day, on a gold up to 21 RFQs per week and on platinum it can go up to 70 RFQs per week depending upon which particular package within platinum that they have taken and then we have cloud telephony solution, which we call a premium number service, IndiaMART premium number service. Fourth, we offer a CRM package called a lead manager, so in IndiaMART lead management system you could manage the leads that came from IndiaMART or you can add your own customer database to do a customer management free of cost. This again works on the stop at mobile platform and last, the online payment facilitation. Now, many of these customers would come with one, two, or three objectives out of these in order for them to get more orders or get more business. Now, many people say that thought we got many enquiries, but we could not convert them. Many people say that this is just too many items for me to handle, which is not easy enough for me to devote time for doing this and for many people it is not enough ROI, but more so, either people are able to get ROI or not get ROI, I have not seen many people who say ROI is there but very little, so people who are able to understand how it works and how to utilize IndiaMART as a platform, in general, their ROI is in multiples of 10 and 100.

Ayaz Motiwala:

You shared that the traffic and business enquiry, is there a linkage to that Sir, I thought that is what you are trying to link it to. You have gross traffic number and you have a business enquires number, is there some sort of linkage to that I mean some 70% number, but do those enquiries translate into business for these SME customers of yours?

Dinesh Agarwal:

As I mentioned earlier, we have a lot, lot more buyers than these suppliers can fulfill, we have an acute shortage on the supply side to fulfill those buyers, so we need more suppliers, more engaged suppliers, more variety of suppliers and more suppliers from more number of

cities. We have buyers coming from 700 districts and 7,000 tehsils, but suppliers are still concentrated in certain geography, so I think it is not the dearth of number of buyers or number of buying enquiries.

Ayaz Motiwala: Sir, this buying numbers are quarterly right, just for a clarification, 123 million buying enquiries is for the quarter-ended September for three months?

Prateek Chandra: That is right.

Ayaz Motiwala: And similarly, the business traffic numbers are 196 million is for the quarter?

Prateek Chandra: Yes, if you see the presentation, the presentation would have both the yearly numbers as well as the quarterly numbers.

Ayaz Motiwala: Yes, I mean traffic and business enquires, so that clarified. Sir, the last question, I am sorry, I overshot my time, but from the buyer side who are coming in, you have a huge and you said supply fulfillment is the challenge. Is there a way that you can work to making some money out of the buyer beyond obviously transaction and payments, which we have talked about?

Dinesh Agarwal: It is too early to even think about that, it is like asking Amazon in year 2001, is there a 'prime' possible?

Ayaz Motiwala: Right, I get your point, Sir. Thank you very much and I will leave at that thing. Thank you.

Moderator: Thank you. The next question is from the line of Arpit Shah from Stallion Assets. Please go ahead.

Arpit Shah: Sir, this is Arpit here. So, I just wanted to understand, since IndiaMART has a platform maturing or something like that, just going by the presentation what we are seeing a number of suppliers so far have not increased considerably, but at the same time the number of buyers has been increasing at a lot higher pace, so is there probably we could see reverse network effect where suppliers could feel there is a lot number of buyers and enquires are there, which are really not worth for and another question, what are the other areas of growth since we are looking at the slowing down enquiry numbers, slowing down traffic, so what is new growth, since you have already acquired portion of Vyapar, is there a possibility that we could be integrating the Vyapar operations or Vyapar features on the platform that is my number one question and my number two question is, how are we seeing the number of subscribers getting 2 lakhs plus from 1,37,00 right now?

Dinesh Agarwal:

So, let me answer the third question first because that been in the continuation, as I had been iterating that last financial year, we have had about 5,000 net customer addition per quarter and we fell down to 3,000, now we have recovered to 4,000. Our endeavor would be to do 5,000 or 5,000 plus customers. Now, going from 1,40,000 to 2 lakhs customers, on this kind of a run rate basis 5,000 to 6,000 customers a quarter, you can assume it will take about 10 quarters like that.

