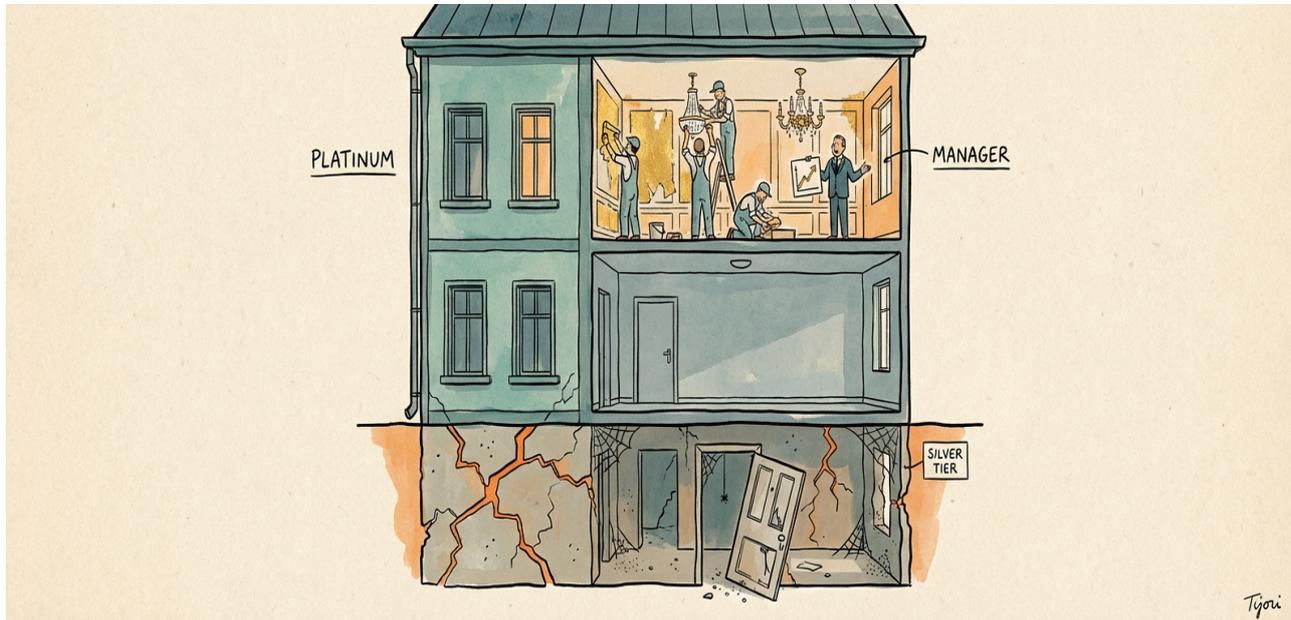


## 5-Year Revenue & EBITDA Estimates: Growth Sputters to 12% – Can ARPU Expansion Offset Stagnant Supplier Additions?



*Don't worry about the cracks in the foundation; the margins in the penthouse are spectacular.*

### Executive Snapshot:

- **Thesis:** Indiamart is transitioning from a volume-led growth story to an ARPU-led cash compounder. With standalone collection growth decelerating to 8% (Q2 FY26) and paying supplier growth nearly stalling (+2% YoY), the company is relying heavily on pricing power within its Gold/Platinum tiers (Top 10% contribute ~47% of revenue).
- **Key Driver: ARPU Expansion (~65% of future growth).** With volume growth capped by high churn in the 'Silver' bucket, future revenue hinges on moving existing 222K suppliers up the value chain.
- **Critical Dependency: Churn Management.** Management has admitted that churn in the monthly/annual Silver bucket remains "stubborn." If this bleeds into Gold/Platinum tiers, the thesis breaks.
- **Watch: Standalone Collection Growth.** currently lagging at 8–10%; needs to cross 15% to justify premium valuations.

### Competitive Position & Scenario Probabilities

Report is AI-generated and may contain inaccuracies.  
Analysis based on regulatory filings up to 2 hours prior to request.

