



IndiaMART InterMESH Ltd.

Advant Navis Business Park, Plot no.7,

7th Floor, Sector - 142, Noida, UP

Call Us: +91 - 9696969696

E: customercare@indiamart.com

Website: www.indiamart.com

Date: January 21, 2020

To

The Manager - Listing

BSE Limited

(BSE: 542726)

The Manager - Listing

National Stock Exchange of India Limited

(NSE: INDIAMART)

Dear Sir/Ma'am,


Sub: Audited (Standalone and Consolidated) Financial Results for the quarter and nine months ended December 31, 2019

With reference to the captioned subject and in accordance with the provisions of Regulation 33 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, please find enclosed herewith the copy of Audited (Standalone and Consolidated) Financial Results for the quarter and nine months ended December 31, 2019 alongwith the Auditor's Report thereon.

Please take the above information on record.

Yours faithfully,

For Indiamart Intermesh Limited


(Manoj Bhargava)

**Sr. Vice President (Legal & Secretarial),
Company Secretary & Compliance Officer**



Encl: as above.

Audited Standalone Financials Results

(Amounts in INR million, except per share data)

S.No.	Particulars	Quarter ended			Nine Months ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
		Audited	Audited	Audited	Audited	Audited	Audited
1	Income:						
	a) Revenue from operations	1,605	1,529	1,307	4,577	3,622	4,973
	b) Other income	165	203	133	511	260	360
	Total income	1,770	1,732	1,440	5,088	3,882	5,333
2	Expenses:						
	a) Employee benefits expense	678	662	554	1,925	1,563	2,217
	b) Depreciation and amortisation expense	57	50	11	151	28	40
	c) Net loss on financial liability designated at FVTPL	-	-	-	-	653	653
	d) Finance costs	5	7	-	16	-	-
	e) Other expenses	487	496	469	1,466	1,412	1,960
	Total expenses	1,227	1,215	1,034	3,558	3,656	4,870
3	Profit before exceptional items and tax (1-2)	543	517	406	1,530	226	463
4	Exceptional items	-	-	-	-	-	-
5	Profit after exceptional items and before tax (3-4)	543	517	406	1,530	226	463
6	Tax expense/(credit)						
	a) Current tax	-	(70)	-	(3)	-	36
	b) Deferred tax	(92)	178	118	157	280	301
	c) Tax impact related to change in tax rate and law [refer note 7 (b)]	-	314	-	314	-	-
	Total tax expense	(92)	422	118	468	280	337
7	Net Profit/(loss) for the period (5-6)	635	95	288	1,062	(54)	126
8	Other comprehensive income/(loss) (net of tax)						
	-Items that will not be reclassified to profit or loss	(3)	(25)	(5)	(38)	(9)	(7)
9	Total comprehensive income/ (loss) for the period (7+8)	632	70	283	1,024	(63)	119
10	Paid up equity share capital (face value : INR 10/- each)	289	288	286	289	286	286
11	Other equity for the year						1,321
12	Earnings per equity share:						
	Basic earnings per equity share (INR 10 per share)	21.95	3.33	10.09	36.88	(2.14)	4.87
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
	Diluted earnings per equity share (INR 10 per share)	21.61	3.26	9.98	36.27	(2.14)	4.78
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	



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Notes to the Statement of Audited Standalone Financial Results for the Quarter and Nine months ended December 31, 2019:


- 1 The above standalone financial results for the quarter and nine months ended December 31, 2019 were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on January 21, 2020. The statutory auditors have expressed an unmodified audit opinion on these results.
- 2 The above standalone financial results have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
- 3 During the quarter ended September 30, 2019, the Company has completed an Initial Public Offering (IPO) through an offer for sale of 48,87,862 equity shares. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on July 4, 2019.
- 4 The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has resulted in recognition of right-of-use asset of INR 204 Million and a corresponding lease liability of INR 224 Million by adjusting retained earnings net of taxes by INR 16 Million [the impact of deferred tax created INR 9 Million] as at April 1, 2019. The Company has also reclassified its leasehold land amounting to INR 36 Million as right-of-use asset. In the statement of profit and loss of the quarter and nine months ended December 31, 2019, the nature of expenses in respect of operating leases has changed from lease rent (in other expenses) into depreciation cost against the right-of-use asset and finance cost against interest accrued on lease liability.

The impact of application of Ind AS 116 on the standalone financials results is as follows:-

Particulars	(Amounts in INR "Millions")			
	Quarter Ended December 31, 2019	Quarter Ended September 30, 2019	Quarter Ended June 30, 2019	Nine Months ended December 31, 2019
a Rent, Rates & Taxes Expense is lower by	48	48	45	141
b Depreciation is higher by	(46)	(39)	(36)	(121)
c Finance Cost is higher by	(6)	(6)	(4)	(16)
d Other Income is higher by	-	1	-	1
Profit Before tax is higher/(Lower) by	(4)	4	5	5

- 5 The results for the quarter and nine months ended December 31, 2019 are available on the BSE Limited website (URL:www.bseindia.com/corporates), the National Stock Exchange of India Limited website (URL:www.nseindia.com/corporates) and on the Company's website.
- 6 Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has only one segment which is business-to-business e-marketplace, which acts as an interactive hub for domestic and international buyers and suppliers and operates in a single operating segment based on the nature of the products, the risks and returns, the organization structure and the internal financial reporting systems. Hence, the Company has a single operating segment "Business to business e-marketplace".
- 7 a) Deferred tax for the quarter ended December 31, 2019 includes credit of INR 229 million on account of certain timing differences pertaining to the earlier years.
b) Tax impact for the quarter ended September 30, 2019 and nine months ended December 31, 2019 reflects changes made vide Taxation Laws Amendment Ordinance 2019 as applicable to the Company. It includes the "tax impact relating to change in tax rate and law" amounting to INR 314 Million which comprises of i) deferred tax charge of INR 278 Million due to change in applicable tax rate, and ii) the MAT credit entitlement written off of INR 36 Million.
- 8 The CEO and CFO have certified these results under Regulation 33(2) of SEBI (LODR) Regulations, 2015.
- 9 Figures for the previous periods have been regrouped/reclassified to confirm to the classification of the current period.

For and on behalf of the Board of Directors
IndiaMART InterMESH Limited


Dinesh Chandra Agarwal
(Managing Director and Chief Executive Officer)

Place: Noida
Date : January 21, 2020





B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF IndiaMART InterMESH Limited

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying standalone quarterly financial results of IndiaMART InterMESH Limited ("the Company") for the quarter ended 31 December 2019 and the year to date results for the period from 1 April 2019 to 31 December 2019 ("the standalone financial results"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter ended 31 December 2019 as well as the year to date results for the period from 1 April 2019 to 31 December 2019.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's and Board of Directors' Responsibilities for the Standalone Financial Results

These standalone financial results have been prepared on the basis of the condensed standalone interim financial statements. The Company's Management and Board of Directors are responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in

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compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or, if such disclosures are inadequate, to

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modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

Attention is drawn to the fact that the corresponding figures for the quarter and nine months period ended 31 December 2018 and for the year ended 31 March 2019, are based on the previously issued standalone interim financial statements and standalone annual financial statements of the Company that were audited by the predecessor auditor who expressed an unmodified opinion on those standalone interim financial statements and standalone annual financial statements on 31 January 2019 and 11 May 2019, respectively.

Our opinion on the standalone quarterly financial results is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm registration No: 101248W/W-100022

Kanika

Kanika Kohli
Partner

Membership No: 511565

ICAI UDIN: 20511565AA AAAA9385

Place: Gurugram

Date: 21 January 2020

Audited Consolidated Financials Results

(Amounts in INR million, except per share data)

S.No.	Particulars	Quarter ended			Nine Months ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
		Audited	Audited	Audited	Audited	Audited	Audited
1	Income:						
	a) Revenue from operations	1,649	1,566	1,336	4,688	3,694	5,074
	b) Other income	166	205	134	514	262	410
	Total income	1,815	1,771	1,470	5,202	3,956	5,484
2	Expenses:						
	a) Employee benefits expense	708	688	575	2,003	1,619	2,300
	b) Depreciation and amortisation expense	58	50	12	152	29	41
	c) Net loss on financial liability designated at FVTPL	-	-	-	-	653	653
	d) Finance costs	5	7	-	16	-	-
	e) Other expenses	505	515	486	1,519	1,453	1,951
	Total expenses	1,276	1,260	1,073	3,690	3,754	4,945
3	Profit before exceptional items, share of net losses of investment accounted using equity method and tax (1-2)	539	511	397	1,512	202	539
4	Share in net profit/(loss) of associates using equity method	(7)	(2)	-	(9)	-	-
5	Profit before exceptional items and tax (3+4)	532	509	397	1,503	202	539
6	Exceptional items	-	-	-	-	-	-
7	Profit before tax (5+6)	532	509	397	1,503	202	539
8	Tax expense/(credit)						
	a) Current tax	3	(69)	1	1	3	37
	b) Deferred tax	(91)	177	119	157	281	301
	c) Tax impact related to change in tax rate and law [refer note 7 (b)]	-	314	-	314	-	-
	Total tax expense	(88)	422	120	472	284	338
9	Net Profit/(loss) for the period [7-8]	620	87	277	1,031	(82)	201
	<u>Attributable to:</u>						
	- Equity holders of the parent	620	87	277	1,031	(82)	201
	-Non-controlling interests	-	-	-	-	-	-
10	Other comprehensive Income/(loss) (net of tax)						
	-Items that will not be reclassified to profit or loss	(2)	(26)	(5)	(38)	(9)	(7)
11	Total comprehensive Income/ (loss) for the period [9+10]	618	61	272	993	(91)	194
12	Total comprehensive Income /(loss) for the period attributable to :						
	- Equity holders of the parent	618	61	272	993	(91)	194
	-Non-controlling interests	-	-	-	-	-	-
13	Paid up equity share capital (face value : INR 10/- each)	289	288	286	289	286	286
14	Other equity for the year						1,313
15	Earnings per equity share:						
	Basic earnings per equity share (INR 10 per share)	21.45 (Not annualised)	3.01 (Not annualised)	9.70 (Not annualised)	35.80 (Not annualised)	(3.25) (Not annualised)	7.75
	Diluted earnings per equity share (INR 10 per share)	21.12 (Not annualised)	2.95 (Not annualised)	9.59 (Not annualised)	35.21 (Not annualised)	(3.25) (Not annualised)	7.61



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Notes to the Statement of Audited Consolidated Financial Results for the Quarter and Nine months ended December 31, 2019:

- 1 The above consolidated results for the quarter and nine months ended December 31, 2019 were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at its meetings held on January 21, 2020. The statutory auditors have expressed an unmodified audit opinion on these results.
- 2 The above financial results have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
- 3 During the quarter ended September 30, 2019, the Company has completed an Initial Public Offering (IPO) through an offer for sale of 48,87,862 equity shares. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on July 4, 2019.
- 4 The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has resulted in recognition of a right-of-use asset of INR 204 Million and a corresponding lease liability of INR 224 Million by adjusting retained earnings net of taxes by INR 16 Million [the impact of deferred tax created INR 9 Million] as at April 1, 2019. The Company has also reclassified its leasehold land amounting to INR 36 Million as right-of-use asset. In the statement of profit and loss of the quarter and nine months ended December 31, 2019, the nature of expenses in respect of operating leases has changed from lease rent (in other expenses) into depreciation cost against the right-of-use asset and finance cost against interest accrued on lease liability.

The impact of application of Ind AS 116 on the Consolidated Financials Results is as follows:-

Particulars	(Amounts in INR "Millions")			
	Quarter Ended December 31, 2019	Quarter Ended September 30, 2019	Quarter Ended June 30, 2019	Nine Months ended December 31, 2019
a Rent, Rates & taxes expense is lower by	48	48	45	141
b Depreciation is higher by	(46)	(39)	(36)	(121)
c Finance Cost is higher by	(6)	(6)	(4)	(16)
d Other Income is higher by	-	1	-	1
Profit Before tax is higher/(Lower) by	(4)	4	5	5

- 5 The results for the quarter and nine months ended December 31, 2019 are available on the BSE Limited website (URL:www.bseindia.com/corporates), the National Stock Exchange of India Limited website (URL:www.nseindia.com/corporates) and on the Company's website (www.indiamart.com).
- 6 Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has only one segment which is business-to-business e-marketplace, which acts as an interactive hub for domestic and international buyers and suppliers and operates in a single operating segment based on the nature of the products, the risks and returns, the organization structure and the internal financial reporting systems. Hence, the Group has a single operating segment "Business to business e-marketplace".
- 7 a) Deferred tax for the quarter ended December 31, 2019 includes credit of INR 229 million on account of certain timing differences pertaining to the earlier years.
b) Tax impact for the quarter ended September 30, 2019 and nine months ended December 31, 2019 reflects changes made vide Taxation Laws Amendment Ordinance 2019 as applicable to the Company. It includes the "tax impact relating to change in tax rate and law" amounting to INR 314 Million which comprises of i) deferred tax charge of INR 278 Million due to change in applicable tax rate, and ii) the MAT credit entitlement written off of INR 36 Million.
- 8 The CEO and CFO have certified these results under Regulation 33(2) of SEBI (LODR) Regulations, 2015.
- 9 Figures for the previous periods have been regrouped/reclassified to confirm to the classification of the current period.

Place: Noida
Date : January 21, 2020

For and on behalf of the Board of Directors

IndiaMART InterMESH Limited

Dinesh Chandra Agarwal
Dinesh Chandra Agarwal
(Managing Director and Chief Executive Officer)



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B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF IndiaMART InterMESH Limited

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying Statement of Consolidated Quarterly Financial Results of IndiaMART InterMESH Limited ("Holding company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group"), and its associate for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019 ("the Statement" or "consolidated financial results"), being submitted by the Holding company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements of subsidiaries, and financial information of an associate, the Statement:

- a. includes the results of the following entities:

Subsidiaries:

1. Tradezeal International Private Limited
2. Ten Times Online Private Limited
3. Tolexo Online Private Limited
4. Pay with Indiamart Private Limited
5. Hello Trade Online Private Limited

Associate:

6. Simply Vyapar Apps Private Limited

- b. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, as amended; and
- c. gives a true and fair view, in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of consolidated total comprehensive income (comprising of net profit/loss and other comprehensive income/loss) and other financial information of the Group for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the

Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial results.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Results

These consolidated financial results have been prepared on the basis of the condensed consolidated interim financial statements.

The Management and the Holding company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the consolidated net profit/loss and other comprehensive income and other financial information of the Group including its associate in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Management and the Directors of the Holding company, as aforesaid.

In preparing the consolidated financial results, the Management and the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

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as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associate to express an opinion on the consolidated financial results, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

- (a) (i) The consolidated financial results include the audited financial results of five subsidiaries, whose interim financial statements, net of consolidation adjustments, reflect Group's share of total revenue of INR 44.66 million and INR 113.57 million and Group's share of total net loss after tax of INR 6.99 million and INR 20.19 million for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019 respectively, as considered in the consolidated financial results, which have been audited by their respective independent auditors. The independent auditors' reports on interim financial statements of these entities have been furnished to us and our

opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

- (a) (ii) The consolidated financial results include the unaudited financial information of an associate, whose interim financial information reflects Group's share of total net loss after tax (and other comprehensive income (loss)) of INR 6.75 million for the quarter ended 31 December 2019 and INR 8.87 for the period from 1 April 2019 to 31 December 2019 respectively, as considered in the consolidated financial results. This unaudited interim financial information has been furnished to us by the Board of Directors and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this associate is based solely on such unaudited interim financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, this interim financial information is not material to the Group.

Our opinion on the consolidated financial results is not modified in respect of the above matters with respect to our reliance on the reports of the other auditors and the financial information certified by the Board of Directors.

- (b) Attention is drawn to the fact that the corresponding figures for the quarter and nine months period ended 31 December 2018 and for the year ended 31 March 2019 are based on the previously issued consolidated interim financial statements and consolidated annual financial statements of the Group that were audited by the predecessor auditor who expressed an unmodified opinion on those consolidated interim financial statements and consolidated annual financial statements on 31 January 2019 and 11 May 2019, respectively.