Now coming to the Vyapar, this is the early stages of adoption, mobile-based software itself is a very new thinking that has come in. Until recently mobile was primarily a communication and entertainment device. Now it is seriously being used for business, even in IndiaMART we have seen SMEs using mobile app, almost 80% of our customer base uses mobile app on a weekly, monthly basis and almost 50% of our customer base uses our mobile app almost on a daily basis, so that is the serious business usage by small businesses. So, by learning this particular thing and by trying to find a Tally kind of an equivalent, we came across Vyapar and we have just invested two months ago. I think our endeavor would be to nurture them and to mature them as a business over the next two, three years and then see what are the possible features that we can integrate. Currently, we will try and promote them to grow independently. Third one, whether we have reached the saturation point and reverse network effect, I think it is a very hypothetical question whether internet has reached its saturation with 50% of Indian internet population there, I think, we have just scratched the surface, and there is a lot to be done on the relevant matchmaking. There is a lot to be done on the accurate cataloging of the product. I think, it is not that how many more buyers can come in, it is more of how many more times these buyers can come in and complete their requirements. I think there is enough, I mean we definitely see a decade long growth trajectory and that is why we have done the IPO.

Arpit Shah:

If I can just put in one more question there, I believe you all are interacting with a lot of SMEs ; so what is really happening, is the businesses are slowing down in economy, would not they be looking for newer opportunities to grow over IndiaMART platform. To grow further, the guys who have already been there on the platform, would they be renewing? and what kind of renewal risk do you see overall, typically in a good year and in a bad year?

Dinesh Agarwal:

So, both kind of behaviors are found, when the bad times come, many people who have not been advertising are forced to look at options like a media and advertising and internet, but less of so; advertising is always considered to be more like a discretionary spending and when people face the cash crunch, so cash crunch is different and slowing down and most of the time every slowdown has a cash crunch and in the cash crunch times the churn definitely increases, so when good times happen our overall annual churn rate come down below 20%, say between 17% and 18%, and in the bad time, they start to trend 22% to 23%

on an annual basis. So, that is the fluctuation that you see and depending upon how the platform functions over the period of time and where it has stabilized and then there are monthly customer base, which are sometimes seasonal in nature and sometimes more coming from a trial perspective, there you see anywhere between 4% or 3% on the lower side and 5% on the higher side on a monthly churn.

Arpit Shah: Thanks, and that was all from me. Good luck and that is it. Thank you.

Moderator: Thank you. The next question is from the line of Sangeeta Purushottam from Cogito Advisors. Please go ahead.

Sangeeta Purushottam: Good afternoon. I had two questions, one is that in the presentation you have mentioned that there has been a 15% increase in the subscriber base for Q2 year-on-year, but the revenue has increased by about 27%. Now through the call you have mentioned about how the new customer tend to come in at the lower levels in terms of the revenue per subscriber because of the churn that happens, so I just wanted to understand that how or what explains this 12% difference, is it price increases, it is the mix change, if you could just help me understand what is really going into it. The second question that I had is that, as it is clear from your numbers you have invested more in your sales force in this quarter and therefore the margins are relatively lower than the margins in the Q1, they are about 24% versus 26%, now is there a certain margin number, which is likely to be a stable state margin number for this business. If you could just help me understand how the margin trajectory is likely to move over the medium term, which is say two to three years?

Prateek Chandra: So, to your first question on the revenue increase, the 15% growth is coming in from the subscribers and the remaining 12% is coming in from the average realizations, which have improved. Now, this realization is the factor of two things, one the price increases that we have taken in the past because as we were discussing, we sell our subscriptions on annual and the multiyear basis, so the price increase become effective for those customers only on the renewals when they come in. So, if we announce any price increase now, the real impact will come in after two, three years as and when the renewals of those suppliers for the same service starts coming, so, one, is of course there is better realization coming in because of the price increases that we had taken in the past, second, we had different tiers of subscription silver, gold and platinum, try and upsell from silver to gold and gold to platinum, so upsell of the customers would also impact the average realization on the overall basis.

Sangeeta Purushottam: This 12%, how much of it is coming from price increases and how much is coming from mix change, do you analyze that?



IndiaMART InterMESH Limited
October 23, 2019

Prateek Chandra: That becomes difficult to quantify because most of the upsells that happen, that happens only at the time of the renewals, it becomes very difficult to quantify, as to how much is the price increase and how much is the upsell, the way we see it is that what is an overall improvement in the realization per customer.

Sangeeta Purushottam: Because given that, the impression you gave during the call is that it is quite hard to take the price increases, but when we had seen the numbers on the ground, this 12% impact coming from a price effect not just increase, it is actually fairly substantial.

