



Choice
Nurturing Financial Excellence

IPO REPORT

**“SUBSCRIBE” to
IndiaMART InterMESH Ltd.**

Scalable business model with anticipated operating leverage

Salient features of the IPO:

- E-commerce firm **IndiaMART InterMESH Ltd.** (IndiaMART), is planning to raise up to Rs. 4,760mn through an IPO, which will open on 24th Jun. and close on 26th Jun. 2019. The price band is Rs. 970 - 973 per share.
- The issue is fully OFS, thus the company will not receive any proceeds from it.

Key competitive strengths:

- IndiaMART's strong network effects and brand recognition drives leadership in the B2B marketplace in India
- Comprehensive, convenient and reliable platforms for buyers
- Efficient and effective marketing platform for suppliers
- Deep understanding of online trade and commerce in India that drives innovative solutions
- Robust mobile platform
- Experienced management team and large sales & service representatives team with proven track record of performance

Risk and concerns:

- Subdued economic expansion
- Inability to maintain the traffic of buyers and suppliers
- Difficulty in retaining and expanding the paying suppliers
- Poor acceptance of other fee based services
- Competition

Peer comparison and valuation: There is no listed entity in India comparable to the business profile of IndiaMART. At the higher price band of Rs. 973 per share, the company's share is valued at a TTM P/E multiple of 139.7x (to its restated TTM EPS of Rs. 7).

Below are few key observations of the issue: (continued in next page)

- IndiaMART is India's largest online B2B marketplace for business and services of mainly MSME segment. As per the company RHP, in FY17, it had a market share of around 60% in the online B2B classified space in India.
- It provides a robust two-way discovery marketplace (i.e. www.indiamart.com or "IndiaMART") connecting buyers with suppliers. This platform is for mostly business buyers, to discover products & services and contact details of suppliers. Its supplier include Indian SMEs and large businesses - who are manufactures, wholesales, exporters and retailers.
- IndiaMART follows a subscription based business model. There is no charge on the buyers and sellers for the use of the online marketplace. The company offers certain services free of cost both to the buyers and suppliers. However, there are some paid services for the suppliers to maximize their business opportunities on IndiaMART, which are basically the revenue for IndiaMART. Income from such paid services (i.e. subscription charges), formed around 98-99% of the total operating revenue in FY19. Rest of the revenue is derived from advertising and other services (i.e. RFQ credits and facilitation of payment services).
- As of FY19, the company had paid supplier base of 0.13mn, which increased by 21.5% CAGR over FY16-19. Moreover, in FY19 the supplier storefront stood at 5.55mn, which listed 60.73mn goods (76%) and services (24%) across 54 industries.
- Registered buyer base stood at 82.7mn, which increased by 45.1% CAGR over the same period. Visits on the marketplace increased by 40.3% CAGR over FY16-19 to stood at 723.5mn in FY19. The delivered enquiries increased by 57.4% CAGR over the same period to stood at 449mn in FY19. In FY18 and FY19, IndiaMART had 52.6mn and 72.5mn daily unique buyers request, respectively, of which more than half were repeat buyers. Additionally, 39% of the suppliers on the platform acted as buyers in the last 12 months - thereby forming a virtuous cycle of user engagement, which leads to a self-sustained traction in trade enquiries.
- IndiaMART's product and services are spread across India. Although 36% and 49% of buyers and suppliers, respectively, are derived from the top eight metro cities in India, its marketplace offerings also generate traffic from second and third tier cities representing more than 1,000 cities.

Recommendation	SUBSCRIBE
Price Band (Rs.)	Rs. 970 - 973 per Share
Face Value (Rs.)	Rs. 10
Shares for Fresh Issue (mn)	Nil
Shares for OFS (mn)	4.89mn Shares
Fresh Issue Size (Rs. mn)	N/A
OFS Issue Size (Rs. mn)	Rs. 4,741.2 - 4,755.9mn
Total Issue Size (Rs. mn)	4.89mn Shares (Rs. 4,741.2 - 4,755.9mn)
Reservation for Employees	0.01mn Shares
Net Offer for Sales (mn Shares)	4.88mn Shares (Rs. 4,731.5 - 4,746.2mn)
Bidding Date	24 th Jun. - 26 th Jun. 2019
MCAP at Higher Price Band	Rs. 27,998mn
Enterprise Value at Higher Price Band	Rs. 21,146mn
Book Running Lead Manager	ICICI Securities Ltd., Edelweiss Financial Services Ltd. and Jefferies India Pvt. Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector/Industry	Internet Software & Services
Promoters	Mr. Dinesh Chandra Agarwal and Mr. Brijesh Kumar Agrawal

Pre and post - issue shareholding pattern		
	Pre - Issue	Post - Issue
Promoter & Promoter Group	57.58%	52.61%
Public	42.42%	47.39%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot		
Number of Shares per Lot	15	
Application Money	Rs. 14,595 per Lot	

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Peer comparison and valuation (Contd...):

