Webinar Transcript

Event: IndiaMART Q2 FY2027 Earnings Webinar

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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 quarter two FY '27 earnings webinar. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity 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 disclaimer.

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

Dinesh Chandra Agarwal: Thank you, Avijit. Good evening, everyone, and welcome to IndiaMART's quarter two FY '27 earnings webinar. We have circulated our earnings presentation, which is available on our website as well as the website of the stock exchanges. We are sure you would have gone through the same, and we would be happy to take any questions afterward.

IndiaMART has delivered consolidated revenue from operations of Rs. 429 crores in the quarter two, representing a year-on-year growth of 10%. Consolidated collection from customers grew to Rs. 443 crores, representing a 9% year-on-year growth for the quarter two. Consolidated deferred revenue grew to Rs. 2,029 crores, representing a 16% year-on-year growth. In quarter two, unique business enquiries were 27 million. Our total paying supplier base was 2,17,000 at the end of quarter two, reflecting a net decline of 615 suppliers during the quarter. This decrease can primarily be attributed to an elevated churn at the Silver subscription.

Our Platinum and Gold customers, which contribute approximately 50% of our customer base and about 75% of revenue, continue to have good upsell and retention rate. We are consistently working to enhance our artificial intelligence capabilities across the platform by refining our intelligent matchmaking and standardising cataloguing,

and leveraging AI for voice-based applications. We are focusing on providing a seamless discovery experience.

Parallel to those technological advancement, building a trusted marketplace remains a fundamental strategic priority. We are actively enhancing our multi-layered user verification and platform protection features to foster a highly secure, transparent environment. Through these core improvements, we are strengthening our overall matchmaking ecosystem. Our primary goal remains unchanged, to serve as the highly reliable digital partner of MSMEs, providing the robust ecosystem they need today to grow sustainability tomorrow.

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

Brijesh Kumar Agrawal: Hi. Good evening, everyone. At BUSY, we have done a billing of Rs. 46 crores in Q2. This represents a YoY growth of 20%. The revenue from operations are at Rs. 37 crores, which is a 27% year-on-year growth. The deferred revenues are at about Rs. 155 crores, and that shows a 40% year-on-year growth, while the cash from operations stood at about Rs. 12 crores.

In Q2, we sold approximately 11,000 new licenses, bringing our total licenses sold to 4,66,000. We recently launched BUSY Magic, which has a new UI interface for BUSY. This is something which is seeing an encouraging market adoption. We are in the process of revamping the entire technology base of BUSY, and we are entering the last leg of doing those changes now.

Beyond this specific rollout, we continue to broaden our overall product portfolio so that our customers can get better values and more intelligent capabilities by using BUSY. And apart from the developments on the product side, we actively work to expand the sales and the distributive channels that we have, so that we can continue to maintain decent growth in the business.

With this, I will request Jitin to take over and discuss about the financial performance.

Jitin Diwan: Sure. Thank you. Good evening, everyone. I will take you through the financial performance for the quarter ending September 2026. Consolidated collections from customer was Rs. 443 crore in the quarter, representing YoY growth of 9%. IndiaMART standalone

collection from customer for the quarter was Rs. 394 crores, registering YoY growth of 8%. Consolidated deferred revenue stood at Rs. 2,029 crores, an increase of 16% on YoY basis.

Consolidated revenue from operations was Rs. 429 crores for the quarter, registering YoY growth of 10%. Consolidated EBITDA was Rs. 159 crore for the quarter, representing margin of 37%. Consolidated other income was negative Rs. 8 crores during the quarter, primarily due to increase in bond yields, which led to MTM losses. We believe that it is notional loss and will reverse in the next few quarters.

Consolidated net profit for the quarter was Rs. 91 crores. And the cash generated from operations was Rs. 135 crores for the quarter. Consolidated cash and treasury balance as at the end of the quarter was Rs. 3,234 crores.

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

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 questions in the chat menu and we will revert on that. Please restrict to two questions so that we will 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 lines of Kunal Thanvi from Banyan Tree Advisors. Please unmute yourself and go ahead with your question.

Kunal Thanvi: Hi, thanks for the opportunity. I had two questions. One was regarding some of the operational parameters. When we look at, say, net active buyers and the unique business enquiries, we see a declining trend on a YoY basis, and this has been trend for a while now. How should one look at it, and how long do we think this trend will continue, given the fact that we have been tightening the verification process, etc., etc.? And like would you attribute any of this decline to searches coming through GenAI rather than, say, the traditional Google searches? Like is there any element of that in this decline?