Dinesh Agarwal: Let me explain it the other way round, it is actually harder to get net customer increase, once you have a customer who has been there with you for a year or two, it is easier for you to upsell that customer a higher price package. Now, why on a quarter on quarter basis you see an increase, because our long-term average is that we have about 18% on an average CAGR based increase in the customer base and about 10% coming in from the mix and price change, so mix change is different than price change.

Sangeeta Purushottam: Right, so mix change is relatively stronger in a sense, right?

Dinesh Agarwal: Yes, and more so, when the bottom of the pyramid customer base is going slower, because then the more effect you will see, which is coming from this and as Prateek had explained earlier, most of our revenues are a driven revenue from what is coming from the deferred revenue. So I think a lot of what has happened over the last eight quarters in terms of price and in terms of mixes that will reflect in the current quarter, not the current quarter number. The current quarter number is only the end customer number, which we divide by the revenue to arrive at the average realization, so if the current quarter addition is higher certainly the realization per customer will look lower.

Sangeeta Purushottam: Right, okay and on the margins, could you actually just comment because at a certain level given that, the reason I am asking this is, that theoretically it looks like your margins could keep expanding for a while as long as your revenue growth is say about 25%, because your cost on an average been growing at about 20% plus, so is there a limit, a sort of stable margin that you will reach at some point in time and what is that point in time likely to be?

Dinesh Agarwal: I would love to be closer to Facebook and Naukri, which are at 55%, currently we are not even half of that, but that would depend a lot on our capability to innovate on product side and capability to execute. On a medium term, yes, I can say, that we will try and make sure that our cost do not increase beyond 20% and our revenue do not decrease below 25%.

Sangeeta Purushottam: Right, basically are you seeing that, leaving aside a quarter or two, which may happen, or may be three or four quarters if the economy continues to be slow, but over the medium term, are you therefore saying that there is a substantial headroom from margins to grow?

Brijesh Agarwal: So Sangeeta, if you look at last call that we had in last quarter, guidance that we gave was that the margins will continue to expand over the next two, three years, if, of course the macroeconomic situations do not change dramatically negatively and this entire margin expansion, we are absolutely confident that if we leave aside what we see in the current scenario and if you look at from the last two years, that trend should continue for the next few years also.

Sangeeta Purushottam: Okay. Alright, great. Thank you very much.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for the opportunity. My first question is regarding your credit financing that you spoke about, so how you want to scale up the business financing for your clients, how big can be the opportunity in that particular space?

Dinesh Agarwal: As I said, this is a bigger opportunity, but we do not know how to execute, we do not even have a background on that. We have started with the payment gateway. We have started to aggregate all kinds of credit-based payment options on the payment gateway. The idea is that as you go to a matured e-commerce marketplace like a BookMyShow or something you have multiple payment options where you could utilize your credit beyond your Master Card and Visa Card credit card, you can use ePayLater, you can use Lazy pay or Zest money or Bajaj Finserv card to pay for that and many more such credit options are emerging in the new economy. The idea is that if you could utilize that same credit on these 1,40,000 merchants, instead of asking credits from these merchants, this could be a good value add, similarly we would try and work with NBFCs to see if we can expose them to the kind of transactions are happening on IndiaMART and if they would like to do any kind of a transactions or financing, but all of this will take a lot more time and lot more patience. I think it is more of belief that we should have. There are success stories in the world across China, America and South America where marketplaces have been able to do well along with the fintech offerings, be it payment, be it escrow, be it transaction financing or be it the business lending, but for us it is a very early starting point and over the next 3, 5, 10 years, we will definitely try various thing and see how big it can become.