Company Name	Face Value (Rs.)	CMP (Rs.)	MCAP (Rs. mn)	EV (Rs. mn)	Stock Return (%)				Total Operating Revenue (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EBITDA Margin (%)	PAT Margin (%)
					1M	3M	6M	1Y					
IndiaMART InterMESH Ltd.	10	973	27,998	21,146					5,074.2	170.8	200.4	3.4%	4.0%
Just Dial Ltd.	10	757	49,031	48,452	14.0%	24.4%	53.4%	29.7%	8,915.0	2,289.8	2,068.5	25.7%	23.2%
Infibeam Avenues Ltd.	1	46	30,450	29,525	0.1%	4.4%	-5.1%	-70.4%	11,590.7	1,761.8	1,269.6	15.2%	11.0%
Average												20.4%	17.1%

Company Name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt Equity Ratio	Fixed Asset Turnover Ratio	RoE (%)	RoCE (%)	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning Yield (x)
IndiaMART InterMESH Ltd.	7.0	55.6	0.0	0.0	54.9	12.5%	3.2%	139.7	17.5	4.2	123.8	5.5	0.7%
Just Dial Ltd.	31.9	154.2	0.0	0.0	6.7	20.7%	18.8%	23.7	4.9	5.4	21.2	5.5	4.2%
Infibeam Avenues Ltd.	1.9	41.3	0.0	0.0	0.5	4.6%	3.4%	24.0	1.1	2.5	16.8	2.6	4.2%
Average			0.0	0.0	3.6	12.7%	11.1%	23.8	3.0	4.0	19.0	4.1	4.2%

Note: All financials and ratio based on FY19 data; Source: Choice Broking Research

- According to the company RHP, the digital classified market is expected to grow at a 14% CAGR over FY17-22 to reach a size of Rs. 77mn in FY22. Additionally, the B2B digital classified market is estimated to more than double to Rs. 12bn by FY22, representing a growth of 18.5% CAGR over FY17-22. Thus, IndiaMART being a dominant player in this segment is expected to benefit from the same. Also with the growth in the SME units in India along with higher penetration of internet among the SMEs, the growth potential for the company is huge.
- Coming to the financial performance, despite reporting a robust top-line growth, IndiaMART's short financial history is not encouraging. With 16.2% CAGR rise in the paying supplier base and 10.3% CAGR rise in average realization towards each paying suppliers, it reported a 26.4% CAGR rise in consolidated operating revenue over FY17-19. Reported EBITDA was a loss in FY17 and FY18. This was mainly due to a non-cash expenses of around Rs. 2,000mn (over FY17-19), mainly arising on account of loss on conversion of preference shares. Despite having non-cash expenses, the company had an EBITDA profit in FY19, mainly due to improved productivity. Excluding the non-cash expenses, adjusted EBITDA would be a loss in FY17, but a profit in FY18 and FY19. Adjusted EBITDA margin in FY18 and FY19 was 11.4% and 16.2%, respectively. Because of deferred tax credit, it reported a PAT of Rs. 547.6mn and Rs. 200.4mn in FY18 and FY19, respectively, with a profit margin of 13.3% and 4%. Baring FY17, cash flow from operations was positive over FY17-19, with an average operating cash flow of Rs. 2,171mn (over FY18-19). RoE for FY19 was 12.5%, while RoCE was 3.2%.
- Going forward, IndiaMART is expected to benefit from operating leverage i.e. higher productivity. We believe it has a set infrastructure in terms of online marketplace and can accommodate additional buyers and suppliers without any significant CAPEX. In the past two fiscal, it has benefited from higher employee productivity (i.e. employee cost as a percent of revenue has declined from 66% in FY17 to 45% in FY19) and going forward too is expected to benefit from the same.
- The company has guided that in future there would be no non-cash items like in past, which has impacted the financial performance. This coupled with the benefits of operating leverage, the company is likely to report good set of numbers in coming future.
- Based on our quick estimate, we are forecasting a 23.9% rise in revenue in FY20E to Rs. 6,286.1mn. EBITDA and PAT margin are expected at 15.2% and 12.7%, respectively, in FY20E as against respective margins of 3.4% and 4% in FY19. Similarly, FY21E top-line is forecasted to be at Rs. 8,057.8mn (a growth of 28.2% over FY20E), while EBITDA and PAT margin are anticipated to be at 16.2% and 13.4%, respectively.
- IndiaMART collects contract payment in advance from its customers for the services to be provided. This unrealized part of the contract payment is invested by the company to generate non-operating income, which increased by 70% CAGR over FY17-19. As on FY19, IndiaMART had deferred contract liabilities of around Rs. 5.8bn, of which current portion is around Rs. 3.5bn.
- Additionally, with the generation of sufficient operating cash flow and with minimal requirement towards CAPEX, we feel that the company may provide dividend in future.
- Through this IPO, the promoter is offloading around 5% stake, while few of the PE investors are also partially exiting. The PE stake in the company is expected to decline from 21.29% pre-issue to 9.75% post-issue.