And the second question is, one of our competitor recently talked about morphing or moving towards a marketplace kind of model, platform kind of model from just classified. Your thoughts on the same is something that we are looking to hear. Thanks.

Dinesh Chandra Agarwal: Kunal, which platform are you referring to going from classified to marketplace model? JustDial?

Kunal Thanvi: Yeah, just that. There is a change in management in that company. They recently talked about that they are looking that they aspire to make sure that the entire transaction is done on their platform, and they plan to move towards that direction.

Dinesh Chandra Agarwal: Okay. Yeah, on the daily business unique enquiries or the active buyers that you are saying, that active buyer and daily business enquiries have been declining a little bit for the past two quarters now. And yes, you are right. One, sometime in the JFM with so much of LLM-based agentic thing happening, everyone wants to protect his own data and unique advantage.

So one, we ourselves also went ahead and started putting many things behind the login. Also, we started putting that you can't just scrape my website forever without doing any login. And third, certain information which we thought is very strategic and very proprietary to IndiaMART that we were displaying, that we stopped displaying on the search engine and to all the LLM certain things, and we kept it all behind the login.

So yes, there might be certain losses that are occurring from Google landing. And you would remember that at the same time, Google AI Overviews had expanded from 10%, 20% now to 50% of the searches or even higher. So, yes, 10%, 15% decline on that is happening. Some of it is strategic to us and because we want to save our proprietary data, because most of these LLMs are now absorbing the data and suggesting the results in their own words.

So since these are early days and there is no protection, we are not freely going to distribute our strategic data easily. So that's the reason. And so we are okay to let go of this 10%, 20% of the current business enquiry, and that's why we are spending where it matters. So if I look at 100,000 categories, the top quartile of the categories, where the maximum amount of business happens at IndiaMART, that's where we spend time, money, energy to derive more enquiries and more buy

leads by doing advertising specifically on the search, and we will be expanding on to other mediums also.

So if you really see, there is a little bit growth in Q2 from Q1. But yes, we have lost about 10% to 15% from the best ever highs. Now, coming to the marketplace kind of model. So I will not jump to the conclusion that we aspire to do the complete transaction, means completely doing away from the listing model, going to the marketplace model. But yes, if you remember our history, we have been trying to do multiple things slightly secluded from IndiaMART.

We had done a Tolexo also about a decade ago, and then we had a payment platform which tried to complete transactions. We only closed the payment platform sometime around '21, '22. And we are also trying to get into credit facilitation. So whether you want to call it as a complete end-to-end 100% marketplace movement, no. But do we want to go closer to the transaction? Do we want to make sure that buyer and supplier fulfilment is better? Yes. Every classified and listing platform wants to know more and more details about the buyer and seller, and that makes it more effective and better experience for everyone. Thank you.

Kunal Thanvi: Yeah. Thank you. Just one follow-up. On the first part, when you said you have stopped giving the entire data to the AI engines, etc. So now this is one big thing that you have spoken in the past also, which is like fight for data, like who will share what with whom, right? In this crossfire, how does a platform, classified platform, like one should think about. Today, that this number is, say, 10%, 15%? Say, going ahead, will it become a higher number or it will even become bigger because people can't do it on, say, AI platforms, so they have to come back to these classified websites itself. How should one think it from a longer term perspective? Because as you said, more and more Google searches are moving towards AI-led searches.

Then for our business model, how do we think about this and like is there any possibility of a partnership with these AI models? Because now we are looking at some of the FMCG companies who are working closely with AI models to get some revenue out of them rather than competing with them. How do one think about this entire position of sharing some data, not sharing some data, and letting go some customers from a longer term perspective? Thank you.

Dinesh Chandra Agarwal: Three different questions here. One, on a month-on-month basis or on an immediate quarter-on-quarter basis, how is this going to fan out? Nobody knows because there's a huge technological shift going on and huge fight for data going on right now. And everybody is trying to know where it will land and how it will land and what would be the steady state situation in a couple of quarters or couple of years' time.

The second part is how it is going to affect or give benefit or loss to our buyers and sellers or users. Users are going to adopt to these things slowly and slowly. And that's why I'm saying, the technology is going to happen much faster in months, in quarters, while the actual landing will happen in years. So over the next couple of quarters to couple of years, this will remain a little volatile.