IndiaMART InterMESH Limited
October 23, 2019

- Deepak Poddar:** Okay. So, currently the roadmap is not found, but we would be going towards that direction, is that correct what we understand?
- Dinesh Agarwal:** Yes.
- Deepak Poddar:** Understood that and regarding this Vyapar, are we planning to integrate it with our platform like how do we want to use that platform?
- Dinesh Agarwal:** I have already said this as a response to the earlier question, it is just two months into IndiaMART investment. Next two, three years we will continue to nurture them and make them grow independently and once they achieve certain size and scale, we will see what kind of features are good for integrating within IndiaMART.
- Deepak Poddar:** I understood, and regarding the revenue and cost you mentioned that you want to grow revenue by 25% plus and cost by about 20%, right?
- Dinesh Agarwal:** Yes.
- Deepak Poddar:** So, if I try to plug that number, so overall EBITDA margin, I am getting round about close to 20% whereas in the first half, we have done EBITDA margin in the range of 23% to 24%, so where is the disconnect in that?
- Prateek Chandra:** So, we will not be able to comment on the specific numbers here, but as we said that on the revenue side for this year we are looking at a growth of 25% plus and the expenses at around 20%, and that should give you the result in number.
- Deepak Poddar:** Yes, so that is what I am getting round about close to about 20% and 20.5%, so ideally your second half has to be much lower in terms of your EBITDA margin to meet whatever kind of indication you are giving?
- Prateek Chandra:** No, but I hope you are adjusting the Ind-AS 116 impact of rent expense, which has gone below EBITDA line post April 1, 2019.
- Deepak Poddar:** Yes, I am, basically.
- Prateek Chandra:** This is because of that, you would see in the last quarter and this quarter the 2% to 3% EBITDA margin has gone up, only because of the fact that the rent expense, which used to come in the other expenses line earlier has moved to depreciation line now. Also, as we

look at the previous quarters, so typically in Q4 we have slightly higher cost as compared to the other three quarters.

Moderator: Thank you. The next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas: This is Sonal Minhas. I would like to know what is the sustainable cash flow from operations that the business can generate, I have seen the number this half year and I think the EBITDA is up, but the CFO is flat, so just wanted a little bit of management commentary on that. That is the first one. Second, I just wanted to understand, what channel do you use to acquire new customers, I know there is field strength, if you could give let us say if 100 customers are coming, which channel are they coming from and I think the third one, I would like to know like given the macros or the discounts to customers and let us say, any freebies for the customer factored in the P&L or their part of the sales pitch to acquiring new customers, so just getting the flavor of these three?

Prateek Chandra: Your first question on the cash flow side, so with respect to the last year, our cash flow from operations for this particular quarter has slightly gone down, the reason being as we have been discussing that the expenses have gone up; however, we have seen certain pressures on the billings and the collection side because of that the deferred revenue addition has been slightly muted. The collections or the billings have grown almost 15% to 16% Y-o-Y as compared to the expenses, which have been growing at around 20% plus in this particular quarter so that is resulting into a lower cash flow.

Sonal Minhas: There is a question on this one, like how do you, is this is related to some additional people in the channel, that is why we see cash flow number dipping here?

Prateek Chandra: No, cash flow is the resultant of the expenses and the collection, so as the manpower expense has increased we have been discussing in the call that our effort in acquiring the new customer has certainly gone up because of which we have added almost 300 people, 200 people in the new sales side and 100 people in the customer servicing side, which has led to the increase in the expenses.

Sonal Minhas: Is there a churn data you can share on a regular basis with the larger audience, is that something which you can add to disclosure going further, like if there are 100 customers being added, how many, what percentage of your base is basically moving out, is there a number you track, which you can share publicly on this one?

Prateek Chandra: There are a lot of numbers that we internally track, but in the terms of churn, the churn depends upon couple of factors, one is how old is the customer because we have seen that churn improve significantly or the renewal turns out to be significantly better as the customer becomes a tenured one. So typically, you would see our first year renewals would be lesser as compared to the second year renewal and the third year renewal. The second factor is the level of or the membership tier that the person has taken, so typically we have seen our platinum customers are the one where we have seen the lowest churn whereas on the silver customers, the churn has been comparatively higher as compared to gold, so there could be the different metrics, which makes this entire churn data slightly more complicated though on an average what we have seen, is broadly if we try and bucket our customers on the two aspects, one-third of our customers operate on a monthly subscription and two-third of the customers operate on annual and the multiyear subscription. On the annual and the multiyear customers, we have been seeing on an average around 20% churn and on the monthly side, we are seeing on an average 5% churn per month, so that is the churn what we have been seeing.

Moderator: Thank you. The next question is from the line of Dhruv Bhatia from AUM Fund Advisor. Please go ahead. I am sorry it seems the line is on hold, we will move to the next question that is from the line of Manan Shah from Moneybee Group. Please go ahead.