Our opinion on the consolidated financial results is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm registration No: 101248W/W-100022

Kanika

Kanika Kohli
Partner

Membership No: 511565

ICAI UDIN: 20511565 AAAA B8517

Place: Gurugram
Date: 21 January 2020

B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IndiaMART InterMESH Limited

Opinion

We have audited the condensed standalone interim financial statements of IndiaMART InterMESH LIMITED ("the Company"), which comprise the Condensed Standalone Balance Sheet as at 31 December 2019, and the Condensed Standalone Statement of Profit and Loss (including other comprehensive income) for the quarter and year-to-date period then ended, Condensed Standalone Statement of Changes in Equity and Condensed Standalone Statement of Cash Flows for the year-to-date period then ended, and notes to the condensed standalone interim financial statements, including a summary of the significant accounting policies and other explanatory information, as required by Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed standalone interim financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2019, and profit and other comprehensive income for the quarter and year-to-date period then ended, changes in equity and its cash flows for the year-to-date period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the condensed standalone interim financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Condensed Standalone Interim Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these condensed standalone interim financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 prescribed under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed standalone interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the condensed standalone interim financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed standalone interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed standalone interim financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed standalone interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed standalone interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed standalone interim financial statements, including the disclosures, and whether the condensed standalone interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

Attention is drawn to the fact that the corresponding figures for the quarter and year-to-date period ended 31 December 2018, and for the year ended 31 March 2019 are based on the previously issued standalone interim financial statements and standalone annual financial statements of the Company that were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on 31 January 2019 and 11 May 2019, respectively.

Our opinion on the condensed standalone interim financial statements is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration No: 101248W/W-100022

Kanika

Kanika Kohli
Partner

Membership No: 511565

ICAI UDIN: 20511565AAAAAC3168

Place: Gurugram
Date: 21 January 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Balance Sheet as at 31 December 2019
(Amount in INR million, unless otherwise stated)

	Notes	As at 31 December 2019	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	5A	54.13	82.74
Capital work in progress	5A	1.77	1.77
Right-of-use assets	5B	252.31	-
Intangible assets	6	5.31	5.70
Investment in subsidiaries and associates	7	316.12	4.10
Financial assets			
(i) Investments	8	128.39	90.39
(ii) Loans	8	0.91	1.22
(iii) Bank balances other than cash and cash equivalents	10	344.23	-
(iv) Others financial assets	8	60.87	33.22
Deferred tax assets (net)	26	408.36	858.06
Non-current tax assets (net)	18	196.23	-
Other non-current assets	11	18.71	7.33
Total Non-current assets		1,787.34	1,084.53
Current assets			
Financial assets			
(i) Investments	8	7,945.99	6,042.99
(ii) Trade receivables	9	10.55	3.54
(iii) Cash and cash equivalents	10	162.53	359.13
(iv) Bank balances other than (iii) above	10	51.46	375.48
(v) Loans	8	13.67	16.19
(vi) Others financial assets	8	104.58	152.18
Current tax assets (net)	18	71.44	99.98
Other current assets	11	36.42	53.77
Total Current assets		8,396.64	7,103.26
Total assets		10,183.98	8,187.79
Equity and liabilities			
Equity			
Share capital	12	288.77	285.92
Other equity	13	2,412.50	1,320.90
Total Equity		2,701.27	1,606.82
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	15	138.65	-
(ii) Other financial liabilities	15	-	2.84
Provisions	16	226.03	93.85
Contract liabilities	17	2,466.24	2,297.91
Total Non-current liabilities		2,830.92	2,394.60
Current liabilities			
Financial liabilities			
(i) Trade payables	14	-	-
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		147.46	126.67
(ii) Lease liabilities	15	92.79	-
(iii) Other financial liabilities	15	262.52	297.96
Provisions	16	43.91	66.89
Contract liabilities	17	4,006.61	3,553.49
Other current liabilities	17	98.50	141.36
Total Current liabilities		4,651.79	4,186.37
Total Liabilities		7,482.71	6,580.97
Total equity and liabilities		10,183.98	8,187.79
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the condensed standalone interim financial statements.

As per our report of even date

For B S R & Co. LLP

Chartered Accountants
ICAI Firm Registration No.: 101248W/ W-100022

Kanika Kohli

Partner
Membership No.: 511565
UDIN:
Place:
Date:

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Dinesh Chandra Agarwal
(Managing Director & CEO)
DIN:00191800

Brijesh Kumar Agrawal
(Whole-time Director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)

Manoj Bhargava
(Company Secretary)

Place: Noida
Date: 21 January 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Statement of Profit and Loss for the period ended 31 December 2019
(Amount in INR million, unless otherwise stated)

	Notes	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Income:					
Revenue from operations	19	1,605.12	1,306.82	4,577.22	3,621.75
Other income	20	164.75	133.19	510.65	260.36
Total income		1,769.87	1,440.01	5,087.87	3,882.11
Expenses:					
Employee benefits expense	21	677.18	553.28	1,924.63	1,562.55
Finance costs	22	5.61	-	16.35	-
Depreciation and amortisation expense	23	57.25	11.36	150.90	27.94
Net loss on financial liability designated at FVTPL	28	-	-	-	652.63
Other expenses	24	486.84	468.63	1,466.33	1,412.09
Total expenses		1,226.88	1,033.27	3,558.21	3,655.21
Profit before tax		542.99	406.74	1,529.66	226.90
Income tax expense					
Current tax expense/(income)					
{related to earlier years (3.31) mns (P.Y-Nil)}	26	-	-	(3.31)	-
Deferred tax expense/(income)	26	(91.72)	118.31	157.20	280.34
Tax expense related to change in tax rate and law	26	-	-	314.08	-
Total tax expense/(credit)		(91.72)	118.31	467.97	280.34
Net profit/(loss) for the period		634.71	288.43	1,061.69	(53.44)
Other comprehensive income (OCI)					
Items that will not be reclassified to profit or loss in subsequent years					
Re-measurement losses on defined benefit plans		(3.46)	(7.32)	(50.89)	(13.24)
Income tax effect		0.87	2.56	12.81	4.62
		(2.59)	(4.76)	(38.08)	(8.62)
Other comprehensive loss for the period, net of tax		(2.59)	(4.76)	(38.08)	(8.62)
Total comprehensive income/(loss) for the period		632.12	283.67	1,023.61	(62.06)
Earnings per equity share:					
Basic earnings(loss) per equity share (INR) - face value of INR 10 each	25	21.95	10.09	36.88	(2.14)
Diluted earnings(loss) per equity share (INR) - face value of INR 10 each		21.61	9.98	36.27	(2.14)

Summary of significant accounting policies

2

The accompanying notes are an integral part of the condensed standalone interim financial statements.

As per our report of even date

For B S R & Co. LLP

Chartered Accountants
ICAI Firm Registration No.: 101248W/ W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Kanika Kohli
Partner
Membership No.: 511565
UDIN:
Place:
Date:

Dinesh Chandra Agarwal
(Managing Director & CEO)
DIN:00191800

Brijesh Kumar Agrawal
(Whole-time Director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)

Manoj Bhargava
(Company Secretary)

Place: Noida
Date: 21 January 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Statement of Cash Flows for the period ended 31 December 2019

(Amount in INR million, unless otherwise stated)

Particulars	Notes	For the nine months ended	For the nine months ended
		31 December 2019	31 December 2018
Profit/(loss) before tax		1,529.66	226.90
<i>Adjustments to reconcile profit/(loss) before tax to net cash flows:</i>			
Depreciation and amortization	23	150.90	27.94
Interest and other income	20	(36.99)	(20.88)
Gain from business transfer arrangement	20	-	(6.80)
Fair value change on financial assets at FVTPL	20	(449.17)	(197.48)
Fair value change in share buyback obligations	28	-	652.63
Gain on disposal of property, plant and equipment	20	(0.65)	(0.02)
Share-based payment expense	21	67.87	56.20
Gain on disposal of current investments	20	(23.83)	(35.18)
Finance costs	22	16.35	-
Impairment allowance on investment in subsidiaries	24	-	0.10
Operating Profit before working capital changes		1,254.14	703.41
Movement in working capital			
Increase in trade receivables		(7.01)	(3.30)
Increase /(decrease) in other financial assets		(17.60)	56.24
Increase in other assets		14.34	(9.78)
Decrease in other financial liabilities		(44.48)	(53.11)
Increase in trade payables		20.79	18.83
Increase in other liabilities		578.58	890.23
Increase in provisions		58.31	24.81
Cash generated from operations		1,857.07	1,627.33
Income tax paid (net)		(164.38)	(28.02)
Net cash generated from operating activities		1,692.69	1,599.31
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		0.94	0.37
Purchase of property, plant and equipment and other intangible assets		(36.88)	(45.56)
Purchase of current investments		(3,400.00)	(3,970.69)
Investment in subsidiaries and associates		(350.02)	(45.02)
Proceeds from sale of current investments		1,970.00	2,206.70
Interest received		26.27	18.28
Advances received from /(paid for) selling shareholders (net)		80.21	(60.78)
Advance paid for leases		(18.04)	-
Payment of refundable security deposits for listing on stock exchange.		(23.78)	-
Investments in bank deposits (having original maturity of more than three months)		(20.21)	(66.71)
Net cash used in investing activities		(1,771.51)	(1,963.41)
Cash flow from financing activities			
Repayment of lease liabilities		(120.74)	-
Interest paid		(16.35)	-
Proceeds from issue of equity shares on exercise of ESOP		19.31	143.97
Net cash generated from financing activities		(117.78)	143.97
Net decrease in cash and cash equivalents		(196.60)	(220.13)
Cash and cash equivalents at the beginning of the period	10	359.13	452.48
Cash and cash equivalents at the end of the period	10	162.53	232.35
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the condensed standalone interim financial statements.

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/ W-100022

 For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited
Kanika Kohli

Partner

Membership No.: 511565

UDIN:

Place:

Date:

Dinesh Chandra Agarwal

(Managing Director & CEO)

DIN:00191800

Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

Prateek Chandra

(Chief Financial Officer)

Manoj Bhargava

(Company Secretary)

Place: Noida

Date: 21 January 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Statement of changes in equity for the period ended 31 December 2019
(Amount in INR million, unless otherwise stated)

(a) Equity share capital (Refer Note 12)

Equity shares of INR 10 each issued, subscribed and fully paid up	Amount
As at 1 April 2018	99.77
Bonus issue during the period*	99.77
Equity share capital issued on exercise of ESOP during the period	15.66
Equity share capital issued on conversion of convertible preference shares	70.72
As at 31 December 2018	285.92
As at 1 April 2019	285.92
Equity share capital issued on exercise of ESOP during the period	1.83
Equity share capital issued during the period	1.45
Equity share capital held by Indiamart employee benefit trust	(0.43)
As at 31 December 2019	288.77

(b) Other equity (Refer Note 13)

Particulars	Reserves and surplus				Total other equity
	Securities premium	General reserve	Employee share based payment reserve	Retained earnings	
Balance as at 1 April 2018	279.49	8.45	54.18	(3,564.63)	(3,222.51)
Loss for the period	-	-	-	(53.44)	(53.44)
Other comprehensive loss for the period	-	-	-	(8.62)	(8.62)
Total comprehensive income/ (loss)	-	-	-	(62.06)	(62.06)
Bonus issue*	(99.77)	-	-	-	(99.77)
Issue of equity shares on exercise of ESOP during the period	195.61	-	(67.29)	-	128.32
Employee share based payment expense	-	-	56.20	-	56.20
Issue of equity shares on conversion of convertible preference shares	4,311.21	-	-	-	4,311.21
	4,407.05	-	(11.09)	-	4,395.96
Balance as at 31 December 2018	4,686.54	8.45	43.09	(3,626.69)	1,111.39
Balance as at 1 April 2019	4,686.54	8.45	71.42	(3,445.51)	1,320.90
Impact of adoption of Ind AS 116 (net of taxes)	-	-	-	(16.33)	(16.33)
Profit for the period	-	-	-	1,061.69	1,061.69
Other comprehensive income/ (loss) for the period	-	-	-	(38.08)	(38.08)
Total comprehensive income/ (loss)	-	-	-	1,007.28	1,007.28
Issue of equity shares on exercise of share based awards during the period	67.36	-	(50.91)	-	16.45
Employee share based payment expense	-	-	67.87	-	67.87
Balance as at 31 December 2019	4,753.90	8.45	88.38	(2,438.23)	2,412.50

*The Company has allotted bonus shares on 9 May 2018 in the ratio of 1:1 to the equity shareholders existing on record date of 8 May 2018. The shareholders approved the allotment at general meeting held on 7 May 2018.

The accompanying notes are an integral part of the condensed standalone interim financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/ W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Kanika Kohli
Partner
Membership No.: 511565
UDIN:
Place:
Date:

Dinesh Chandra Agarwal
(Managing Director & CEO)
DIN:00191800

Brijesh Kumar Agrawal
(Whole-time Director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)

Manoj Bhargava
(Company Secretary)

Place: Noida
Date: 21 January 2020

IndiaMART Intermesh Limited

Notes to condensed standalone interim financial statements for the period ended 31 December 2019

(Amounts in INR million, unless otherwise stated)

1. Corporate Information

IndiaMART Intermesh Limited (“the Company”) is a public company domiciled in India and was incorporated on 13 September 1999 under the provisions of the Companies Act applicable in India. The Company is engaged in e-marketplace for business needs, which acts as an interactive hub for domestic and international buyers and suppliers. The registered office of the Company is located at 1st Floor, 29-Daryagang, Netaji Subash Marg, New Delhi-110002, India. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India on 4 July 2019.

The condensed standalone interim financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on January 21, 2020.

2. Summary of Significant Accounting Policies

(a) Statement of compliance

The condensed standalone interim financial statements for the period ended 31 December 2019 have been prepared in accordance with Indian Accounting Standards (referred to as “Ind AS”) 34, Interim Financial Reporting and other Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act, 2013 (“the Act”) (as amended from time to time). These condensed standalone interim financial statements must be read in conjunction with the standalone annual financial statements for the year ended 31 March 2019. They do not include all the information required for a complete set of Ind AS financial statements. However, selected explanatory notes are included to explain events and transactions that management believes are significant to an understanding of the changes in the Company’s financial position and performance since the last annual standalone financial statements.

The Company applied, for the first time, Ind AS 116 “Leases”, beginning 1 April 2019. The nature and effect of the changes required by Ind AS 116 are disclosed in Note 4.

All amounts disclosed in the condensed standalone interim financial statements have been rounded off to the nearest INR million as per the requirement of Schedule III to the Companies Act, 2013, unless otherwise stated.

(b) Basis of Preparation

The condensed standalone interim financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities measured at fair value or amortised cost at the end of each reporting period.

All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. The preparation of these condensed standalone interim financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company’s accounting policies. The areas where estimates are significant to the condensed standalone interim financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

3. Significant accounting estimates and assumptions

The preparation of condensed standalone interim financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The significant judgements made by management in applying the Company’s accounting policies and key sources of estimation and uncertainty were the same as those described in the last standalone annual financial statements for

IndiaMART Intermesh Limited

Notes to condensed standalone interim financial statements for the period ended 31 December 2019

(Amounts in INR million, unless otherwise stated)

the year ended 31 March 2019 except for the new significant judgements related to lease accounting under Ind AS 116 as described in Note 4.

Measurement of fair values

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for that asset or liability.

The Company's management determines the policies and procedures for recurring fair value measurement, such as investment in debt instruments and convertible preference shares issued with share buyback obligation measured at fair value.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed standalone interim financial statements are categorised within the fair value hierarchy, described as follows, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 — inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 — Unobservable inputs for the asset or liability reflecting Company's assumptions about pricing by market participants

For assets and liabilities that are recognised in the condensed standalone interim financial statements on fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4. Changes in accounting policy and disclosures

Except as described below, the accounting policies applied in these condensed standalone interim financial statements are the same as those applied in the standalone financial statements for the year ended 31 March 2019.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. As a result, the comparative information has not been restated. Refer Note 5B for further details.

Leases (as lessee)

The Company's lease asset classes primarily consist of leases for buildings and leasehold land. The Company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered on or after 1 April 2019.