**Competitive Position: Wide Moat (Network Effects)** – The platform holds a dominant liquidity advantage with 222K paying suppliers and 42M active buyers. However, the moat is **Stable** rather than widening. While network effects protect against new entrants, they are not currently driving \*new\* usage velocity at the bottom of the pyramid (Silver tier churn is high), indicating saturation or value-proposition mismatch for smaller SMEs.

Scenario	Probability	Key Drivers
Base Case	55-60%	Supplier base grows 3-4% CAGR; Revenue growth driven by 8-10% ARPU hikes; Margins stabilize ~35% due to reduced acquisition spend.
Bear Case	25-30%	<b>Elevated risk.</b> Triggered if Standalone Collections growth stays <10% for 2 more quarters OR if entry-level churn forces price rollbacks. (See Section 5).
Bull Case	15-20%	Requires specific breakout in 'Busy Infotech' scaling (>30% CAGR) AND successful stabilization of Silver bucket churn leading to >6K net adds/quarter.

### Probability Rationale:

Base case probability is anchored by the persistent disconnect between management's aspiration (20%+ growth) and actual delivery (12% Consolidated Revenue growth in Q2 FY26). The Bear case is elevated above standard 20% because the core standalone engine shows signs of saturation (net additions were negative in Q3 FY25 and only modestly recovered to +2.8K in Q2 FY26).

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### Financial Estimates Table (FY26E - FY30E)

\*Note: Base Year FY25 Actuals used. FY26 estimates annualized based on H1 FY26 actuals (Q1+Q2).\*

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## Indiamart Intermesh

February 24, 2026

Metric	FY25 (A)	FY26 (E)	FY27 (E)	FY28 (E)	FY29 (E)	FY30 (E)	CAGR
<b>Revenue (Rs. Cr)</b>							
- Base Case (55-60%)	1,388	1,585	1,805	2,055	2,340	2,665	<b>13.7%</b>
- Bear Case (25-30%)	-	1,550	1,675	1,810	1,935	2,050	<b>8.1%</b>
- Bull Case (15-20%)	-	1,620	1,945	2,330	2,800	3,360	<b>19.3%</b>
<b>EBITDA (Rs. Cr)</b>							
- Base Case (55-60%)	523	555	650	780	915	1,065	<b>15.2%</b>
- Bear Case (25-30%)	-	535	550	580	600	615	<b>3.8%</b>
- Bull Case (15-20%)	-	580	740	930	1,150	1,410	<b>22.0%</b>
<b>EBITDA Margin</b>	37.7%	35.0%	36.0%	38.0%	39.1%	40.0%	
<b>PAT</b>	551	580	675	810	960	1,120	<b>15.2%</b>
<b>PAT Margin</b>	39.7%	36.6%	37.4%	39.4%	41.0%	42.0%	

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**Growth Decomposition: Source of Rs.1,080 Cr Revenue Growth (FY25 to FY30)**

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This section breaks down the total projected revenue increase (Base Case) into its component drivers.

- **ARPU Expansion & Tier Migration (~60% / Rs.648 Cr)**

- \* **Assumed CAGR:** 8%

- \* **Base (FY25):** Annualized Revenue per Supplier Rs.61K.

- \* **Target (FY30):** ~Rs.90K.

- \* **Rationale:** Top 10% of customers contribute ~47% of revenue. Growth relies on migrating Silver users to Gold/Platinum. Pricing power remains intact in the top tier despite churn at the bottom.

- **Net New Supplier Volume (~20% / Rs.216 Cr)**

- \* **Assumed CAGR:** 3%

- \* **Base (FY25):** 217K Paying Suppliers.

- \* **Target (FY30):** ~255K Paying Suppliers.

- \* **Rationale:** Q2 FY26 Net adds were only ~2.8K (normalized). High churn in the 'Silver' monthly bucket severely caps volume growth. Est assumes modest recovery but no return to pre-2022 volume velocity.

- **Accounting Software (Busy Infotech) (~15% / Rs.162 Cr)**

- \* **Assumed CAGR:** 22%

- \* **Base (FY25):** ~Rs.66 Cr Rev (Busy).

