BUY (Upgrade from ADD)

CMP: **INR 1,918** Target Price: **INR 2,300 (INR 2,200)** ▲ 20%

ICICI Securities

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22 July 2026

India | Equity Research | Results Update

IndiaMart InterMesh

Internet

Valuation comfort makes us bullish as core customers drive growth; lending optionality could play out

IndiaMART's revenue grew 11.4% YoY as retention and upselling trends within the gold and platinum cohorts remained healthy. However, lower gross adds and high churn in the silver cohort led to a decline in paying suppliers by 2,000 QoQ. Buyers/UBE fell 5%/10% YoY as management tried to improve buyer quality and focused on higher monetisation categories. BUSY revenue grew 47% YoY, aided by sustained investments. It is venturing into credit facilitation for MSMEs (no balance sheet deployment), which could be an additional growth driver in the medium term. We think the stock is attractive at current valuation despite a muted revenue growth outlook on account of: 1) sustained monetisation improvement of core customers and 2) automation-led efficiencies manifesting in a 6% employee reduction in the last nine months. Upgrade to **BUY** with a TP of INR 2,300 at 15x FY28E EV/EBITDA.

Q1FY27 result highlights

In Q1FY27, consolidated revenue was INR 4.2bn (up 2.5% QoQ/up 11.4% YoY). Employee expenses were INR 1.7bn, down 2.2% QoQ/up 8.1% YoY. EBITDA was INR 1.5bn (up 10.5% QoQ/up 9.7% YoY), while EBITDA margin was 35.4% (up 255bps QoQ/down 53bps YoY). PAT was INR 1.7bn (up 12.2% YoY) due to higher other income arising from MTM gains on treasury portfolio. Cash and investments stood at INR 35.5bn.

Other key metrics

Paying suppliers was flattish YoY at 218k. Net 2,000 paying suppliers declined sequentially in Q1FY27. ARPU grew 7.8% YoY to INR 69k p.a. Collections were INR 4.6bn, up 7.7% YoY. Deferred revenue was INR 20.1bn (up 16.1% YoY). Unique business enquiries (UBE) declined 10.3% YoY to 26mn. Active buyers declined 5% YoY. Total supplier storefronts were up 4.8% YoY to 8.8mn.

Management commentary

Revenue grew 11.4% YoY, primarily driven by improved realisation, while EBITDA increased 9.7% YoY, supported by lower customer acquisition costs and operating leverage. Gold and platinum subscribers (who make up ~50% of customers but >75% of revenue) continue to witness healthy retention and upselling. Churn in the silver segment remains elevated, with the annual plan at ~4% per month and the monthly plan at ~7%.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	13,884	15,690	17,245	19,090
EBITDA	5,228	5,300	5,828	6,743
EBITDA Margin (%)	37.7	33.8	33.8	35.3
Net Profit	5,507	4,746	6,337	7,072
EPS (INR)	91.7	79.0	105.1	116.1
EPS % Chg YoY	64.9	(14.1)	33.5	10.5
P/E (x)	20.9	24.3	18.2	16.5
EV/EBITDA (x)	15.4	15.2	13.8	11.9
RoCE (%)	17.3	15.2	14.1	14.1
RoE (%)	28.1	20.7	24.2	23.1

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Market Data

Market Cap (INR)	115bn
Market Cap (USD)	1,199mn
Bloomberg Code	INMART IN
Reuters Code	INMR BO
52-week Range (INR)	2,648 /1,860
Free Float (%)	51.0
ADTV-3M (mn) (USD)	2.1

Price Performance (%)	3m	6m	12m
Absolute	(10.2)	(14.1)	(25.2)
Relative to Sensex	(7.9)	(8.7)	(19.4)

ESG Score	2024	2025	Change
ESG score	**70.4**	**70.0**	**(0.4)**
Environment	46.7	44.5	(2.2)
Social	69.7	73.1	3.4
Governance	84.7	82.8	(1.9)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

04-05-2026: Q4FY26 results review
21-01-2026: Q3FY26 results review

Management attributed the decline in enquiries to deliberate efforts to improve buyer quality by eliminating low-quality buyers and bots through OTP-based buyer verification. Marketing spend is now focused on acquiring higher-ARPU buyers, with advertising concentrated in the top 10 monetisable categories and gradually expanding beyond Google to platforms such as Meta, Instagram, and YouTube. The company is also piloting a Paid Buyer Program offering value-added services and has introduced the 'Know Your Seller' feature, enabling buyers to verify a seller's GST, phone number, email, and trust profile before transacting.