IndiaMART Intermesh Limited**Notes to condensed standalone interim financial statements for the period ended 31 December 2019**

(Amounts in INR million, unless otherwise stated)

The Company recognises a right-of-use asset (“ROU”) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company’s incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership were classified as finance leases. When acquired, such assets were capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever was lower. Lease payments and receipts under operating leases were recognised as an expense and income respectively, on a straight-line basis in the statement of profit and loss over the lease term except where the lease payments were structured to increase in line with expected general inflation.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of profit or loss.

An asset on finance lease was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land classified as finance lease was amortised over the period of lease to maximum of 90 years.

Judgement & Estimates

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In

IndiaMART Intermesh Limited

Notes to condensed standalone interim financial statements for the period ended 31 December 2019

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assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

IndiaMART InterMESH Limited
Notes to Condensed Standalone Interim Financial Statements for the period ended 31 December 2019

(Amount in INR million, unless otherwise stated)

5A Property, plant and equipment

	Leasehold land (Refer Note 5B)	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total Property, plant and equipment	Capital work in progress (refer note 1 below)
Gross carrying amount							
As at 1 April 2018	37.12	59.24	26.66	4.92	3.81	131.75	1.77
Additions	-	36.74	10.00	1.07	-	47.81	-
Disposals	-	(0.71)	(0.25)	-	-	(0.96)	-
As at 31 March 2019	37.12	95.27	36.41	5.99	3.81	178.60	1.77
Transition impact of Ind AS 116	(37.12)	-	-	-	-	(37.12)	-
Additions	-	23.35	10.70	0.57	-	34.62	-
Disposals	-	(2.38)	(0.16)	(0.25)	-	(2.79)	-
As at 31 December 2019	-	116.24	46.95	6.31	3.81	173.31	1.77
Accumulated depreciation							
As at 1 April 2018	0.92	42.57	14.24	2.20	0.03	59.96	-
Charge for the year	0.46	25.37	8.70	0.94	0.98	36.45	-
Disposals during the year	-	(0.39)	(0.16)	-	-	(0.55)	-
As at 31 March 2019	1.38	67.55	22.78	3.14	1.01	95.86	-
Transition impact of Ind AS 116	(1.38)	-	-	-	-	(1.38)	-
Charge for the period	-	20.28	5.47	0.63	0.81	27.19	-
Disposals during the period	-	(2.23)	(0.13)	(0.13)	-	(2.49)	-
As at 31 December 2019	-	85.60	28.12	3.64	1.82	119.18	-
Net book value							
As at 1 April 2018	36.20	16.67	12.42	2.72	3.78	71.79	1.77
As at 31 March 2019	35.74	27.72	13.63	2.85	2.80	82.74	1.77
As at 31 December 2019	-	30.64	18.83	2.67	1.99	54.13	1.77

Notes:

1. Capital work in progress represent the amount incurred on construction of boundary wall for leasehold land.

5B Right-of-use assets

	Leasehold land (Refer Note 1 below)	Buildings (Refer Note 2 below)	Total
Gross carrying amount			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	37.12	204.39	241.51
Additions	-	142.60	142.60
Disposals	-	(10.18)	(10.18)
As at 31 December 2019	37.12	336.81	373.93
Accumulated amortisation			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	1.38	-	1.38
Amortisation for the period	0.35	121.31	121.66
Disposals for the period	-	(1.42)	(1.42)
As at 31 December 2019	1.73	119.89	121.62
Net book value			
As at 31 December 2019	35.39	216.92	252.31

1. As per the terms of the lease arrangement, the Company is required to complete the construction of building within 5 years from the date of handing over the possession. The Company had obtained extension for construction of building on the leasehold land till 5 October 2019 and is in the process of obtaining further extension.

2. The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has resulted in recognising a right-of-use asset of INR 204 Million and a corresponding lease liability of INR 224 Million by adjusting retained earnings net of taxes of INR 16 Million [the impact of deferred tax created INR 9 Million] as at April 1, 2019. The Company has also reclassified its leasehold land amounting to INR 36 Million as right-of-use asset. In the statement of profit and loss of the quarter and nine months ended 31 December 2019, the nature of expenses in respect of operating leases has changed from lease rent (in other expenses) into depreciation cost against the right-to-use asset and finance cost against interest accrued on lease liability.

The impact on the statement of Profit and Loss for the quarter and nine months ended 31 December 2019 is as below:

Particulars	For the quarter ended 31 December 2019	For the nine months ended 31 December 2019
Rent, rates & taxes expenses are lower by	47.73	140.79
Depreciation is higher by	(45.80)	(121.31)
Finance Cost is higher by	(5.61)	(16.35)
Other Income higher by	0.50	1.28
Profit Before tax is higher/ (Lower) by	(3.18)	4.41

The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 9.75% for measuring the lease liability.

The Company has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases and reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116.

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(Amount in INR million, unless otherwise stated)

6 Intangible assets

	Software	Unique telephone numbers	Total
Gross carrying amount			
As at 1 April 2018	10.49	4.70	15.19
Additions	1.66	-	1.66
Disposals	(0.08)	-	(0.08)
As at 31 March 2019	12.07	4.70	16.77
Additions	1.66	-	1.66
As at 31 December 2019	13.73	4.70	18.43
Accumulated amortisation			
As at 1 April 2018	4.56	3.01	7.57
Amortisation for the year	2.85	0.68	3.53
Disposals for the year	(0.03)	-	(0.03)
As at 31 March 2019	7.38	3.69	11.07
Amortisation for the period	1.74	0.31	2.05
As at 31 December 2019	9.12	4.00	13.12
Net book value			
As at 1 April 2018	5.93	1.69	7.62
As at 31 March 2019	4.69	1.01	5.70
As at 31 December 2019	4.61	0.70	5.31

7 Investment in subsidiaries and associates

	As at 31 December 2019		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Investment in subsidiaries - Unquoted				
<i>Fully paid up - at cost</i>				
Equity shares of INR 10 each in Tradezeal International Private Limited*	110,000	1.10	110,000	3.15
Equity shares of INR 10 each in Ten Times Online Private Limited	62,333	3.10	62,333	3.10
Equity shares of INR 10 each in Tolexo Online Private Limited*	7,001,800	70.02	7,001,800	70.02
Equity shares of INR 10 each in Pay With Indiamart Private Limited	100,000	1.00	100,000	1.00
Equity shares of INR 10 each in Hello Trade Online Private Limited*	30,000	0.30	30,000	0.30
		75.52		77.57
Less: Impairment allowance in value of investments*		(71.42)		(73.47)
		4.10		4.10
Investment in associates - Unquoted				
<i>Fully paid up - at cost</i>				
Compulsory convertible preference shares of INR 100 each (at premium of INR 52,217.90 each) in Simply Vyapar Apps Private Limited	5,954	311.50	-	-
Equity shares of INR 10 each (at premium of INR 52,307.90 each) in Simply Vyapar Apps Private Limited	10	0.52	-	-
		312.02		-
		316.12		4.10

8 Financial assets

	As at 31 December 2019		As at 31 March 2019	
	a) Investments			
Non-current				
Investment in subsidiaries at FVTPL		128.39		90.39
		128.39		90.39
Current				
Investment in mutual funds at FVTPL		7,945.99		6,042.99
		7,945.99		6,042.99

Non-current investments**Investment in debt instruments of subsidiaries (fully paid-up)**

	As at 31 December 2019		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
<i>Unquoted (measured at FVTPL)</i>				
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each in Tolexo Online Private Limited	10,789,275	67.95	7,989,275	39.95
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 90 each) in Tolexo Online Private Limited	1,298,050	6.49	1,298,050	6.49
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 40 each) in Tolexo Online Private Limited	189,000	0.95	189,000	0.95
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each in Tradezeal International Private Limited	1,870,000	-	1,370,000	-
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 10 each) in Pay With Indiamart Private Limited	2,650,000	53.00	2,150,000	43.00
		128.39		90.39
<i>Unquoted (measured at amortised cost)</i>				
Redeemable Preference Shares of INR 10 each in Tradezeal International Private Limited	-	-	500,000	2.95
		-		2.95
Less: Impairment allowance for investments		-		(2.95)
Total		-		-
Total non-current investments		128.39		90.39

Notes:

1. The company has invested in optionally convertible cumulative redeemable preference shares ('OCCRPS') of its subsidiaries. Based on the terms of OCCRPS, these have been classified as financial instruments in the nature of financial assets to be measured at fair value. Fair value of these instruments has been determined based on discounted cash flow valuation technique using cash flow projections, discount rate and the credit risk. Gain/loss on subsequent re-measurement has been recognised through Statement of Profit and Loss and is disclosed under "Net (loss)/gain on financial assets measured at FVTPL".

	As at 31 December 2019		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
Current investments				
<i>Investment in mutual funds - Quoted (measured at FVTPL)</i>				
Aditya Birla Sun Life Short Term Fund-Growth-Regular Plan	2,599,874	85.42	2,599,874	80.37
Aditya Birla Sun Life Banking & PSU Debt Fund-Growth-Direct Plan	886,783	230.88	886,783	214.61
Aditya Birla Sunlife short term fund-Growth-Direct Plan	21,181,794	725.54	21,181,794	679.17
Aditya Birla Sunlife Corporate Bond Fund -Growth- Regular Plan	6,508,526	498.40	5,394,585	386.68
Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct plan	2,013,531	155.38	629,851	45.45
Bharat Bond ETF	400,000	400.25		
HDFC Short Term Debt Fund-Direct Growth Plan	26,794,545	598.89	26,794,545	558.15
HDFC Short Term Debt Fund - Regular Plan	8,380,984	185.38	8,380,984	172.98
HDFC Low Duration Fund - Regular Plan-Growth	3,797,410	157.12	3,797,410	148.58
HDFC Low Duration Fund-Direct Plan-Growth	17,380,457	754.45	2,128,314	86.97
HDFC Credit Risk Debt Fund - Regular Plan - Growth	7,019,394	113.87	7,019,394	107.08
ICICI Prudential Savings Fund -Growth	81,581	31.13	81,581	29.27
ICICI Prudential Savings Fund- Direct Plan-Growth	643,146	247.27	597,544	215.81
ICICI Prudential Short Term Fund - Direct	20,802,151	902.36	15,854,692	639.65
ICICI Prudential Short Term Fund - Growth Option	3,606,276	148.97	3,606,276	139.33
IDFC Bond Fund - Short Term Plan- DGP	5,468,770	231.72	5,468,770	216.27
IDFC Low Duration Fund-Growth (Regular Plan)	16,451,049	461.79	16,451,049	435.91
IDFC Bond Fund-STP-Regular Fund	408,840	16.62	408,840	15.57
Kotak Corporate Bond Fund - DGP	328,929	890.39	328,929	831.30
L&T Short Term Bond Fund-DGP	37,122,589	728.68	37,122,589	681.67
L&T Short Term Bond Fund - Regular Growth	20,066,239	381.48	20,066,239	358.17
Total current investments		7,945.99		6,042.99

b) Loans (measured at amortised cost)**Non current**

Considered good- Unsecured

Loans to employees

	As at 31 December 2019	As at 31 March 2019
	0.91	1.22
	0.91	1.22

Current

Considered good- Unsecured

Loans to employees

	13.67	16.19
	13.67	16.19

Notes:

The above loans represents interest free loans to employees, which are recoverable in maximum 24 monthly instalments.

c) Others (measured at amortised cost)**Non-current (unsecured, considered good unless stated otherwise)**

Security deposits

	As at 31 December 2019	As at 31 March 2019
	60.87	33.22
	60.87	33.22

Current (unsecured, considered good unless stated otherwise)

Security deposits

Amount recoverable from payment gateway banks

Other recoverables*

	57.38	25.90
	47.20	57.08
	-	69.20
	104.58	152.18

Notes:

Security deposits are non-interest bearing and are generally on term of 3 to 9 years.

* Represents amount recoverable for IPO expenses incurred in trust on behalf of selling shareholders in Offer for Sale (including the related parties as referred in Note 30(b))

9 Trade receivables

	As at 31 December 2019	As at 31 March 2019
Unsecured, considered good unless stated otherwise		
Trade receivables	10.55	3.54
Total	10.55	3.54

Notes:

a) Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

10 Cash and bank balances

	As at 31 December 2019	As at 31 March 2019
a) Cash and cash equivalents		
Cash on hand	0.15	0.16
Cheques on hand	40.20	145.42
Balance with bank		
- On current accounts	122.18	213.55
Total Cash and cash equivalents	162.53	359.13

Note:

Cash and cash equivalents for the purpose of cash flow statement comprise cash and cash equivalents as shown above.

b) Bank balances other than cash and cash equivalents

Deposits with		
- remaining maturity upto twelve months	51.46	375.48
- remaining maturity for more than twelve months*	344.23	-
	395.69	375.48
Less: amount disclosed under current bank deposits	(51.46)	(375.48)
	51.46	375.48

*Includes INR 23.78 (P.Y- Nil) pledged with bank against guarantee given to stock exchange.

11 Other assets

	As at 31 December 2019	As at 31 March 2019
Non-current (unsecured, considered good unless stated otherwise)		
Capital advance	0.64	0.03
Advance for leases	18.04	-
Prepaid expenses	0.03	0.14
Deferred rent expense	-	7.16
Total	18.71	7.33

	As at 31 December 2019	As at 31 March 2019
Current (unsecured, considered good unless stated otherwise)		
Advances recoverable	9.65	13.73
Indirect taxes recoverable	-	17.96
Prepaid expenses	26.77	18.93
Deferred rent expense	-	3.15
Total	36.42	53.77

12 Share capital

Authorised equity share capital (INR 10 per share)

	<u>Number of shares</u>	<u>Amount</u>
As at 1 April 2018	18,277,930	182.78
Increase during the year	11,722,070	117.22
As at 31 March 2019	30,000,000	300.00
As at 31 December 2019	30,000,000	300.00

Issued equity share capital (subscribed and fully paid up) (INR 10 per share)

	<u>Number of shares</u>	<u>Amount</u>
As at 1 April 2018	9,976,805	99.77
Bonus issue during the year ¹	9,976,805	99.77
Equity share capital issued on exercise of ESOP during the year	1,566,630	15.66
Equity share capital issued on conversion of convertible preference shares ²	7,071,766	70.72
As at 31 March 2019	28,592,006	285.92
Equity share capital issued on exercise of ESOP during the period	182,814	1.83
Equity share capital issued during the period	145,000	1.45
Equity share capital held by Indiamart employee benefit trust	(42,573)	(0.43)
As at 31 December 2019	28,877,247	288.77

Notes:

1 Bonus issue

The shareholders of the Company at its general meeting held on 7 May 2018, approved the allotment of bonus share in the ratio of 1:1 as on the record date of 8 May 2018 to each of the equity shareholders of the Company. Subsequently, 9,976,805 Bonus Shares of INR 10 each amounting to INR 99.77 million, were allotted on 9 May 2018 in the ratio of 1:1 to the eligible equity shareholders.

2 Conversion of convertible preference shares

During the previous year ended 31 March 2019, company converted 1,493,903 Series A 0.01% Cumulative Compulsory Preference Shares of INR 328 into 3,334,922 Equity Shares of INR 10 each, 1,722,047 0.01% Series B Cumulative Compulsory Preference Shares of INR 100 into 3,444,094 Equity Shares of INR 10 each, 146,375 0.01% Series B1 Cumulative Compulsory Preference Shares of INR 100 into 292,750 Equity Shares of INR 10 each.

13 Other equity

	<u>As at 31 December 2019</u>	<u>As at 31 March 2019</u>
Securities premium	4,753.90	4,686.54
General reserve	8.45	8.45
Employee share based payment reserve	88.38	71.42
Retained earnings	(2,438.23)	(3,445.51)
Total other equity	2,412.50	1,320.90

Nature and purpose of reserves and surplus:

- Securities premium:** The Securities premium account is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.
- General reserve:** The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes, as the same is created by transfer from one component of equity to another.
- Employee share based payment reserve:** The Employee share based payment reserve is used to recognise the compensation related to share based awards issued to employees under Company's Share based payment scheme.
- Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, and re-measurement gains/losses on defined benefit plans.

14 Trade payables

	As at 31 December 2019	As at 31 March 2019
Payable to micro, small and medium enterprises	-	-
Other trade payables*	147.46	126.67
Total	147.46	126.67

*Trade payables are non-interest bearing and are normally settled on 30-day terms.

