



Date: April 29, 2021

To,
BSE Limited
(BSE: 542726)

National Stock Exchange of India Limited
(NSE: INDIAMART)

Dear Sir/Ma'am,

Sub: Audited (Standalone and Consolidated) Financial Statements for the Financial Year ended March 31, 2021

With reference to the captioned subject, please find enclosed herewith the copy of Audited (Standalone and Consolidated) Financial Statements of the Company, alongwith the Auditor's Report thereon, for the year ended March 31, 2021.

Please take the above information on record.

Yours faithfully,
For Indiamart Intermesh Limited

(Manoj Bhargava)
Sr. Vice President (Legal & Secretarial),
Company Secretary & Compliance Officer
Membership No: F5164

Encl: As above

B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

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

INDEPENDENT AUDITORS' REPORT

To the Members of IndiaMART InterMESH Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of IndiaMART InterMESH Limited (“the Company”), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income (loss)), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income (loss), changes in equity and its cash flows for the year 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 standalone 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Registered Office:

Description of Key Audit Matter

| Revenue Recognition (See note 2.3(c) and 19 to the standalone financial statements) | |
|--|---|
| The key audit matter | How the matter was addressed in our audit |
| <p>The Company generates revenue primarily from web services and follows a prepaid model for its business.</p> <p>Revenue from web services is recognised over the period of the contract as and when the Company satisfies performance obligations by actually rendering the promised services to its customers.</p> <p>These services are delivered using IT systems which manage very high volume on daily basis and generate reports from which the Company recognises revenue, and hence there is inherent risk around the existence and accuracy of revenue recognition.</p> <p>We have identified revenue recognition from web services as a key audit matter because of the significance of web service revenue to the financial statements and its recognition based on high volume of data generated by internal IT systems.</p> | <p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the revenue recognition accounting policy and its compliance with applicable accounting standards. • We evaluated the design and implementation of key internal financial controls and operating effectiveness of the relevant key controls with respect to existence and accuracy of revenue recognition on selected transactions. • We, with the involvement of IT specialists, evaluated the design, implementation and operating effectiveness of management’s general IT controls and key application controls over the Company’s IT systems which govern revenue recognition, including access controls, controls over program changes and interfaces between different systems. • We selected a sample of transactions using statistical sampling and performed tests of details including reading the contract, identifying performance obligation and its link with actual rendition to assess whether the criteria for revenue recognition are met. • We tested completeness and accuracy of web services revenue and collection from underlying relevant source documents generated by IT systems with accounting system. • We assessed the adequacy of disclosures in the standalone financial statements. |

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income (loss), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the 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 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 Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and 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 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 standalone financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income (loss)), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 35 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

KANIKA KOHLI Digitally signed by KANIKA
KOHLI
Date: 2021.04.29 15:12:14
+05'30'

Kanika Kohli
Partner
Membership No: 511565
ICAI UDIN: 21511565AAAAAW5377

Place: Gurugram
Date: 29 April 2021

Annexure A to the Independent Auditors' report on the standalone financial statements of IndiaMART InterMESH Limited for the year ended 31 March 2021

Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the standalone financial statements of the Company for the year ended 31 March 2021, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, whereby all the fixed assets are physically verified once in three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. As per the programme, all the fixed assets were physically verified during the previous year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, in respect of immovable properties taken on lease and disclosed as right-of-use-assets in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) According to the information and explanations given to us, the Company's business does not involve holding of any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Company has not entered into any transactions related to loans, investments, guarantees and securities to which the provisions of Section 185 of the Act are applicable. Further, according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of section 186 of the Companies Act, 2013, with respect to investment made by the Company.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, para 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. The provisions of sales tax, duty of customs, value added tax and duty of excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and any other statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of any dispute, except for the following:

| Name of the Statute | Nature of the Dues | Amount (INR in million) | Period (Financial Year) | Forum where dispute is pending |
|----------------------|--------------------|-------------------------|-------------------------|--------------------------------------|
| Income Tax Act, 1961 | Income Tax | 2.96* | 2009-10 | High Court-Delhi |
| Income Tax Act, 1961 | Income Tax | 0.26* | 2012-13 | Commissioner of Income Tax Appeals |
| Income Tax Act, 1961 | Income Tax | 0.70* | 2013-14 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 3.03* | 2016-17 | Commissioner of Income Tax Appeals |
| Finance Act, 1994 | Service Tax | 6.78 | 2006-07 to 2011-12 | CESTAT |
| Finance Act, 1994 | Service Tax | 1.30 | 2013-14 to 2015-16 | Commissioner of GST & Central Excise |
| Finance Act, 1994 | Service Tax | 15.38 | 2013-14 to 2017-18 | Commissioner of GST & Central Excise |

* Represents amount adjusted with brought forward losses/unabsorbed depreciation in the demand orders calculated basis the applicable tax rate of respective years.

- (viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from financial institutions or banks or government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and term loans. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company. However, the Company has raised money by way of Qualified Institutional Placement, please refer to paragraph 3(xiv) details below.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013, where applicable and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of records of the Company, the Company has made private placement of shares during the year, the Company raised money by way of Qualified Institutional Placement (QIP). The proceeds raised from QIP were INR 10,701.66 Million. The proceeds of the issue (net of related expense of INR 189.67 Million) are to augment for future growth and expansion. The net proceeds of INR 10,511.99 Million pending utilization for the objects of QIP, have temporarily been invested in liquid instruments. Further, the Company has not made any preferential allotment or fully or partly convertible debentures during the year.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Chartered Accountants

ICAI Firm registration No: 101248W/W-100022

KANIKA KOHLI

Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:12:38 +05'30'

Kanika Kohli

Partner

Membership No:511565

ICAI UDIN: 21511565AAAAAW5377

Place: Gurugram
Date: 29 April 2021

Annexure B to the Independent Auditors' report on the standalone financial statements of IndiaMART InterMESH Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of IndiaMART InterMESH Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Chartered Accountants

ICAI Firm registration No: 101248W/W-100022

KANIKA KOHLI Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:12:59 +05'30'

Kanika Kohli

Partner

Membership No:511565

ICAI UDIN: 21511565AAAAAW5377

Place: Gurugram

Date: 29 April 2021

IndiaMART InterMESH Limited
Standalone Balance Sheet as at 31 March 2021
(Amount in INR million, unless otherwise stated)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|--|-------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5A | 21.53 | 47.94 |
| Capital work in progress | 5A | 1.77 | 1.77 |
| Right-of-use assets | 5B | 625.65 | 799.71 |
| Intangible assets | 6 | 2.74 | 4.58 |
| Investment in subsidiaries and associates | 7 | 313.95 | 316.12 |
| Financial assets | | | |
| (i) Investments | 8 | 190.49 | 89.60 |
| (ii) Loans | 8 | 2.37 | 0.73 |
| (iii) Others financial assets | 8 | 38.52 | 398.01 |
| Deferred tax assets (net) | 26 | - | 243.97 |
| Non-current tax assets (net) | 18 | 186.54 | 211.43 |
| Other non-current assets | 11 | 0.74 | 0.44 |
| Total Non-current assets | | 1,384.30 | 2,114.30 |
| Current assets | | | |
| Financial assets | | | |
| (i) Investments | 8 | 22,161.38 | 8,655.45 |
| (ii) Trade receivables | 9 | 12.46 | 11.00 |
| (iii) Cash and cash equivalents | 10 | 350.07 | 129.04 |
| (iv) Bank balances other than (iii) above | 10 | 376.02 | 68.64 |
| (v) Loans | 8 | 708.52 | 11.53 |
| (vi) Others financial assets | 8 | 70.12 | 76.02 |
| Current tax assets (net) | 18 | 54.85 | 75.45 |
| Other current assets | 11 | 37.72 | 46.39 |
| Total Current assets | | 23,771.14 | 9,073.52 |
| Total Assets | | 25,155.44 | 11,187.82 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 12 | 303.16 | 288.77 |
| Other equity | 13 | 15,863.28 | 2,456.17 |
| Total Equity | | 16,166.44 | 2,744.94 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| -Lease liabilities | 15 | 525.67 | 612.49 |
| Provisions | 16 | 273.33 | 258.28 |
| Deferred tax liabilities (net) | 26 | 207.20 | - |
| Contract liabilities | 17 | 2,584.22 | 2,697.13 |
| Total Non-current liabilities | | 3,590.42 | 3,567.90 |
| 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 | | 153.84 | 177.07 |
| (ii) Lease liabilities | 15 | 108.57 | 152.61 |
| (iii) Other financial liabilities | 15 | 193.36 | 254.12 |
| Provisions | 16 | 47.35 | 39.82 |
| Contract liabilities | 17 | 4,672.19 | 4,138.07 |
| Other current liabilities | 17 | 223.27 | 113.29 |
| Total Current liabilities | | 5,398.58 | 4,874.98 |
| Total Liabilities | | 8,989.00 | 8,442.88 |
| Total Equity and Liabilities | | 25,155.44 | 11,187.82 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the standalone 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 Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:25:14 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 29 April 2021

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

Dinesh Chandra Agarwal Digitally signed by Dinesh Chandra Agarwal
Date: 2021.04.29 14:24:44 +05'30'

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

Prateek Chandra Digitally signed by Prateek Chandra
25.4.2021 13:58:56 +05'30'
Date: 2021.04.29 13:58:56 +05'30'

Prateek Chandra
(Chief Financial Officer)

Brijesh Kumar Agrawal Digitally signed by Brijesh Kumar Agrawal
Date: 2021.04.29 13:49:51 +05'30'

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

MANOJ BHARGAVA Digitally signed by MANOJ BHARGAVA
Date: 2021.04.29 13:58:56 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida

Date: 29 April 2021

IndiaMART InterMESH Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2021
(Amount in INR million, unless otherwise stated)

| | Notes | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------|-------------------------------------|-------------------------------------|
| Income: | | | |
| Revenue from operations | 19 | 6,650.48 | 6,235.13 |
| Other income | 20 | 851.62 | 684.12 |
| Total income | | 7,502.10 | 6,919.25 |
| Expenses: | | | |
| Employee benefits expense | 21 | 1,987.21 | 2,548.35 |
| Finance costs | 22 | 66.63 | 32.83 |
| Depreciation and amortisation expense | 23 | 158.65 | 209.15 |
| Other expenses | 24 | 1,329.91 | 1,960.28 |
| Total expenses | | 3,542.40 | 4,750.61 |
| Profit before exceptional items and tax | | 3,959.70 | 2,168.64 |
| Exceptional items | 36(b) | - | 68.79 |
| Profit before tax | | 3,959.70 | 2,099.85 |
| Income tax expense | | | |
| Current tax | 26 | 635.25 | (3.31) |
| Deferred tax | 26 | 348.10 | 327.00 |
| Tax expense related to change in tax rate and law | 26 | 109.22 | 314.08 |
| Total tax expense | | 1,092.57 | 637.77 |
| Net profit for the year | | 2,867.13 | 1,462.08 |
| Other comprehensive income/(loss) | | | |
| Items that will not be reclassified to profit or loss and its related income tax effects | | | |
| Re-measurement losses on defined benefit plans | | (24.44) | (72.39) |
| Income tax effect | | 6.15 | 18.22 |
| Other comprehensive loss for the year, net of tax | | (18.29) | (54.17) |
| Total comprehensive income for the year | | 2,848.84 | 1,407.91 |
| Earnings per equity share: | | | |
| Basic earnings per equity share (INR) - face value of INR 10 each | 25(a) | 98.53 | 50.73 |
| Diluted earnings per equity share (INR) - face value of INR 10 each | | 96.92 | 49.84 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the standalone 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 Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:26:13 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 29 April 2021

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

Dinesh Chandra Agarwal Digitally signed by Dinesh Chandra Agarwal
Date: 2021.04.29
14:26:46 +05'30'

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

Prateek Chandra Digitally signed by Prateek Chandra
Date: 2021.04.29 14:00:26 +05'30'

Prateek Chandra
(Chief Financial Officer)

Brijesh Kumar Agrawal Digitally signed by Brijesh Kumar Agrawal
Date: 2021.04.29
13:50:48 +05'30'

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

MANOJ BHARGAVA Digitally signed by MANOJ BHARGAVA
Date: 2021.04.29
14:00:26 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida

Date: 29 April 2021

IndiaMART InterMESH Limited
Standalone Statement of changes in equity for the year ended 31 March 2021
(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 2019 | 285.92 |
| Equity share capital issued on exercise of ESOP during the year | 1.83 |
| Equity share capital issued during the year to Indiamart Employee Benefit Trust (refer note 12(d)) | 1.45 |
| Equity share capital issued during the year and held by Indiamart Employee Benefit Trust as at year end (refer note 12(d)) | (0.43) |
| As at 31 March 2020 | 288.77 |
| Equity share capital issued on exercise of ESOP during the year | 0.67 |
| Equity share capital issued on Qualified Institutions Placement during the year (refer note 12(1)) | 12.42 |
| Equity share capital issued during the year to Indiamart Employee Benefit Trust (refer note 12(d)) | 1.35 |
| Equity share capital issued during the year and held by Indiamart Employee Benefit Trust as at year end (refer note 12(d)) | (0.05) |
| As at 31 March 2021 | 303.16 |