On the seller side, IndiaMART continues to strengthen the marketplace through enhanced trust initiatives, including multi-layer KYC, GST verification and bank account verification. Nearly all paid suppliers are GST-verified, while verification across free suppliers is being expanded. Management is also refining onboarding processes to reduce first-year churn and is introducing category-based pricing based on supplier ROI to improve monetisation.

The Board has approved the incorporation of IndiaMART Finance Limited, which will facilitate short-term credit for MSMEs through partnerships with lending institutions. The initiative is currently in the experimentation phase, and the company clarified that it does not intend to lend from its own balance sheet.

On the AI front, IndiaMART continues to embed AI across its marketplace. Its agentic AI call system now handles over 100k buyer calls per day for buyer verification and intent understanding. AI is also being deployed for standardised product cataloguing, intelligent buyer-seller matchmaking, and automated content moderation, helping improve marketplace efficiency, trust, and user experience.

BUSY reported 10% YoY growth in billings to INR 590mn and 47% YoY growth in revenue to INR 360mn, while deferred revenue increased 44% YoY to INR 1.5bn. The recently launched **BUSY Magic** with a revamped UI/UX, transition to a subscription-based model, and cloud-enabled offerings is expected to improve customer experience and drive ARPU expansion. Over the next 1–2 years, management aims to accelerate new license growth to 15–20%, while over the next 3–5 years, it targets a sustained 35–40% CAGR driven by higher license additions, improved renewal rates, pricing power and cross-selling of additional products.

Valuation

We upgrade the stock **to BUY** from *Add* with a revised target price of INR 2,300 (vs. INR 2,200), based on 15x 1-year forward EV/EBITDA multiple (FY28E). We expect EBITDA to grow at a CAGR of 12.8% over FY26-28E.

Upside risks: Stronger-than-expected subscriber addition, reduction in churn and ARPU growth outperforming expectations.

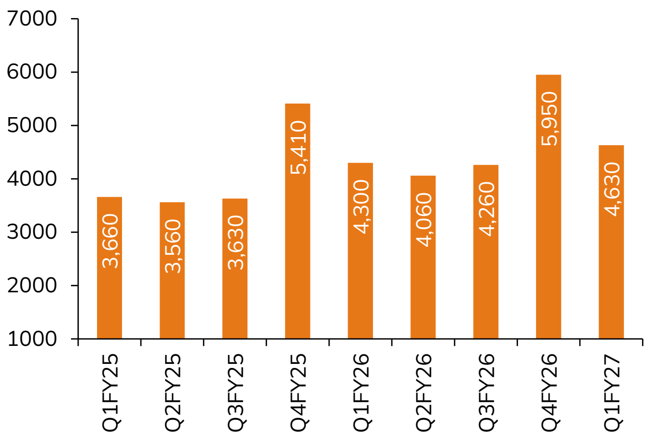
Downside risks: Muted subscriber additions, sustained elevated churn rates and stagnating ARPU growth.

Exhibit 1: Q1FY27 review

INR mn	Q1FY27	Q4FY26	Q1FY26	QoQ (%)	YoY (%)
Net Sales	**4,144**	**4,043**	**3,721**	**2.5**	**11.4**
Employee benefits expenses	1,740	1,780	1,610	(2.2)	8.1
Other expenses	939	937	776	0.2	21.0
Total Expenses	**2,679**	**2,717**	**2,386**	**(1.4)**	**12.3**
EBITDA	**1,465**	**1,326**	**1,335**	**10.5**	**9.7**
EBITDA %	**35.4**	**32.8**	**35.9**	**255 bps**	**-53 bps**
Depreciation	64	70	69	(8.6)	(7.2)
EBIT	**1,401**	**1,256**	**1,266**	11.5	10.7
Finance Cost	5	6	10	(16.7)	(50.0)
Other Income	1,067	-339	924	(414.7)	15.5
Recurring pre-tax income	**2,463**	**911**	**2,180**	**170.4**	**13.0**
Taxation	595	282	504	111.0	18.1
Recurring Net Income	**1,868**	**629**	**1,676**	**197.0**	**11.5**
Share of associate	-146	-127	-141	15.0	3.5
Reported Net Income	**1,722**	**502**	**1,535**	**243.0**	**12.2**