15 Lease and other financial liabilities

	As at 31 December 2019	As at 31 March 2019
Lease liabilities		
Current	92.79	-
Non current	138.65	-
Total	231.44	-
Other financial liabilities		
Non-current		
Lease rent equalisation	-	2.84
Total	-	2.84
Current		
Payable to employees	251.37	297.82
Security deposits	0.14	0.14
Other payables*	11.01	-
Total	262.52	297.96

* Other payables represent the amount payable to selling shareholders after meeting all expenses in relation to Offer for sale.

16 Provisions

	As at 31 December 2019	As at 31 March 2019
Non-current		
Provision for employee benefits*		
Provision for gratuity	164.55	93.85
Provision for Leave encashment	61.48	-
Total	226.03	93.85
Current		
Provision for employee benefits*		
Provision for gratuity	12.20	8.59
Provision for leave encashment	16.33	42.92
Provision-others**	15.38	15.38
Total	43.91	66.89

*Refer Note 27.

** Contingency provision towards indirect taxes.

17 Contract and other liabilities

	As at 31 December 2019	As at 31 March 2019
Contract liabilities*		
Non-current		
Deferred revenue	2,466.24	2,297.91
Total	2,466.24	2,297.91
Current		
Deferred revenue	3,769.26	3,237.29
Advances from customers	237.35	316.20
Total	4,006.61	3,553.49
Total	6,472.85	5,851.40
Other liabilities-Current		
Statutory dues		
Tax deducted at source payable	23.37	3.97
Contribution to provident fund payable	3.76	2.54
Contribution to ESI payable	0.08	0.10
GST payable	70.53	134.47
Professional tax payable	0.44	0.18
Payable for labour welfare fund	0.11	0.03
Others	0.21	0.07
Total	98.50	141.36

* Contract liabilities include consideration received in advance to render web services in future periods.

18 Current tax assets and liabilities

	As at 31 December 2019	As at 31 March 2019
Current tax assets (net of provisions)		
Current	71.44	99.98
Non current	196.23	-
Total	267.67	99.98

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(Amount in INR million, unless otherwise stated)

19 Revenue from operations

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Sale of services				
Income from web services	1,585.16	1,290.46	4,529.36	3,583.95
Advertisement and marketing services	19.96	16.36	47.86	37.80
Total	1,605.12	1,306.82	4,577.22	3,621.75

Significant changes in the contract liability balances during the period are as follows:

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Opening balance at the beginning of the period	6,293.58	4,911.16	5,851.40	4,234.63
Less: Revenue recognised from contract liability balance at the beginning of the period	(1,149.42)	(911.75)	(3,379.83)	(1,805.81)
Add: Amount received from customers during the period	1,784.38	1,553.65	5,198.67	4,565.92
Less: Transfer of contract liability pertaining to Hello travel business	-	-	-	(20.81)
Less: Revenue recognised from amount received during the period	(455.69)	(395.07)	(1,197.39)	(1,815.94)
Closing balance at the end of the period	6,472.85	5,157.99	6,472.85	5,157.99

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(Amount in INR million, unless otherwise stated)

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
20 Other income				
Net gain on disposal of current investments	10.11	6.33	23.83	35.18
Fair value gain/(loss) on financial assets measured at FVTPL				
- Investment in mutual funds	146.68	118.96	449.17	197.48
Interest income from financial assets measured at amortised cost				
- on bank deposits	6.75	6.86	22.31	18.28
- on security deposits	0.69	1.03	9.44	2.60
Other interest income	-	-	3.97	-
Gain from business transfer arrangement	-	-	-	6.80
Gain on de-recognition of Right-of-use assets	0.50	-	1.28	-
Net gain on disposal of property, plant and equipment	0.02	0.01	0.65	0.02
Total	164.75	133.19	510.65	260.36
21 Employee benefits expense				
Salaries, allowance and bonus	620.40	486.19	1,717.21	1,401.79
Gratuity expense	9.96	6.00	23.42	16.54
Leave encashment expense	11.34	5.54	39.22	13.33
Contribution to provident and other funds	3.82	2.99	10.31	8.95
Employee share based payment expense	17.23	29.75	67.87	56.20
Staff welfare expenses	14.43	22.81	66.60	65.74
Total	677.18	553.28	1,924.63	1,562.55
22 Finance costs				
Interest cost of lease liabilities	5.61	-	16.35	-
Total	5.61	-	16.35	-
23 Depreciation and amortization expense				
Depreciation of property, plant and equipment (Refer Note 5A)	10.60	10.44	27.19	25.32
Depreciation of Right-of-use assets (Refer Note 5B)	45.91	-	121.66	-
Amortisation of intangible assets (Refer Note 6)	0.74	0.92	2.05	2.62
Total	57.25	11.36	150.90	27.94

IndiaMART InterMESH Limited
Notes to Condensed Standalone Interim Financial Statements for the period ended 31 December 2019

(Amount in INR million, unless otherwise stated)

24 Other expenses	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Content development expenses	53.12	47.01	176.57	171.20
Buyer Engagement Expenses	39.98	45.90	127.20	136.68
Customer Support Expenses	56.65	63.75	175.59	185.86
Outsourced sales cost	195.21	142.45	527.28	421.58
Internet and other online expenses	54.46	47.24	169.32	117.04
Rent	4.31	44.77	9.20	129.22
Rates and taxes	0.92	0.44	18.92	3.53
Communication costs	1.83	0.93	5.35	4.07
Outsourced support cost	5.86	4.15	16.76	11.86
Advertisement expenses	5.04	3.15	16.96	17.14
Power and fuel	6.48	6.46	22.80	23.21
Printing and stationery	1.76	2.19	6.34	6.46
Repair and maintenance:				
- Plant and machinery	2.87	3.15	9.98	10.41
- Others	18.77	18.89	56.02	55.25
Travelling and conveyance	11.45	13.35	41.32	35.86
Recruitment and training expenses	6.85	9.45	23.48	20.72
Legal and professional fees	5.88	3.32	21.86	24.19
Directors' sitting fees	0.40	0.35	1.57	2.57
Auditor's remuneration	1.87	1.48	4.41	4.76
Insurance expenses	7.54	5.47	20.77	17.05
Impairment loss for investment in subsidiary	-	0.10	-	0.10
Collection charges	5.46	4.17	14.25	12.52
Miscellaneous expenses	0.13	0.46	0.38	0.81
Total	486.84	468.63	1,466.33	1,412.09

25 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the earnings/(loss) for the period attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted EPS are calculated by dividing the earnings/(loss) for the period attributable to the equity holders of the Company by weighted average number of equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. The following reflects the income and share data used in the basic and diluted EPS computations:

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Basic				
Earnings/(Loss) for the period	634.71	288.43	1,061.69	(53.44)
Weighted average number of equity shares used in calculating basic EPS	28,919,820	28,592,006	28,786,628	24,977,768
Basic earnings/(loss) per equity share	21.95	10.09	36.88	(2.14)
Diluted				
Adjustment on account of fair valuation of compulsory convertible preference shares	-	-	-	652.63
Adjusted earnings/(loss) for the period	634.71	288.43	1,061.69	599.19
Weighted average number of equity shares used in calculating basic EPS	28,919,820	28,592,006	28,786,628	24,977,768
Potential equity shares	451,055	320,177	488,844	3,727,195
Total no. of shares outstanding (including dilution)	29,370,875	28,912,183	29,275,472	28,704,963
Diluted earnings/(loss) per equity share	21.61	9.98	36.27	(2.14)

There are potential equity shares for the period 31 December 2019 in the form of stock based awards granted to employees and for the period ended 31 December 2018 in the form of CCPS and stock based awards granted to employees. As these are anti dilutive for the nine month ended 31 December 2018, they are ignored in the calculation of diluted earnings per share and accordingly the diluted earning/(loss) per share is the same as basic earnings per share.

26 Income tax**a) Income tax expense recognised in Statement of profit and loss**

Particulars	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Current tax expense/(income)				
Current tax for the period	-	-	-	-
Adjustments in respect of previous year	-	-	(3.31)	-
	-	-	(3.31)	-
Deferred tax expense/(income)				
Relating to origination and reversal of temporary differences	136.90	118.31	382.50	280.34
Relating to minimum alternate tax	-	-	3.31	-
Relating to earlier years	(228.61)	-	(228.61)	-
	(91.72)	118.31	157.20	280.34
Tax expense /(income) related to change in tax rate and law *				
- Deferred tax	-	-	314.08	-
	-	-	314.08	-
Total income tax expense/(credit)	(91.72)	118.31	467.97	280.34

* Tax impact for the nine months ended 31 December 2019 includes the impact of adoption of Taxation Laws Amendment Ordinance 2019 as applicable to the Company. The deferred tax charge due to change in applicable tax rate is INR 277.90 Millions and due to reversal of MAT credit entitlement is INR 36.18 Millions.

b) Reconciliation of Deferred tax asset (Net):

Particulars	As at 31 December 2019	As at 31 March 2019
Opening balance as of 1 April	858.06	1,155.58
Tax (expense)/income during the period recognised in Statement of profit and loss	(157.20)	(337.36)
Tax impact related to change in tax rate/laws	(314.08)	-
Tax impact during the year recognised in OCI	12.81	3.66
Deferred tax on Ind AS 116 impact on retained earning	8.77	-
MAT credit entitlement	-	36.18
Closing balance at the end of the period	408.36	858.06

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

27 Defined benefit plan and other long term employee benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with insurance company in form of qualifying insurance policy. This defined benefit plan exposes the Company to actuarial risks, such as longevity risk, interest rate risk and salary risk.

The amount included in the balance sheet arising from the company's obligation in respect of its gratuity plan and leave encashment is as follows:

Gratuity - defined benefit plan

	As at 31 December 2019	As at 31 March 2019
Present value of funded defined benefit obligation	192.72	123.90
Fair value of plan assets	(15.97)	(21.46)
Net liability arising from defined benefit obligation	176.75	102.44

Leave encashment - other long term employee benefit plan

	As at 31 December 2019	As at 31 March 2019
Present value of other long term employee benefit plan	77.81	42.92
Fair value of plan assets	-	-
Net liability arising from other long term employee benefit plan	77.81	42.92

28 Fair value measurements

a) Category wise details as to carrying value, fair value and the level of fair value measurement hierarchy of the Company's financial instruments are as follows:

	Level	As at	As at
		31 December 2019	31 March 2019
Financial assets			
Measured at fair value through profit or loss (FVTPL)			
- Investment in mutual funds	Level 1	7,945.99	6,042.99
- Investment in debt instruments of subsidiaries	Level 3	128.39	90.39
		8,074.38	6,133.38
b) Measured at amortised cost (Refer Note b(i) below)			
- Trade receivables		10.55	3.54
- Cash and cash equivalents		162.53	359.13
- Loans to employees		14.58	17.41
- Security deposits		118.25	59.12
- Bank deposits		395.69	375.48
- Other financial assets		47.20	126.27
		748.80	940.95
		8,823.18	7,074.33
Financial liabilities			
a) Measured at amortised cost (Refer Note b(i) below)			
- Trade payables		147.46	126.67
- Security deposits		0.14	0.14
- Other financial liabilities		262.38	300.66
- Lease liabilities		231.44	-
		641.42	427.47
		641.42	427.47

b) The following methods / assumptions were used to estimate the fair values:

- The carrying value of bank deposits, trade receivables, cash and cash equivalents, trade payables, security deposits, lease liabilities and other financial assets and other financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments.
- The fair value of non-current financial assets and financial liabilities are determined by discounting future cash flows using current rates of instruments with similar terms and credit risk. The current rates used do not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortised cost approximate their fair value.
- Fair value of quoted mutual funds is based on quoted market prices at the reporting date.
- Fair value of debt instruments is estimated based on discounted cash flows valuation technique using the cash flow projections, discount rate and credit risk.

c) Following table describes the valuation techniques used and key inputs thereto for the level 3 financial assets / liabilities as of 31 December 2019 and 31 March 2019:

Financial assets	Valuation technique(s)	Key input(s)	Sensitivity
- Investment in debt instruments of subsidiaries	Refer Note below*	i) Discount rate ii) Growth rate for long term cash flow projections iii) Future cash flow projections based on budgets approved by the management.	Refer note below**
Financial liabilities			
-Share buy back obligation	Refer Note below*	i) Discount rate ii) Growth rate for long term cash flow projections. iii) Future cash flow projections based on budgets approved by the management.	Refer note below**

* The fair values of financial assets and financial liabilities included in level 3 have been determined in accordance with generally accepted pricing models based on a discounted cashflow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counter parties.

** Sensitivity to changes in unobservable inputs: The fair value of these financial assets and financial liabilities is directly proportional to the estimated future cash flow projections based on the budgets approved by the management. If the cash flow projections were to increase / decrease by 1% with all the other variables held constant, the fair value of these financial assets and financial liabilities would increase / decrease by 1%.

d) Reconciliation of level 3 fair value measurements

	Investment in debt instruments			
	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Opening balance	108.39	95.34	90.39	65.34
Additions	20.00	12.50	38.00	42.50
Closing balance	128.39	107.84	128.39	107.84
	Share buy back obligation			
	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Opening balance	-	-	-	3,729.30
Loss recognised in profit or loss	-	-	-	652.63
Conversion of preference shares into equity shares during period	-	-	-	(4,381.93)
Closing balance	-	-	-	0.00

e) During the period ended 31 December 2019 and 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

29 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has only one business segment which is business-to-business e-marketplace, which acts as an interactive hub for domestic and international buyers and suppliers and operates in a single business segment based on the nature of the products, the risks and returns, the organization structure and the internal financial reporting systems. Hence the company falls within a single operating segment "Business to business e-marketplace".

Information about geographical areas:

The company's revenue from continuing operations from external customers by location of operations and information of its non-current assets by location of assets are detailed below:

	Revenue from external customers				Non-current assets*	
	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018	As at 31 December 2019	As at 31 March 2019
India	1,592.13	1,297.61	4,549.25	3,596.57	332.23	97.53
Others	12.99	9.21	27.97	25.18	-	-
	1,605.12	1,306.82	4,577.22	3,621.75	332.23	97.53

* Non-current assets exclude financial assets, deferred tax assets, tax assets and post-employment benefit assets.

30 Related party transactions

i) Names of related parties and related party relationship:

a) Entity's subsidiaries & associates

Subsidiaries

Hello Trade Online Private Limited
Tradezeal International Private Limited
Ten Times Online Private Limited
Tolexo Online Private Ltd
Pay With Indiamart Private Limited

Associates

Simply Vyapar Apps Private Limited

b) Individuals owning directly or indirectly, an interest in the voting power of the Company that gives them Significant Influence over the Company and Key Management Personnel (KMP)

Name	Designation
Dinesh Chandra Agarwal	Managing Director & CEO
Brijesh Kumar Agrawal	Whole time director
Prateek Chandra	Chief financial officer
Anil Dwivedi	Company Secretary (resigned w.e.f 30 April 2018)
Manoj Bhargava	Company Secretary
Dhruv Prakash	Non-executive director
Mahendra Kumar Chauhan	Independent director (resigned w.e.f 30 April 2018)
Rajesh Sawhney	Independent director
Elizabeth Lucy Chapman	Independent director
Vivek Narayan Gour	Independent director

c) Entities where Individuals and Key Management Personnel (KMP) as defined in note above exercise significant influence

Mansa Enterprises Private Limited

d) Other related parties

Indiamart employee benefit trust (separately administered Trust to manage employees share based payment plans of the company)
Indiamart Intermesh Employees Group Gratuity Assurance Scheme (separately administered Trust to manage post employment defined benefits of employees of the company)

ii) Key management personnel compensation

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Short-term employee benefits	28.57	25.31	85.11	76.63
Post-employment benefits	0.25	0.17	1.23	0.21
Other long-term employee benefits	1.38	0.20	6.14	(0.06)
Employee share based payment expense	1.27	2.22	5.20	2.63
	31.47	27.90	97.68	79.41

30 Related party transactions (Cont'd)

The following table provides the total amount of transactions that have been entered into with the related parties for the relevant financial period:

Particulars	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Entities where KMP and Individuals exercise Significant influence				
<u>Expenses for rent</u>				
Mansa Enterprises Private Limited	0.79	0.74	2.28	2.52
Key management personnel				
<u>Recruitment and training expenses</u>				
Dhruv Prakash	0.85	0.35	2.15	1.05
Director's sitting fees	0.40	0.35	1.57	2.57
Associates				
<u>Investment in associates</u>				
Simply Vyapar Apps Private Limited	-	-	312.02	-
Subsidiary companies				
<u>Investment in subsidiaries</u>				
Tolexo Online Pvt. Ltd	15.00	2.50	28.00	22.50
Tentimes Online Pvt. Ltd	-	-	-	2.50
Hello Trade Online Pvt. Ltd	-	0.10	-	0.10
Pay With Indiamart Pvt. Ltd	5.00	10.00	10.00	20.00
<u>Web services provided to</u>				
Pay With Indiamart Pvt. Ltd	1.08	0.39	2.99	0.86
<u>Support services provided to</u>				
Tentimes Online Pvt. Ltd	-	0.03	-	0.08
<u>Customer support services availed from</u>				
Pay With Indiamart Pvt. Ltd	0.34	-	0.99	-
<u>Indiamart employee benefit trust</u>				
Interest free Loan given	-	-	1.50	-
Share capital issued	-	-	1.45	-

Terms and conditions of transactions with related parties

The transactions with related parties are entered on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period/year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The above transactions does not includes IPO related expenses, incurred in trust on behalf of related parties (Managing Director and Whole time Director) as selling shareholders in Offer for Sale.