(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 2019 | 4,686.54 | 8.45 | 71.42 | (3,445.51) | 1,320.90 |
| Impact of adoption of Ind AS 116 (net of taxes) (Refer Note 5B) | - | - | - | (16.33) | (16.33) |
| Profit for the year | - | - | - | 1,462.08 | 1,462.08 |
| Other comprehensive loss for the year | - | - | - | (54.17) | (54.17) |
| Total comprehensive income | - | - | - | 1,391.58 | 1,391.58 |
| Issue of equity shares on exercise of share based awards during the year | 67.36 | - | (50.91) | - | 16.45 |
| Employee share based payment expense (Refer Note 21) | - | - | 75.46 | - | 75.46 |
| Dividend paid F.Y 2019-20 (includes Dividend Distribution Tax of INR 59.45 millions) | - | - | - | (348.22) | (348.22) |
| Balance as at 31 March 2020 | 4,753.90 | 8.45 | 95.97 | (2,402.15) | 2,456.17 |
| Profit for the year | - | - | - | 2,867.13 | 2,867.13 |
| Other comprehensive loss for the year | - | - | - | (18.29) | (18.29) |
| Total comprehensive income | - | - | - | 2,848.84 | 2,848.84 |
| Issue of equity shares on exercise of share based awards during the year | 57.30 | - | (51.30) | - | 6.00 |
| Issue of equity shares on Qualified Institutions Placement during the year (refer note 12(1)) | 10,499.57 | - | - | - | 10,499.57 |
| Employee share based payment expense (Refer Note 21) | - | - | 52.70 | - | 52.70 |
| Balance as at 31 March 2021 | 15,310.77 | 8.45 | 97.37 | 446.69 | 15,863.28 |

The accompanying notes are an integral part of the standalone 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 Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:26:58 +05'30'

Kanika Kohli
Partner
Membership No.: 511565
Place: Gurugram
Date: 29 April 2021

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

Digitally signed by
Dinesh Chandra Agarwal
Date: 2021.04.29
14:27:31 +05'30'

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

Digitally signed by Prateek Chandra
Date: 2021.04.29 14:01:24 +05'30'

Prateek Chandra
(Chief Financial Officer)

Place: Noida
Date: 29 April 2021

Digitally signed by
Brijesh Kumar Agrawal
Date: 2021.04.29
13:51:46 +05'30'

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

Digitally signed by
MANOJ BHARGAVA
Date: 2021.04.29
14:01:24 +05'30'

Manoj Bhargava
(Company Secretary)

IndiaMART InterMESH Limited
Standalone Statement of Cash Flows for the year ended 31 March 2021
(Amount in INR million, unless otherwise stated)

| Particulars | Notes | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------|-------------------------------------|-------------------------------------|
| Profit before tax | | 3,959.70 | 2,099.85 |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i> | | | |
| Depreciation and amortisation expense | 23 | 158.65 | 209.15 |
| Interest, dividend and other income | 20 | (69.81) | (43.90) |
| Gain on de-recognition of Right-of-use assets | 20 | (10.02) | (1.34) |
| Exceptional items | 36(b) | - | 68.79 |
| (Gain)/loss on investments carried at fair value through profit and loss | 20 | | |
| -Fair value gain on measurement and income from sale of mutual funds | | (788.80) | (638.45) |
| -Fair value loss on Investment in debt instruments of subsidiaries | | 41.60 | - |
| Gain on disposal of property, plant and equipment | 20 | (1.66) | (0.43) |
| Share-based payment expense | 21 | 52.70 | 75.46 |
| Finance costs | 22 | 66.63 | 32.83 |
| Loss on change of control of a subsidiary converted into an associate | 24 | 0.05 | - |
| Provisions and liabilities no longer required written back | 20 | (22.93) | - |
| | | 3,386.11 | 1,801.96 |
| Changes in: | | | |
| Trade receivables | | (1.46) | (7.46) |
| Other financial assets | | (0.32) | 12.59 |
| Other assets | | 8.36 | 3.94 |
| Other financial liabilities | | (45.86) | (58.81) |
| Trade payables | | (23.20) | 52.38 |
| Contract and other liabilities | | 531.18 | 955.74 |
| Provisions | | (1.87) | 64.97 |
| Cash generated from operations | | 3,852.94 | 2,825.31 |
| Income tax paid (net) | | (589.75) | (183.59) |
| Net cash generated from operating activities | | 3,263.19 | 2,641.72 |
| Cash flow from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 3.44 | 1.27 |
| Purchase of property, plant and equipment and other intangible assets | | (0.22) | (42.24) |
| Purchase of current investments | | (15,526.11) | (4,520.00) |
| Inter-corporate deposits placed with financial institutions | | (701.91) | - |
| Investment in subsidiaries, associates and other entities | | (142.49) | (380.02) |
| Proceeds from sale of investments in subsidiaries | | 2.12 | - |
| Proceeds from sale of current investments | | 2,811.03 | 2,545.99 |
| Interest and dividend received | | 62.87 | 33.68 |
| Advances received from /(paid for) selling shareholders (net) | | - | 69.20 |
| Refund/(payment) of refundable security deposits for listing on stock exchange. | | 23.78 | (23.78) |
| Investment in bank deposits (includes earmarked balances with bank) (having original maturity of more than three months) | | (12.26) | (392.60) |
| Redemption of bank deposits | | 54.59 | 349.73 |
| Net cash used in investing activities | | (13,425.16) | (2,358.77) |
| Cash flow from financing activities | | | |
| Repayment of lease liabilities | | (55.42) | (166.27) |
| Interest paid on lease liabilities | | (66.63) | (32.83) |
| Dividend paid (including Dividend Distribution Tax) | | (14.91) | (333.25) |
| Proceeds from issue of equity shares on exercise of share based awards | | 7.97 | 19.31 |
| Proceeds from issue of equity shares on Qualified Institutional Placement (refer note 12(1)) | | 10,511.99 | - |
| Net cash generated from (used in) financing activities | | 10,383.00 | (513.04) |
| Net increase/ (decrease) in cash and cash equivalents | | 221.03 | (230.09) |
| Cash and cash equivalents at the beginning of the year | 10 | 129.04 | 359.13 |
| Cash and cash equivalents at the end of the year | 10 | 350.07 | 129.04 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the standalone 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 Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:27:59 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 29 April 2021

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

Dinesh Chandra Agarwal
Digitally signed by Dinesh Chandra Agarwal
Date: 2021.04.29
14:28:07 +05'30'

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

Prateek Chandra
Digitally signed by Prateek Chandra
Date: 2021.04.29
14:02:02 +05'30'

Prateek Chandra
(Chief Financial Officer)

Brijesh Kumar Agrawal
Digitally signed by Brijesh Kumar Agrawal
Date: 2021.04.29
13:52:52 +05'30'

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

MANOJ BHARGAVA
Digitally signed by MANOJ BHARGAVA
Date: 2021.04.29
14:02:02 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida
Date: 29 April 2021

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(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 an 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-Daryaganj, Netaji Subash Marg New Delhi-110002, India.

The standalone financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on 29 April 2021.

2. Significant accounting policies

2.1 Statement of Compliance

The standalone financial statements for the period ended 31 March 2021 have been prepared in accordance with the Indian Accounting Standards (referred to as “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).

All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR million as per the requirement of Schedule III, unless otherwise stated.

2.2 Basis of preparation

The standalone financial statements have been prepared on the historical cost basis as explained in the accounting policies below, except for the following:

- certain financial assets and liabilities measured at fair value where Ind AS requires a different accounting treatment (refer accounting policy regarding financial instruments);
- share-based payments.
- net defined benefit (asset)/liability - Fair value of plan assets less present value of defined benefit obligations.

The preparation of these standalone 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 standalone financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

2.3 Summary of significant accounting policies

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, to all the periods presented in these standalone financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

a) Current versus non-current classification

The Company presents assets and liabilities in balance sheet based on current/non-current classification. An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- (ii) Held primarily for the purpose of trading,
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) A cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) It is expected to be settled in normal operating cycle,

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

- (ii) It is held primarily for the purpose of trading,
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing/servicing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Fair value measurement

The Company measures financial instruments, such as Investment in optionally convertible preference shares (OCRPS), Investment in equity/preference instrument of other entities, investment in mutual funds and bonds at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 standalone 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 standalone 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.

The Company's management determines the policies and procedures for recurring fair value measurement, such as investment in Optionally Convertible Cumulative Redeemable Preference Instruments (OCRPS) and investment in equity/preference instruments of other entities measured at fair value.

External valuers are involved for valuation of significant assets, such as unquoted investments in OCRPS, and investment in equity/preference instruments of other entities. Involvement of external valuers is decided upon

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises the accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant estimates and assumptions (Note 3)
- Disclosures for valuation methods and quantitative disclosure of fair value measurement hierarchy (Note 29)

c) Revenue from contracts with customers and other income

Revenue from contracts with customers

The Company is primarily engaged in providing web services. Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services and excluding taxes or duties collected on behalf of the government.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services

Revenue from web services is recognised based on output method i.e. pro-rata over the period of the contract as and when the company satisfies performance obligations by transferring the promised services to its customers. Revenues from lead based services is recognised based on output method i.e. as and when leads are consumed by the customer or on the expiry of contract whichever is earlier. Activation revenue is amortised over the estimated customer relationship period.

Advertising revenue is derived from displaying web based banner ads and sale of online advertisements. Revenue from banner advertisement is recognised pro rata over the period of display of advertisement as per contract. Revenue from sale of online advertisements is recognised based on output method and the Company applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section m) Financial instruments.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised. The company recognises contract

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

liability for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue and advances from customers in the balance sheet. The unaccrued amounts are not recognised as revenue till all related performance obligations are fulfilled. The company generally receives transaction price in advance for contracts with customers that run up for more than one year. The transaction price received in advance does not have any significant financing component as the difference between the promised consideration and the cash selling price of the service arises for reasons other than the provision of finance.

Other income

Interest income

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

d) Property, plant and equipment

Capital work in progress and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Capital work in progress includes cost of property, plant and equipment under development as at the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date, are disclosed under capital work-in-progress.

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013. The Company identifies the components separately, if it has useful life different from the respective property, plant and equipment.

Based on the analysis, Company believes that it does not have any asset having useful life of its major components different from the property, plant and equipment, hence Company believes that there is no material impact on the financial statement of the Company due to component accounting.

Depreciation is calculated on a written down value basis using the rates arrived at based on the useful lives prescribed under Schedule II to Companies Act, 2013. The Company has used the following rates to provide depreciation on its Property, plant and equipment:

| Asset | Annual rates |
|------------------------|--------------|
| Computers | 63.16% |
| Furniture and fittings | 26.89% |
| Office equipment | 45.07% |
| Vehicles | 31.23% |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on

IndiaMART Intermesh Limited**Notes to standalone financial statements for the year ended 31 March 2021**

(Amounts in INR million, unless otherwise stated)

de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any). Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Unique telephone numbers are amortised on a written down value basis at 40% annually.

Intangibles being Software acquired by the Company are amortised on a written down value basis at 40% annually.

Advances paid towards the acquisition of intangible assets outstanding at each balance sheet date are classified as capital advances and cost of assets not ready for use at the balance sheet date, are disclosed under capital work-in-progress.

f) Leases (as lessee)

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its

IndiaMART Intermesh Limited**Notes to standalone financial statements for the year ended 31 March 2021**

(Amounts in INR million, unless otherwise stated)

interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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.

A ROU asset 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.

g) Investment in subsidiaries and associates

The Company records the investment in equity instruments of subsidiaries and associate at cost less impairment loss, if any.

On disposal of investment in subsidiaries and associate, the difference between net disposal proceeds and the carrying amount is recognised in the Statement of profit and loss.

h) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss. For properties previously revalued the impairment is recognised in OCI up to the amount of any previous revaluation surplus recognised through OCI. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i) Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (loss) or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (loss) or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes/ Service tax/ Goods and service tax (GST) paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/ GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

j) Provisions and contingent liabilities

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Company does not recognise a contingent liability but discloses its existence in the standalone financial statements.

k) Retirement and other employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under other current financial liabilities in the balance sheet.

Post-employment obligations

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan for its employees i.e. gratuity. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Other long-term employee benefit obligations

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting period-end. Actuarial gain/loss are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

1) Share-based payments

Employees of the Company also receive remuneration in the form of stock options (ESOP) and stock appreciation rights (SAR) as share based payment transactions under the Company's Employee Stock Option Plan and Employee Stock Benefit Scheme. Both of these are equity settled share based payment transactions.

The cost of equity settled transactions is determined based on the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity settled transaction at each reporting date until the vesting date

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans to employees, trade and other receivables. For more information on receivables, refer to Note 29.

Debt instruments at FVTOCI

A 'debt instrument' is classified as at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

- Financial assets that are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

IndiaMART Intermesh Limited
Notes to standalone financial statements for the year ended 31 March 2021
(Amounts in INR million, unless otherwise stated)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, security deposits and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Profit or Loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n) Foreign currency transactions

The Company's financial statements are presented in INR which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

IndiaMART Intermesh Limited**Notes to standalone financial statements for the year ended 31 March 2021**

(Amounts in INR million, unless otherwise stated)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

q) Segment reportingIdentification of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's activities of providing e-marketplace services for businesses is considered to be a single business segment. The analysis of geographical segments is based on the areas in which customers are based.

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

r) Share capital

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

t) Recently issued accounting pronouncements

On 24 March 2021, the Ministry of Corporate Affairs (MCA), notified amendments in Schedule III to the Companies Act, 2013 effective from 1 April 2021. Following are key amended provisions which may have impact on the presentation of standalone financial statement of the Company:

IndiaMART Intermesh Limited

Notes to standalone financial statements for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

Balance sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables and capital work-in-progress.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to undisclosed income, Corporate Social Responsibility (CSR) and crypto or virtual currency specified under the head 'additional information' in the notes to the standalone financial statements.

The Company is currently evaluating the impact of these amendment on its standalone financial statements.

3. Significant accounting estimates and assumptions

The preparation of standalone 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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Therefore, actual results could differ from these estimates.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has recognised deferred tax assets on the deductible temporary differences since the management is of the view that it is probable the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

b) Share based payment

The Company initially measures the cost of equity-settled transactions with employees using a Black-Scholes-Merton option pricing model to determine the fair value of the liability incurred. Estimating fair value for share-

IndiaMART Intermesh Limited
Notes to standalone financial statements for the year ended 31 March 2021
(Amounts in INR million, unless otherwise stated)

based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options and SAR units, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.

c) Revenue from contracts with customers

The Company recognise the activation fee received in advance over the estimated customer churn period of twenty seven months. The estimate is based on the historical trend analysis of the time period over which the customer is expected to be associated with the Company. The company reviews its estimate at each reporting date.

d) Impairment of Non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model or other fair value valuation models. In DCF model, the cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

e) Defined benefit plans (gratuity benefit)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Further details about gratuity obligations are given in Note 27.

f) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 29 and 31 for further disclosures.

g) Useful life of assets considered for depreciation of Property, Plant and Equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at each financial year end.