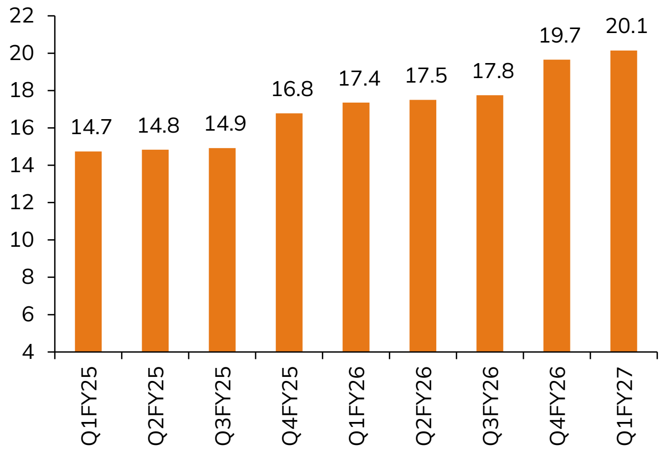
Source: I-Sec research, Company data

Exhibit 2: Collections (INR mn)



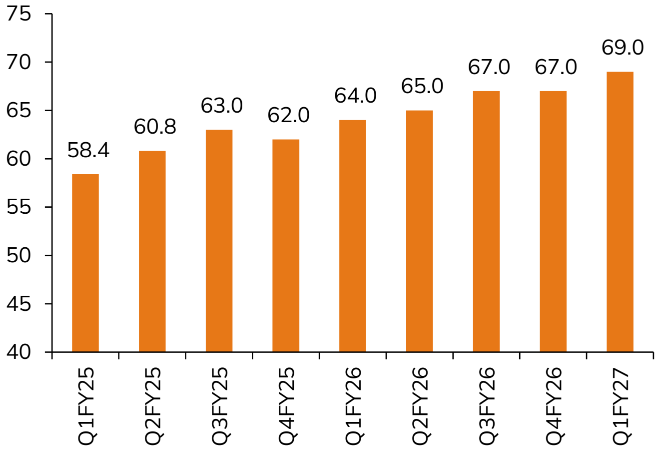
Source: I-Sec research, Company data

Exhibit 3: Deferred revenue (INR bn)



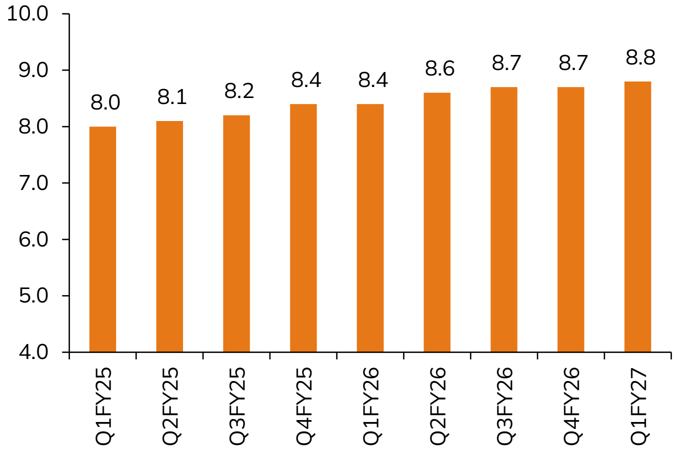
Source: I-Sec research, Company data

Exhibit 4: ARPU (INR k)