The following table discloses amounts due to or due from related parties at the relevant year/period end:

	As at 31 December 2019	As at 31 March 2019
Balance Outstanding at the year end		
Subsidiary companies		
<u>Investment in subsidiaries</u>		
Tolexo Online Pvt. Ltd	145.41	117.40
Tradezeal International Pvt. Ltd	1.10	6.10
Hello Trade Online Pvt. Ltd	0.30	0.30
Pay With Indiamart Pvt. Ltd	54.00	44.00
Tentimes Online Pvt. Ltd	3.10	3.10
Associates		
<u>Investment in associates</u>		
Simply Vyapar Apps Private Limited	312.02	-
<u>Amount recoverable</u>		
Tolexo Online private limited	-	1.52
<u>Advances from customers</u>		
Simply Vyapar Apps Private Limited	0.04	-
<u>Loan given</u>		
Indiamart employee benefit trust	1.50	-

31 The Company has provided following function wise results of operations on a voluntary basis

The management has presented the below function wise results because it also monitors its performance in the manner explained below and it believes that this information is relevant to understanding the Company's financial performance. The basis of calculation is also mentioned for the reference.

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
A Revenue from operations	1,605.12	1,306.82	4,577.22	3,621.75
B Customer service cost	(453.09)	(375.78)	(1,271.43)	(1,108.74)
C Surplus over customer service cost (A-B)	1,152.03	931.04	3,305.79	2,513.01
Selling & Distribution Expenses	300.12	249.59	836.04	734.89
Technology & Content Expenses	261.47	266.81	815.86	756.90
Marketing Expenses	14.07	10.05	41.33	38.86
Depreciation & Amortization	57.25	11.36	150.90	27.94
Other Operating Expenses	135.27	119.68	426.31	335.25
D Total	768.18	657.49	2,270.44	1,893.84
E Operating profit (C-D)	383.85	273.55	1,035.35	619.17
Finance costs	(5.61)	-	(16.35)	-
Net (loss)/gain on financial liability measured at FVTPL	-	-	-	(652.63)
Other income	164.75	133.19	510.65	260.36
F Total	159.14	133.19	494.30	(392.27)
G Profit/(loss) before tax	542.99	406.74	1,529.65	226.90
Tax expense/(credit)	(91.72)	118.31	153.89	280.34
Tax expense/(income) related to change in tax rate/laws	-	-	314.08	-
Profit/(loss) for the period	634.71	288.43	1,061.69	(53.44)

Below is the basis of classification of various function wise expenses mentioned above:

Customer service cost

Customer service cost primarily consists of employee benefits expense for employees involved in servicing of our clients; website content charges (included in "Content development expenses" in Note 24); PNS charges i.e. rental for premium number service provided to our paying suppliers (included in "Buyer Engagement Expenses" in Note 24); SMS & Email charges i.e. cost of notifications sent to paying suppliers through SMS or email (included in "Buyer Engagement Expenses" in Note 24); Buy Lead Verification & Enrichment- MP i.e. costs incurred in connection with the verification of RFQs posted by registered buyers on Indiamart and provided to our paying suppliers as a part of our subscription packages (included in "Customer Support Expenses" in Note 24); other expenses such as rent, power and fuel, repair & maintenance, travelling & conveyance allocated based on employee count; collection charges; domain registration & renewal charges (included in "Internet and other online expenses" in Note 24) for serving our clients.

Selling & Distribution Expenses

Selling & Distribution Expenses primarily consists of employee benefits expense for employees involved in acquisition of new paying suppliers; Outsourced sales cost i.e. costs incurred in connection with our outsourced telephone sales team and field sales team, other expenses such as rent, power and fuel, repair & maintenance, travelling & conveyance allocated based on employee count.

Technology & Content Expenses

Technology and content expenses include employee benefits expense for employees involved in the research and development of new and existing products and services, development, design, and maintenance of our website and mobile application, curation and display of products and services made available on our websites, and digital infrastructure costs; Data Verification & Enrichment i.e. amount paid to third parties to maintain and enhance our database (included in "Content development expenses" in Note 24); PNS charges i.e. rental for premium number service provided to our free suppliers (included in "Buyer Engagement Expenses" in Note 24); SMS & Email charges i.e. cost of notifications sent to buyers and free suppliers through SMS or email (included in "Buyer Engagement Expenses" in Note 24); Buy Lead Verification & Enrichment- MP i.e. costs incurred in connection with the verification of RFQs posted by registered buyers on Indiamart and provided to our free suppliers (included in "Customer Support Expenses" in Note 24); other expenses such as rent, power and fuel, repair & maintenance, travelling & conveyance allocated based on employee count; Complaint Handling (1-800) Exp. (included in "Customer Support Expenses" in Note 24); Server Exp. (Web Space for Hosting), Software Expenses, Server Exp. (Google Emails-Employees) & Website Support & Maintenance (included in "Internet and other online expenses" in Note 24).

Marketing Expenses

While most of our branding and marketing is done by our field sales representatives through face to face meetings with potential customers (included in Selling & Distribution Expenses), our branding is aided by our spending on marketing, such as targeted digital marketing, search engine advertisements and offline advertising, and we also engage in advertising campaigns from time to time through television and print media. Employee benefits expense for employees involved in marketing activities are also included in marketing expenses.

Other Operating Expenses

Other operating expenses primarily include employee benefits expense for our support function employees; expenses such as rent, power and fuel, repair & maintenance, travelling & conveyance allocated basis employee count; browsing & connectivity-branch & employees (included in "Internet and other online expenses" in Note 24); telephone expenses-branch & employees (included in "Communication Costs" in Note 24); recruitment and training expenses; legal and professional fees and other miscellaneous operating expenses.

32 Contingent liabilities and commitments**a) Contingent liabilities**

On February 28, 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers altered historical understandings of such obligations, extending them to cover additional portions of the employee's income. However, the judgment isn't explicit if such interpretation may have retrospective application resulting in increased contribution for past and future years for certain employees of the Company. The Company, based on an internal assessment, evaluated that there are numerous interpretative challenges on the retrospective application of the judgment which results in impracticability in estimation of and timing of payment and amount involved. As a result of lack of implementation guidance and interpretative challenges involved, the Company is unable to reliably estimate the amount involved. Accordingly, the Company shall evaluate the amount of provision, if any, on obtaining further clarity on the matter.

b) Capital and other commitments

- As at 31 December 2019, the company has estimated amount of contracts remaining to be executed on capital account not provided for, net of advance is 1.58 (31 March 2019: Nil).

- The company will provide financial support to its wholly owned subsidiaries, so as to meet its liabilities as and when the same is required.

33 a) During the period ended 31 December 2019, the Company modified the classification of amount payable to employees from 'Trade payables' to 'Payable to employees' classified in 'other financial liabilities' to reflect more appropriately the nature of such amounts payable. Comparative amounts in the notes to the condensed interim standalone financial statements were reclassified for consistency. As a result, INR 297.48 as at 31 March 2019 was reclassified from 'Trade payables' to 'Payable to employees'.

b) During the period ended 31 December 2019, the Company modified the classification of provision for service tax from 'Trade payables' to 'Provision-others' classified in 'Provisions' to reflect more appropriately the nature of such amounts provided in the books of account. Comparative amounts in the notes to the condensed interim standalone financial statements were reclassified for consistency. As a result, INR 15.38 as at 31 March 2019 was reclassified from 'Trade payables' to 'Provision-others'.

c) During the period ended 31 December 2019, the Company modified the classification of 'Net gain on disposal of current investments, and Fair value gain/(loss) on financial assets measured at FVTPL' from 'Net gain/(loss) on financial assets measured at FVTPL' to 'Other income' to reflect more appropriately the nature of such amounts. Comparative amounts in the notes to the condensed interim standalone financial statements were reclassified for consistency. As a result, INR 125.29 and INR 232.66 for the quarter and nine months ended 31 December 2018 were reclassified from 'Net gain/(loss) on financial assets measured at FVTPL' to 'Other income'.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/ W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited**Kanika Kohli**

Partner

Membership No.: 511565

UDIN:

Place:

Date:

Dinesh Chandra Agarwal
(Managing Director & CEO)
DIN:00191800**Brijesh Kumar Agrawal**
(Whole-time Director)
DIN:00191760**Prateek Chandra**
(Chief Financial Officer)**Manoj Bhargava**
(Company Secretary)

Place: Noida

Date: 21 January 2020

B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IndiaMART InterMESH Limited

Opinion

We have audited the condensed consolidated interim financial statements of IndiaMART InterMESH Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the Condensed Consolidated Interim Balance Sheet as at 31 December 2019, and the Condensed Consolidated Interim Statement of Profit and Loss (including other comprehensive income) for the quarter and year-to-date period then ended, Condensed Consolidated Interim Statement of Changes in Equity and Condensed Consolidated Interim Statement of Cash Flows for the year-to-date period then ended, and notes to the Condensed Consolidated Interim Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the condensed consolidated interim financial statements") and other explanatory information as required by Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed consolidated interim financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 December 2019, of consolidated profit and other comprehensive income for the quarter and year-to-date period then ended, consolidated changes in equity and its consolidated cash flows for the year-to-date period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Condensed Consolidated Interim Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with Ind AS 34 prescribed under section 133 of the Act and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed consolidated interim financial statements that give a true and

fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the condensed consolidated interim financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the condensed consolidated interim financial statements, the respective management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed consolidated interim financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed consolidated interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed consolidated interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the condensed consolidated interim financial statements, including the disclosures, and whether the condensed consolidated interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the condensed consolidated interim financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the condensed consolidated interim financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- (a) (i) We did not audit the financial statements of five subsidiaries, whose condensed interim financial statements, net of consolidation adjustments, reflect total assets of INR 141.40 million as at 31 December 2019, total revenues of INR 44.66 million and INR 113.57 million for the quarter and year-to-date period then ended and net cash outflows amounting to INR 54.39 million for the year-to-date period then ended, as considered in the condensed consolidated interim financial statements. These condensed consolidated interim financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the condensed consolidated interim financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the audit reports of the other auditors.
- (a) (ii) The condensed consolidated interim financial statements also include the Group's share of net loss (and other comprehensive income (loss)) of INR 6.75 million for the quarter and INR 8.87 for the year-to-date period ended 31 December 2019, as considered in the condensed consolidated interim financial statements, in respect of one associate, whose condensed interim financial information has not been audited by us or by other auditors. This unaudited condensed interim financial information has been furnished to us by the Management and our opinion on the condensed consolidated interim financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited interim financial information. In our opinion and according to the information and explanations given to us by the Management, this condensed interim financial information is not material to the Group.

Our opinion on the condensed consolidated interim financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the condensed interim financial information certified by the Management.

- (b) Attention is drawn to the fact that the corresponding figures for the quarter and year-to-date period ended 31 December 2018, and for the year ended 31 March 2019 are based on the previously issued consolidated interim financial statements and consolidated annual financial statements of the Group that were audited by the predecessor auditor who expressed an unmodified opinion on those consolidated financial statements on 31 January 2019 and 11 May 2019, respectively.

Our opinion on the condensed interim consolidated financial statements is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration No: 101248W/W-100022

Kanika

Kanika Kohli
Partner

Membership No: 511565

ICAI UDIN: 20511565 AA AAAAD9979

Place: Gurugram
Date: 21 January 2020

IndiaMART InterMESH Limited
Condensed Consolidated Interim Balance Sheet as at 31 December 2019
(Amounts in INR million, unless otherwise stated)

	Notes	As at 31 December 2019	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	5A	57.35	84.80
Capital work in progress	5A	1.77	1.77
Right-of-use asset	5B	252.31	-
Intangible assets	6	5.56	5.81
Investment in associates	7	303.15	-
Financial assets			
(i) Investments	8	-	-
(ii) Loans	8	0.91	1.22
(iii) Bank balances other than cash and cash equivalents	11	344.24	-
(iv) Others financial assets	8	63.28	35.60
Deferred tax assets (net)	26	409.15	858.08
Non-current tax assets (net)	18	196.23	-
Other non-current assets	9	18.72	7.34
Total Non-current assets		1,652.67	994.62
Current assets			
Financial assets			
(i) Investments	8	8,010.60	6,074.45
(ii) Trade receivables	10	19.77	5.71
(iii) Cash and cash equivalents	11	186.96	401.96
(iv) Bank balances other than (iii) above	11	52.06	375.48
(v) Loans	8	15.24	16.77
(vi) Others financial assets	8	110.81	157.80
Current tax assets (net)	18	75.09	105.54
Other current assets	9	60.83	75.22
Total current assets		8,531.36	7,212.93
Total assets		10,184.03	8,207.55
Equity and liabilities			
Equity			
Share capital	12	288.77	285.92
Other equity	13	2,375.57	1,312.96
Equity attributable to equity holders of the parent		2,664.34	1,598.88
Non-controlling interests		-	-
Total Equity		2,664.34	1,598.88
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	15 (a)	138.65	-
(ii) Other financial liabilities	15 (b)	-	2.84
Provisions	16	230.08	96.00
Contract liabilities	17	2,466.24	2,297.91
Total Non-current liabilities		2,834.97	2,396.75
Current liabilities			
Financial liabilities			
(i) Trade payables	14	-	-
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		151.19	129.32
(ii) Lease liabilities	15 (a)	92.79	-
(iii) Other financial liabilities	15 (b)	268.00	308.84
Provisions	16	45.37	68.66
Contract liabilities	17	4,026.05	3,561.91
Current tax liabilities (net)	18	0.95	-
Other current liabilities	17	100.37	143.19
Total Current liabilities		4,684.72	4,211.92
Total Liabilities		7,519.69	6,608.67
Total Equity and Liabilities		10,184.03	8,207.55
Summary of significant accounting policies			
	2		

The accompanying notes are an integral part of the condensed consolidated interim financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Kanika Kohli
Partner
Membership No.: 511565
UDIN:
Place:
Date : 21 January 2020

Dinesh Chandra Agarwal
(Managing Director and CEO)
DIN:00191800

Brijesh Kumar Agrawal
(Whole-time director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)

Manoj Bhargava
(Company Secretary)

Place: Noida
Date : 21 January 2020

IndiaMART InterMESH Limited
Condensed Consolidated Interim Statement of Profit and Loss for the period ended 31 December 2019
(Amounts in INR million, unless otherwise stated)