IndiaMART Intermesh Limited**Notes to standalone financial statements for the year ended 31 March 2021**

(Amounts in INR million, unless otherwise stated)

h) Leases

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 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.

4. Impact of COVID-19

The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on leases, impact on investment in subsidiaries and associates and investment in other entities. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these standalone financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19.

IndiaMART InterMESH Limited
Notes to Standalone Financial Statements for the year ended 31 March 2021
(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 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 for the year | - | 24.03 | 15.82 | 0.75 | - | 40.60 | - |
| Disposals for the year | - | (2.38) | (1.71) | (1.03) | - | (5.12) | - |
| As at 31 March 2020 | - | 116.92 | 50.52 | 5.71 | 3.81 | 176.96 | 1.77 |
| Additions for the year | - | - | 0.22 | - | - | 0.22 | - |
| Disposals for the year | - | (11.15) | (3.53) | (1.69) | - | (16.37) | - |
| As at 31 March 2021 | - | 105.77 | 47.21 | 4.02 | 3.81 | 160.81 | 1.77 |
| Accumulated depreciation | | | | | | | |
| As at 1 April 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 year | - | 28.32 | 8.64 | 0.85 | 1.01 | 38.82 | - |
| Disposals during the year | - | (2.23) | (1.50) | (0.55) | - | (4.28) | - |
| As at 31 March 2020 | - | 93.64 | 29.92 | 3.44 | 2.02 | 129.02 | - |
| Charge for the year | - | 14.63 | 9.14 | 0.52 | 0.56 | 24.85 | - |
| Disposals during the year | - | (11.00) | (2.59) | (1.00) | - | (14.59) | - |
| As at 31 March 2021 | - | 97.27 | 36.47 | 2.96 | 2.58 | 139.28 | - |
| Net book value | | | | | | | |
| As at 1 April 2019 | 35.74 | 27.72 | 13.63 | 2.85 | 2.80 | 82.74 | 1.77 |
| As at 31 March 2020 | - | 23.28 | 20.60 | 2.27 | 1.79 | 47.94 | 1.77 |
| As at 31 March 2021 | - | 8.50 | 10.74 | 1.06 | 1.23 | 21.53 | 1.77 |

Notes:

1. Capital work in progress represents the amount incurred on construction of boundary wall for leasehold land (refer note 5B for details related to 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 for the year | - | 736.52 | 736.52 |
| Disposals for the year | - | (11.08) | (11.08) |
| As at 31 March 2020 | 37.12 | 929.83 | 966.95 |
| Additions for the year | - | 26.82 | 26.82 |
| Disposals for the year | - | (122.10) | (122.10) |
| As at 31 March 2021 | 37.12 | 834.55 | 871.67 |
| Accumulated amortisation | | | |
| As at 1 April 2019 | - | - | - |
| Transition impact of Ind AS 116 | 1.38 | - | 1.38 |
| Depreciation for the year | 0.46 | 167.09 | 167.55 |
| Disposals for the year | - | (1.69) | (1.69) |
| As at 31 March 2020 | 1.84 | 165.40 | 167.24 |
| Depreciation for the year | 0.46 | 131.50 | 131.96 |
| Disposals for the year | - | (53.18) | (53.18) |
| As at 31 March 2021 | 2.30 | 243.72 | 246.02 |
| Net book value | | | |
| As at 31 March 2020 | 35.28 | 764.43 | 799.71 |
| As at 31 March 2021 | 34.82 | 590.83 | 625.65 |

Notes:

- As per the terms of the lease arrangement, the Company was required to complete the construction of building within 5 years from the date of handing over the possession. The Company obtained extension for construction of building on the leasehold land till 5 July 2021 during the year ended 31 March 2021.
- The Company had adopted Ind AS 116 - Leases, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases using modified retrospective approach with the cumulative effect of initially applying the Standard resulting in recognition of right-of-use asset of INR 204.39 Million and a corresponding lease liability of INR 224.00 Million by adjusting retained earnings net of taxes by INR 16.33 Million [the impact of deferred tax created INR 8.77 Million] as at 1 April 2019. The Company has also reclassified its leasehold land amounting to INR 36 Million as right-of-use asset during the year ended 31 March 2020.
- The Company incurred INR 10.42 Million for the year ended 31 March 2021 (31 March 2020: INR 10.86 Million) respectively, towards expenses relating to short-term leases and leases of low-value assets.

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on year end

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|------------------------|------------------------|
| Within one year | 132.22 | 160.47 |
| Within one - two years | 130.34 | 160.33 |
| Within two - three years | 130.63 | 140.11 |
| Within three - five years | 229.82 | 256.70 |
| Above five years | 238.29 | 347.10 |
| Total lease payments | 861.30 | 1,064.71 |

The reconciliation of lease liabilities is as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Opening balance | 765.10 | - |
| Transition impact of Ind AS 116 | - | 224.00 |
| Additions | 26.44 | 718.10 |
| Amounts recognized in statement of profit and loss as interest expense | 66.63 | 32.83 |
| Payment of lease liabilities | (122.05) | (199.10) |
| Derecognition | (78.95) | (10.73) |
| Liabilities no longer required written back | (22.93) | - |
| Balance as at year end (Refer Note 15) | 634.24 | 765.10 |

6 Intangible assets

| | Software | Unique telephone numbers | Total |
|---------------------------------|--------------|--------------------------------|--------------|
| Gross carrying amount | | | |
| As at 1 April 2019 | 12.07 | 4.70 | 16.77 |
| Additions for the year | 1.66 | - | 1.66 |
| As at 31 March 2020 | <u>13.73</u> | <u>4.70</u> | <u>18.43</u> |
| As at 31 March 2021 | <u>13.73</u> | <u>4.70</u> | <u>18.43</u> |
| Accumulated amortisation | | | |
| As at 1 April 2019 | 7.38 | 3.69 | 11.07 |
| Amortisation for the year | 2.37 | 0.41 | 2.78 |
| As at 31 March 2020 | <u>9.75</u> | <u>4.10</u> | <u>13.85</u> |
| Amortisation for the year | 1.60 | 0.24 | 1.84 |
| As at 31 March 2021 | <u>11.35</u> | <u>4.34</u> | <u>15.69</u> |
| Net book value | | | |
| As at 1 April 2019 | <u>4.69</u> | <u>1.01</u> | <u>5.70</u> |
| As at 31 March 2020 | <u>3.98</u> | <u>0.60</u> | <u>4.58</u> |
| As at 31 March 2021 | <u>2.38</u> | <u>0.36</u> | <u>2.74</u> |

IndiaMART InterMESH Limited
Notes to Standalone Financial Statements for the year ended 31 March 2021
(Amount in INR million, unless otherwise stated)

7 Investment in subsidiaries and associates

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|------------------------|----------------|------------------------|----------------|
| | 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 Online Private Limited | 110,000 | 1.10 | 110,000 | 1.10 |
| Equity shares of INR 10 each in Ten Times Online Private Limited (Refer Note 1) | - | - | 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 |
| | | <u>72.42</u> | | <u>75.52</u> |
| Less: Impairment allowance in value of investments | | <u>(71.42)</u> | | <u>(71.42)</u> |
| | | <u>1.00</u> | | <u>4.10</u> |
| 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 | 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 | 10 | 0.52 |
| Equity shares of INR 10 each in Ten Times Online Private Limited (Refer Note 1) | 18,701 | 0.93 | - | - |
| | | <u>312.95</u> | | <u>312.02</u> |
| Total Investment in subsidiaries and associates | | <u>313.95</u> | | <u>316.12</u> |
| Aggregate carrying value of unquoted investments | | 313.95 | | 316.12 |
| Aggregate impairment in value of investments | | 71.42 | | 71.42 |

Notes:

1. The Company has diluted its stake in Tentimes Online Private Limited which was a wholly owned subsidiary, by selling its Investment in equity shares to the tune of 70% for consideration of INR 2.12 million during the year ended 31 March 2021. Post this transaction, the Company now owns 30% in Ten Times Online Private Limited and therefore it is considered an Associate from 1 September 2020.

8 Financial assets

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| i) Investments | | |
| Non-current | | |
| a) Investment in subsidiaries at FVTPL | 90.50 | 89.60 |
| b) Investment in other entities at FVTPL | 99.99 | - |
| | 190.49 | 89.60 |
| Current | | |
| Investment in mutual funds at FVTPL | 21,690.82 | 8,655.45 |
| Investment in bonds at FVTPL | 470.56 | - |
| | 22,161.38 | 8,655.45 |

Non-current investments

a) Investment in debt instruments of subsidiaries (fully paid-up)

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|------------------------|---------------|------------------------|--------------|
| | No. of shares | Amount | No. of shares | Amount |
| Unquoted (measured at FVTPL) | | | | |
| Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each in Tolexo Online Private Limited | 15,789,275 | | 13,789,275 | |
| Opening balance | 33.04 | | 39.95 | |
| Add: Investment made during the year | 20.00 | | 58.00 | |
| Less: Fair value loss recognised through profit and loss during the year | <u>(39.33)</u> | 13.71 | <u>(64.91)</u> | 33.04 |
| Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 90 each) in Tolexo Online Private Limited | 1,298,050 | | 1,298,050 | |
| Opening balance | 3.11 | | 6.49 | |
| Add: Investment made during the year | - | | - | |
| Less: Fair value loss recognised through profit and loss during the year | <u>(1.98)</u> | 1.13 | <u>(3.38)</u> | 3.11 |
| Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 40 each) in Tolexo Online Private Limited | 189,000 | | 189,000 | |
| Opening balance | 0.45 | | 0.95 | |
| Less: Fair value loss recognised through profit and loss during the year | <u>(0.29)</u> | 0.16 | <u>(0.50)</u> | 0.45 |
| Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each in Tradezeal Online Private Limited | 3,870,000 | | 1,870,000 | |
| Opening balance | - | | - | |
| Add: Investment made during the year | <u>20.00</u> | 20.00 | - | |
| Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 10 each) in Pay With Indiamart Private Limited | 2,775,000 | | 2,650,000 | |
| Opening balance | 53.00 | | 43.00 | |
| Add: Investment made during the year | <u>2.50</u> | 55.50 | <u>10.00</u> | 53.00 |
| | | 90.50 | | 89.60 |
| b) Investment in other entities (fully paid up) (Refer Note 2 below) | | | | |
| Unquoted (measured at FVTPL) | | | | |
| Compulsory convertible preference shares of INR 1 each (at premium of INR 776 each) in Mobisy Technologies Private Limited | 128,593 | 99.92 | - | - |
| Equity shares of INR 1 each (at premium of INR 776 each) in Mobisy Technologies Private Limited | 100 | 0.07 | - | - |
| | | 99.99 | | - |
| Total non-current investments (a+b) | | 190.49 | | 89.60 |

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 market multiple / replacement cost method / discounted cash flow valuation technique using cash flow projections and discount rate. Gain/loss on subsequent re-measurement is recognised through Statement of Profit and Loss.

2. During the year ended 31 March 2021, the Company has acquired 8.98% interest on fully converted and diluted basis in Mobisy Technologies Private Limited at the aggregate consideration of INR 99.99 Million. This investment has been classified as "Investment at FVTPL" as per Ind AS 109.

IndiaMART InterMESH Limited
Notes to Standalone Financial Statements for the year ended 31 March 2021
(Amount in INR million, unless otherwise stated)