Having said that, it is the judgment of the management and to see where we feel what data is proprietary to us and what data we should distribute for the purpose of training and what data we should give for the purpose of RAG. All three are totally different. For the purpose of training, I think redacted data which is not PII data should be given, and if there is an opportunity to earn revenue, should be taken. And even we would be open to doing such things. But for the purpose of training using the PII data or identifiable information, I don't think one should be able to give it for the purpose of free learning to anybody and everybody.

For the purpose of RAG, we will have to think who becomes useful for what. For the purpose of actual agency or agents, it is still to be seen what kind of agents we will allow and what kind of agents we will not, and at what frequency we will allow and what frequency we will not.

Kunal Thanvi: Sure. Thank you, and all the very best.

Moderator: Thank you. Next question is from the lines of Amit Chandra from HDFC Securities. Please unmute yourself and go ahead with the question.

Amit Chandra: Thanks for the opportunity. Just the continuation on the AI thing. So where we are in terms of our AI journey, in terms of implementation of tools and agents in our platform, and where exactly we are seeing the benefits of the AI adoption. Is it primarily on the like margins expansion because we automate the back end, or is it also used as a

primary tool for enhancing the buyer and the seller experience? So where we are in that journey and where we aspire to be?

Dinesh Chandra Agarwal: Yeah, all round. I think there must be almost like 20 plus AI things are going on. You can say from starting from pre-sales, data preparation to sales data meeting fixation, to service ticket resolution, to catalogue design and production, to category mapping, to category audit, to user verification, to automatic verification, to category intelligence.

And then, if you remember, we have been the pioneer at the large scale voice AI. Almost 1 lakh buyers are being served for the past one year now. Almost past one year, every day, almost 80,000 to 100,000 buyers are being served by our voice AI agent. And on those buy leads and RFQs are posted live on IndiaMART platform for the last more than a year now. So many different experiments are going on. Some of them are cost advantage, some of them are better intelligence for us, and some of them are time advantage.

Many different benefits will occur to us over a period of time. We are very hopeful and very delighted to have this technology. I think every quarter we are learning many new things. Today itself in the board meeting, I think we are the first time used, instead of slides, we used videos. Something which is we discovered only one month ago. So there are so many things. At BUSY also, the entire BUSY 21, BUSY Magic as a platform, its UX was designed almost nine months ago. It was designed using AI-based technologies. So I think AI is everywhere. I mean now it is hard to distinguish where it is not.

Amit Chandra: No. That is right. But what I am trying to understand is that, whether we are experimenting with AI with multiple things or are we very certain about that these things will be a kind of a differentiator for us.

Dinesh Chandra Agarwal: We are very certain, and we are not experimenting. It is all deployed. It is being deployed, continuously being deployed. It is being improved, continuously being improved. And it is not only deployed at one place, it is deployed for the last. I mean, we have been using AI since 2018, but I think over the last two, three years, every process, every place, AI is being deployed.

Amit Chandra: In terms of the impact that we are seeing this on our business, so what are the areas like? Obviously, the margins are higher, so maybe we can attribute it that some of the cost is not increasing because the AI is taking care of some of the cost increases. Plus, in terms of

matchmaking, the experience is improving, but it is not reflecting in terms of the higher number of enquiries or the increase in the net additions. So whether, is it still those benefits are yet to accrue to us?

And also in terms of the investments that we are doing in this AI, this is being expensed out in terms of the P&L and also the models that we are using, these models are all in-house models, or we want to outsource or partner with some of the larger like model companies to enhance the experience?

Dinesh Chandra Agarwal: Yeah, just hold on. Let me answer those many, then you can add more. Otherwise, I will forget. First of all, in terms of model, now there is an entire model garden, I guess. We are using all kind of things. From Gemini to Claude to ChatGPT, to Gemma, to Alibaba Qwen, to Grok, to whatnot. And my general tendency is to not develop these inside, but some of the times we have to. But mostly, my general tendency is as to this is not our core area of operation.

Your second question was, should it be reflected into revenue or repeat buyer behaviour, or more customer sign up, or reduced churn, or reduced cost? See, it has been last two years or so, the AI is as much as it is helping people, as much as it is also taking away from people. While it is helping us heavily in many opportunities which we could never do, it is taking away or giving those similar tools which we were distributing in the hands of public, where a lot of things they can do on their own.