There is no listed entity in India comparable to the business profile of IndiaMART. The above peers are the proxy peers for reference. At the higher price band, the company is demanding a TTM P/E valuation of 139.7x (to its TTM EPS of Rs. 7), which at a premium to its peer average of 23.8x. Excluding the negative impact of non-cash item, the demanded P/E is around 32.8x (to its adjusted EPS of Rs. 29.6). Based on FY20E and FY21E EPS, the stock is valued at P/E multiple of 35.1x and 25.9x, respectively, which again is at a premium to the peer average of 21.5x and 15.3x. Considering the growth outlook coupled with dominant market position and expected benefit from the operating leverage, we feel that the future benefits outweigh the target share price derived from various traditional valuation multiples. Such type of technological and scalable business model companies should not be valued merely on the profitability but also on the future market potential and the capabilities of the management to work towards achieving the potential. Thus, we assign a "SUBSCRIBE" rating for the issue.

About the issue:

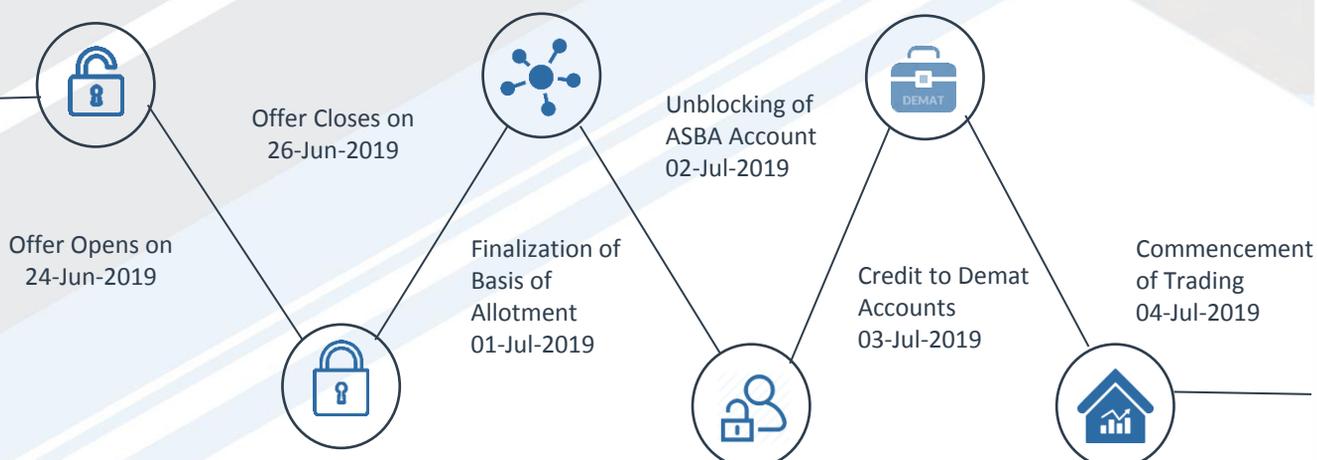
- IndiaMART is coming up with an initial public offering (IPO) with around 4.89mn shares (fresh issue: Nil; OFS shares: 4.89mn shares) in offering. The offer represents around 16.99% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 4,741.2 - 4,755.9mn.
- The issue will open on 24th Jun. 2019 and close on 26th Jun. 2019.
- The issue is through book building process with a price band of Rs. 970 - 973 per share.
- 0.01mn shares are reserved for its employees, thus the net issue size is around 4.88mn shares (Rs. 4,731.5 - 4,746.2mn).
- The employee discount is Rs. 97 per share on the offer price.
- Since the issue is fully OFS, the company will not receive any proceeds from it.
- 75% of the net issue shall be allocated on a proportionate basis to qualified institutional buyers, while rest 15% and 10% is reserved for non-institutional bidders and retail investors, respectively.
- Promoter holds 57.58% stake in the company and post-IPO this will come down to 52.61%. Public holding will increase from current 42.42% to 47.39%.

Pre and post issue shareholding pattern (%)

	Pre Issue	Post Issue (at higher price band)
Promoter & Promoter Group (%)	57.58%	52.61%
Public (%)	42.42%	47.39%

Source: Choice Equity Broking

Indicative IPO process time line:



Company introduction:

IndiaMART is India's largest online B2B marketplace for business products and services with approximately 60% market share of the online B2B classifieds space in India in FY17 (Source: Company RHP). The company primarily operates through its product and supplier discovery marketplace, www.indiamart.com or "IndiaMART". Its online marketplace provides a platform for mostly business buyers, to discover products & services and contact the suppliers of such business products & services. IndiaMART had an aggregate of 325.8mn, 552.6mn and 723.5mn visits in FY17, FY18 and FY19, respectively, of which 204.8mn, 396.9mn and 550.3mn comprised mobile traffic, or 63%, 72% and 76% of total traffic, respectively.