| | As at 31 March 2021 | | As at 31 March 2020 | |
|--|------------------------|--------------------------------|--------------------------------|-----------------|
| | 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 | 95.06 | 2,599,874 | 86.25 |
| Aditya Birla Sunlife short term fund-Growth-Direct Plan | 21,181,794 | 814.54 | 21,181,794 | 733.87 |
| Aditya Birla Sunlife Corporate Bond Fund -Growth- Regular Plan | 6,508,526 | 559.11 | 6,508,526 | 509.32 |
| Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct plan | 4,570,414 | 396.40 | 2,013,531 | 158.84 |
| Aditya Birla Sun Life Money Manager Fund - Direct | 3,498,589 | 1,004.69 | - | - |
| Aditya Birla Sun Life Savings Fund - Direct Growth | 2,764,954 | 1,180.18 | - | - |
| Axis Ultra Short Term Fund - Direct Growth | 41,966,039 | 502.05 | - | - |
| Bharat Bond ETF April-2023 | 400,000 | 446.50 | 400,000 | 408.08 |
| Bharat Bond ETF April-2025 | 149,992 | 153.71 | - | - |
| HDFC Short Term Debt Fund-Direct Growth Plan | 17,712,429 | 441.87 | 19,720,994 | 451.38 |
| HDFC Short Term Debt Fund - Regular Plan | 8,380,984 | 205.90 | 8,380,984 | 189.74 |
| HDFC Low Duration Fund - Regular Plan-Growth | 3,797,410 | 170.92 | 3,797,410 | 159.78 |
| HDFC Low Duration Fund-Direct Plan-Growth | 12,035,204 | 572.57 | 17,380,457 | 768.36 |
| HDFC Credit Risk Debt Fund - Regular Plan - Growth | - | - | 7,019,394 | 116.85 |
| HDFC Money Market Fund - Direct Growth | 226,818 | 1,014.77 | - | - |
| HDFC Ultra Short Term Fund - Direct Growth | 100,961,709 | 1,205.42 | - | - |
| ICICI Prudential Savings Fund -Regular | - | - | 81,581 | 31.60 |
| ICICI Prudential Savings Fund- Direct Plan-Growth | 2,552,260 | 1,071.15 | 3,017,480 | 1,177.93 |
| ICICI Prudential Short Term Fund - Direct | 20,802,151 | 1,011.38 | 20,802,151 | 922.91 |
| ICICI Prudential Short Term Fund - Regular | 3,606,276 | 165.40 | 3,606,276 | 152.07 |
| ICICI Prudential Money Market Fund - Direct Growth | 3,129,563 | 924.09 | - | - |
| IDFC Low Duration Fund-Growth- Direct Plan | 36,439,105 | 1,117.14 | - | - |
| IDFC Bond Fund - Short Term Plan- DGP | 8,167,105 | 382.73 | 1,259,265 | 54.61 |
| IDFC Low Duration Fund-Growth (Regular Plan) | - | - | 16,451,049 | 469.96 |
| IDFC Bond Fund-STP-Regular Fund | - | - | 408,840 | 16.98 |
| IDFC Banking & PSU Debt Fund - Direct - Growth | 34,010,628 | 664.58 | - | - |
| IDFC Corporate Bond Fund - Direct - Growth Plan | 7,922,353 | 120.96 | - | - |
| IDFC Ultra Short Term Fund - Direct-Growth Plan | 36,591,465 | 438.04 | - | - |
| Kotak Corporate Bond Fund - DGP | 328,929 | 981.73 | 328,929 | 907.95 |
| Kotak Liquid Fund - Direct Growth | - | - | 24,984 | 100.31 |
| Kotak Liquid Fund - Regular Growth | - | - | 25,068 | 100.28 |
| Kotak Money Market Fund - Direct Growth | 384,544 | 1,339.67 | - | - |
| Kotak Savings Fund - Direct Growth | 28,948,565 | 1,004.02 | - | - |
| L&T Short Term Bond Fund-DGP | 37,122,589 | 803.71 | 37,122,589 | 747.51 |
| L&T Short Term Bond Fund - Regular Growth | 20,066,239 | 418.18 | 20,066,239 | 390.87 |
| SBI Corporate Bond Fund - Direct - Growth Plan | 7,021,759 | 85.77 | - | - |
| SBI Magnum Ultra Short Duration Fund - Direct Growth | 212,720 | 1,003.82 | - | - |
| SBI Savings Fund - Direct Growth | 34,943,576 | 1,194.92 | - | - |
| SBI Liquid Fund- Direct - Growth Plan | 62,030 | 199.84 | - | - |
| Total | | 21,690.82 | | 8,655.45 |
| <i>Investment in bonds - Quoted (measured at FVTPL)</i> | | | | |
| ICICI Bank Perpetual Bond | 80 | 88.69 | - | - |
| HDFC Bank Perpetual Bond | 350 | 381.87 | - | - |
| Total | | 470.56 | | - |
| Aggregate book value of quoted investments | | 22,161.38 | | 8,655.45 |
| Aggregate market value of quoted investments | | 22,161.38 | | 8,655.45 |
| Aggregate carrying value of unquoted investments | | 190.50 | | 89.60 |
| ii) Loans (measured at amortised cost) | | | | |
| | | As at 31 March 2021 | As at 31 March 2020 | |
| Non current | | | | |
| Considered good- Unsecured | | | | |
| Loans to employees** | | 2.37 | 0.73 | |
| | | 2.37 | 0.73 | |
| Current | | | | |
| Considered good- Unsecured | | | | |
| Inter-corporate deposits* | | | | |
| -HDFC Limited | 501.28 | | | |
| -LIC Housing Finance Limited | 200.63 | 701.91 | - | |
| Loans to employees** | | 6.61 | 11.53 | |
| | | 708.52 | 11.53 | |
| Notes: | | | | |
| *Inter-corporate deposits placed with financial institutions yield fixed interest rate. | | | | |
| **Represent interest free loans to employees, which are recoverable in maximum 24 monthly instalments. | | | | |
| iii) Others (measured at amortised cost) | | | | |
| | | As at 31 March 2021 | As at 31 March 2020 | |
| Non-current (unsecured, considered good unless stated otherwise) | | | | |
| Security deposits | | 38.52 | 48.30 | |
| Deposits with remaining maturity for more than twelve months (refer note 10) | | - | 349.71 | |
| | | 38.52 | 398.01 | |
| Current (unsecured, considered good unless stated otherwise) | | | | |
| Security deposits | | 3.18 | 52.86 | |
| Amount recoverable from payment gateway banks | | 66.94 | 23.16 | |
| | | 70.12 | 76.02 | |
| Notes: | | | | |
| Security deposits are non-interest bearing and are generally on term of 3 to 9 years. | | | | |

9 Trade receivables

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Unsecured, considered good unless stated otherwise | | |
| Trade receivables | 12.46 | 11.00 |
| Total | 12.46 | 11.00 |

Notes:

- a) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.
b) Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

10 Cash and bank balances

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| a) Cash and cash equivalents | | |
| Cash on hand | - | 0.15 |
| Cheques on hand | 142.52 | 39.42 |
| Balance with bank | | |
| - On current accounts | 207.55 | 89.47 |
| Total Cash and cash equivalents | 350.07 | 129.04 |

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

| | | |
|---|---------------|---------------|
| (i) Deposits with banks | | |
| - remaining maturity upto twelve months* | 374.62 | 52.30 |
| - remaining maturity for more than twelve months* | - | 349.71 |
| | 374.62 | 402.01 |
| Less: Amount disclosed under Others financial assets- non current | - | (349.71) |
| | 374.62 | 52.30 |
| ii) Earmarked balances with banks** | 1.40 | 16.34 |
| Amount disclosed under current bank deposits | 376.02 | 68.64 |

*Includes Nil (31 March 2020: INR 23.78) pledged with bank against guarantee given to stock exchange.

** Earmarked balances include unclaimed/unpaid dividends of INR 0.06 (31 March 2020: INR 14.97) and bank balance with Indiamart Employee Benefit Trust of INR 1.34 (31 March 2020: INR 1.37).

11 Other assets

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Non-current (unsecured, considered good unless stated otherwise) | | |
| Prepaid expenses | 0.74 | 0.44 |
| Total | 0.74 | 0.44 |

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Current (unsecured, considered good unless stated otherwise) | | |
| Advances recoverable | 14.71 | 16.01 |
| Indirect taxes recoverable | 5.25 | 6.09 |
| Prepaid expenses | 16.25 | 24.29 |
| Others | 1.51 | - |
| Total | 37.72 | 46.39 |

12 Share capital

| <u>Authorised equity share capital (INR 10 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
|--|-------------------------|---------------|
| As at 1 April 2019 | 30,000,000 | 300.00 |
| As at 31 March 2020 | 30,000,000 | 300.00 |
| Increase during the year | 69,442,460 | 694.42 |
| As at 31 March 2021 | 99,442,460 | 994.42 |
| <u>Authorised 0.01% cumulative preference share capital (INR 328 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
| As at 1 April 2019 | 1,493,903 | 490.00 |
| As at 31 March 2020 | 1,493,903 | 490.00 |
| Decrease during the year | (1,493,900) | (490.00) |
| As at 31 March 2021 | 3 | 0.00 |
| <u>Authorised 0.01% compulsorily convertible cumulative preference share capital (INR 100 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
| As at 1 April 2019 | 1,894,254 | 189.43 |
| As at 31 March 2020 | 1,894,254 | 189.43 |
| Decrease during the year | (1,894,254) | (189.43) |
| As at 31 March 2021 | - | - |
| <u>Issued equity share capital (subscribed and fully paid up) (INR 10 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
| As at 1 April 2019 | 28,592,006 | 285.92 |
| Equity share capital issued on exercise of ESOP during the year (Refer Note 28) | 182,814 | 1.83 |
| Equity share capital issued to Indiamart Employee Benefit Trust during the year (refer note (d) below) | 145,000 | 1.45 |
| Equity share capital issued during the period and held by Indiamart Employee Benefit Trust as at year end (refer note (d) below) | (42,573) | (0.43) |
| As at 31 March 2020 | 28,877,247 | 288.77 |
| Equity share capital issued on exercise of ESOP during the year (Refer Note 28) | 66,696 | 0.67 |
| Equity share capital issued on qualified institutions placement during the year (refer note 1 below) | 1,242,212 | 12.42 |
| Equity share capital issued to Indiamart Employee Benefit Trust during the year (refer note (d) below) | 135,000 | 1.35 |
| Equity share capital issued during the period and held by Indiamart Employee Benefit Trust as at year end (refer note (d) below) | (4,861) | (0.05) |
| As at 31 March 2021 | 30,316,294 | 303.16 |

Notes:

- 1 The Company has raised money by the way of Qualified Institutions Placement ('QIP') and allotted 1,242,212 equity shares of face value INR 10 each to the eligible qualified institutional buyers (QIB) at a price of INR 8,615 per equity share (including a premium of INR 8,605 per equity share) aggregating to INR 10,701.66 millions on 22 February 2021. The issue was made in accordance SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. Expenses incurred in relation to QIP amounting to INR 189.67 millions has been adjusted from Securities Premium Account. As per the placement document, QIP proceeds are to augment for future growth and expansion. As on March 31, 2021, 100% of QIP's net proceeds of INR 10,511.99 millions are unutilised and have been temporarily invested in liquid instruments.

a) Terms/ rights attached to equity shares:

- The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity is entitled to one vote per share.
- In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Details of shareholders holding more than 5% equity shares in the Company

| | As at 31 March 2021 | | As at 31 March 2020 | |
|--|------------------------|-----------|------------------------|-----------|
| | Number | % Holding | Number | % Holding |
| Equity shares of INR 10 each fully paid | | | | |
| Dinesh Chandra Agarwal | 8,630,747 | 28.42% | 8,630,747 | 29.84% |
| Brijesh Kumar Agrawal | 5,848,544 | 19.26% | 5,848,544 | 20.22% |
| Westbridge Crossover Fund, LLC* | - | - | 1,544,154 | 5.34% |

* Westbridge Crossover Fund, LLC ceased to be a shareholder of more than 5% during the year ended 31 March 2021

c) Shares reserved for issue under options

Information relating to the Company's share based payment plans, including details of options and SAR units issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 28.

d) Shares held by Indiamart employee benefit trust against employees share based payment plans (face value: INR 10 each)

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|------------------------|-------------|------------------------|-------------|
| | Number | Amount | Number | Amount |
| Opening balance | 42,573 | 0.43 | - | - |
| Purchased during the year | 135,000 | 1.35 | 145,000 | 1.45 |
| Transfer to employees pursuant to SAR exercised | (130,139) | (1.30) | (102,427) | (1.02) |
| Closing Balance | 47,434 | 0.48 | 42,573 | 0.43 |

13 Other equity

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| Securities premium | 15,310.77 | 4,753.90 |
| General reserve | 8.45 | 8.45 |
| Employee share based payment reserve | 97.37 | 95.97 |
| Retained earnings | 446.69 | (2,402.15) |
| Total other equity | 15,863.28 | 2,456.17 |

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) **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 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Payable to micro, small and medium enterprises (Refer Note 37) | - | - |
| Other trade payables | | |
| - outstanding dues to related parties (Refer Note 33) | 0.15 | 0.13 |
| - outstanding dues to others | 153.69 | 176.94 |
| Total | 153.84 | 177.07 |

15 Lease and other financial liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Lease liabilities (Refer Note 5B) | | |
| Current | 108.57 | 152.61 |
| Non current | 525.67 | 612.49 |
| Total | 634.24 | 765.10 |
| Other financial liabilities | | |
| Current | | |
| Payable to employees | 193.16 | 239.01 |
| Security deposits | 0.14 | 0.14 |
| Other payables* | 0.06 | 14.97 |
| Total | 193.36 | 254.12 |

*Unclaimed/Unpaid dividend represents the interim dividend amount declared during the year ended 31 March 2020 and remaining to be paid to shareholders.

16 Provisions

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------------------|------------------------|------------------------|
| Non-current | | |
| Provision for employee benefits* | | |
| Provision for gratuity | 210.81 | 194.82 |
| Provision for Leave encashment | 62.52 | 63.46 |
| Total | 273.33 | 258.28 |
| Current | | |
| Provision for employee benefits* | | |
| Provision for gratuity | 19.73 | 10.52 |
| Provision for leave encashment | 12.24 | 13.92 |
| Provision-others** | 15.38 | 15.38 |
| Total | 47.35 | 39.82 |

*Refer Note 27.

** Contingency provision towards indirect taxes. There is no change in this provision during the year ended 31 March 2021.

17 Contract and other liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------------------|------------------------|------------------------|
| Contract liabilities* | | |
| Non-current | | |
| Deferred revenue | 2,584.22 | 2,697.13 |
| | 2,584.22 | 2,697.13 |
| Current | | |
| Deferred revenue | 4,194.60 | 3,996.30 |
| Advances from customers | 477.59 | 141.77 |
| | 4,672.19 | 4,138.07 |
| Total | 7,256.41 | 6,835.20 |
| Other liabilities-Current | | |
| Statutory dues | | |
| Tax deducted at source payable | 37.17 | 25.69 |
| GST payable | 181.19 | 82.69 |
| Others | 4.91 | 4.91 |
| Total | 223.27 | 113.29 |

* Contract liabilities include consideration received in advance to render web services in future periods. Refer Note 33 for outstanding balances pertaining to related parties.

18 Income tax assets (net)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Income tax assets (net of provisions) | | |
| Non current | | |
| Income tax assets | 821.79 | 211.43 |
| Less: Provision for income tax | (635.25) | - |
| | 186.54 | 211.43 |
| Current | | |
| Income tax assets | 54.85 | 75.45 |
| | 54.85 | 75.45 |
| Total | 241.39 | 286.88 |

19 Revenue from operations

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Sale of services | | |
| Income from web services | 6,550.69 | 6,167.81 |
| Advertisement and marketing services | 99.79 | 67.32 |
| Total | 6,650.48 | 6,235.13 |

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

| | As at 31 March 2021 | | As at 31 March 2020 | |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | Less than 12 months | More than 12 months | Less than 12 months | More than 12 months |
| Web services | 4,671.39 | 2,583.35 | 4,132.78 | 2,697.13 |
| Advertisement and marketing services | 0.80 | 0.87 | 5.29 | - |
| | 4,672.19 | 2,584.22 | 4,138.07 | 2,697.13 |

No single customer represents 10% or more of the Company's total revenue during the year ended 31 March 2021 and 31 March 2020.