- \* **Target (FY30):** ~Rs.228 Cr.

- \* **Rationale:** Busy Q2 FY26 billing grew 57% (normalized). This segment is growing faster than core B2B but on a smaller base.

- **Other Income/Adjacencies (~5% / Rs.54 Cr)**

- \* **Assumed CAGR:** 10%

- \* **Rationale:** Incremental revenue from Vyapar, Livekeeping, and new SaaS initiatives.

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## Key Assumptions & Risk Assessment

### 4.1 Revenue Growth Assumptions

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- **Supplier Stagnation:** Projections assume paying suppliers grow at a pedestrian 3–4% CAGR. Management's pivot to "quality over quantity" (reducing suppliers introduced per buyer from 9–10 to 4–5) explicitly limits volume explosion to preserve buyer experience.
- **Pricing Power:** Assumes 6–8% annual ARPU increase. If macro headwinds force a price rollback to retain Silver customers, the Base Case is invalid.
- **Busy Infotech:** Assumed to grow at 20%+; however, recent policy changes (channel partner payout restructuring in Nov '24) create short-term noise.

#### 4.2 Margin Trajectory Rationale

- **Cost Control Floor:** Q2 FY26 EBITDA margin was ~33% (Consolidated) and ~32% (Standalone). Management guided that margins remain elevated due to \*lower\* subscriber acquisition costs (deliberately slowing sales spend).
- **Terminal Margin:** Capped at 40%. The business has immense operating leverage, but sustaining >40% usually invites aggressive competition or requires massive reinvestment.

#### 4.3 Key Risks to Estimates

- **Churn Persistence:** If churn moves from the "Silver" bucket (entry-level) to the "Gold" bucket, the 60% revenue driver (ARPU) collapses.
- **Collections Lag:** Standalone collections grew only 8% in Q2 FY26. Revenue lags collections. If collections don't accelerate, FY27 revenue estimates are at risk.

#### 4.4 Execution/Credibility Note

- **Adjustment Applied:** Estimates are heavily discounted from implied management aspirations. While management targets "double-digit" customer growth historically, actual net adds (2K–3K/quarter) imply only ~4–5% growth. We have modeled the \*actual\* trajectory (3–4%), not the \*aspiration\*.

#### 4.5 Data Limitations

- **Churn Granularity:** Exact churn rates by specific tier (Silver Monthly vs Annual vs Gold) are not disclosed, forcing analyst estimates based on qualitative commentary.

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#### Scenario Triggers

- **Bear Case (FY30 Revenue Rs.2,050 Cr, 25–30% Prob):**

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\* **Trigger 1:** Standalone Collections growth drops below 5% for two consecutive quarters (indicating pricing power exhaustion).

\* **Trigger 2:** Net Paying Supplier additions turn negative again (as they did in Q3 FY25), shrinking the base to <210K.

- **Bull Case (FY30 Revenue Rs.3,360 Cr, 15–20% Prob):**

\* **Trigger 1:** "Busy Infotech" billing growth accelerates >30% sustainably, becoming a material revenue pillar (>10% of consol revenue).

\* **Trigger 2:** Silver tier churn reduces significantly due to product interventions, returning net supplier additions to >6K/quarter.

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### Analyst Watchlist

1. **Standalone Customer Collections (Q3/Q4 FY26):** Must exceed 12% YoY growth. Current 8% growth (Q2 FY26) is a flashing yellow light for future revenue.

2. **Net Paying Supplier Additions:** Watch if this metric stabilizes above 4,000/quarter. The Q3 FY25 dip (-3.5K) and Q2 FY26 recovery (+2.8K normalized) show volatility.

3. **Busy Infotech Billing:** Monitor the "normalized" growth post-channel partner payout restructuring. If it sustains >40%, this could re-rate the multiple.

4. **Unique Business Enquiries:** Growth here (12% in Q2 FY26) is healthy. If this decouples from supplier growth, it indicates a monetization failure, not a traffic failure.