So I guess a net-net benefit, as I said, over the next two, three years, four years, can remain very volatile. The good part is that with the tighter understanding and deeper understanding of ours in this particular area, I think if we don't grow too much, at least we are not going to go heavily in the red or completely do away. So I think there's a downside protection that I can definitely offer to you that we understand the technology well, we are using it well. We can see lot of opportunities, while there is other things that are going.

The greatest part that I've heard, most of our consultants and some of them are PhD consultants, some of them are dean at well-known top 10 universities in the world, have told us that your data at IndiaMART is very, very valuable. And AI and your IndiaMART data, if used effectively, can actually become a very useful force in protecting your turf and growing your turf in the times to come. We have started to slowly integrate BUSY and Livekeeping and IndiaMART altogether

at the back end. If you remember, four, five years ago when we acquired BUSY, we said for the first three years, we are not going to touch anything, because this is the first ever large acquisition that we did, and we didn't want it to go wrong.

In the last two years, we have started to understand how it works, and first we started to make some changes at BUSY itself. Now we have started to see what kind of data exchanges that we can do, what kind of technology integration that we can do. There are many things that we will do and we can do. The good part is that we understand this whole ecosystem and technology. The bad part is nobody can predict, given the pace is too much and too many opportunities and too many players are in the system today. Nobody can predict next two, three quarters or next two, three years.

Amit Chandra: As such, one more question lastly, the most awaited one. What's happening to the churn?

Dinesh Chandra Agarwal: Yeah. Amit, as I said, the Silver level churn, until it improves, we are not pressing pedal on the gross addition. So 500 here and there, and we know that last two years we have been flatter on the total customer base, and most of our growth has come in from the ARPU growth and from the upsell growth. But as soon as we get a better handle on the Silver customer sign up, I mean churn, I think we will press pedal on the growth as well.

Amit Chandra: Okay, sir. Thank you and all the best.

Moderator: Thank you. Next question is from the lines of Ritvik Agrawal from 3P Investment Managers. Please unmute yourself and go ahead with the question.

Ritvik Agrawal: Yeah. Thank you for the opportunity. Wanted to understand on the quality of growth, maybe going forward over in two, three years down the line, how do we see majority of growth coming from? Will we continue with this ARPU hike trend, or do we also expect some growth to come from paid suppliers going forward?

And secondly, on BUSY, incrementally, I am able to see, you can correct me if I'm wrong, the collection growth has been declining. As in terms of what we saw in the fourth quarter '25 to somewhere around fourth quarter '26, that collection growth has been declining. I mean,

just wanted to understand, is this something which is one-off, and do we expect this to come back? And if yes, then how?

Dinesh Chandra Agarwal: Yeah. Let me first, on a longer term basis, I think we expect value growth and volume growth to go hand-in-hand. We always had about 10% odd value growth and 10% odd volume growth in the longer run. In the last two, three years, most of the growth has been coming from value, not from volume. But in the next two, three years' timeframe, if you want to see, it has to be balanced value and volume growth.

On the BUSY, I think we had made some accounting changes, which has resulted into very high collection of 80%, 90% that you see. On a like-to-like basis, I think we have already given commentary then. Brijesh can clarify more on that. But if you see the net billing or the revenue numbers, they are all okay.

Brijesh Kumar Agrawal: So just to clarify, if you're referring to the overall growth of billing that we saw in Q1 and Q2 of this year, you would have seen a 10% and a 20% increment in this year. This has also happened because of, one, when we looked at billing in the last year, right? The overall changes that we had done in the methodology of the billing, as well as we had done a specific focus on customer win back during that time period. Both of these two things have resulted into a higher base for last year, quarter one, quarter two. And you can already see that as we move from quarter one to quarter two, our quarterly growth rates have improved. From Q3 onwards, you will actually be able to see far more comparable growth rates, which should be in line with the 20% to 30% overall growth rates that we have been seeing. Both of those resulted into higher growth.

Ritvik Agrawal: Understood. One more question, if I may. On the margin side, I can see our margins have been improving sharply. In a steady state, any trajectory or where do we envisage this can go? Any comparable from global peers would be helpful here.

Dinesh Chandra Agarwal: You are talking about IndiaMART or BUSY?