Contract liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| Web services | 7,254.74 | 6,829.91 |
| Advertisement and marketing services | 1.67 | 5.29 |
| | 7,256.41 | 6,835.20 |
| Non-current | 2,584.22 | 2,697.13 |
| Current | 4,672.19 | 4,138.07 |
| | 7,256.41 | 6,835.20 |

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Opening balance at the beginning of the year | 6,835.20 | 5,851.40 |
| Less: Revenue recognised from contract liability balance at the beginning of the year | (3,897.92) | (3,062.90) |
| Add: Amount received from customers during the year | 7,071.69 | 7,218.93 |
| Less: Revenue recognised from amounts received during the year | (2,752.56) | (3,172.23) |
| Closing balance at the end of the year | 7,256.41 | 6,835.20 |

IndiaMART InterMESH Limited
Notes to Standalone Financial Statements for the year ended 31 March 2021
(Amount in INR million, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|---|---|
| 20 Other income | | |
| Gain/(loss) on investments carried at fair value through profit and loss | | |
| -Fair value gain on measurement and income from sale of mutual funds | 788.80 | 638.45 |
| -Fair value loss on Investment in debt instruments of subsidiaries | (41.60) | - |
| | <u>747.20</u> | <u>638.45</u> |
| Interest income from financial assets measured at amortised cost | | |
| - on bank deposits | 29.41 | 29.71 |
| - on corporate deposits | 2.07 | - |
| - on security deposits | 4.87 | 10.22 |
| Other interest income | 0.98 | 3.97 |
| Dividend Income | 32.48 | - |
| Gain on de-recognition of Right-of-use assets | 10.02 | 1.34 |
| Liabilities no longer required written back | 22.93 | - |
| Net gain on disposal of property, plant and equipment | 1.66 | 0.43 |
| Total | <u>851.62</u> | <u>684.12</u> |
| 21 Employee benefits expense | | |
| Salaries, allowance and bonus | 1,857.85 | 2,299.68 |
| Gratuity expense (Refer Note 27) | 50.76 | 30.51 |
| Leave encashment expense (Refer Note 27) | 4.75 | 46.21 |
| Contribution to provident and other funds | 16.84 | 15.05 |
| Employee share based payment expense (Refer Note 28) | 52.70 | 75.46 |
| Staff welfare expenses | 4.31 | 81.44 |
| Total | <u>1,987.21</u> | <u>2,548.35</u> |
| 22 Finance costs | | |
| Interest cost of lease liabilities | 66.63 | 32.83 |
| Total | <u>66.63</u> | <u>32.83</u> |
| 23 Depreciation and amortisation expense | | |
| Depreciation of property, plant and equipment (Refer Note 5A) | 24.85 | 38.82 |
| Depreciation of Right-of-use assets (Refer Note 5B) | 131.96 | 167.55 |
| Amortisation of intangible assets (Refer Note 6) | 1.84 | 2.78 |
| Total | <u>158.65</u> | <u>209.15</u> |
| 24 Other expenses | | |
| Content development expenses | 106.94 | 227.94 |
| Buyer Engagement Expenses | 171.95 | 163.16 |
| Customer Support Expenses | 161.65 | 230.36 |
| Outsourced sales cost | 522.30 | 724.48 |
| Internet and other online expenses | 191.46 | 227.05 |
| Rent | 10.42 | 10.86 |
| Rates and taxes | 4.76 | 30.96 |
| Communication costs | 1.21 | 7.01 |
| Outsourced support cost | 11.72 | 22.97 |
| Advertisement expenses | 6.32 | 21.34 |
| Power and fuel | 6.86 | 28.78 |
| Printing and stationery | 0.46 | 8.26 |
| Repair and maintenance: | | |
| - Plant and machinery | 2.19 | 12.97 |
| - Others | 19.64 | 74.89 |
| Travelling and conveyance | 3.08 | 50.72 |
| Recruitment and training expenses | 6.34 | 29.15 |
| Legal and professional fees | 31.09 | 29.60 |
| Directors' sitting fees | 1.14 | 2.09 |
| Auditor's remuneration | 4.44 | 5.96 |
| Insurance expenses | 28.91 | 28.64 |
| Collection charges | 24.59 | 21.50 |
| Exchange fluctuation losses | 1.16 | - |
| Loss on change of control of a subsidiary converted into an associate | 0.05 | - |
| Corporate social responsibility activities expenses (Refer Note 36(a)) | 10.98 | 1.05 |
| Miscellaneous expenses | 0.25 | 0.54 |
| Total | <u>1,329.91</u> | <u>1,960.28</u> |

| Payment to Auditors* | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------------|---|---|
| As auditor: | | |
| - Audit fee | 4.00 | 5.50 |
| - Other services | 0.10 | 0.03 |
| - Reimbursement of expenses | 0.34 | 0.43 |
| | <u>4.44</u> | <u>5.96</u> |

*Excludes fees paid to statutory auditor of INR 4.9 Millions (31 March 2020: Nil) for QIP related services.

25 Earnings per share (EPS)

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

Diluted EPS are calculated by dividing the earnings/(loss) for the year 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 year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Basic | | |
| Net profit as per the statement of profit and loss for computation of EPS | 2,867.13 | 1,462.08 |
| Weighted average number of equity shares used in calculating basic EPS | 29,098,875 | 28,819,744 |
| Basic earnings per equity share | 98.53 | 50.73 |
| Diluted | | |
| Weighted average number of equity shares used in calculating basic EPS | 29,098,875 | 28,819,744 |
| Potential equity shares | 482,591 | 516,744 |
| Total no. of shares outstanding (including dilution) | <u>29,581,466</u> | <u>29,336,488</u> |
| Diluted earnings per equity share | 96.92 | 49.84 |

There are potential equity shares for the year ended 31 March 2021 and 31 March 2020 in the form of share based awards granted to employees which have been considered in the calculation of diluted earning per share.

(b) Dividends

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|---|---|
| Interim dividend for the previous year ended 31 March 2020 of INR 10 per fully paid equity share (excluding the Dividend distribution tax of INR 59.45 millions) | - | 289.19 |

Dividend not recognised at the end of reporting period

-In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 15 per fully paid equity share (31 March 2020 – INR Nil). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

455.46

-

26 Income tax

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

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Current tax expense/(income) | | |
| Current tax for the year | 635.25 | - |
| Adjustments in respect of previous year | - | (3.31) |
| | 635.25 | (3.31) |
| Deferred tax expense/(income) | | |
| Relating to origination and reversal of temporary differences | 348.10 | 552.30 |
| Relating to minimum alternate tax | - | 3.31 |
| Relating to earlier years | - | (228.61) |
| | 348.10 | 327.00 |
| Tax expense related to change in tax rate and law * | | |
| - Deferred tax | 109.22 | 314.08 |
| | 109.22 | 314.08 |
| Total income tax expense | 1,092.57 | 637.77 |

* Tax impact for the year ended 31 March 2020 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.

* Pursuant to a recent tax law amendment (enacted on 28 March 2021), the tax amortizable goodwill has become non tax amortizable from financial year ending 31 March 2021. The amended law states that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation on goodwill will be allowed from 1 April 2020. Accordingly, the deferred tax asset on Goodwill was derecognized by the Company as Goodwill ceased to be tax amortizable pursuant to amendments in the Finance Act, 2021

b) Income tax recognised in other comprehensive income (OCI)

Deferred tax related to items recognised in OCI during the year

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Net loss on remeasurements of defined benefit plans | (6.15) | (18.22) |

c) Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate.

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Profit before tax | 3,959.70 | 2,099.85 |
| Accounting profit before income tax | 3,959.70 | 2,099.85 |
| Tax expense at the statutory income tax rate @25.17% | 996.66 | 528.53 |
| Adjustments in respect of unrecognised deferred tax assets of previous years | - | (228.61) |
| Adjustments in respect of differences taxed at lower tax rates | (17.62) | - |
| Adjustment in respect of change in carrying amount of investment in subsidiaries | 10.47 | 37.02 |
| Utilisation of previously unrecognised tax losses | - | (10.90) |
| Tax expense related to change in tax rate/laws | 109.22 | 314.08 |
| <i>Non-deductible expenses and Non taxable income for tax purposes:</i> | | |
| Dividend income received | (8.17) | - |
| Other non-deductible expenses and non-taxable income | 2.01 | (2.35) |
| Tax expense at the effective income tax rate of 27.59% (31 March 2020: 30.37%) | 1,092.57 | 637.77 |

IndiaMART InterMESH Limited
Notes to Standalone Financial Statements for the year ended 31 March 2021
(Amount in INR million, unless otherwise stated)

d) Breakup of deferred tax recognised in the Balance sheet

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Deferred tax asset | | |
| Property, plant and equipment and intangible assets | 7.61 | 7.46 |
| Provision for gratuity | 58.02 | 51.68 |
| Provision for compensated absences | 18.82 | 19.47 |
| Investment in subsidiaries measured at fair value | 39.30 | 40.01 |
| Deferred revenue | - | 0.56 |
| Tax losses | - | 164.19 |
| Unabsorbed depreciation | - | 27.20 |
| Goodwill Impairment | - | 109.21 |
| Provision for expenses, allowable in subsequent year | 28.84 | 45.13 |
| Ind AS 116 - Leases impact | 10.93 | 0.17 |
| Others | 0.09 | 0.26 |
| Total deferred tax assets (A) | 163.61 | 465.34 |
| Deferred tax liabilities | | |
| Investment in mutual funds and bonds measured at fair value | (364.51) | (214.63) |
| Accelerated deduction for tax purposes | (1.76) | (1.78) |
| Others | (4.54) | (4.96) |
| Total deferred tax liabilities (B) | (370.81) | (221.37) |
| Net deferred tax assets / (liabilities) (C) = (A) - (B) | (207.20) | 243.97 |

e) Breakup of deferred tax expense/(income) recognised in Statement of profit and loss and OCI

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Deferred tax expense/(income) relates to the following: | | |
| Property, plant and equipment and intangible assets | (0.14) | 0.67 |
| Provision for gratuity | (6.34) | (15.89) |
| Provision for compensated absences | 0.66 | (4.48) |
| Provision for diminution of investments in subsidiaries | - | 31.49 |
| Investment in subsidiaries measured at fair value | 0.71 | (5.66) |
| Investment in mutual funds and bonds measured at fair value | 149.88 | 147.94 |
| Deferred revenue | 0.56 | 10.74 |
| Tax losses | 164.19 | 545.88 |
| Unabsorbed depreciation | 27.20 | 10.06 |
| Goodwill Impairment | 109.21 | (109.21) |
| Provision for expenses, allowable in subsequent year | 16.29 | (39.75) |
| Accelerated deduction for tax purposes | (0.02) | (0.72) |
| Minimum alternate tax | - | 36.18 |
| Ind AS 116 - Leases impact | (10.76) | 8.60 |
| Others | (0.27) | 7.01 |
| Deferred tax expense | 451.17 | 622.86 |

c) Reconciliation of Deferred tax asset/(liabilities) (Net):

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Opening balance as of 1 April | 243.97 | 858.06 |
| Tax expense during the period recognised in Statement of profit and loss | (348.10) | (327.00) |
| Tax impact related to change in tax rate/law | (109.22) | (314.08) |
| Tax impact during the period recognised in OCI | 6.15 | 18.22 |
| Deferred tax on Ind AS 116 impact on retained earning | - | 8.77 |
| Closing balance at the end of the year | (207.20) | 243.97 |

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 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 statutory defined period 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 March 2021 | As at 31 March 2020 |
|---|--------------------------------|--------------------------------|
| Present value of defined benefit obligation | 287.84 | 218.28 |
| Fair value of plan assets | (57.30) | (12.94) |
| Net liability arising from defined benefit obligation | <u>230.54</u> | <u>205.34</u> |

Leave encashment - other long-term employee benefit plan

| | As at 31 March 2021 | As at 31 March 2020 |
|---|--------------------------------|--------------------------------|
| Present value of other long-term employee benefit | 74.76 | 77.38 |
| Net liability arising from other long-term employee benefit | <u>74.76</u> | <u>77.38</u> |

a) Reconciliation of the net defined benefit (asset) liability and other long term employee benefit plan

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and other long term employee benefit plan and its components.

Reconciliation of present value of defined benefit obligation for Gratuity and Leave encashment

| | Gratuity | |
|---------------------------------------|----------------------|----------------------|
| | 31 March 2021 | 31 March 2020 |
| Balance at the beginning of the year | 218.28 | 123.90 |
| Benefits paid | (7.32) | (9.39) |
| Current service cost | 37.94 | 22.65 |
| Interest cost | 13.63 | 9.51 |
| Actuarial (gains)/losses | | |
| - changes in demographic assumptions | (2.18) | 26.26 |
| - changes in financial assumptions | 11.84 | 29.14 |
| - experience adjustments | 15.65 | 16.21 |
| Balance at the end of the year | <u>287.84</u> | <u>218.28</u> |

| | Leave encashment | |
|---------------------------------------|-------------------------|----------------------|
| | 31 March 2021 | 31 March 2020 |
| Balance at the beginning of the year | 77.38 | 42.92 |
| Benefits paid | (7.37) | (11.75) |
| Current service cost | 1.66 | 24.08 |
| Interest cost | 4.83 | 3.29 |
| Actuarial (gains)/losses | | |
| - changes in demographic assumptions | (4.84) | 7.22 |
| - changes in financial assumptions | 0.66 | 4.87 |
| - experience adjustments | 2.44 | 6.75 |
| Balance at the end of the year | <u>74.76</u> | <u>77.38</u> |

Movement in fair value of plan assets

| | Gratuity | |
|--|----------------------|----------------------|
| | 31 March 2021 | 31 March 2020 |
| Opening fair value of plan assets | 12.94 | 21.46 |
| Interest income | 0.81 | 1.65 |
| Actuarial gains/(losses) | 0.87 | (0.78) |
| Contributions from the employer | 50.00 | - |
| Benefits paid | (7.32) | (9.39) |
| Closing fair value of plan assets | <u>57.30</u> | <u>12.94</u> |

Each year the management of the Company reviews the level of funding required as per its risk management strategy. The Company expects to contribute to gratuity INR 42.55 millions in FY 2021-22(31 March 2020: INR 37.22 million).