Manan Shah: Thank you. You already answered my question, my question on the churn and bifurcation of our subscribers and how many of them are monthly versus annual versus multi-annual. My next question is as you said that our buyers' data is very diverse, I wanted to know how do we use that data. That do we use that data to deploy our sales force to acquire suppliers on those areas, where we do not have, or like we use that data in some way or the other?

Dinesh Agarwal: So, we use data in various ways. Buyer data, we use forecasting demand of buying enquiries coming from certain areas. Now, that can be used to upsell, suppose when a tractor customer, Mahindra, says that I want to sell tractors, which are different cities and I should take a premium listing, we can use our buyer demand data to guide them to these are the top cities that you should take it from. Sometimes when they say that I want to increase my presence in northeast, which are the particular cities where there is a higher demand and lower supply, so we use that data while upselling premium customers. Also we use that as an unfulfilled demand from buyers. So if there are buyer demand coming from a certain sector or a certain geographical sector, and if we do not have suppliers matching theirs. Then we use supplier data, so for example, we know exactly, which supplier who belongs to Delhi also deals in Lucknow and Kanpur and Agra, whereas another supplier who is based in Delhi, also based in Jaipur and Jodhpur and Udaipur. So then we are able to redirect those buyers to these suppliers who are dealing in these particular categories. So we are

using multiple ways this data to improve our matchmaking and that is where we say that it is a behavioral matchmaking based upon suppliers RFQ consumption-based data, so we use suppliers behavioral data to improve buyer matchmaking relevancy.

Manan Shah: Right, but this buyer data that you provide to the suppliers, do we charge anything to that or do we share that only with the platinum customers or this database is shared with all the customers, is there a way how we can monetize this data as well?

Dinesh Agarwal: Yes, we have discussed this internally a couple of times, can we do our own CMI index, can we do our own things like that, but I think it is a long way to think about that. Yes, some day, our data could be useful for different brands to do targeting and other things. Right now, we have not done any thinking around that.

Moderator: Thank you. The next question is from the line of Tushar Sarda from Athena Investment. Please go ahead.

Tushar Sarda: Thank you for the opportunity. I wanted to understand a couple of things, one is which category of buyers and sellers are there on the website, that information is not there in the presentation, which is the main category, which gets stated in top four, five slots?

Dinesh Agarwal: If you look at our DRHP or RHP you will find distribution of the categories. We do not release the category based data on a quarterly basis, but if you look in the DRHP or RHP, you will find the no single category is contributing more than 10% of our supplier base and even within those industries, our categories are 1,38,000, so we are fairly diversified, but if I have to tell you the top five categories there will be industrial, electrical, industrial supplies, building construction, pharmaceutical and medical and chemical, so those are the naturally 5, 7 industries, but I would say you could go on to our website and see how they are ranked and they are typically ranked in the order of demand and supply and also refer to our DRHP and RHP.

Tushar Sarda: Okay. Thank you and my second question was, there were some questions about your website facilitating transaction. So there is this GeM platform of Government of India, which facilitate its buying from SMEs for government departments, so you have any kind of integration or your suppliers go through you or directly or something like that on that platform, or do you conduct auctions for buyers?

Dinesh Agarwal: Currently, we do not have any institutional connect with GeM portal, we do not intent to have any institutional connect with GeM portal, I have seen a lot of time anecdotally, people who are sellers on GeM portal acting as buyers of IndiaMART portal to source the



IndiaMART InterMESH Limited
October 23, 2019

same things from IndiaMART and finally sell it or supply it as a contactor or as a tender on the GeM, but that is anecdotal, completely anecdotal.

Tushar Sarda: And my last question is, if I want to learn more about the company, whom do I contact, do you have an investor relation agency or something?

Dinesh Agarwal: We do have investor relation agency and we do have investor relation person in-house, you can reach out to us and we will definitely connect back with you.

Tushar Sarda: Okay. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, due to time constraints that would be our last question for today. I will now hand the conference over to the management for their closing comments. Thank you and over to you!

Dinesh Agarwal: Thank you, ladies and gentlemen. I think this was an overwhelmingly 30 minutes over call and I can still see more than 50% participants active, so thank you for your interest and participation shown in the company and we will continue to interact with you through various platforms as well as our website and exchanges website. In the meantime, if you have any further questions, please do reach out to our investor relation team. The contact details of investor relations are given on our website. Thank you very much once again. Have a good day and happy Diwali to you guys.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of IndiaMART InterMESH Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.