The company refers to sellers of products and services listed on its IndiaMART marketplace as "suppliers", and suppliers that subscribe to paid services on IndiaMART as "paying subscription suppliers". It refer each visitor to IndiaMART, including, among others, each separate visitor from the same business entity or establishment, for whom it obtain basic identifying and contact information as a "registered buyer". As of 31st Mar. 2019, IndiaMART had 82.7mn registered buyers and 5.55mn supplier storefronts in India. These Indian supplier storefronts had listed 60.73mn products as of 31st Mar. 2019 of which 76% of goods comprised products and 24% were services.

The company refer to an enquiry placed by buyers on IndiaMART through telephone, SMS, email or by posting an RFQ as a "business enquiry". It count business enquiries received by a supplier, including each receipt of the same business enquiry by multiple suppliers, as a business enquiry delivered. A total of 156.84mn, 289.98mn and 448.97mn business enquiries, respectively, were delivered to IndiaMART suppliers in FY17, FY18 and FY19. For the years ended 31st Mar. 2018 and 2019, the company had 52.59mn and 72.52mn daily unique buyer requests, respectively, of which 52% and 55% were repeat buyers calculated on the basis of the past 90 days, respectively.

IndiaMART provides a robust two-way discovery marketplace connecting buyers and suppliers. Buyers locate suppliers on its marketplace, including both Indian small and medium enterprises, or "SMEs", and large corporates, by viewing a webpage containing the supplier's product and service listings, or a "supplier storefront", or by posting RFQs or BuyLeads. The company's marketplace offerings from which buyers can search for and view product and service listings cover a widespread range of industries spread across India, rather than relying on a single target industry or type of geography. As of 31st Mar. 2019, IndiaMART had organized its listings across 54 industries.



Well Diversified Across Industries and Geographies

54 industries

97,000 categories⁽¹⁾

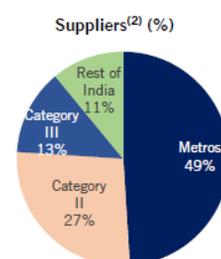
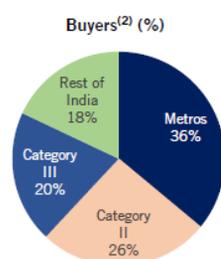
60mn+ products

Industry Category	% of total suppliers
Building Construction Material, Equipment, Civil Engineering and Real Estate	9%
Apparel, Clothing & Garments	8%
Vegetables, Fruits, Grains, Dairy Products & Other FMCG and Grocery Items	7%
Consumer Electronics & Household Appliances	4%
Medical, Pharma, Surgical & Healthcare	4%
Automobiles, Spare Parts and Accessories	3%
Educational & Professional Training Institutes	3%
Electrical Equipment and Supplies	3%
Information Technology and Telecommunication Services	3%
Trade Event Organizers, Event Management & Event Planners	3%
Travel, Tourism, Recreational & Other Hospitality Services	3%
Architectural & Designing Services	2%
Computers, Software, IT Support & Solutions	2%

No single category accounts > 9% of total suppliers (5.55mn)

Widespread Pan India Reach

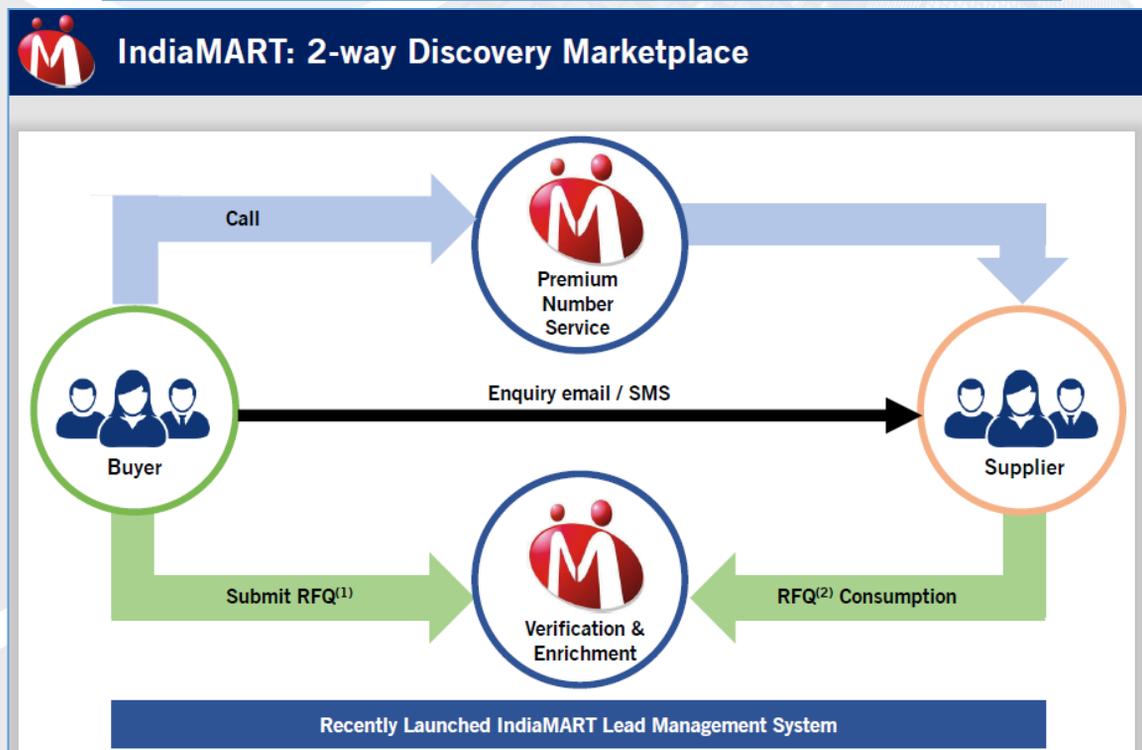
	Metros	Category II	Category III
Categorization	Delhi NCR, Mumbai, Bangalore, Hyderabad, Kolkata, Ahmedabad, Pune and Chennai	Population > 500,000 excluding the cities covered under Metros	Population 100,000-500,000 excluding the cities covered under Metros and Category II
Number of cities	8	69	394