	Notes	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Income:					
Revenue from operations	19	1,648.70	1,336.19	4,687.80	3,694.30
Other income	20	166.06	133.82	513.60	261.61
Total income		1,814.76	1,470.01	5,201.40	3,955.91
Expenses:					
Employee benefits expense	21	707.75	574.40	2,002.77	1,618.53
Finance costs	22	5.61	-	16.35	-
Depreciation and amortisation expense	23	57.86	11.76	152.31	28.98
Net loss on financial liability designated at FVTPL	28	-	-	-	652.63
Other expenses	24	505.63	486.88	1,519.34	1,453.42
Total expenses		1,276.85	1,073.04	3,690.77	3,753.56
Net profit before share of profit/(loss) in associates and tax		537.91	396.97	1,510.63	202.35
Share in net profit/ (loss) of associates		(6.75)	-	(8.87)	-
Profit before tax		531.16	396.97	1,501.76	202.35
Income tax expense					
Current tax expense	26	2.37	1.09	0.50	3.01
Deferred tax expense/(income)	26	(91.55)	118.53	156.53	280.58
Tax Impact related to change in tax rate and law	26	-	-	314.08	-
Total tax expense		(89.18)	119.62	471.11	283.59
Net profit/(loss) for the period		620.34	277.35	1,030.65	(81.24)
Attributable to:					
Equity holders of the parent		620.34	277.35	1,030.65	(81.24)
Non-controlling interests		-	-	-	-
Other comprehensive income (OCI)					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement losses on defined benefit plans		(3.48)	(7.49)	(51.30)	(13.66)
Income tax effect		0.92	2.58	12.94	4.71
		(2.56)	(4.91)	(38.36)	(8.95)
Other comprehensive income(loss) for the period, net of tax		(2.56)	(4.91)	(38.36)	(8.95)
Total comprehensive income(loss) for the period		617.78	272.44	992.29	(90.19)
Attributable to:					
Equity holders of the parent		617.78	272.44	992.29	(90.19)
Non-controlling interests		-	-	-	-
Earnings per equity share:					
Basic earnings(loss) per equity share (INR) - face value of INR 10 each	25	21.45	9.70	35.80	(3.25)
Diluted earnings(loss) per equity share (INR) - face value of INR 10 each		21.12	9.59	35.21	(3.25)
Summary of significant accounting policies	2				

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Kanika Kohli
Partner
Membership No.: 511565
UDIN:
Place:
Date : 21 January 2020

Dinesh Chandra Agarwal
(Managing Director and CEO)
DIN:00191800

Brijesh Kumar Agrawal
(Whole-time director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)

Manoj Bhargava
(Company Secretary)

Place: Noida
Date : 21 January 2020

IndiaMART InterMESH Limited
Condensed Consolidated Interim Statement of Cash Flows for the period ended 31 December 2019
(Amounts in INR million, unless otherwise stated)

Particulars	Notes	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Profit/ (Loss) before tax		1,501.76	202.35
<i>Adjustments to reconcile profit/(loss) before tax to net cash flows:</i>			
Depreciation and amortization	23	152.31	28.98
Share issue expenses adjusted against securities premium account			
Interest and other income	20	(37.31)	(20.97)
Gain from business transfer arrangement	20	-	(6.80)
Fair value change on financial assets at FVTPL	20	(451.62)	(198.58)
Fair value change in share buyback obligations	28	-	652.63
Gain on disposal of property, plant and equipment	20	(0.67)	(0.02)
Finance costs	22	16.35	-
Allowances for doubtful debts	24	0.33	-
Share-based payment expense	21	70.20	63.75
Share of net loss of associates		8.87	-
Gain on disposal of current investments	20	(23.99)	(35.24)
Operating profit before working capital changes		1,236.23	686.10
Movement in working capital			
Increase in trade receivables		(14.39)	(6.92)
(Increase)/Decrease in other financial assets		(19.22)	51.05
Increase in other assets		11.35	(12.46)
Decrease in other financial liabilities		(49.88)	(53.47)
Increase in trade payables		21.87	16.31
Increase in other liabilities		589.65	891.68
Increase in provisions		59.51	25.55
Cash generated from operations		1,835.12	1,597.84
Income tax paid (net)		(165.33)	(28.65)
Net cash generated from operating activities		1,669.79	1,569.19
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		0.97	0.37
Purchase of property, plant and equipment and other intangible assets		(39.61)	(46.79)
Purchase of current investments		(3,453.20)	(3,980.26)
Proceeds from sale of current investments		1,992.68	2,209.70
Interest received		26.60	18.37
Advances received from/(paid for) selling shareholders (net)		80.21	(60.78)
Advance paid for leases		(18.04)	-
Redemption of bank deposit			
Payment of refundable security deposits for listing on stock exchange		(23.78)	-
Investments in bank deposits (having original maturity of more than three months)		(20.83)	(66.71)
Investment in associates		(312.01)	-
Net cash used in investing activities		(1,767.01)	(1,926.10)
Cash flow from financing activities			
Repayment of lease liabilities		(120.74)	-
Interest paid		(16.35)	-
Acquisition of non-controlling interest		-	(2.50)
Proceeds from issues of equity shares on exercise of ESOP		19.31	143.98
Net cash generated from/(used in) financing activities		(117.78)	141.48
Net decrease in cash and cash equivalents		(215.00)	(215.43)
Cash and cash equivalents at the beginning of the period	11	401.96	467.11
Cash and cash equivalents at the end of the period	11	186.96	251.68

Summary of significant accounting policies

2

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Kanika Kohli
Partner
Membership No.: 511565
UDIN:
Place:
Date : 21 January 2020

Dinesh Chandra Agarwal
(Managing Director and CEO)
DIN:00191800

Brijesh Kumar Agrawal
(Whole-time director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)

Manoj Bhargava
(Company Secretary)

Place: Noida
Date : 21 January 2020

(a) Equity share capital (Refer Note 12)

Equity shares of INR 10 each issued, subscribed and fully paid up	Amount
As at 1 April 2018	99.77
Bonus issue during the period*	99.77
Equity share capital issued on exercise of ESOP during the period	15.66
Equity share capital issued on conversion of convertible preference shares	70.72
As at 31 December 2018	285.92
As at 1 April 2019	285.92
Equity share capital issued on exercise of ESOP during the period	1.83
Equity share capital issued during the period	1.45
Equity share capital held by Indiamart employee benefit trust	(0.43)
As at 31 December 2019	288.77

(b) Other equity (Refer Note 13)

Particulars	Attributable to the equity holders of parent						Non-controlling interests	Total other equity
	Securities premium	General reserve	Employee share based payment reserve	Capital reserve	Retained earnings	Total reserve and surplus		
Balance as at 1 April 2018	279.49	8.45	61.15	-	(3,661.55)	(3,312.46)	0.46	(3,312.00)
Loss for the period	-	-	-	-	(81.24)	(81.24)	-	(81.24)
Other comprehensive loss for the period	-	-	-	-	(8.95)	(8.95)	-	(8.95)
Total comprehensive loss	-	-	-	-	(90.19)	(90.19)	-	(90.19)
Transactions with owners in their capacity as owners:								
Bonus issue*	(99.77)	-	-	-	-	(99.77)	-	(99.77)
Issue of equity shares on exercise of ESOP during the period	195.61	-	(67.29)	-	-	128.32	-	128.32
Issue of equity shares on conversion of convertible preference shares	4,311.21	-	-	-	-	4,311.21	-	4,311.21
Acquisition of non-controlling interests	-	-	-	(2.04)	-	(2.04)	(0.46)	(2.50)
Employee share based payment expense (refer note 21)	-	-	63.75	-	-	63.75	-	63.75
As at 31 December 2018	4,686.54	8.45	57.61	(2.04)	(3,751.74)	998.82	-	998.82
Balance as at 1 April 2019	4,686.54	8.45	88.48	(2.04)	(3,468.47)	1,312.96	-	1,312.96
Impact of adoption of Ind AS 116 (net of taxes)	-	-	-	-	(16.33)	(16.33)	-	(16.33)
Profit for the period	-	-	-	-	1,030.65	1,030.65	-	1,030.65
Other comprehensive income (loss) for the period	-	-	-	-	(38.36)	(38.36)	-	(38.36)
Total comprehensive income (loss)	-	-	-	-	975.96	975.96	-	975.96
Issue of equity shares on exercise of ESOP during the period	67.36	-	(50.91)	-	-	16.45	-	16.45
Employee share based payment expense (refer note 21)	-	-	70.20	-	-	70.20	-	70.20
As at 31 December 2019	4,753.90	8.45	107.77	(2.04)	(2,492.51)	2,375.57	-	2,375.57

*The Company has allotted bonus shares on 9 May 2018 in the ratio of 1:1 to the equity shareholders existing on record date of 8 May 2018. The shareholders approved the allotment at general meeting held on 7 May 2018.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Kanika Kohli
Partner
Membership No.: 511565
UDIN:
Place:
Date : 21 January 2020

Dinesh Chandra Agarwal
(Managing Director and CEO)
DIN:00191800

Briesh Kumar Agrawal
(Whole-time director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)
Place: Noida
Date : 21 January 2020

Manoj Bhargava
(Company Secretary)

IndiaMART Intermesh Limited

Notes to condensed consolidated interim financial statements for the period ended 31 December 2019

(Amounts in INR million, unless otherwise stated)

1. Corporate Information

The condensed consolidated interim financial statements comprise the condensed interim financial statements of the IndiaMART Intermesh Limited (“the Company”), its subsidiaries and associate (collectively referred to as “the Group”).

The Company is a public company domiciled in India and was incorporated on 13 September 1999 under the provisions of the Companies Act applicable in India. The Company is engaged in e-marketplace for business needs, which acts as an interactive hub for domestic and international buyers and suppliers. The registered office of the Company is located at 1st Floor, 29-Daryagang, Netaji Subash Marg New Delhi-110002, India. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India on 4 July 2019.

The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on January 21, 2020.

2. Summary of Significant Accounting Policies

(a) Statement of compliance

The condensed consolidated interim financial statements for the period ended 31 December 2019 have been prepared in accordance with Indian Accounting Standards (referred to as “Ind AS”) 34, Interim Financial Reporting and other Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act, 2013 (“the Act”) (as amended from time to time). These condensed consolidated interim financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 March 2019. They do not include all the information required for a complete set of Ind AS financial statements. However, selected explanatory notes are included to explain events and transactions that management believes are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements.

The Group applied, for the first time, Ind AS 116 “Leases”, beginning 1 April 2019. The nature and effect of the changes required by Ind AS 116 are disclosed in Note 4.

All amounts disclosed in the condensed consolidated interim financial statements have been rounded off to the nearest INR million as per the requirement of Schedule III to the Companies Act, 2013, unless otherwise stated.

(b) Basis of Preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities measured at fair value or amortised cost at the end of each reporting period.

All assets and liabilities have been classified as current and non-current as per the Group’s normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. The preparation of these condensed consolidated interim financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Group’s accounting policies. The areas where estimates are significant to the condensed consolidated interim financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

(c) Basis of consolidation

The Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity’s returns by using its power over relevant activities of the entity.

IndiaMART Intermesh Limited

Notes to condensed consolidated interim financial statements for the period ended 31 December 2019

(Amounts in INR million, unless otherwise stated)

Entities controlled by the Company are consolidated from the date control commences until the date control ceases. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

3. Significant accounting estimates and assumptions

The preparation of condensed consolidated interim financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The significant judgements made by management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 March 2019 except for the new significant judgements related to lease accounting under Ind AS 116 as described in Note 4.

Measurement of fair values

The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for that asset or liability.

The Group's management determines the policies and procedures for recurring fair value measurement, such as investment in debt instruments and convertible preference shares issued with share buyback obligation measured at fair value.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorised within the fair value hierarchy, described as follows, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 — inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 — Unobservable inputs for the asset or liability reflecting Group's assumptions about pricing by market participants

For assets and liabilities that are recognised in the condensed consolidated interim financial statements on fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4. Changes in accounting policy and disclosures

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements for the year ended 31 March 2019.

The Group has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and

IndiaMART Intermesh Limited

Notes to condensed consolidated interim financial statements for the period ended 31 December 2019

(Amounts in INR million, unless otherwise stated)

liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. As a result, the comparative information has not been restated. Refer Note 5B for further details.

Leases (as lessee)

The Group's lease asset classes primarily consist of leases for buildings and leasehold land. The Group, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered on or after 1 April 2019.

The Group recognises a right-of-use asset ("ROU") and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership were classified as finance leases. When acquired, such assets were capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever was lower. Lease payments and receipts under operating leases were recognised as an expense and income respectively, on a straight-line basis in the statement of profit and loss over the lease term except where the lease payments were structured to increase in line with expected general inflation.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of profit or loss.

An asset on finance lease was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land classified as finance lease was amortised over the period of lease to maximum of 90 years.

IndiaMART Intermesh Limited**Notes to condensed consolidated interim financial statements for the period ended 31 December 2019**

(Amounts in INR million, unless otherwise stated)

Judgement & Estimates

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5A Property, plant and equipment

	Leasehold land (Refer Note 5B)	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total Property, plant and equipment	Capital work in progress (Refer Note 1 below)
Gross carrying amount							
As at 1 April 2018	37.12	64.41	28.60	4.92	3.80	138.85	1.77
Additions	-	38.89	10.04	1.09	-	50.02	-
Disposals	-	(0.71)	(0.25)	-	-	(0.96)	-
As at 31 March 2019	37.12	102.59	38.39	6.01	3.80	187.91	1.77
Transition impact of Ind AS 116	(37.12)	-	-	-	-	(37.12)	-
Additions	-	25.78	10.78	0.58	-	37.14	-
Disposals	-	(2.38)	(0.16)	(0.25)	-	(2.79)	-
As at 31 December 2019	-	125.99	49.01	6.34	3.80	185.14	1.77
Accumulated depreciation							
As at 1 April 2018	0.92	47.13	15.70	2.20	0.04	65.99	-
Charge for the year	0.46	26.37	8.92	0.94	0.98	37.67	-
Disposals during the year	-	(0.39)	(0.16)	-	-	(0.55)	-
As at 31 March 2019	1.38	73.11	24.46	3.14	1.02	103.11	-
Accumulated depreciation	(1.38)	-	-	-	-	(1.38)	-
Charge for the period	-	21.52	5.58	0.64	0.81	28.55	-
Disposals during the period	-	(2.23)	(0.13)	(0.13)	-	(2.49)	-
As at 31 December 2019	-	92.40	29.91	3.65	1.83	127.79	-
Net book value							
As at 1 April 2018	36.20	17.28	12.90	2.72	3.76	72.86	1.77
As at 31 March 2019	35.74	29.48	13.93	2.87	2.78	84.80	1.77
As at 31 December 2019	-	33.59	19.10	2.69	1.97	57.35	1.77

Notes:

Capital work in progress represent the amount incurred on construction of boundary wall for leasehold land.

5B Right-of-use asset

	Leasehold land (Refer Note 1 below)	Buildings	Total
Gross carrying amount			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	37.12	204.39	241.51
Additions	-	142.60	142.60
Disposals	-	(10.18)	(10.18)
As at 31 December 2019	<u>37.12</u>	<u>336.81</u>	<u>373.93</u>
Accumulated depreciation			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	1.38	-	1.38
Amortisation for the period	0.35	121.31	121.66
Disposals for the period	-	(1.42)	(1.42)
As at 31 December 2019	<u>1.73</u>	<u>119.89</u>	<u>121.62</u>
Net book value			
As at 31 December 2019	<u>35.39</u>	<u>216.92</u>	<u>252.31</u>

1. As per the terms of the lease arrangement, the Company is required to complete the construction of building within 5 years from the date of handing over the possession. The Company had obtained extension for construction of building on the leasehold land till 5 October 2019 and is in the process of obtaining further extension.

2. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has resulted in recognising a right-of-use asset of INR 204 Million and a corresponding lease liability of INR 224 Million by adjusting retained earnings net of taxes of INR 16 Million [the impact of deferred tax created INR 9 Million] as at April 1, 2019. The Group has also reclassified its leasehold land amounting to INR 36 Million as right-of-use asset. In the statement of profit and loss of the quarter and nine months ended 31 December 2019, the nature of expenses in respect of operating leases has changed from lease rent (in other expenses) into depreciation cost against the right-of-use asset and finance cost against interest accrued on lease liability.

The impact on the statement of Profit and Loss for the quarter and nine months ended 31 December 2019 is as below:

Particulars	For the quarter ended 31 December 2019	For the nine months ended 31 December 2019
Rent, rates & taxes expenses are lower by	47.73	140.79
Depreciation is higher by	(45.80)	(121.31)
Finance Cost is higher by	(5.61)	(16.35)
Other Income higher by	0.50	1.28
Profit Before tax is higher/ (Lower) by	<u>(3.18)</u>	<u>4.41</u>

The Group has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 9.75% for measuring the lease liability.