Ritvik Agrawal: IndiaMART.

Dinesh Chandra Agarwal: IndiaMART, we have been guiding 33% margin, and I think that is the margin we are comfortable with in the long run. On EBITDA margin, IndiaMART, we have been guiding long-term 33% margin.

Ritvik Agrawal: This quarter, I can see we had 40%.

Dinesh Chandra Agarwal: Yeah, because it is quarterly. Our margins are cost is upfront, revenue comes from behind, from 18 months past. That is why the margins are never comparable. If you have to compare, we have to compare, I mean last year same, this particular quarter, because we are not investing heavily on the sales side. So that's why you are seeing elevated margin. As we get better understanding of the churn, we will start to invest in the sales side heavily.

Ritvik Agrawal: So from 1Q '25 onwards, I can see it has always been ahead of 35%, except for 2Q FY '26. So 33% sounds to be a little lower, right?

Dinesh Chandra Agarwal: We can be a little conservative.

Ritvik Agrawal: Conservative. Okay. Okay, got it. Thank you.

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

Abhisek Banerjee: Yeah. Quickly, just a couple of questions. First, on the margin bit, right? The ESOP costs have actually gone down this quarter from what has been the trend. So do you expect ESOP cost to be around this level only for the remaining quarters, at least for this year? And given we have been talking about AI allowing a lot of efficiencies to be built in, right? So is there going to be any leverage that we will get on personnel cost as a proportion of revenues from, say, next year or something, or at least in the foreseeable future?

Dinesh Chandra Agarwal: Yeah. Let me first answer the AI thing, and then ESOP thing Jitin can answer. So on the AI part, I have been saying since last year, in the short run, the cost of experimentation and not being behind, I think it will add to the overall cost. In the longer run, it may improve our margins substantially, and it may improve our revenues also substantially. So I am saying in the short run.

Whatever saving that we get, we end up spending at some other place for the more opportunity spend, or sometimes even higher. So that's why you see many large tech companies are actually running at the lowest ever profit margin today, because they are investing a lot on the AI experiments. Many of those people are capitalising it. So I think

somebody had asked the question, are we capitalising any of the expenses?

So we are not. 100% of our expense are expensed out, whether it is in the manpower, whether it is in the AI research or anywhere else. None of the expenses at BUSY or IndiaMART or Livekeeping or IIL Digital, any of our subsidiaries are ever being capitalised. At least, no manpower expenses, no software expenses. Only the real capital nature of expenses like a fixed asset or others which are required by law, those are the only ones being capitalized.

So many of those are seen as capitalization expenses by large tech companies. In our case, it is all being expensed out immediately. In terms of ESOP, I think it is purely timing effect.

Jitin Diwan: Yeah. Just a couple of points on ESOP. One is the way ESOP is designed, every year the expense goes lower. So we are in the second year of when we had our first ESOP scheme. So that's how the expense was supposed to be lower. Second is about the organic churn of the employees, which goes, and it depends if the employee has gone, which had longer ESOPs, that gets adjusted in the overall expense. But the ESOP expense which you are looking at now is the baseline. So it should remain as is.

Dinesh Chandra Agarwal: As and when we will create new pool. And then it will increase suddenly and then slowly, slowly go down.

Jitin Diwan: Then we will have our next review.

Dinesh Chandra Agarwal: Yes.

Abhisek Banerjee: Understood. And when is that going to be?

Dinesh Chandra Agarwal: What?

Abhisek Banerjee: Any idea on the timelines of when that can happen?

Dinesh Chandra Agarwal: On the ESOP?

Abhisek Banerjee: Yeah.

Dinesh Chandra Agarwal: I mean, last ESOP, we did some time around last year, right?

Jitin Diwan: Yes, last year.

Dinesh Chandra Agarwal: And at the end of the financial year, the board will decide when and how much to allocate as an ESOP. We generally avoid every year. So at the end of two year or three year, we do it mostly like that. If there are any specific hirings that have happened with the promise of stock-based compensation, that little bit we keep doing every year. But other than that, any larger ESOP pools, we do. So for example, last we did in 2022, and then we did it in 2025. Before that, we did it in 2018. I think between two, three years gap, you can see one stock-based compensation scheme.