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|--------------------------------|--------------------------------|
| Funds managed by insurer | 100% | 100% |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

b) Expense recognised in profit or loss

| | Gratuity | |
|--|---|---|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Current service cost | 37.94 | 22.65 |
| Net interest expense | 12.82 | 7.86 |
| Components of defined benefit costs recognised in profit or loss | <u>50.76</u> | <u>30.51</u> |
| Remeasurement of the net defined benefit liability | | |
| Actuarial (gain)/loss on plan assets | (0.87) | 0.78 |
| Actuarial loss on defined benefit obligation | 25.31 | 71.61 |
| Components of defined benefit costs recognised in other comprehensive loss | <u>24.44</u> | <u>72.39</u> |

| | Leave encashment | |
|---|---|---|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Current service cost | 1.66 | 24.08 |
| Net interest expense | 4.83 | 3.29 |
| Actuarial/(gain) loss on other long term employee benefit plan | (1.74) | 18.84 |
| Components of other long term employee benefit costs recognised in profit or loss | <u>4.75</u> | <u>46.21</u> |

c) Actuarial assumptions

Principal actuarial assumptions as at reporting date (expressed as weighted averages):

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------------|--------------------------------|--------------------------------|
| Discount rate | 6.45% | 6.25% |
| Expected rate of return on assets | 6.45% | 6.25% |

| | As at 31 March 2021 | | As at 31 March 2020 | |
|-----------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
| | Upto 4 years of service | Above 4 years of service | Upto 4 years of service | Above 4 years of service |
| Attrition rate: | | | | |
| Ages | | | | |
| Upto 30 years | 30.00% | 30.00% | 18.46% | 11.54% |
| Above 30 years | 10.00% | 10.00% | 12.99% | 7.94% |
| Future salary growth | | | | |
| Year 1 | 12.00% | 12.00% | 4.00% | 6.00% |
| Year 2 | 12.00% | 12.00% | 12.00% | 18.00% |
| Year 3 and onwards | 12.00% | 12.00% | 8.00% | 12.00% |

Mortality table India Assured Life Morality (2012-14) India Assured Life Morality (2012-14)

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

d) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| | Gratuity | |
|--|-----------------|-----------------|
| | Increase | Decrease |
| As at 31 March 2021 | | |
| Impact of change in discount rate by 0.50% | (19.37) | 21.62 |
| Impact of change in salary by 0.50% | 10.10 | (10.51) |
| As at 31 March 2020 | | |
| Impact of change in discount rate by 0.50% | (13.95) | 15.46 |
| Impact of change in salary by 0.50% | 8.02 | (8.28) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

e) The table below summarises the maturity profile and duration of the gratuity liability:

| | As at 31 March 2021 | As at 31 March 2020 |
|---------------------------|--------------------------------|--------------------------------|
| Particulars | | |
| Within one year | 19.73 | 10.52 |
| Within one - three years | 30.42 | 21.21 |
| Within three - five years | 26.79 | 21.55 |
| Above five years | 210.90 | 165.00 |
| Total | <u><u>287.84</u></u> | <u><u>218.28</u></u> |

28 Share based payment plans**a) Employee Stock Option Plan (ESOP)**

The Company has provided various share-based payment schemes to its employees in the preceding financial years. During the year ended 31 March 2021, the following schemes were in operation:

| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
|--------------------------------|--------------------|--------------------|--------------------|
| Date of grant | June 08, 2015 | July 28, 2016 | June 02, 2017 |
| Date of Board Approval | June 08, 2015 | July 28, 2016 | May 04, 2017 |
| Date of Shareholder's approval | September 23, 2015 | September 23, 2015 | September 23, 2015 |
| Number of options approved | 539,000 | 276,980 | 200,730 |
| Method of Settlement | Equity | Equity | Equity |
| Vesting period (in months) | 0 to 48 Months | 0 to 48 Months | 0 to 48 Months |

The details of activity have been summarized below:

ESOP 2015

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|---|--|---|--|
| | Number of options | Weighted Average Exercise Price (INR) | Number of options | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | Nil | 200 | 62,100 | 200 |
| Granted during the year | Nil | 200 | Nil | 200 |
| Forfeited/ expired during the year | Nil | 200 | Nil | 200 |
| Exercised during the year | Nil | 200 | 62,100 | 200 |
| Outstanding at the end of the year | Nil | 200 | Nil | 200 |
| Exercisable at the end of the year | Nil | 200 | Nil | 200 |

ESOP 2016

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|---|--|---|--|
| | Number of options | Weighted Average Exercise Price (INR) | Number of options | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | 19,425 | 200 | 41,850 | 200 |
| Granted during the year | Nil | 200 | Nil | 200 |
| Forfeited/ expired during the year | - | 200 | 2,400 | 200 |
| Exercised during the year | 19,425 | 200 | 20,025 | 200 |
| Outstanding at the end of the year | - | 200 | 19,425 | 200 |
| Exercisable at the end of the year | Nil | 200 | Nil | 200 |

IndiaMART InterMESH Limited
Notes to Standalone Financial Statements for the year ended 31 March 2021

(Amount in INR million, unless otherwise stated)

ESOP 2017

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| | Number of options | Weighted Average Exercise Price (INR) | Number of options | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | 27,846 | 200 | 37,888 | 200 |
| Granted during the year | Nil | 200 | Nil | 200 |
| Forfeited/ expired during the year | - | 200 | 760 | 200 |
| Exercised during the year | 13,923 | 200 | 9,282 | 200 |
| Outstanding at the end of the year | 13,923 | 200 | 27,846 | 200 |
| Exercisable at the end of the year | Nil | 200 | Nil | 200 |

Figures for current year ended 31 March 2021 and previous year are as follows:

| | As at 31 March 2021 | | |
|--|---------------------|-----------|-----------|
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Range of exercise prices | NA | 200 | 200 |
| Number of options outstanding | NA | - | 13,923 |
| Weighted average remaining contractual life of options (in years) | NA | - | - |
| Weighted average exercise price | NA | 200 | 200 |
| Weighted average share price for the options exercised during the year | NA | 300 | 300 |

| | As at 31 March 2020 | | |
|--|---------------------|-----------|-----------|
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Range of exercise prices | 200 | 200 | 200 |
| Number of options outstanding | Nil | 19,425 | 27,846 |
| Weighted average remaining contractual life of options (in years) | - | 0.25 | 0.80 |
| Weighted average exercise price | NA | 200 | 200 |
| Weighted average share price for the options exercised during the year | NA | 300 | 300 |

Stock Options granted

The fair value of options is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity settled plans are given in the table below:

| | As at 31 March 2021 | | |
|--|---------------------|-----------|-----------|
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Weighted average share price | NA | 275.93 | 280.50 |
| Exercise price | NA | 200 | 200 |
| Expected volatility | NA | 0.00% | 0.00% |
| Historical volatility | NA | 0.10% | 0.10% |
| Life of the options granted (Vesting and exercise period) in years | NA | 7.70 | 7.70 |
| Expected dividends | NA | Nil | Nil |
| Average risk-free interest rate | NA | 7.20% | 7.20% |

| | As at 31 March 2020 | | |
|--|---------------------|-----------|-----------|
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Weighted average share price | 200 | 275.93 | 280.50 |
| Exercise price | 200 | 200 | 200 |
| Expected volatility | 0.00% | 0.00% | 0.00% |
| Historical volatility | 0.10% | 0.10% | 0.10% |
| Life of the options granted (Vesting and exercise period) in years | 7.70 | 7.70 | 7.70 |
| Expected dividends | Nil | Nil | Nil |
| Average risk-free interest rate | 7.77% | 7.20% | 7.20% |

The Company has provided various share-based payment schemes to its employees in the preceding financial years.

IndiaMART InterMESH Limited**Notes to Standalone Financial Statements for the year ended 31 March 2021**

(Amount in INR million, unless otherwise stated)

Stock appreciation rights (SAR)

The Company had granted stock appreciation rights to its employees during the previous years. Details are as follows

| | SAR 2018 |
|--------------------------------|--------------------|
| Date of grant | October 01, 2018 |
| Date of Board Approval | September 22, 2018 |
| Date Of Shareholder's approval | May 07, 2018 |
| Number of units approved | 800,740 |
| Method of Settlement | Equity |
| Vesting year (in months) | 0 to 48 Months |

The details of activity have been summarized below:

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|---|--|---|--|
| | Number of SAR units | Weighted Average Exercise Price (INR) | Number of SAR units | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | 584,592 | 500 | 779,740 | 500 |
| Granted during the year | Nil | Nil | Nil | Nil |
| Lapsed during the year | 12,448 | 500 | 45,332 | 500 |
| Exercised during the year | 144,356 | Nil | 149,816 | Nil |
| Expired during the year | Nil | Nil | Nil | Nil |
| Outstanding at the end of the year | 427,788 | 500 | 584,592 | 500 |
| Exercisable at the end of the year | Nil | Nil | Nil | Nil |

Figures for SAR 2018 are as follows:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Range of exercise prices | 500 | 500 |
| Number of units outstanding | 427,788 | 584,592 |
| Weighted average remaining contractual life of units (in years) | 1.50 | 2.50 |
| Weighted average exercise price | 500 | 500 |

SAR units granted

The fair value of SAR units is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity settled plans are given in the table below:

| | SAR 2018 |
|--|-----------------|
| Weighted average share price | 597 |
| Exercise Price | 500 |
| Expected Volatility | 41% |
| Historical Volatility | 41% |
| Life of the units granted (Vesting and exercise year) in years | 4.00 |
| Expected dividends | Nil |
| Average risk-free interest rate | 7.80% |

Effect of the employee share-based payment plans on the profit and loss:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Total Employee Compensation Cost pertaining to share-based payment plans | 52.70 | 75.46 |
| Compensation Cost pertaining to equity-settled employee share-based payment plan included above | 52.70 | 75.46 |

Effect of the employee share-based payment plans on its financial position:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|--------------------------------|--------------------------------|
| Total reserve for employee stock options outstanding as at year end | 97.37 | 95.97 |

29 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 31 March 2021 | As at 31 March 2020 |
|---|---------|------------------------|------------------------|
| Financial assets | | | |
| a) Measured at fair value through profit or loss (FVTPL) | | | |
| - Investment in mutual funds and bonds (Refer Note b(iii) below) | Level 1 | 22,161.38 | 8,655.45 |
| - Investment in debt instruments of subsidiaries and equity/preference instruments of other entities (Refer Note b(iv) below) | Level 3 | 190.49 | 89.60 |
| | | 22,351.87 | 8,745.05 |
| b) Measured at amortised cost (Refer Note b(i) and (ii) below) | | | |
| - Trade receivables | | 12.46 | 11.00 |
| - Cash and cash equivalents | | 350.07 | 129.04 |
| - Loans to employees | | 8.98 | 12.26 |
| - Inter-corporate deposits | | 701.91 | - |
| - Security deposits | | 41.70 | 101.16 |
| - Deposits with Banks | | 376.02 | 418.35 |
| - Other financial assets | | 66.94 | 23.17 |
| | | 1,558.08 | 694.98 |
| Total (a+b) | | 23,909.95 | 9,440.03 |
| Financial liabilities | | | |
| a) Measured at amortised cost (Refer Note b(i) and (ii) below) | | | |
| - Trade payables | | 153.84 | 177.07 |
| - Security deposits | | 0.14 | 0.14 |
| - Other financial liabilities | | 193.22 | 253.99 |
| - Lease liabilities | | 634.24 | 765.09 |
| Total | | 981.44 | 1,196.29 |

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

- The carrying value of Deposits with Banks, Inter-corporate deposits with Financial institutions, trade receivables, cash and cash equivalents, loans to employees, 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. These have been assessed basis counterparty credit risk.
- 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 and bonds is based on quoted market prices at the reporting date. We do not expect material volatility in these financial assets.
- Fair value of debt instruments of subsidiaries and equity/preference instruments of other entities is estimated based on market multiple / replacement cost method / discounted cash flows valuation technique using 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 as of 31 March 2021 and 31 March 2020:

| Financial assets | Valuation technique(s) | Key input(s) | Sensitivity |
|--|---|---|--------------------|
| Investment in debt instruments of subsidiaries and equity/preference instruments of other entities | | | |
| -Pay With Indiamart Private Limited, Mobisy Technologies Private Limited | 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** |
| -Tolexo Online Private Limited | Replacement cost method / Market multiple | Replacement cost / Market multiple | NA |

* The fair values of financial assets included in level 3 have been determined in accordance with generally accepted valuation models based on a discounted cashflow analysis, with one of 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 the financial assets is directly proportional to the estimated future cash flow projections based on the budgets approved by the management. Change in significant unobservable input of discount rate by 100 bps and growth rate by 100 bps in the valuation does not have a significant impact on the carrying value of the assets in the financial statements.

d) Reconciliation of level 3 fair value measurements

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Investment in Optionally Convertible Redeemable Preference instruments of subsidiaries | | |
| Opening balance | 89.60 | 90.39 |
| Loss recognised in profit or loss | (41.60) | (68.79) |
| Additions | 42.50 | 68.00 |
| Closing balance | 90.50 | 89.60 |
| Investment in equity/preference instruments of other entities | | |
| Opening balance | - | - |
| Additions | 99.99 | - |
| Closing balance | 99.99 | - |

e) During the year ended 31 March 2021 and 31 March 2020, 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.