The Group has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases and reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116.

6 Intangible assets	Software	Unique telephone numbers	Total
Gross carrying amount			
As at 1 April 2018	11.68	4.70	16.38
Additions	1.66	-	1.66
Disposals	(0.08)	-	(0.08)
As at 31 March 2019	13.26	4.70	17.96
Additions	1.85	-	1.85
As at 31 December 2019	15.11	4.70	19.81
Accumulated amortisation			
As at 1 April 2018	5.57	3.01	8.58
Amortisation for the period	2.92	0.68	3.60
Disposals during the period	(0.03)	-	(0.03)
As at 31 March 2019	8.46	3.69	12.15
Amortisation for the period	1.79	0.31	2.10
As at 31 December 2019	10.25	4.00	14.25
As at 1 April 2018	6.11	1.69	7.80
As at 31 March 2019	4.80	1.01	5.81
As at 31 December 2019	4.86	0.70	5.56

7 Investment in associates - Unquoted*

	As at 31 December 2019		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
(Accounted under equity method)				
<i>Fully paid up - at cost</i>				
Compulsory convertible preference shares of INR 100 each(at premium of INR 52,217.90 each) in Simply Vyapar Apps Private Limited	5,954	311.50	-	-
Equity shares of INR 10 each(at premium of INR 52,307.90 each) in Simply Vyapar Apps Private Limited	10	0.52	-	-
Add: Share of loss of associate		(8.87)	-	-
		303.15		-

8 Financial assets

	As at 31 December 2019		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
a) Non-current investments				
Investment in others				
<i>Investment in debt instruments - Unquoted (measured at FVTPL)</i>				
0.001% Optionally convertible redeemable preference share of Rs. 10 each in Instant Procurement Services Private Limited	12,446	-	12,446	-
0.001% Compulsorily convertible preference share of Rs. 10 each in Instant Procurement Services Private Limited.	3,764	-	3,764	-
Total		-		-

Notes:

The Group has invested in convertible preference shares of companies. Based on the terms, these have been classified as financial instrument in the nature of financial assets to be measured at fair value. Fair value of the instruments have been determined based on discounted cash flow valuation technique using cash flow projections, discount rate and the credit risk. Gain/loss on subsequent re-measurement has been recognised through Statement of Profit and Loss and is disclosed under "Net gain/(loss) on financial assets measured at FVTPL".

b) Current investments

	As at 31 December 2019		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
<i>Investment in mutual funds - Quoted (measured at FVTPL)</i>				
HDFC Liquid fund - Growth	-	-	2,329	8.52
Aditya Birla Sunlife Short Term Fund-Growth Regular Plan	25,99,874	85.42	25,99,874	80.37
Aditya Birla Sunlife Corporate Bond Fund - Growth-Regular Plan	66,82,469	511.72	53,94,585	386.68
Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct Plan	20,13,531	155.38	6,29,851	45.45
Bharat Bond ETF	4,00,000	400.25	-	-
Aditya Birla Sun Life Banking & PSU Debt Fund-Growth-Direct Plan	8,86,783	230.88	8,86,783	214.61
IDFC Bond Fund - Short Term Plan- DGP	54,68,770	231.72	54,68,770	216.27
HDFC Short Term Debt Fund-Direct Growth Plan	2,67,94,545	598.89	2,67,94,545	558.15
ICICI Prudential Savings Fund -Growth	1,17,147	44.70	81,581	29.27
Aditya Birla Sunlife short term fund-Growth-Direct Plan	2,11,81,794	725.54	2,11,81,794	679.17
IDFC Low Duration Fund-Growth (Regular Plan)	1,64,51,049	461.79	1,64,51,049	435.91
HDFC Short Term Debt Fund - Regular Plan	83,80,984	185.38	83,80,984	172.98
IDFC Bond Fund-STP-Regular Fund	4,08,840	16.62	4,08,840	15.57
ICICI Prudential Savings Fund- Direct Plan-Growth	6,74,838	264.00	5,97,544	215.81
ICICI Prudential Short Term Fund - Growth Option	36,06,276	148.97	36,06,276	139.33
ICICI Prudential Short Term Fund - Direct	2,08,02,151	902.36	1,58,54,692	639.65
HDFC Low Duration Fund -Regular Plan-Growth	37,97,410	157.12	37,97,410	148.58
HDFC Low Duration Fund - Direct Plan-Growth	1,73,80,457	754.45	21,28,314	86.97
HDFC Credit Risk Debt Fund - Regular Plan - Growth	70,19,394	113.87	70,19,394	107.08
L&T Short term bond fund-DGP	3,71,22,589	728.68	3,71,22,589	681.67
Kotak Corporate Bond Fund - DGP	3,28,929	890.39	3,28,929	831.30
HDFC Equity saving fund-regular-growth	1,67,302	6.29	1,40,386	5.17
HDFC Cash management-retail-regular-growth	-	-	1,96,990	7.71
HDFC Short Term Debt Fund	4,69,552	10.39	3,78,460	7.81
L&T Short Term Bond Fund - Regular Growth	-	381.47	2,00,66,239	358.17
HDFC Hybrid Equity Fund-Regular-Growth	78,234	4.32	41,348	2.25
Total current investments		8,010.60		6,074.45

c) Loans (measured at amortised cost)

	As at 31 December 2019	As at 31 March 2019
	(i) Loans to employees	
Non-current (unsecured, considered good unless stated otherwise)		
Loans to employees	0.91	1.22
	0.91	1.22
Current (unsecured, considered good unless stated otherwise)		
Loans to employees	15.24	16.77
	15.24	16.77
(ii) Inter corporate loan		
Non-current (unsecured)		
Loans credit-impaired	5.00	5.00
Less: Loss allowance	(5.00)	(5.00)
Total loans	16.15	17.99

Notes:

The above loans to employees represent interest free loans to employees, which are recoverable in maximum 24 monthly instalments.

8 Financial assets (Cont'd)

	As at 31 December 2019	As at 31 March 2019
d) Others (measured at amortised cost)		
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	63.28	35.60
Total	63.28	35.60
Current (unsecured, considered good unless stated otherwise)		
Security deposits-considered good	57.39	26.01
Security deposits-considered doubtful	0.12	-
Amount recoverable from payment gateway	53.42	62.59
Other recoverables*	-	69.20
	110.93	157.80
Less: Allowance for doubtful security deposits	(0.12)	-
Total	110.81	157.80
Total other financial assets	174.09	193.40

Notes:

Security deposits are non-interest bearing and are generally on term of 3 to 9 years.

*Represents amount recoverable for IPO expenses incurred in trust on behalf of selling shareholders in Offer for Sale (including the related parties as referred in Note 30)

9 Other assets

	As at 31 December 2019	As at 31 March 2019
Non-current (unsecured, considered good unless stated otherwise)		
Capital advance	0.65	0.03
Advance for leases	18.04	-
Prepaid expenses	0.03	0.14
Deferred rent expense	-	7.17
Total	18.72	7.34
Current (Unsecured, considered good unless stated otherwise)		
Advances recoverable	10.67	14.38
Indirect taxes recoverable	21.13	38.03
Prepaid expenses	29.03	19.66
Deferred rent expense	-	3.15
Total	60.83	75.22

10 Trade receivables

	As at 31 December 2019	As at 31 March 2019
Unsecured, considered good unless stated otherwise		
Considered good- Unsecured		
Trade receivables	19.77	5.71
Considered doubtful- Unsecured		
Trade Receivables credit- impaired	1.14	0.81
Less: Loss allowance	(1.14)	(0.81)
Total	19.77	5.71

Notes:

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

11 Cash and bank balances

	As at 31 December 2019	As at 31 March 2019
a) Cash and cash equivalents		
Cash on hand	0.17	0.19
Cheques on hand	40.20	145.42
Balance with bank		
- On current accounts	146.59	256.35
Total Cash and cash equivalents	186.96	401.96

Note:

Cash and cash equivalents for the purpose of cash flow statement comprise cash and cash equivalents as shown above.

b) Bank balances other than cash and cash equivalents

Deposits with		
- remaining maturity upto twelve months	52.06	375.48
- remaining maturity for more than twelve months*	344.24	-
	396.30	375.48
Less: amount disclosed under non-current bank deposits	(344.24)	-
Total	52.06	375.48

*Includes INR 24.18 (P.Y-Nil) pledged with bank against guarantee given to stock exchange and customers.

12 Share capital**Authorised equity share capital (INR 10 per share)**

	Number of shares	Amount
As at 1 April 2018	1,82,77,930	182.78
Increase during the year	1,17,22,070	117.22
As at 31 March 2019	<u>3,00,00,000</u>	<u>300.00</u>
As at 31 December 2019	<u>3,00,00,000</u>	<u>300.00</u>

Issued equity share capital (subscribed and fully paid up) (INR 10 per share)

	Number of shares	Amount
As at 1 April 2018	99,76,805	99.77
Bonus issue during the period ¹	99,76,805	99.77
Equity share capital issued on exercise of ESOP during the period	15,66,630	15.66
Equity share capital issued on conversion of convertible preference shares ²	70,71,766	70.72
As at 31 March 2019	<u>2,85,92,006</u>	<u>285.92</u>
Equity share capital issued on exercise of ESOP during the period	1,82,814	1.83
Equity share capital issued during the period	1,45,000	1.45
Equity share capital held by Indiamart employee benefit trust	(42,573)	(0.43)
As at 31 December 2019	<u>2,88,77,247</u>	<u>288.77</u>

Notes:**1 Bonus issue**

The shareholders of the Company at its general meeting held on 7 May 2018, approved the allotment of bonus share in the ratio of 1:1 as on the record date of 8 May 2018 to each of the equity shareholders of the Company. Subsequently, 9,976,805 Bonus Shares of INR 10 each amounting to INR 99.77 million, were allotted on 9 May 2018 in the ratio of 1:1 to the eligible equity shareholders.

2 Conversion of convertible preference shares

During the year ended 31 March 2019, Company converted 1,493,903 Series A 0.01% Cumulative compulsory preference shares of INR 328 into 3,334,922 equity shares of INR 10 each, 1,722,047 0.01% Series B Cumulative compulsory preference shares of INR 100 into 3,444,094 equity shares of INR 10 each, 146,375 0.01% Series B1 Cumulative compulsory preference shares of INR 100 into 292,750 equity shares of INR 10 each.

13 Other equity

	As at 31 December 2019	As at 31 March 2019
Securities premium	4,753.90	4,686.54
General reserve	8.45	8.45
Employee share based payment reserve	107.77	88.48
Capital reserve	(2.04)	(2.04)
Retained earnings	(2,492.51)	(3,468.47)
Total other equity	<u>2,375.57</u>	<u>1,312.96</u>

Nature and purpose of reserves and surplus:

- a) **Securities premium:** The Securities premium account is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act 2013.
- b) **General reserve:** The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes, as the same is created by transfer from one component of equity to another.
- c) **Employee share based payment reserve:** The Employee share based payment reserve is used to recognise the compensation related to share based awards issued to employees under Company's Share based payment scheme.
- d) **Capital reserve:** The Group recognises profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve. The capital reserve pertains to acquisition of non controlling interest by the parent company.
- e) **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Group, and re-measurement gains/losses on defined benefit plans.

14 Trade payables

	As at 31 December 2019	As at 31 March 2019
Current		
Payable to micro, small and medium enterprises	-	-
Other trade payables*	151.19	129.32
Total	151.19	129.32

*Trade payables are non-interest bearing and are normally settled on 30-day terms.

15 Lease and other financial liabilities

	As at 31 December 2019	As at 31 March 2019
(a) Lease liabilities		
Current	92.79	-
Non current	138.65	-
	231.44	-
(b) Other financial liabilities		
Non-current		
Lease rent equalisation	-	2.84
Total	-	2.84
Current		
Payable to employees	255.46	305.67
Security deposits	0.14	0.14
Other payables*	11.01	-
Other advances	1.39	3.03
Total	268.00	308.84

* Other payables represent the amount payable to selling shareholders after meeting all expenses in relation to Offer for sale.

16 Provisions

	As at 31 December 2019	As at 31 March 2019
Non-current		
Provision for employee benefits		
Provision for gratuity	167.27	96.00
Provision for leave encashment	62.81	-
Total	230.08	96.00
Current		
Provision for employee benefits		
Provision for gratuity	12.89	8.88
Provision for leave encashment	17.10	44.40
Provision-others*	15.38	15.38
Total	45.37	68.66

* Contingency provision towards indirect taxes.

17 Contract and other liabilities

	As at 31 December 2019	As at 31 March 2019
Contract liabilities*		
Non-current		
Deferred revenue	2,466.24	2,297.91
	2,466.24	2,297.91
Current		
Deferred revenue	3,788.27	3,245.58
Advances from customers	237.78	316.33
	4,026.05	3,561.91
Total	6,492.29	5,859.82
Other liabilities- current		
Statutory dues		
Tax deducted at source payable	24.03	5.61
Contribution to provident fund payable	3.81	2.54
Contribution to ESI payable	0.08	0.11
Indirect tax payable	71.67	134.65
Professional tax payable	0.45	0.18
Payable for labour welfare fund	0.12	0.03
Others	0.21	0.07
Total	100.37	143.19

*Contract liabilities includes consideration received in advance to render web services in future periods.

18 Current tax assets and liabilities

	As at 31 December 2019	As at 31 March 2019
Current tax assets (net of provisions)		
Current	75.09	105.54
Non Current	196.23	-
	271.32	105.54
Current tax liabilities (net of advance tax)		
Provision for taxation (current)	0.95	-
	0.95	-

19 Revenue from operations

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Sale of services				
Income from web services	1,628.74	1,319.84	4,639.94	3,656.50
Advertisement and marketing services	19.96	16.35	47.86	37.80
Total	1,648.70	1,336.19	4,687.80	3,694.30

Significant changes in the contract liability balances during the period are as follows:

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Opening balance at the beginning of the period	6,305.46	4,923.17	5,859.82	4,244.45
Less: Revenue recognised from contract liability balance at the beginning of the period	(1,150.05)	(914.87)	(3,387.85)	(1,815.19)
Add: Amount received from customers during the period	1,835.53	1,579.48	5,320.27	4,637.13
Less: Transfer of contract liability pertaining to Hello travel business	-	-	-	(20.81)
Less: Revenue recognised from amount received during the period	(498.65)	(421.32)	(1,299.95)	(1,879.12)
Closing balance at the end of the period	6,492.29	5,166.46	6,492.29	5,166.46

20 Other income

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Net gain on disposal of current investments	10.11	6.33	23.99	35.24
Fair value gain on financial assets measured at FVTPL				
- Investment in mutual funds	147.89	119.54	451.62	198.58
Interest income from financial assets measured at amortised cost				
- on bank deposits	6.81	6.91	22.46	18.37
- on security deposits	0.72	1.03	9.44	2.60
Other interest income	0.01	-	4.14	-
Gain from business transfer arrangement	-	-	-	6.80
Gain on de-recognition of Right-of-use assets	0.50	-	1.28	-
Net gain on disposal of property, plant and equipment	0.02	0.01	0.67	0.02
Total	166.06	133.82	513.60	261.61

21 Employee benefits expense

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Salaries, allowance and bonus	648.97	504.00	1,789.61	1,448.16
Gratuity expense	10.36	6.16	24.31	16.95
Leave encashment expense	11.50	5.58	40.07	13.72
Contribution to provident and other funds	3.90	3.04	10.49	9.10
Employee share based payment expense	18.03	32.43	70.20	63.75
Staff welfare expenses	14.99	23.19	68.09	66.85
Total	707.75	574.40	2,002.77	1,618.53

22 Finance costs

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Interest cost of lease liabilities	5.61	-	16.35	-
Total	5.61	-	16.35	-

23 Depreciation and amortization expense

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Depreciation of property, plant and equipment (Refer Note 5A)	11.19	10.81	28.55	26.28
Depreciation of Right-of-use assets (Refer Note 5B)	45.91	-	121.66	-
Amortisation of intangible assets (Refer Note 6)	0.76	0.95	2.10	2.70
Total	57.86	11.76	152.31	28.98