Source: Company RHP

Company introduction (Contd...):

The image below illustrates the value proposition of IndiaMART tailored for both buyers and suppliers:



Source: Company RHP

IndiaMART's online marketplace is accessible through desktop and mobile-optimized platforms and apps on personal computing and mobile devices. The IndiaMART mobile website, together with mobile app, accounted for 63%, 72% and 76% of total traffic in FY17, FY18 and FY19, respectively. Buyers can make business enquiries on IndiaMART through telephone, SMS, email or by posting RFQs. Also, as of 31st Mar. 2019, 76% of its paying subscription suppliers were active on mobile app in the last 30 days.

The company earn revenue primarily through the sale of subscription packages (available on a monthly, annual and multiyear basis) to suppliers, which offer a range of benefits including the listing of their supplier storefronts on a priority basis on IndiaMART, access to lead management system, integrated access to third party online payment gateways and access to RFQs. It also earn revenue through advertising on IndiaMART desktop and mobile optimized platforms and IndiaMART mobile app, payment facilitation service and from the sale of "RFQ credits". In FY17, FY18 and FY19, majority of its revenue was earned through the sale of subscription packages, and a minor portion was earned through advertising, facilitation of payment and sale of RFQ credits.

Company introduction (Contd...):

In the past three years, IndiaMART has experienced significant growth in the number of suppliers and buyers on IndiaMART and in its revenue. The table below sets forth the growth in the following metrics for FY16, FY17, FY18 and FY19:

	2016	2017	2018	2019	CAGR (2016/19)
As of March 31					
Indian supplier storefronts (in millions)	2.32	3.16	4.72	5.55	34%
YoY Growth - Indian supplier storefronts	-	36%	49%	18%	-
Paying subscription suppliers ⁽¹⁾	72,335	96,025	108,347	129,589	21%
YoY Growth - Paying subscription suppliers	-	33%	13%	20%	-
Registered buyers (in millions).....	27.05	39.37	59.81	82.70	45%
YoY Growth - Registered buyers	-	45%	52%	38%	-
For the year ended March 31					
Total traffic (in millions) ⁽³⁾	262.2	325.8	552.6	723.5	40%
YoY Growth - Total traffic.....	-	24%	70%	31%	-
Percentage of mobile traffic to total traffic.....	59%	63%	72%	76%	-
Total business enquiries delivered (in millions) ⁽²⁾	115.09	156.84	289.98	448.97	57%
YoY Growth - Total business enquiries delivered (for the fiscal year)	-	36%	85%	55%	-
Indian registered buyers (a) (in millions)	21.87	32.91	51.71	72.66	49%
Foreign registered buyers (b) (in millions).....	5.18	6.46	8.10	10.04	25%

Source: Company RHP

The table below sets forth our growth in the following metrics over the last nine quarters through March 31, 2019:

	As of and for the quarter ended								
	March 31, 2017	June 30, 2017	Septem ber 30, 2017	Decemb er 31, 2017	March 31, 2018	June 30, 2018	Septem ber 30, 2018	Decemb er 31, 2018	March 31, 2019
Indian supplier Storefronts (in millions)	3.16	3.43	3.93	4.35	4.72	5.07	5.40	5.44	5.55
Growth corresponding QoQ	36%	39%	43%	45%	49%	48%	37%	25%	18%
Paying subscription suppliers	96,025	105,098	108,309	109,425	108,347	113,122	119,335	123,550	129,589
Registered buyers (in millions)	39.37	42.97	47.86	53.37	59.81	65.92	72.26	77.66	82.70
Total business enquiries delivered ⁽³⁾ (in millions)	44.35	51.14	65.69	80.38	92.77	98.45	118.36	119.92	112.24
-Growth corresponding QoQ.....	39%	48%	61%	117%	109%	93%	80%	49%	21%
Total traffic	96.5	105.5	134.7	139.9	172.3	180.7	198.4	172.9	171.4
Growth corresponding QoQ	30%	52%	71%	71%	79%	71%	47%	24%	-0.5%