Abhisek Banerjee: Understood. On the lending business, lending facilitation business, rather. Could you, please provide some colour? I just wanted to understand, like, see on your platform, you have never really had transactions. And there are now quite a few B2B platforms which allow transactions. So does that make you kind of slightly weaker in terms of the data that you have? And what kind of traction can you get from the lenders atleast? If you could give some colour on that, please.

Dinesh Chandra Agarwal: So I mean, everybody has his own strength. The transactional platforms have their own weaknesses and strength. As a large horizontal, multi-industry, classified and directory platform, we have our own strengths. We get the intent to purchase. If we capture the intent with the eligibility to get eligibility of financing, I think and when it goes to BUSY or Livekeeping, it is finally the actual account booking. We get the supply chain information at the firsthand before anybody else gets that information. So there are certain inherent strengths that we have.

Having said that, are we going to go into every opportunity that we have? No. I think our objective is very clear. It is not to do the lending, lending. It is to support the marketplace because at IndiaMART, there are so many large equipments that are bought and sold. And they cannot be bought like a B2B marketplace with the transaction. So I think at those places, you need some kind of a credit facilitation systems because we get the intent at the time where nobody has seen the transaction.

Abhisek Banerjee: Got it. But would you be able to kind of give pre-approved credit lines or something of that sort, or would it be just kind of a lead generation exercise? And if you have started any pilots, etc., and if you can share some colour on that that would be great.

Dinesh Chandra Agarwal: No. I mean, I think we will keep doing smaller experiments, and then we will see whatever comes. We will keep telling you quarter-on-quarter.

Abhisek Banerjee: Understood. Thank you. This is very helpful.

Avijit Vikram: So we have some questions from the chat box, so I will take a few of them. First question is from Ravi Purohit. When we look at other classified companies like Naukri.com, CarTrade, OLX, etc., they have started monetising buyers on their platform by offering them significant value-added services. Broad question is, can we remain just a pure play classifieds company only?

Dinesh Chandra Agarwal: Yeah. So I think, if I understood the question correctly, what you are asking, that B2C classified businesses have started to monetise a large base of their consumer side also. So either in terms of Prime membership or in terms of candidate membership.. But at least Naukri.com and the earlier version of Zomato, or Amazon Prime or something like that.

On the B2B side also, there are examples in the world where Alibaba in China has a membership for buyers also at a very small, some $20 or something like that. Once our markets mature to that layer, as I said, we have started to now verify the buyers, started asking for the PAN, GST, and Udyam of the buyers also. So in order to increase trust and repeat business, some point of time, we will have a verified business buyer program and a paid verified business buyer program.

We are currently in the process of doing certain pilots. As and when anything becomes significant enough, we will come back and tell you. If you go to the platform and explore, there are many different experiments that keep on running time-to-time.

Avijit Vikram: Okay. Thank you. So we have a couple of questions from Ashwin R. So first one is, Gold and Platinum are roughly half our customer base, but 75% of revenue. And you have said growth will be ARPU-led until churn is fixed. ARPU growth has historically run 5% to 10%. At what point does ARPU expansion hit a saturation ceiling if the Silver pool keeps shrinking? And is there a limit on how much price and mix means ARPU can carry revenue growth without customer additions?

Dinesh Chandra Agarwal: So two parts to it. Yes, 5% to 10% in the natural system has been growing, and that's what we are also getting to 8% to 10% revenue growth. But how much can it be stressed or not stressed? Do I really want to stress that more? No. In terms of the Silver side churn, can I improve certain quality of Silver acquisition, which can actually go to Gold and Platinum, rather than trying to get all the similar kind of. If I can do a better targeting on Silver, that this particular customer is more likely to stay, and this particular customer is less likely to stay or medium likely to stay.

If I can actually go and pinpoint and target the actual green, super green customer set, either by turnover or by industry or by geography, triangulated into all three of them, I think we can continue to feed Gold onboarding or Gold and Platinum onboarding. Having said that, in the last two years or so, our overall Silver numbers have not improved, and thus the overall Gold and Platinum numbers are also stagnant. So we are trying our level best. As and when something happens, you will start to see.

Avijit Vikram: Kshitij, you can continue with the queue.

Moderator: Sure. Next question is from the lines of Shreya Chatterjee from Ageless Capital. Please unmute yourself and go ahead with your question.