24 Other expenses

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Content development expenses	54.93	48.52	181.91	174.96
Buyer engagement expenses	42.51	48.92	133.53	142.93
Customer support expenses	56.84	64.51	176.34	187.28
Outsourced sales cost	195.19	142.45	527.28	421.58
Internet and other online expenses	55.64	48.80	173.27	121.61
Rent	7.34	46.04	18.06	132.23
Rates and taxes	0.95	0.53	19.07	4.00
Communication costs	2.39	1.29	6.96	4.73
Outsourced support cost	5.86	4.15	16.76	11.86
Advertisement expenses	5.19	3.16	17.12	17.67
Power and fuel	6.48	6.46	22.80	23.21
Printing and stationery	1.85	2.24	6.48	6.61
Repair and maintenance:				
- Plant and machinery	2.94	3.19	10.28	10.50
- Others	18.75	18.94	56.04	55.38
Travelling and conveyance	12.07	13.61	42.81	36.91
Recruitment and training expenses	7.12	9.55	24.06	20.95
Legal and professional fees	9.68	6.45	31.51	31.34
Directors' sitting fees	0.40	0.35	1.57	2.59
Insurance expenses	7.96	5.51	21.80	17.44
Foreign exchange fluctuation (net)	0.67		0.67	
Collection charges	10.92	11.42	30.02	28.09
Allowances for doubtful debts	(0.31)	-	0.33	-
Miscellaneous expenses	0.26	0.79	0.67	1.55
Total	505.63	486.88	1,519.34	1,453.42

25 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the earning/(loss) for the period attributable to equity holders of the parent company by the weighted average number of equity shares outstanding during the period. Diluted EPS are calculated by dividing the earnings/(loss) for the period attributable to the equity holders of the parent company by weighted average number of Equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. The following reflects the income and share data used in the basic and diluted EPS computations:

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Basic				
Earnings/(loss) for the period	620.34	277.35	1,030.65	(81.24)
Weighted average number of equity shares used in calculating basic EPS	2,89,19,820	2,85,92,006	2,87,86,628	2,49,77,768
Basic earnings/(loss) per equity share	21.45	9.70	35.80	(3.25)
Diluted				
Earnings/(loss) for the period	620.34	277.35	1,030.65	(81.24)
Adjustment on account of fair valuation of compulsory convertible preference shares	-	-	-	652.63
Adjusted earnings/(loss) for the period	620.34	277.35	1,030.65	571.39
Weighted average number of equity shares used in calculating basic EPS	2,89,19,820	2,85,92,006	2,87,86,628	2,49,77,768
Potential equity shares	4,51,055	3,20,177	4,88,844	37,27,195
Total no. of shares outstanding (including dilution)	2,93,70,875	2,89,12,183	2,92,75,472	2,87,04,963
Diluted earnings/(loss) per equity share	21.12	9.59	35.21	(3.25)

There are potential equity shares for the period 31 December 2019 in the form of stock based awards granted to employees and for the period ended 31 December 2018 in the form of CCPS and stock based awards granted to employees. As

these are anti dilutive for the nine month ended 31 December 2018, they are ignored in the calculation of diluted earnings per share and accordingly the diluted earning/(loss) per share is the same as basic earnings per share.

26 Income tax

The major components of income tax expense are:

a) Income tax expense/(income) recognised in Statement of profit and loss

Particulars	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Current tax expense (income)				
Current tax for the period	2.37	1.09	3.89	3.01
Adjustments in respect of previous year	-	-	(3.39)	-
	<u>2.37</u>	<u>1.09</u>	<u>0.50</u>	<u>3.01</u>
Deferred tax expense				
Relating to origination and reversal of temporary differences	137.06	118.53	381.83	280.58
Relating to minimum alternate tax	-	-	3.31	-
Relating to earlier years	(228.61)	-	(228.61)	-
	<u>(91.55)</u>	<u>118.53</u>	<u>156.53</u>	<u>280.58</u>
Tax expense /(income) related to change in tax rate/laws *				
- Deferred tax	-	-	314.08	-
	-	-	<u>314.08</u>	-
Total income tax expense/(credit)	<u>(89.18)</u>	<u>119.62</u>	<u>471.10</u>	<u>283.59</u>

* Tax impact for the quarter and nine months ended 31 December 2019 includes the impact of adoption of Taxation Laws Amendment Ordinance 2019 as applicable to the Group. The deferred tax charge due to change in applicable tax rate is INR 277.90 Million and due to reversal of MAT credit entitlement is INR 36.18 Million.

b) Reconciliation of Deferred tax asset (Net):

Particulars	As at 31 December 2019	As at 31 March 2019
Opening balance as of 1 April	858.08	1,155.57
Tax (expense)/income during the period recognised in Statement of profit and loss	(156.54)	(337.47)
Tax expense related to change in tax rate/laws (including MAT amount lapsed)	(314.08)	-
Tax income during the period recognised in OCI	12.94	3.81
Deferred tax on Ind AS 116 impact on retained earning	8.75	-
MAT credit entitlement	-	36.17
Closing balance at the end of the period/year	<u>409.15</u>	<u>858.08</u>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

27 Defined benefit plan and other long term employee benefit plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with insurance company in form of qualifying insurance policy. This defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and salary risk.

The amount included in the balance sheet arising from the Group's obligation in respect of its gratuity plan and leave encashment is as follows:

Gratuity - Defined benefit

	As at 31 December 2019	As at 31 March 2019
Present value of funded defined benefit	196.13	126.34
Fair value of plan assets	(15.97)	(21.46)
Net liability arising from defined benefit	180.16	104.88

Leave encashment - other long term employee benefit plan

	As at 31 December 2019	As at 31 March 2019
Present value of other long term employee benefit plan	79.17	44.40
Net liability arising from other long term employee benefit plan	79.17	44.40

28 Fair value measurements

a) Category wise details as to carrying value, fair value and the level of fair value measurement hierarchy of the Group's financial instruments are as follows:

	Level	As at 31 December 2019	As at 31 March 2019
Financial assets			
a) Measured at fair value through profit or loss (FVTPL)			
- Investment in mutual funds	Level 1	8,010.60	6,074.45
		<u>8,010.60</u>	<u>6,074.45</u>
b) Measured at amortised cost (refer note 28(b)(i))			
- Trade receivables		19.77	5.71
- Cash and cash equivalents		186.96	401.96
- Loans		16.15	17.99
- Security deposits		120.66	61.61
- Bank deposits		396.30	375.48
- Other financial assets		53.43	131.79
		<u>793.27</u>	<u>994.54</u>
Total financial assets		<u>8,803.87</u>	<u>7,068.99</u>
Financial liabilities			
a) Measured at amortised cost (refer note 29(b)(i))			
- Trade payables		151.19	129.32
- Security deposits		0.14	0.14
- Other financial liabilities		267.86	311.54
- Lease liabilities		231.44	-
		<u>650.63</u>	<u>441.00</u>
Total financial liabilities		<u>650.63</u>	<u>441.00</u>

b) The following methods / assumptions were used to estimate the fair values:

- The carrying value of bank deposits, trade receivables, cash and cash equivalents, trade payables, security deposits, lease liabilities and other financial assets and other financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments.
- The fair value of non-current financial assets and financial liabilities measured are determined by discounting future cash flows using current rates of instruments with similar terms and credit risk. The current rates used does not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortised cost approximate their fair value.
- Fair value of quoted mutual funds is based on quoted market prices at the reporting date.
- Fair value of debt instruments is estimated based on discounted cash flows valuation technique using the cash flow projections, discount rate and credit risk.

c) Following table describes the valuation techniques used and key inputs thereto for the level 3 financial liabilities as of 31 December 2019 and 31 March 2019:

Financial liabilities	Valuation technique(s)	Key input(s)	Sensitivity
-Share buy back obligation	Refer Note below*	i) Discount rate ii) Growth rate for long term cash flow projections. iii) Future cash flow projections based on budgets approved by the management.	Refer Note below**

* The fair values of financial liabilities included in level 3 have been determined in accordance with generally accepted pricing models based on a discounted cashflow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counter parties.

** Sensitivity to changes in unobservable inputs: The fair value of these financial liabilities is directly proportional to the estimated future cash flow projections based on the budgets approved by the management. If the cash flow projections were to increase / decrease by 1% with all the other variables held constant, the fair value of these financial liabilities would increase / decrease by 1%.

d) Reconciliation of level 3 fair value measurements

	Share buy back obligation			
	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Opening balance	-	-	-	3,729.30
Gains or loss recognised in profit or loss	-	-	-	652.63
Conversion of preference shares into equity shares during the period	-	-	-	(4,381.93)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

e) During the period ended 31 December 2019 and 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

29 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has only one business segment which is business-to-business e-marketplace, which acts as an interactive hub for domestic and international buyers and suppliers and operates in a single business segment based on the nature of the products, the risks and returns, the organization structure and the internal financial reporting systems. Hence the Group falls within a single operating segment "Business to business e-marketplace".

Information about geographical areas:

The Group's revenue from continuing operations from external customers by location of operations and information of its non-current assets by location of assets are detailed below:

	Revenue from external customers				Non-current assets*	
	For the quarter ended	For the quarter ended	For the nine months ended	For the nine months ended	As at	As at
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 March 2019
India	1,581.86	1,308.43	4,591.63	3,625.14	335.71	99.72
Others	66.84	27.76	96.17	69.16	-	-
	1,648.70	1,336.19	4,687.80	3,694.30	335.71	99.72

* Non-current assets exclude financial assets, deferred tax assets, tax assets and post-employment benefit assets.

30 Related party transactions

i) Names of related parties and related party relationship:

a) Individuals owning directly or indirectly, an interest in the voting power of the Group that gives them Significant Influence over the Group and Key Management Personnel (KMP)

Name	Designation
Dinesh Chandra Agarwal	Managing director and CEO
Brijesh Kumar Agrawal	Whole time director
Prateek Chandra	Chief financial officer
Anil Dwivedi	Company Secretary (resigned w.e.f 30 April 2018)
Manoj Bhargava	Company Secretary
Dhruv Prakash	Non executive director
Mahendra Kumar Chouhan	Independent director (resigned w.e.f 30 April 2018)
Rajesh Sawhney	Independent director
Elizabeth Lucy Chapman	Independent director
Vivek Narayan Gour	Independent director

b) Entities where Individuals and Key Management Personnel (KMP) as defined in note above exercise significant influence.

Mansa Enterprises Private Limited

c) Other related parties

Indiamart employee benefit trust (separately administered Trust to manage employees share based payment plans of the company)

Indiamart Intermesh Employees Group Gratuity Assurance Scheme (separately administered Trust to manage post employment defined benefits of employees of the company)

Simply Vyapar Apps Private Limited (Associate) (with effect from 3 September 2019)

ii) Key management personnel compensation

	For the quarter ended	For the quarter ended	For the nine months ended	For the nine months ended
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Short-term employee benefits	28.57	25.31	85.11	76.63
Post-employment benefits	0.25	0.17	1.23	0.21
Other long-term employee benefits	1.38	0.20	6.14	(0.06)
Employee share based payment expense	1.27	2.22	5.20	2.63
	31.47	27.90	97.68	79.41

30 Related party transactions (Cont'd)

The following table provides the total amount of transactions that have been entered into with the related parties for the relevant period:

	For the quarter ended 31 December 2019	For the quarter ended 31 December 2018	For the nine months ended 31 December 2019	For the nine months ended 31 December 2018
Entities where KMP and Individuals exercise				
Significant influence				
<u>Expenses for rent</u>				
Mansa Enterprises Private Limited	0.79	0.97	2.28	3.44
Key management personnel				
<u>Recruitment and training expenses</u>				
Dhruv Prakash	0.85	0.35	2.15	1.05
Director's sitting fees	0.40	0.35	1.57	2.57
Associates				
<u>Investment in associates</u>				
Simply Vyapar Apps Private Limited	-	-	312.02	-
<u>Indiamart employee benefit trust</u>				
Interest free Loan given	-	-	1.50	-
Share capital issued	-	-	1.45	-

Terms and conditions of transactions with related parties

The transactions with related parties are entered on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period/year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The above transactions does not includes IPO related expenses, incurred in trust on behalf of related parties (Managing Director and Whole time Director) as selling shareholders in Offer for Sale.

The following table discloses amounts due to or due from related parties at the relevant year/period end:

	As at 31 December 2019	As at 31 March 2019
Balance Outstanding at the year end		
Associates		
<u>Investment in associates</u>		
Simply Vyapar Apps Private Limited	312.02	-
<u>Advance from customers</u>		
Simply Vyapar Apps Private Limited	0.04	-
<u>Loan given</u>		
Indiamart employee benefit trust	1.50	-

31 Contingent liabilities and commitments

a) Contingent liabilities

	As at 31 December 2019	As at 31 March 2019
(i) Income-tax demand (refer note (a) and (b) below)	303	62

(a) In respect of Assessment year 2016-17, demand was raised on Tolexo Online Private limited due to addition of income relating to receipts of securities premium against share allotment made to IndiaMART InterMESH Limited and accordingly the losses to be carried forward by the Company have been reduced from Rs. 719.22 million to Rs. 482.07 million. The matter is pending with CIT(Appeals). The Company is contesting the demand and the management believe that its position is possible to be upheld in the appellate process. No tax expense has been accrued in the financial statements for tax demand raised.

(b) In respect of Assessment year 2017-18, demand of Rs 242.99 million was raised on Tolexo Online Private limited due to addition of income relating to receipts of securities premium against share allotment made to IndiaMART InterMESH Limited. The Company is contesting the demand and the management believe that its position is possible to be upheld in the appellate process. No tax expense has been accrued in the financial statements for tax demand raised.

(ii) On February 28, 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers altered historical understandings of such obligations, extending them to cover additional portions of the employee's income. However, the judgment isn't explicit if such interpretation may have retrospective application resulting in increased contribution for past and future years for certain employees of the Group. The Group, based on an internal assessment, evaluated that there are numerous interpretative challenges on the retrospective application of the judgment which results in impracticability in estimation of and timing of payment and amount involved. As a result of lack of implementation guidance and interpretative challenges involved, the Group is unable to reliably estimate the amount involved. Accordingly, the Group shall evaluate the amount of provision, if any, on obtaining further clarity on the matter.

b) Capital and other commitments

- As at 31 December 2019, the company has estimated amount of contracts remaining to be executed on capital account not provided for, net of advance is 1.58 million (31 March 2019: Nil).

32 a) During the period ended 31 December 2019, the Group modified the classification of amount payable to employees from 'Trade payables' to 'Payable to employees' classified in 'other financial liabilities' to reflect more appropriately the nature of such amounts payable. Comparative amounts in the notes to the condensed consolidated interim financial statements were reclassified for consistency. As a result, INR 305.34 as at 31 March 2019 was reclassified from 'Trade payables' to 'Payable to employees'.

b) During the period ended 31 December 2019, the Group modified the classification of provision for service tax from 'Trade payables' to 'Provision-others' classified in 'Provisions' to reflect more appropriately the nature of such amounts provided in the books of account. Comparative amounts in the notes to the condensed consolidated interim financial statements were reclassified for consistency. As a result INR 15.38 as at 31 March 2019 was reclassified from 'Trade payables' to 'Provision-others'.

c) During the period ended 31 December 2019, the Company modified the classification of 'Net gain on disposal of current investments, and Fair value gain/(loss) on financial assets measured at FVTPL' from 'Net gain/(loss) on financial assets measured at FVTPL' to 'Other income' to reflect more appropriately the nature of such amounts. Comparative amounts in the notes to the condensed consolidated interim financial statements were reclassified for consistency. As a result, INR 125.87 and INR 233.82 for the quarter and nine months ended 31 December 2018 were reclassified from 'Net gain/(loss) on financial assets measured at FVTPL' to 'Other income'.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
IndiaMART InterMESH Limited

Kanika Kohli
Partner
Membership No.: 511565
UDIN:
Place:
Date : 21 January 2020

Dinesh Chandra Agarwal
(Managing Director and CEO)
DIN:00191800

Brijesh Kumar Agrawal
(Whole-time director)
DIN:00191760

Prateek Chandra
(Chief Financial Officer)

Manoj Bhargava
(Company Secretary)

Place: Noida
Date : 21 January 2020