Source: Company RHP

Competition: IndiaMART faces competition in attracting and retaining suppliers and buyers from a number of competitors, both in India and internationally. These competitors include Indian online B2B marketplaces, foreign B2B online marketplaces that provide Indian buyers with access to international suppliers who are willing to provide their products and services in India, and foreign-owned online B2B marketplaces with a presence in the Indian online B2B space. The company competes with such competitors on the basis of, among other factors, reach, brand recognition, breadth and quality of suppliers and product listings, pricing and customer service. It believes that Tradeindia.com and Alibaba India are some of the key competitors. Other indirect competitors includes: Just Dial Ltd., Google & other search engines, B2B transaction based platforms such as Industry Buying, Power2SME, Moglix and Bizongo; and traditional trading channels such as a trade show organizers, trade magazine publishers, the yellow pages, classified advertisements and outdoor advertising.

Company introduction (Contd...):

Financial performance: With 16.2% CAGR rise in the paying supplier base and 10.3% CAGR rise in average realization towards each paying suppliers, IndiaMART reported a 26.4% CAGR rise in consolidated operating revenue over FY17-19 to Rs. 5,074.2mn in FY19. During the period, total traffic and business delivers increased by 49% CAGR and 69.2% CAGR, respectively. Subscription income from the paying suppliers - almost fully contributed to the consolidated operating revenue.

Employee cost, which formed almost over 50% of the revenue increased by 4.7% CAGR over FY17-19. Other expenses (almost 45% of the top-line) too increased by 9.6% CAGR during the period. The company reported a total non-cash expenses of around Rs. 2,000mn, mainly arising on account of loss on conversion of preference shares. Consequently, total operating expenditure increased by 11.9% CAGR, thereby leading to a loss at EBITDA level in FY17 and FY18, but a profit in FY19 (mainly due to improved productivity). Excluding the non-cash expenses, adjusted EBITDA would be a loss in FY17, but a profit in FY18 and FY19. Adjusted EBITDA margin in FY18 and FY19 was 11.4% and 16.2%, respectively.

Depreciation charge declined by 5.6% CAGR during FY17-19. Income from investment increased by 77% CAGR, while other income increased by 27.1% CAGR. As a result, pre-tax profit was at a loss in FY17 and FY18, but a profit in FY19. On account of deferred tax credit in FY18 and FY19, it reported a profit of Rs. 547.6mn in FY18 and Rs. 200.4mn in FY19, with respective PAT margins of 13.3% and 4%, respectively.

Baring FY17, cash flow from operations was positive over FY17-19, with an average operating cash flow of Rs. 2,171mn (over FY18-19). RoE for FY19 was 12.5%, while RoCE was 3.2%.

(Rs. mn)	FY15	FY16	FY17	FY18	FY19	CAGR (%)	Y-o-Y (%)
Revenue from Operations	1,760.7	2,542.9	3,177.6	4,105.1	5,074.2	30.3%	23.6%
EBITDA	(403.3)	(1,154.9)	(736.9)	(762.3)	170.8		-122.4%
Reported PAT	(318.8)	(1,159.1)	(643.5)	547.6	200.4		-63.4%
Restated Adjusted EPS	(11.1)	(40.3)	(22.4)	19.0	7.0		-63.4%
Cash Flow from Operating Activities	70.5	(550.9)	(5.8)	1,790.6	2,551.4	145.2%	42.5%
NOPLAT	(433.6)	(1,196.1)	(784.8)	357.8	(205.1)	-17.1%	-157.3%
FCF		(1,606.8)	(658.3)	(638.5)	(2,559.8)		300.9%
RoIC (%)	79.4%	870.0%	305.9%	48.4%	-6.6%	(8,607) bps	(5,504) bps
Revenue Growth Rate (%)		44.4%	25.0%	29.2%	23.6%		
EBITDA Growth Rate (%)		186.4%	-36.2%	3.5%	-122.4%		
EBITDA Margin (%)	-22.9%	-45.4%	-23.2%	-18.6%	3.4%	2,627 bps	2,194 bps
EBIT Growth Rate (%)		174.9%	-34.3%	1.0%	-116.4%		
EBIT Margin (%)	-24.6%	-46.9%	-24.6%	-19.3%	2.6%	2,717 bps	2,182 bps
Adjusted PAT Growth Rate (%)		263.5%	-44.5%	-185.1%	-63.4%		
Adjusted PAT Margin (%)	-18.1%	-45.6%	-20.2%	13.3%	4.0%	2,206 bps	(939) Bps
Trade Receivable Turnover Ratio (x)	409.5	812.4	874.2	678.5	811.9	18.7%	19.7%
Accounts Payable Turnover Ratio (x)	6.6	5.6	6.2	5.4	5.3	-5.3%	-2.0%
Fixed Asset Turnover Ratio (x)	27.8	25.2	35.7	49.8	54.9	18.6%	10.3%
Total Asset Turnover Ratio (x)	1.7	1.3	1.4	0.8	0.6	-22.5%	-18.3%
Current Ratio (x)	0.6	0.9	0.9	1.2	1.7	31.6%	42.0%
Debt to Equity (x)	0.0	0.0	0.0	0.0	0.0		
Net Debt to EBITDA (x)	1.7	1.2	2.4	4.7	(40.1)		-954.8%
RoE (%)	33.9%	150.0%	16.5%	-17.0%	12.5%	(2,139) bps	2,958 bps
RoA (%)	-31.1%	-60.8%	-29.1%	10.1%	2.4%	3,356 bps	(765) bps
RoCE (%)	109.2%	-4143.3%	385.2%	-35.3%	3.2%		3,856 bps