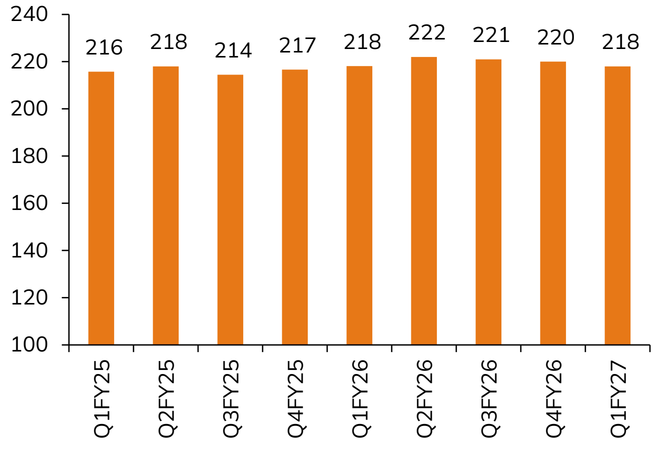
Source: I-Sec research, Company data

Exhibit 5: Indian supplier storefronts



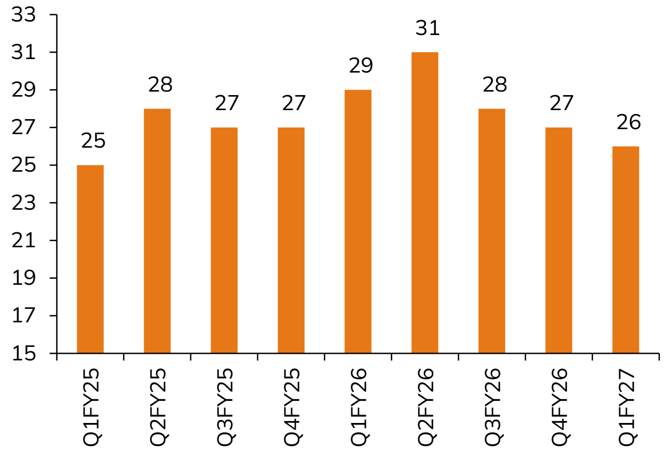
Source: I-Sec research, Company data

Exhibit 6: Paying subscriptions' suppliers (k)



Source: I-Sec research, Company data

Exhibit 7: Unique business enquiries (mn)



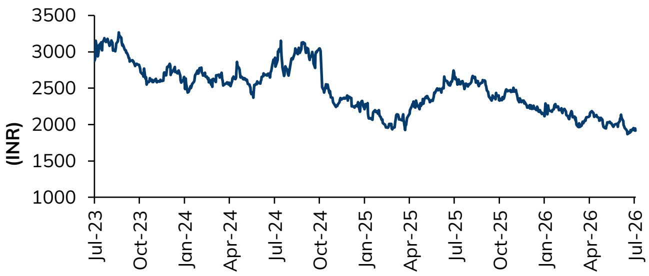
Source: I-Sec research, Company data

Exhibit 8: Shareholding pattern

%	Dec'25	Mar'26	Jun'26
Promoters	49.1	49.1	49.1
Institutional investors	34.7	32.7	32.0
MFs and others	14.6	11.9	10.4
FIs/Banks	1.3	1.2	1.2
Insurance	0.5	0.5	0.5
FIIs	18.3	19.2	19.9
Others	16.2	18.2	18.9

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	13,884	15,690	17,245	19,090
Operating Expenses	**8,656**	**10,390**	**11,417**	**12,347**
EBITDA	5,228	5,300	5,828	6,743
EBITDA Margin (%)	**37.7**	**33.8**	**33.8**	**35.3**
Depreciation & Amortization	329	283	455	570
EBIT	4,899	5,017	5,373	6,173
Interest expenditure	74	30	20	20
Other Non-operating Income	2,724	2,040	3,123	3,152
Recurring PBT	7,549	7,027	8,476	9,305
Profit / (Loss) from Associates	**(491)**	**(548)**	**-**	**-**
Less: Taxes	**1,551**	**1,732**	**2,139**	**2,233**
PAT	5,998	5,294	6,337	7,072
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	5,507	4,746	6,337	7,072
Net Income (Adjusted)	**5,507**	**4,746**	**6,337**	**7,072**

