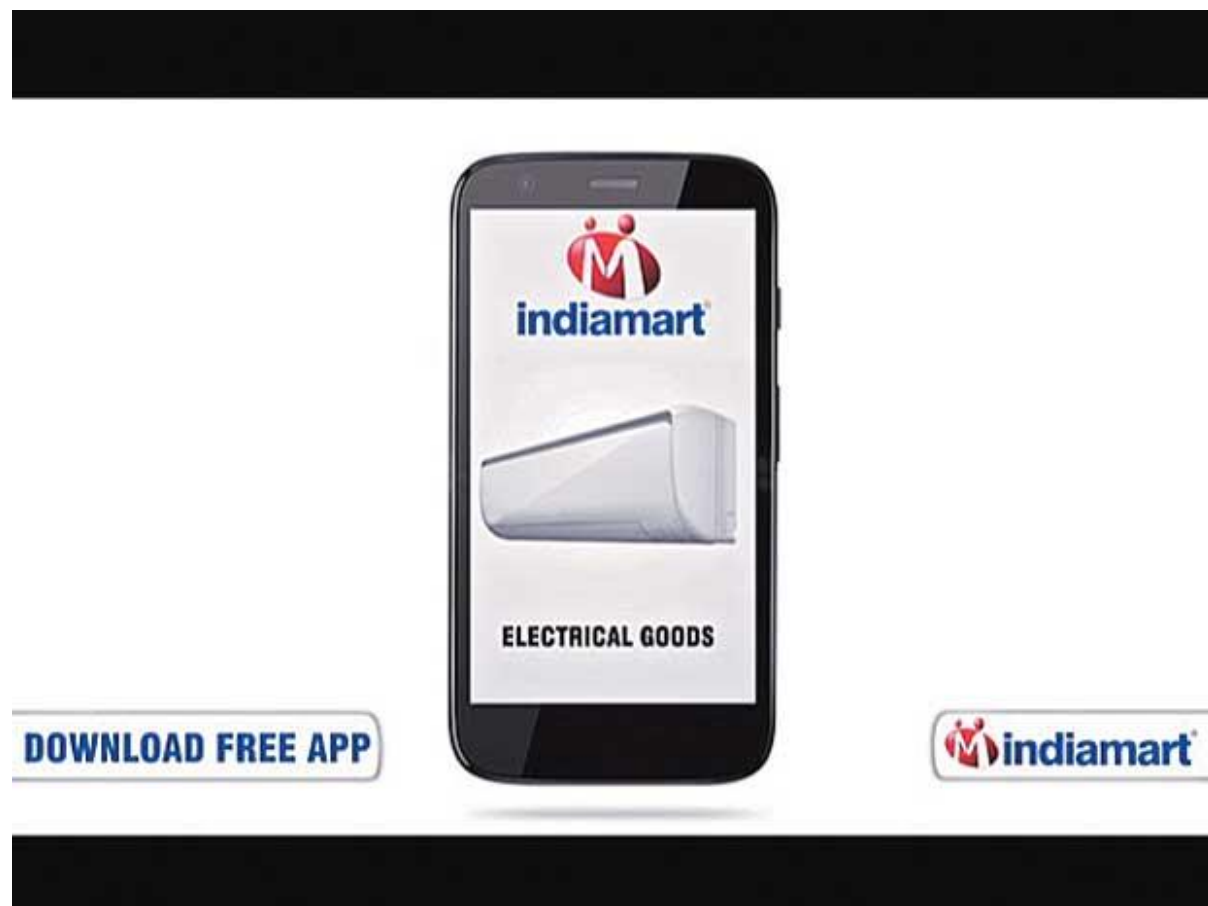


IndiaMART hits over 3-month low; slips 18% in 3 days post Q4 results



Shares of [IndiaMART](#) InterMESH hit an over three-month low at Rs 7,220, down 6.6 per cent on the BSE in intra-day trade on Tuesday. The scrip has declined 18 per cent in three days following the announcement of its March quarter (Q4FY21) results on Thursday, April 29. The stock was trading at its lowest level since January 7.

IndiaMART's, India's largest online B2B marketplace for business products and services, consolidated net profit during the quarter declined 31 per cent to Rs 56 crore over the December quarter (Q3FY21). Total income was down 4 per cent quarter on quarter (QoQ) at Rs 190 crore as against Rs 198 crore in the previous quarter. Earnings before interest, taxes, depreciation and amortization (Ebitda) margins contracted 300 basis

points (bps) QoQ to 48 per cent due to an increase in manpower and outsourced sales cost.

“In Q4FY21, the company’s business enquiries were down 2.6 per cent QoQ but business enquiries per paying supplier were up 27 per cent year-on-year (YoY). The paying supplier net addition was around 4,000 versus the target of around 5,000 quarterly addition; the churn rate increased in platinum packages due to the pandemic,” analysts at [HDFC Securities](#) said in results update.

Despite weak performance in Q4FY21, the brokerage has a positive view on [IndiaMART](#) based on strong scalability in the business (+22 per cent revenue CAGR over FY21-24E), robust network effect leading to 28/23/32 per cent YoY increase in traffic/registered buyers/business enquiries on the platform.

The company has a multi-year growth opportunity as only around 1.2 per cent of the addressable MSMEs pay for listing services, superior execution capabilities with continued margin expansion over the past four years (doubled in FY21), an asset-light business model with embedded non-linearity, and 100 per cent organic traffic leading to negligible spends on advertising, the brokerage firm added.

However, with the past three days' decline, the stock has corrected 27 per cent from its all-time high level of Rs 9,952 touched on February 5. It has also fallen below its qualified institutional placement (QIP) price of Rs 8,615 per share. In February, the company had raised Rs 1,070 crore by issuing shares to institutional investors including Axis Mutual Fund, Arisaig Asia Consumer Fund, Platinum Asia Fund and Driehaus Emerging [Markets](#) Growth Fund. The company said the proceeds of which will be utilised for future growth and expansion.

At 02:16 pm, the stock erases partial intra-day losses and was quoting at Rs 7,485, down 3 per cent against its previous day's close. In comparison, the S&P BSE Sensex was down 0.14 per cent at 48,651 points.

[IndiaMART](#)