Source: Choice Equity Broking



Competitive strengths:

- IndiaMART's strong network effects and brand recognition drives leadership in the B2B marketplace in India
- Comprehensive, convenient and reliable platforms for buyers
- Efficient and effective marketing platform for suppliers
- Deep understanding of online trade and commerce in India that drives innovative solutions
- Robust mobile platform
- Experienced management team and large sales and service representatives team with proven track record of performance

Business strategy:

- Continue to increase the size of IndiaMART marketplace
- Attract larger suppliers and leading brands while growing core SME segment supplier base
- Enhance buyers' experience
- Improve supplier engagement, services, retention and monetization
- Continue investing in mobile platforms and capabilities



Risk and concerns:

- Subdued economic expansion
- Inability to maintain the traffic of buyers and suppliers
- Difficulty in retaining and expanding the paying suppliers
- Poor acceptance of other fee based services
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. mn)

	FY15	FY16	FY17	FY18	FY19	CAGR over FY15 - 18 (%)	Annual Growth over FY18 (%)
Revenue from Operations	1,760.7	2,542.9	3,177.6	4,105.1	5,074.2	30.3%	23.6%
Employee Benefits Expense	(1,190.1)	(1,812.7)	(2,096.7)	(1,948.6)	(2,299.8)	17.9%	18.0%
Net Loss on Financial Liability Designated at FVTPL			(192.8)	(1,228.6)	(652.6)		-46.9%
Other Expenses	(973.9)	(1,885.1)	(1,625.0)	(1,690.2)	(1,950.9)	19.0%	15.4%
EBITDA	(403.3)	(1,154.9)	(736.9)	(762.3)	170.8		-122.4%
Depreciation and Amortization Expense	(30.2)	(36.7)	(46.3)	(28.9)	(41.3)	8.1%	43.1%
EBIT	(433.5)	(1,191.6)	(783.2)	(791.2)	129.5		-116.4%
Finance Cost	(4.7)	(10.4)					
Net Gain on Financial Assets Measured at FVTPL	0.0	0.0	119.1	161.6	373.2		130.9%
Other Income	119.6	47.5	22.6	28.6	36.5	-25.7%	27.9%
PBT	(318.7)	(1,154.5)	(641.4)	(601.0)	539.2		-189.7%
Tax Expenses	(0.2)	(4.5)	(2.0)	1,148.6	(338.8)	558.7%	-129.5%
Reported PAT	(318.8)	(1,159.1)	(643.5)	547.6	200.4		-63.4%

Consolidated balance sheet statement (Rs. mn)

	FY15	FY16	FY17	FY18	FY19	CAGR over FY15 - 18 (%)	Annual Growth over FY18 (%)
Equity Share Capital	581.7	753.9	91.7	99.8	285.9	-16.3%	186.6%
Other Equity	(1,521.5)	(1,526.9)	(3,992.2)	(3,312.5)	1,313.0		-139.6%
Non-Controlling Interests	0.0	0.1	0.3	0.5			
Share Buyback Obligation			2,460.9	3,729.3			
Non Current Trade Payables	7.3	6.7					
Non Current Other Financial Liabilities			5.4	2.6	2.8		8.4%
Non Current Provisions			17.3	59.3	96.0		61.9%
Non Current Contract liabilities	535.4	795.0	1,213.3	1,660.9	2,297.9	43.9%	38.4%
Current Trade Payables	267.8	376.4	302.4	418.9	450.0	13.9%	7.4%
Other Current Financial Liabilities	2.6	0.2	0.2	0.2	0.5	-34.5%	166.7%
Short Term Provisions	45.6	39.9	39.6	47.9	53.3	4.0%	11.1%
Current Contract liabilities	1,087.0	1,433.5	2,041.3	2,583.5	3,561.9	34.5%	37.9%
Other Current Liabilities	19.0	28.8	28.9	136.7	146.2	66.7%	7.0%
Total Liabilities	1,024.8	1,907.5	2,209.1	5,427.1	8,207.6	68.2%	51.2%
Property, Plant and Equipment	51.2	90.8	74.8	72.9	84.8	13.4%	16.4%
Intangible Assets	10.4	8.3	12.3	7.8	5.8	-13.5%	-25.5%
Capital Work-in-Progress	1.8	1.8	1.8	1.8	1.8	0.0%	0.0%
Non Current Loans and Advances			1.8	0.9	1.2		32.6%
Non Current Bank Deposits	104.5	113.5		302.2			
Other Non Current Financial Assets			39.7	35.3	35.6		0.9%
Non Current Deferred Tax Assets (Net)				1,155.6	858.1		-25.7%
Other Non Current Assets	44.2	52.7	11.8	6.8	7.3	-36.2%	8.3%
Current Investments	600.4	1,250.9	1,362.6	3,110.7	6,074.5	78.4%	95.3%
Trade Receivables	4.3	2.0	5.3	6.8	5.7	7.3%	-15.9%
Cash and Bank Balances	103.0	187.5	406.6	467.1	777.4	65.8%	66.4%
Short Term Loans and Advances			14.5	63.2	16.8		-73.5%
Other Current Financial Assets	4.6	16.8	36.5	41.4	157.8	142.3%	280.8%
Current Tax Assets (Net)			83.1	91.2	105.5		15.8%
Other Current Assets	100.5	183.4	158.4	63.6	75.2	-7.0%	18.3%
Total Assets	1,024.8	1,907.5	2,209.1	5,427.1	8,207.6	68.2%	51.2%