Shreya Chatterjee: Hi. Thank you for taking my question. So I wanted to have a more nuanced understanding of what is happening, like what all measures are you taking to reduce the Silver churn. Like you had mentioned, verification of buyers and doing like mobile verification, PAN card verification. What all measures are you taking, and what all qualitative metrics are you seeing on the Silver churn side?

Dinesh Chandra Agarwal: I think if you see the last three years chronology, what all we have done, the first thing that we tried to improve was the service levels, because many of our employees were new. So we improved the service level. The second phase, if you look at 2024, most of the time, '24, '25, I think we worked on the quality of buy leads and quality of RFQs, where we worked on high intent, we worked on quantity, specification, enquiry relevancy, feedback was the thing, which actually improved. Customers actually loved it. But then most of the benefit again accrued to the Gold and Platinum customers because they were the highest user of buy leads and RFQs and enquiries. Then because the traffic was also not growing much, we thought how we

can increase the overall buyer numbers. We took two different approaches.

We started to experiment and invest into the performance marketing. If you see our advertising expenses in the entire of last year are now running at Rs. 8 crores, Rs. 9 crores per quarter, and this is almost touching the Rs. 10 crore per quarter budget. And we are spending most of this advertising money on the top quartile of the categories. Another thing that we did is reduce the overall unique business buyers to the enquiry delivered. We are reducing the competition as well as reducing the headache for the buyer, how many people he has to speak to. Multiple things that we did. We also tried to improve on the trust side, where TrustSEAL verification and trust communication. We have also launched a trust assurance program. Now every buyer is actually protected up to Rs. 5 lakh of purchase, if the purchase is truly taken from the verified bank accounts and from the TrustSEAL suppliers. So multiple initiatives we are doing. Most of that benefit is accruing to Gold and Platinum suppliers, and some of it is coming to the Silver suppliers also. It is not that the Silver suppliers are completely not happy. The overall 12-month retention of the Silver supplier, which used to be four or five years ago versus today, is 10% lower, and that is the only difference. Otherwise, we would be looking at 10% volume growth and 10% value growth.

Shreya Chatterjee: Got it. And any sense on when this churn would improve even slightly for Silver buyers? Also you were mentioning that you are planning to start some buyer monetisation program, so what is the status on that?

Dinesh Chandra Agarwal: I did not say I am planning to start. I am experimenting with this. Because the world over, Alibaba has done some good job, Amazon has done some good job, Costco has done some good job. Back in India, even Zomato has done some good job on that. I think it is not easy to crack. Asking of Rs. 1,000 to Rs. 10,000 per buyer per year. Anyway, this is something as a program needs to finally scale automatically. We have started to experiment. If at all any experiment becomes successful, we will definitely be more than happy to come and let you know.

Shreya Chatterjee: Any sense on the numbers like the Silver churn declining in the next few quarters, or you want to keep an open view and see how is it going, how is it evolving?

Dinesh Chandra Agarwal: Yeah, I mean, last two, three years, or two years, I have stopped giving any guidance on that because there has not been any certainty. I can only say that on a best effort basis, we are trying to honestly do multiple efforts. Exactly when it will result into a better outcome, we don't know.

Shreya Chatterjee: Got it. And lastly, your employee count has increased slightly quarter-over-quarter. Is it more on the sales side that you are onboarding employees or how is it?

Dinesh Chandra Agarwal: Yeah, mostly on the business side. I don't think it has grown anything. In fact, from the last-

Jitin Diwan: Just 30 plus got added in last quarter vs previous quarter..

Dinesh Chandra Agarwal: Business as usual.

Shreya Chatterjee: Okay. Got it. Thank you. Thank you for taking my questions.

Avijit Vikram: Thank you, Shreya. We have a question from the chat box from Ashwin R. Will IndiaMART Finance operate strictly as a zero-risk, fee-based distribution marketplace for partner banks and NBFCs, or will it commit balance sheet capital through FLDG arrangements or seek an NBFC license? What is the maximum capital and maximum first loss exposure you are willing to underwrite, and how will this be disclosed?

Prateek Chandra: Sure. On this entire initiative of credit, as Dinesh also said, our primary objective of looking at this credit enablement is that how can we improve the buying experience of people on the IndiaMART platform?

As we kind of go along, I am sure a lot of products will evolve. In that case, as we are running kind of in a couple of pilots currently, but those are really saying they are early stages currently. I think once it scale up, we would be having a much more evolved business model wherein we can kind of now talk about as to what kind of capital and those will be kind of committed. Currently, there is no significant amount of capital that has kind of been getting committed on these initiatives.