30 Capital management

The Company manages its capital to ensure that the company will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of no debts and only equity of the company.

The Company is not subject to any externally imposed capital requirements.

The Company reviews the capital structure on a regular basis. As part of this review, the Company considers the cost of capital, risks associated with each class of capital requirements and maintenance of adequate liquidity.

31 Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and bank balances, trade receivables, investments in mutual funds, bonds, loans and security deposits.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Trade receivables

The Company primarily collects consideration in advance for the services to be provided to the customer. As a result, the Company is not exposed to significant credit risk on trade receivables.

Cash and cash equivalents, deposits and investments in mutual funds and bonds

The Company maintains its cash and cash equivalents, bank deposits, inter-corporate deposits, investment in mutual funds and bonds with reputed banks and financial institutions. The credit risk on these instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Security deposits and Loans

The Company monitors the credit rating of the counterparties on regular basis. These instruments carry very minimal credit risk based on the financial position of parties and Company's historical experience of dealing with the parties.

ii) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, who has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

31 Financial risk management objectives and policies (Cont'd)

Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments:

Contractual maturities of financial liabilities

| 31 March 2021 | Within 1 year | Between 1 and 5 years and thereafter | Total |
|-----------------------------|---------------|--------------------------------------|-----------------|
| Trade payables | 153.84 | - | 153.84 |
| Lease liabilities | 108.57 | 525.67 | 634.24 |
| Other financial liabilities | 193.36 | - | 193.36 |
| | 455.77 | 525.67 | 981.44 |
| 31 March 2020 | Within 1 year | Between 1 and 5 years and thereafter | Total |
| Trade payables | 177.07 | - | 177.07 |
| Lease liabilities | 152.61 | 612.49 | 765.10 |
| Other financial liabilities | 254.12 | - | 254.12 |
| | 583.80 | 612.49 | 1,196.29 |

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include foreign currency receivables, deposits, investments in mutual funds and bonds.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company's exposure to unhedged foreign currency risk as at 31 March 2021 and 31 March 2020 has been disclosed in note below. Currency risks related to the principal amounts of the Company's US dollar trade receivables.

Unhedged foreign currency exposure

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------|------------------------|------------------------|
| Trade receivable | USD 0.09 (INR 6.72) | USD 0.05 (INR 3.77) |

Sensitivity

USD sensitivity

| | Impact on profit before tax For the year ended 31 March 2021 | Impact on profit before tax For the year ended 31 March 2020 |
|--------------------------|--|--|
| INR/USD - increase by 2% | 0.13 | 0.08 |
| INR/USD - decrease by 2% | (0.13) | (0.08) |

Interest rate risk

Investment of short-term surplus funds of the Company in liquid schemes of mutual funds and bonds provides high level of liquidity from a portfolio of money market securities and high quality debt and categorized as 'low risk' product from liquidity and interest rate risk perspectives.

Sensitivity

| | Impact on profit before tax For the year ended 31 March 2021 | Impact on profit before tax For the year ended 31 March 2020 |
|--|--|--|
| + 5% change in NAV of mutual funds and bonds | 1,108.07 | 432.77 |
| - 5% change in NAV of mutual funds and bonds | (1,108.07) | (432.77) |

32 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 year ended 31 March 2021 | For the year ended 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| India | 6,572.16 | 6,194.94 | 652.43 | 854.44 |
| Others | 78.32 | 40.19 | - | - |
| | 6,650.48 | 6,235.13 | 652.43 | 854.44 |

* Non-current assets exclude financial assets, investment in subsidiaries and associates, deferred tax assets, tax assets and post-employment benefit assets.

33 Related party transactions

i) Names of related parties and related party relationship:

| a) Entity's subsidiaries & associates | Subsidiaries | |
|---------------------------------------|--------------|--|
| | | Hello Trade Online Private Limited |
| | | Tradezeal Online Private Limited |
| | | Tolexo Online Private Ltd |
| | | Pay With Indiamart Private Limited |
| | | Ten Times Online Private Limited (ceased to be a subsidiary on 1 September 2020) |
| | Associates | Simply Vyapar Apps Private Limited |
| | | Ten Times Online Private Limited (with effect from 1 September 2020) |

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 |
| Manoj Bhargava | Company Secretary |
| Dhruv Prakash | Non-executive director |
| 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 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 year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits | 111.39 | 119.15 |
| Post-employment benefits | 0.13 | 1.11 |
| Other long-term employee benefits | - | 3.67 |
| Employee share based payment | 4.37 | 32.39 |
| | 115.89 | 156.32 |

33 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 year:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Entities where KMP and Individuals exercise Significant influence | | |
| <u>Expenses for rent</u> | | |
| Mansa Enterprises Private Limited | 1.59 | 3.07 |
| Key management personnel | | |
| <u>Recruitment and training expenses</u> | | |
| Dhruv Prakash | 0.44 | 3.09 |
| Director's sitting fees | 1.14 | 2.09 |
| <u>Dividend paid</u> | | |
| Dinesh Chandra Agarwal | - | 86.31 |
| Brijesh Kumar Agrawal | - | 58.49 |
| Prateek Chandra | - | 1.01 |
| Manoj Bhargava | - | 0.01 |
| Rajesh Sawhney | - | 0.25 |
| Dhruv Prakash | - | 0.40 |
| Vivek Narayan Gour | - | 0.09 |
| Associates | | |
| <u>Investment in associates</u> | | |
| Simply Vyapar Apps Private Limited | - | 312.02 |
| <u>Internet and online services availed</u> | | |
| Ten Times Online Pvt. Ltd (from 1 September 2020) | 0.05 | - |
| Subsidiary companies | | |
| <u>Investment in subsidiaries</u> | | |
| Tolexo Online Pvt. Ltd | 20.00 | 58.00 |
| Tradezeal Online Pvt. Ltd | 20.00 | - |
| Pay With Indiamart Pvt. Ltd | 2.50 | 10.00 |
| <u>Web services provided to</u> | | |
| Pay With Indiamart Pvt. Ltd | 4.53 | 3.94 |
| Simply Vyapar Apps Private Limited | 0.04 | 0.01 |
| <u>Indemnification against gateway transactions paid</u> | | |
| Pay With Indiamart Pvt. Ltd | 1.98 | 0.12 |
| <u>Customer support services availed from</u> | | |
| Pay With Indiamart Pvt. Ltd | 1.27 | 1.48 |
| <u>Dividend received</u> | | |
| Ten Times Online Pvt. Ltd (till 1 September 2020) | 32.48 | - |
| <u>Indiamart Employee Benefit Trust</u> | | |
| Interest free loan given | 1.20 | 1.50 |
| Repayment of loan given | 1.20 | - |
| Share capital issued | 1.35 | 1.45 |
| Dividend paid | - | 0.43 |

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 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 do not include IPO related expenses, incurred, in trust on behalf of related parties (Managing Director and Whole time Director) as selling shareholders in Offer for Sale during the year ended 31 March 2020.

33 Related party transactions (Cont'd)

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

| Balance Outstanding at the year end | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Subsidiary companies | | |
| <u>Investment in debt instruments of subsidiaries</u> | | |
| <u>(Measured at FVTPL)</u> | | |
| Tolexo Online Pvt. Ltd | 15.00 | 36.60 |
| Tradezeal Online Pvt. Ltd | 20.00 | - |
| Pay With Indiamart Pvt. Ltd | 55.50 | 53.00 |
| <u>Investment in equity instruments of subsidiaries</u> | | |
| <u>(At cost)*</u> | | |
| Tolexo Online Pvt. Ltd | 70.02 | 70.02 |
| Tradezeal Online Pvt. Ltd | 1.10 | 1.10 |
| Hello Trade Online Pvt. Ltd | 0.30 | 0.30 |
| Pay With Indiamart Pvt. Ltd | 1.00 | 1.00 |
| Ten Times Online Pvt. Ltd (Refer Note 7(1)) | - | 3.10 |
| <u>Trade payable</u> | | |
| Pay With Indiamart Pvt. Ltd | 0.10 | - |
| Key management personnel | | |
| <u>Recruitment and training expenses payable</u> | | |
| Dhruv Prakash | - | 0.13 |
| <u>Director's sitting fees</u> | 0.05 | - |
| Associates | | |
| <u>Investment in associates</u> | | |
| Simply Vyapar Apps Private Limited | 312.02 | 312.02 |
| Ten Times Online Pvt. Ltd (Refer Note 7(1)) | 0.93 | - |
| <u>Deferred Revenue</u> | | |
| Simply Vyapar Apps Private Limited | 0.47 | 0.02 |
| <u>Loan given</u> | | |
| Indiamart Employee Benefit Trust | 1.50 | 1.50 |

*Does not include provision for diminution of investment in equity shares.

34 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 reference.

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| A Revenue from operations | 6,650.48 | 6,235.13 |
| B Customer service cost | (1,216.58) | (1,738.86) |
| C Surplus over customer service cost (A-B) | 5,433.90 | 4,496.27 |
| Selling & Distribution Expenses | 801.38 | 1,129.62 |
| Technology & Content Expenses | 847.35 | 1,036.40 |
| Marketing Expenses | 21.66 | 51.42 |
| Depreciation and amortisation | 158.65 | 209.15 |
| Other Operating Expenses | 430.15 | 552.33 |
| D Total | 2,259.19 | 2,978.92 |
| E Operating profit (C-D) | 3,174.71 | 1,517.35 |
| Finance costs | (66.63) | (32.83) |
| Other income | 851.62 | 684.12 |
| F Total | 784.99 | 651.29 |
| Profit before exceptional items and tax | 3,959.70 | 2,168.64 |
| Exceptional item | - | 68.79 |
| G Profit before tax | 3,959.70 | 2,099.85 |
| Tax expense | 983.35 | 323.69 |
| Tax expense related to change in tax rate/law | 109.22 | 314.08 |
| Profit for the year | 2,867.13 | 1,462.08 |

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 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 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.

35 Contingent liabilities and commitments

a) Contingent liabilities

1. 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 there being further clarity on the matter.

2. The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results or cash flows of the Company, with respect to loss contingencies for legal and other contingencies as at 31 March 2021.

3. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

b) Capital and other commitments

- As at 31 March 2021, the Company has capital commitment of INR 13 millions (31 March 2020: Nil).

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

36 a) As per section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) during the year ended 31 March 2021 is INR 10.98 (31 March 2020: INR 1.05), computed at 2% of its average net profit for the immediately preceding three financial years. The Company incurred an amount INR 12.49 during the year ended 31 March 2021 (31 March 2020: INR 1.05), towards CSR expenditure. The Company decided in the meeting of its board of directors to carry forward the excess spent of INR 1.51 for succeeding years.

b) Exceptional item, during the year ended 31 March 2020, amounting to INR 68.79 represents fair value change in the carrying value of investment in Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS), held in Tolexo Online Private limited, a wholly owned subsidiary company, due to the current economic conditions.

37 Details of dues to micro and small enterprises as defined under MSMED Act 2006:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|--------------------------------|--------------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period | | |
| - Principal amount due to micro and small enterprises | - | - |
| - Interest due on above | - | - |
| | <u>-</u> | <u>-</u> |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period | - | - |
| The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting period | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |
| | <u>-</u> | <u>-</u> |

38 Events after the reporting period

The Company has evaluated all the subsequent events through 29 April 2021, which is the date on which these standalone financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the standalone 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 Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:30:59 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 29 April 2021

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

**Dinesh
Chandra
Agarwal** Digitally signed by
Dinesh Chandra
Agarwal
Date: 2021.04.29
14:28:47 +05'30'

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

**Prateek
Chandra** Digitally signed by
Prateek Chandra
Date: 2021.04.29 14:03:29 +05'30'

Prateek Chandra
(Chief Financial Officer)

**Brijesh
Kumar
Agrawal** Digitally signed
by Brijesh Kumar
Agrawal
Date: 2021.04.29
13:55:33 +05'30'

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

**MANOJ
BHARGAVA** Digitally signed by
MANOJ BHARGAVA
Date: 2021.04.29
14:03:29 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida

Date: 29 April 2021

B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

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

INDEPENDENT AUDITORS' REPORT

To the Members of IndiaMART InterMESH Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated 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 associates, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income (loss)), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2021, of its consolidated profit and other comprehensive income (loss), consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Registered Office:

Description of Key Audit Matter

| Revenue Recognition (See note 2.3(d) and 19 to the consolidated financial statements) | |
|--|---|
| The key audit matter | How the matter was addressed in our audit |
| <p>The Group generates revenue primarily from web services and follows a prepaid model for its business.</p> <p>Revenue from web services is recognised over the period of the contract as and when the Group satisfies performance obligations by actually rendering the promised services to its customers.</p> <p>These services are delivered using IT systems which manage very high volume on daily basis and generate reports from which the Group recognises revenue, and hence there is inherent risk around the existence and accuracy of revenue recognition.</p> <p>We have identified revenue recognition from web services as a key audit matter because of the significance of web service revenue to the financial statements and its recognition based on high volume of data generated by internal IT systems.</p> | <p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the revenue recognition accounting policy and its compliance with applicable accounting standards. • We evaluated the design and implementation of key internal financial controls and operating effectiveness of the relevant key controls with respect to existence and accuracy of revenue recognition on selected transactions. • We, with the involvement of IT specialists, evaluated the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Group's IT systems which govern revenue recognition, including access controls, controls over program changes and interfaces between different systems. • We selected a sample of transactions using statistical sampling and performed tests of details including reading the contract, identifying performance obligation and its link with actual rendition to assess whether the criteria for revenue recognition are met. • We tested completeness and accuracy of web services revenue and collection from underlying relevant source documents generated by IT systems with accounting system. • We assessed the adequacy of disclosures in the consolidated financial statements. |