Source: Choice Equity Broking

Financial statements:

Consolidated cash flow statement (Rs. mn)

Particulars (Rs. mn)	FY15	FY16	FY17	FY18	FY19	CAGR over FY15 - 18 (%)	Annual Growth over FY18 (%)
Cash Flow Before Working Capital Changes	(406.8)	(1,163.4)	(519.5)	503.2	918.8		82.6%
Change in Working Capital	458.9	593.0	525.7	1,297.3	1,684.5	38.4%	29.8%
Cash Flow from Operating Activities	70.5	(550.9)	(5.8)	1,790.6	2,551.4	145.2%	42.5%
Purchase of Property, Plant & Equipment	(28.0)	(76.5)	(27.0)	(22.9)	(51.7)	16.6%	125.6%
Cash Flow from Investing Activities	(37.5)	(751.5)	(78.0)	(1,652.5)	(2,758.0)	192.8%	66.9%
Cash Flow from Financing Activities	(0.6)	1,325.4	72.9	152.5	141.5		-7.2%
Net Cash Flow	32.4	23.0	(10.9)	290.5	(65.2)		-122.4%
Opening Balance of Cash and Bank Balances	67.1	99.5	187.5	176.6	467.1	62.4%	164.5%
Closing Balance of Cash and Bank Balances	99.5	122.4	176.6	467.1	402.0	41.8%	-13.9%

Consolidated financial ratios

Particulars (Rs. mn)	FY15	FY16	FY17	FY18	FY19
Revenue Growth Rate (%)		44.4%	25.0%	29.2%	23.6%
EBITDA Growth Rate (%)		186.4%	-36.2%	3.5%	-122.4%
EBITDA Margin (%)	-22.9%	-45.4%	-23.2%	-18.6%	3.4%
EBIT Growth Rate (%)		174.9%	-34.3%	1.0%	-116.4%
EBIT Margin (%)	-24.6%	-46.9%	-24.6%	-19.3%	2.6%
Adjusted PAT Growth Rate (%)		263.5%	-44.5%	-185.1%	-63.4%
Adjusted PAT Margin (%)	-18.1%	-45.6%	-20.2%	13.3%	4.0%

Liquidity ratios

Current Ratio	0.6	0.9	0.9	1.2	1.7
Debt Equity Ratio	0.0	0.0	0.0	0.0	0.0
Net Debt to EBITDA	1.7	1.2	2.4	4.7	(40.1)

Turnover ratios

Inventories Days	0.0	0.0	0.0	0.0	0.0
Debtor Days	0.9	0.4	0.4	0.5	0.4
Payable Days	(55.5)	(46.2)	(39.0)	(32.1)	(31.3)
Cash Conversion Cycle	(54.6)	(45.8)	(38.6)	(31.5)	(30.8)
Fixed Asset Turnover Ratio (x)	27.8	25.2	35.7	49.8	54.9
Total Asset Turnover Ratio (x)	1.7	1.3	1.4	0.8	0.6

Return ratios

RoE (%)	33.9%	150.0%	16.5%	-17.0%	12.5%
RoA (%)	-31.1%	-60.8%	-29.1%	10.1%	2.4%
RoCE (%)	109.2%	-4143.3%	385.2%	-35.3%	3.2%

Per share data

Restated Reported EPS (Rs.)	(11.1)	(40.3)	(22.4)	19.0	7.0
Restated DPS (Rs.)					
Restated BVPS (Rs.)	(32.7)	(26.9)	(135.5)	(111.6)	55.6
Restated Operating Cash Flow Per Share (Rs.)	2.5	(19.1)	(0.2)	62.2	88.7
Restated Free Cash Flow Per Share (Rs.)		(55.8)	(22.9)	(22.2)	(89.0)
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Ratios calculated on pre-issue data; Source: Company RHP

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