Dinesh Chandra Agarwal: Yeah, but rest assured, anything even to the tune of few crores a quarter, I will come and tell you first. Rest assured, there is no question of us taking a huge capital risk.

Avijit Vikram: I think we can take one more, Kshitij, yeah.

Moderator: Sure. Next question is from the lines of Pranaya Jain from Banyan Tree Advisors. Please unmute yourself and go ahead with your questions.

Pranaya Jain: Thank you for the opportunity, sir. I have a few questions. One is, sir, can you throw some light on the growth in Gold and Platinum supplier base of ours? Can you talk about how that is trending?

Dinesh Chandra Agarwal: So since the overall subscriber numbers has not increased, we do, I think, publish overall number on a yearly basis. In the last year, it had grown by 1,000-2,000. Previous to previous year, it was about 3,000 or so, in the Platinum segment. Platinum and Gold segment together, I don't think we have been giving a detailed outcome. We always give that top 10% customer base, top 1% customer base, and top overall customer base. There are pools. We have not been giving exact details. On approximate numbers, it is about 50% of the customer base, Gold and Platinum, and about 75% of the revenue. If there is a material change in that number, we will come back and tell you for sure.

Pranaya Jain: Understood. Got it. My second question is on organic versus paid traffic. You answered in the previous question as well, that you've been spending on paid advertising. Can you talk about what percentage of your traffic currently on the buyer side is now coming through organic channels versus due to paid advertising? Going forward, is there any plan to ramp up on marketing spends?

Dinesh Chandra Agarwal: On the 26 million unique business inquiry, 27 million unique business inquiry that you see. I think about a million odd would probably every month, so that is about 3 million in a quarter. 10% of our traffic, approximately, is now coming through the organic paid thing. It also does a little bit of a cannibalisation. There could be almost 20%-40% cannibalization depending upon which particular area. The good part is that that 10% traffic that I bring using the paid versus this overall unique business enquiry. The unique business inquiry is across all the 100,000 categories, across all the tier one, tier two, tier three cities, across all the GST, non-GST customer, consumer business, super business category.

The 1 million that we are able to get is more targeted customer, which is the top quartile of the category, which is the typical Tier 1, Tier 2 mix, with little bit of a tier three mix. I think we are getting more and more sophisticated on where to spend money, rather than saying that out of the 10 million odd unique buyers every month, we now get 20% coming from paid advertising. We will probably continue to get a lower percentage of that, but more useful traffic than what we attract from the normal organic.

In the organic term, I do not say no to anybody, but in the advertised traffic, I think I would be very conscious of the fact where am I spending money and what kind of traffic am I getting, what kind of conversion am I getting, which industry I am getting from, what kind of quantities I am getting from. I think those are the things. As we will get better and better at that, because unlike a single brand doing advertising, we are a multi-brand, multi-category, multi-geography thing. We have to do a local matchmaking for each one of them. That makes it very difficult. It is one step even more difficult than what best in the world Amazon would do. Amazon is a multi-category, multi thing. It still fulfils everybody nationally or at least regionally. While in our case, it has to be fulfilled at locally.

It is now our data science team that has been able to understand that how to run this in such a small patches of category plus geography plus demography. All of these three combined together, we spend Rs. 10,000 a month on that segment. It is a very little, very highly targeted segment that we are able to do. Once we get a better handle on that, I think we will spend maybe double the investment on that side.

Pranaya Jain: Right. Understood. That is very helpful. Just one last question from my side. Sir, any thoughts on buyback?

Dinesh Chandra Agarwal: Capital allocation decisions, including buybacks, are for the Board to consider. We will convey your suggestion to the Board.

Pranaya Jain: Understood, sir. Thank you so much, and all the best.

Moderator: Thank you. That was the last question for the day. I would now hand over the call to Dinesh Agarwal for his concluding remarks. Over to you Sir.

Dinesh Chandra Agarwal: Thank you, Kshitij. Thank you, ladies and gentlemen, for joining our quarter two FY '27 conference call. We have tried to address your queries in the time available. But if you still have any questions, please feel free to contact with our investor relation team, sir. Happy Diwali, and happy prosperous New Year to everybody for the upcoming season. Have a great day and a great evening. Thank you.

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

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