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	1,475	1,642	8,452	15,393
of which cash & cash eqv.	735	804	7,510	14,362
Total Current Liabilities & Provisions	12,113	13,550	15,462	17,087
Net Current Assets	**(10,638)**	**(11,908)**	**(7,010)**	**(1,694)**
Investments	30,329	33,844	33,844	33,844
Net Fixed Assets	5,155	4,940	4,680	4,392
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	4,340	4,922	5,119	5,866
Deferred Tax Assets	37	1	1	1
Total Assets	**29,224**	**32,696**	**37,531**	**43,306**
Liabilities				
Borrowings	**-**	**-**	**-**	**-**
Deferred Tax Liability	**6,177**	**7,451**	**8,512**	**9,413**
provisions	392	458	523	579
other Liabilities	472	552	-	-
Equity Share Capital	21,853	24,004	28,265	33,084
Reserves & Surplus	-	-	-	-
Total Net Worth	**21,853**	**24,004**	**28,265**	**33,084**
Minority Interest	-	-	-	-
Total Liabilities	**29,224**	**32,696**	**37,531**	**43,306**

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Sep-25	Dec-25	Mar-26	Jun-26
Net Sales	3,910	4,016	4,043	4,144
% growth (YOY)	12.5	13.4	13.9	11.4
EBITDA	1,297	1,342	1,326	2,679
Margin %	33.2	33.4	32.8	35.4
Other Income	101	1,354	-339	1,067
Adjusted Net Profit	826	1,883	502	1,722

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**6,232**	**6,942**	**6,481**	**6,981**
Working Capital Changes	7,780	8,510	8,620	9,214
Capital Commitments	(78)	(69)	(86)	(95)
Free Cashflow	**6,154**	**6,873**	**6,395**	**6,886**
Other investing cashflow	**(4,785)**	**(3,404)**	**2,369**	**2,427**
Cashflow from Investing Activities	(4,863)	(3,473)	2,283	2,332
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	(20)	(20)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(1,199)	(3,000)	(1,929)	(2,253)
Others	(149)	(132)	-	-
Cash flow from Financing Activities	(1,482)	(3,400)	(1,949)	(2,273)
Chg. in Cash & Bank balance	**(113)**	**69**	**6,815**	**7,040**
Closing cash & balance	735	804	7,619	14,549

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	91.9	79.0	105.5	116.5
Adjusted EPS (Diluted)	91.7	79.0	105.1	116.1
Cash EPS	97.1	83.7	112.6	125.5
Dividend per share (DPS)	50.0	60.0	32.0	37.0
Book Value per share (BV)	364.7	399.4	470.4	545.1
Dividend Payout (%)	54.4	76.0	30.3	31.8
Growth (%)				
Net Sales	16.0	13.0	9.9	10.7
EBITDA	57.8	1.4	10.0	15.7
EPS (INR)	64.9	(14.1)	33.5	10.5
Valuation Ratios (x)				
P/E	20.9	24.3	18.2	16.5
P/CEPS	19.7	22.9	17.0	15.3
P/BV	5.3	4.8	4.1	3.5
EV / EBITDA	15.4	15.2	13.8	11.9
P / Sales	8.3	7.3	6.7	6.1
Dividend Yield (%)	2.6	3.1	1.7	1.9
Operating Ratios				
Gross Profit Margins (%)	56.7	55.8	58.5	59.3
EBITDA Margins (%)	37.7	33.8	33.8	35.3
Effective Tax Rate (%)	20.5	24.7	25.2	24.0
Net Profit Margins (%)	43.2	33.7	36.7	37.0
NWC / Total Assets (%)	(43.5)	(44.6)	(44.4)	(43.1)
Net Debt / Equity (x)	-	-	-	-
Net Debt / EBITDA (x)	-	-	-	-
Profitability Ratios				
RoCE (%)	17.3	15.2	14.1	14.1
RoE (%)	28.1	20.7	24.2	23.1
RoIC (%)	-	-	-	-
Fixed Asset Turnover (x)	2.7	3.2	3.7	4.3
Inventory Turnover Days	-	-	-	-
Receivables Days	1	1	1	1
Payables Days	7	7	8	8

Source Company data, I-Sec research

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