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income (loss), consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company 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 consolidated 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 consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates 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 associates is responsible for overseeing the financial reporting process of each company.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements 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 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 associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated 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 the section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of four subsidiaries, whose financial statements, net of consolidation adjustments, reflect total assets of INR 93.74 Million as at 31 March 2021, total revenues of INR 29.18 Million and net cash outflows amounting to INR 19.53 Million for the year ended on that date, as considered in the consolidated financial statements. We did not audit the financial information of one subsidiary (till 01 September 2020), whose financial information, net of consolidation adjustments, reflect total assets of INR NIL as at 1 September 2020, total revenues of INR 20.49 Million for the period 1 April 2020 to 1 September 2020 and net cashflows amounting to INR 27.97 Million for the period 1 April 2020 to 1 September 2020, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income (loss)) of INR 26.60 million for the year ended 31 March 2021, in respect of two associates, whose financial statements have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associates companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Further, the associate companies incorporated in India have been exempted from the requirement of its auditor reporting on whether the company has adequate internal financial control system in place and the operating effectiveness of such controls.
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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 the subsidiaries and associates, as noted in the 'Other Matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group and its associates. Refer Note 36 to the consolidated financial statements.
 - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate companies incorporated in India during the year ended 31 March 2021.
 - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The associate companies are private limited companies and accordingly the requirements as stipulated by the provisions of section 197 (16) are not applicable to the associate companies. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Chartered Accountants

ICAI Firm registration No: 101248W/W-100022

KANIKA KOHLI

Kanika Kohli

Partner

Membership No:511565

ICAI UDIN: 21511565AAAAAX2709

Digitally signed by KANIKA

KOHLI

Date: 2021.04.29 15:13:54

+05'30'

Place: Gurugram
Date: 29 April 2021

Annexure A to the Independent Auditors' report on the consolidated financial statements of IndiaMART InterMESH Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of IndiaMART InterMESH Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

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

KANIKA
KOHLI

Digitally signed by
KANIKA KOHLI
Date: 2021.04.29
15:15:30 +05'30'

Kanika Kohli

Partner

Membership No:511565

ICAI UDIN: 21511565AAAAAX2709

Place: Gurugram
Date: 29 April 2021

IndiaMART InterMESH Limited
Consolidated Balance Sheet as at 31 March 2021
(Amounts in INR million, unless otherwise stated)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|--|--------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5A | 22.31 | 51.76 |
| Capital work in progress | 5A | 1.77 | 1.77 |
| Right-of-use asset | 5B | 625.65 | 799.71 |
| Intangible assets | 6 | 2.71 | 4.83 |
| Investment in associates | 7 | 269.94 | 295.61 |
| Financial assets | | | |
| (i) Investments | 8 | 99.99 | - |
| (ii) Loans | 8 | 2.37 | 0.73 |
| (iii) Others financial assets | 8 | 38.72 | 400.83 |
| Deferred tax assets (net) | 26 | - | 245.70 |
| Non-current tax assets (net) | 18 | 186.60 | 211.60 |
| Other non-current assets | 9 | 17.46 | 17.22 |
| Total Non-current assets | | 1,267.52 | 2,029.76 |
| Current assets | | | |
| Financial assets | | | |
| (i) Investments | 8 | 22,174.36 | 8,718.78 |
| (ii) Trade receivables | 10 | 12.46 | 16.82 |
| (iii) Cash and cash equivalents | 11 | 401.19 | 169.38 |
| (iv) Bank balances other than (iii) above | 11 | 376.08 | 69.26 |
| (v) Loans | 8 | 709.25 | 12.99 |
| (vi) Others financial assets | 8 | 76.75 | 79.83 |
| Current tax assets (net) | 18 | 56.62 | 79.34 |
| Other current assets | 9 | 40.35 | 53.13 |
| Total current assets | | 23,847.06 | 9,199.53 |
| Total Assets | | 25,114.58 | 11,229.29 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 12 | 303.16 | 288.77 |
| Other equity | 13 | 15,805.68 | 2,461.80 |
| Total Equity | | 16,108.84 | 2,750.57 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| -Lease liabilities | 15 (a) | 525.67 | 612.49 |
| Provisions | 16 | 275.36 | 265.40 |
| Deferred tax liabilities (net) | 26 | 207.20 | - |
| Contract liabilities | 17 | 2,584.75 | 2,697.21 |
| Total Non-current liabilities | | 3,592.98 | 3,575.10 |
| 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 | | 154.28 | 179.42 |
| (ii) Lease liabilities | 15 (a) | 108.57 | 152.61 |
| (iii) Other financial liabilities | 15 (b) | 201.40 | 259.97 |
| Provisions | 16 | 48.43 | 40.47 |
| Contract liabilities | 17 | 4,676.26 | 4,155.58 |
| Other current liabilities | 17 | 223.82 | 115.57 |
| Total Current liabilities | | 5,412.76 | 4,903.62 |
| Total Liabilities | | 9,005.74 | 8,478.72 |
| Total Equity and Liabilities | | 25,114.58 | 11,229.29 |
| Summary of significant accounting policies | 2 | | |

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

As per our report of even date attached

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

KANIKA KOHLI
Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:16:57 +05'30'

Kanika Kohli
Partner
Membership No.: 511565
Place: Gurugram
Date: 29 April 2021

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

Dinesh Chandra Agarwal
Digitally signed by Dinesh Chandra Agarwal
Date: 2021.04.29 14:31:18 +05'30'

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

Prateek Chandra
Digitally signed by Prateek Chandra
Date: 2021.04.29 14:31:18 +05'30'

Prateek Chandra
(Chief Financial Officer)

Brijesh Kumar Agrawal
Digitally signed by Brijesh Kumar Agrawal
Date: 2021.04.29 14:05:11 +05'30'

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

MANOJ BHARGAVA
Digitally signed by MANOJ BHARGAVA
Date: 2021.04.29 14:10:11 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida
Date: 29 April 2021

IndiaMART InterMESH Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2021

(Amounts in INR million, unless otherwise stated)

| | Notes | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------|-------------------------------------|-------------------------------------|
| Income: | | | |
| Revenue from operations | 19 | 6,695.62 | 6,388.54 |
| Other income | 20 | 865.84 | 685.91 |
| Total income | | 7,561.46 | 7,074.45 |
| Expenses: | | | |
| Employee benefits expense | 21 | 2,052.13 | 2,666.69 |
| Finance costs | 22 | 66.63 | 32.83 |
| Depreciation and amortisation expense | 23 | 160.65 | 211.45 |
| Other expenses | 24 | 1,361.92 | 2,032.88 |
| Total expenses | | 3,641.33 | 4,943.85 |
| Net profit before share of profit in associates and tax | | 3,920.13 | 2,130.60 |
| Share in net loss of associates | | (26.60) | (16.41) |
| Profit before tax | | 3,893.53 | 2,114.19 |
| Income tax expense | | | |
| Current tax | 26 | 639.25 | 0.67 |
| Deferred tax | 26 | 347.32 | 325.62 |
| Tax Impact related to change in tax rate and law | 26 | 109.22 | 314.08 |
| Total tax expense | | 1,095.79 | 640.37 |
| Net profit for the year | | 2,797.74 | 1,473.82 |
| Other comprehensive loss | | | |
| Items that will not be reclassified to profit or loss and its related income tax effects | | | |
| Re-measurement losses on defined benefit plans | | (23.99) | (74.03) |
| Income tax effect | | 6.21 | 18.56 |
| | | (17.78) | (55.47) |
| Other comprehensive loss for the year, net of tax | | (17.78) | (55.47) |
| Total comprehensive income for the year | | 2,779.96 | 1,418.35 |
| Earnings per equity share: | | | |
| | 25(a) | | |
| Basic earnings per equity share (INR) - face value of INR 10 each | | 96.15 | 51.14 |
| Diluted earnings per equity share (INR) - face value of INR 10 each | | 94.58 | 50.24 |
| Summary of significant accounting policies | 2 | | |

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

KANIKA KOHLI

Digitally signed by KANIKA
KOHLI
Date: 2021.04.29 15:17:43
+05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 29 April 2021

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

Dinesh Chandra Agarwal
Digitally signed by
Dinesh Chandra
Agarwal
Date: 2021.04.29
14:32:31 +05'30'

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

Prateek Chandra
Digitally signed by Prateek Chandra
DN: cn=Prateek,
2.5.4.0=101248W/W-100022, o=BSR&Co., ou=Prateek Chandra,
c=IN, email=prateek@bsr.co.in, postalCode=122001, st=Haryana,
2.5.1.2=101248W/W-100022, serial=100022, cn=Prateek Chandra
Date: 2021.04.29 15:28:53 +05'30'

Prateek Chandra
(Chief Financial Officer)

Brijesh Kumar Agrawal
Digitally signed
by Brijesh Kumar
Agrawal
Date: 2021.04.29
14:06:53 +05'30'

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

MANOJ BHARGAVA A
Digitally signed
by MANOJ
BHARGAVA
Date: 2021.04.29
14:10:45 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida

Date: 29 April 2021

(a) Equity share capital (Refer Note 12)

| Equity shares of INR 10 each issued, subscribed and fully paid up | Amount |
|--|---------------|
| As at 1 April 2019 | 285.92 |
| Equity share capital issued on exercise of ESOP during the year | 1.83 |
| Equity share capital issued during the year to Indiamart Employee Benefit Trust (refer note 12(d)) | 1.45 |
| Equity share capital issued during the year and held by Indiamart Employee Benefit Trust as at year end (refer note 12(d)) | (0.43) |
| As at 31 March 2020 | 288.77 |
| As at 1 April 2020 | 288.77 |
| Equity share capital issued on exercise of ESOP during the year | 0.67 |
| Equity share capital issued on Qualified Institutions Placement during the year (refer note 12(1)) | 12.42 |
| Equity share capital issued during the year to Indiamart Employee Benefit Trust (refer note 12(d)) | 1.35 |
| Equity share capital issued during the year and held by Indiamart Employee Benefit Trust as at year end (refer note 12(d)) | (0.05) |
| As at 31 March 2021 | 303.16 |

(b) Other equity (Refer Note 13)

| Particulars | Reserves and surplus | | | | | Total other equity |
|---|----------------------|-----------------|--------------------------------------|-----------------|-------------------|--------------------|
| | Securities premium | General reserve | Employee share based payment reserve | Capital reserve | Retained earnings | |
| Balance as at 1 April 2019 | 4,686.54 | 8.45 | 88.48 | (2.04) | (3,468.47) | 1,312.96 |
| Impact of adoption of Ind AS 116 (net of taxes) (Refer Note 5B) | - | - | - | - | (16.33) | (16.33) |
| Profit for the year | - | - | - | - | 1,473.82 | 1,473.82 |
| Other comprehensive loss for the year | - | - | - | - | (55.47) | (55.47) |
| Total comprehensive income | - | - | - | - | 1,402.02 | 1,402.02 |
| Issue of equity shares on exercise of ESOP during the year | 67.36 | - | (50.91) | - | - | 16.45 |
| Employee share based payment expense (Refer Note 21) | - | - | 78.59 | - | - | 78.59 |
| Dividend paid F.Y 2019-20 (includes Dividend Distribution Tax of INR 59.45 millions) | - | - | - | - | (348.22) | (348.22) |
| Balance as at 1 April 2020 | 4,753.90 | 8.45 | 116.16 | (2.04) | (2,414.67) | 2,461.80 |
| Profit for the year | - | - | - | - | 2,797.74 | 2,797.74 |
| Other comprehensive loss for the year | - | - | - | - | (17.78) | (17.78) |
| Total comprehensive income | - | - | - | - | 2,779.96 | 2,779.96 |
| Issue of equity shares on exercise of share based awards during the year | 57.30 | - | (51.30) | - | - | 6.00 |
| Issue of equity shares on Qualified Institutions Placement during the year (refer note 12(1)) | 10,499.57 | - | - | - | - | 10,499.57 |
| Employee share based payment expense (Refer Note 21) | - | - | 58.83 | - | - | 58.83 |
| ESOP surrendered of subsidiary company | - | - | (25.83) | - | 25.83 | - |
| Adjustment for loss of control in Subsidiary (Refer Note 37) | - | - | (0.48) | 2.04 | (2.04) | (0.48) |
| Balance as at 31 March 2021 | 15,310.77 | 8.45 | 97.38 | - | 389.08 | 15,805.68 |

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

KANIKA KOHLI

Digitally signed by KANIKA KOHLI
 Date: 2021.04.29 15:18:22 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 29 April 2021

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

Dinesh Chandra Agarwal

Digitally signed by Dinesh Chandra Agarwal
 Date: 2021.04.29 14:34:38 +05'30'

Dinesh Chandra Agarwal
 (Managing Director and CEO)

DIN:00191800

Prateek Chandra

Digitally signed by Prateek Chandra
 Date: 2021.04.29 14:11:17 +05'30'

Prateek Chandra
 (Chief Financial Officer)

Place: Noida

Date: 29 April 2021

Brijesh Kumar Agrawal

Digitally signed by Brijesh Kumar Agrawal
 Date: 2021.04.29 14:07:19 +05'30'

Brijesh Kumar Agrawal
 (Whole-time director)

DIN:00191760

MANOJ BHARGAVA

Digitally signed by MANOJ BHARGAVA
 Date: 2021.04.29 14:11:17 +05'30'

Manoj Bhargava
 (Company Secretary)

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

1. Corporate Information

IndiaMART Intermesh Limited (“the Company” or “the Parent Company”) is a public company domiciled in India and was incorporated on September 13, 1999 under the provisions of the Companies Act applicable in India. The company and its consolidated subsidiaries (hereinafter collectively referred to as “the Group”) 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 consolidated financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on 29 April 2021.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies below, except for the following:

- certain financial assets and liabilities measured at fair value where Ind AS requires a different accounting treatment (refer accounting policy regarding financial instruments);
- share-based payments
- net defined benefit (asset)/liability - Fair value of plan assets less present value of defined benefit obligations.

The preparation of these consolidated 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 consolidated financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and associates as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights
- The size of the group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

IndiaMART InterMesh Limited**Notes to Consolidated financial statements for the year ended 31 March 2021**

(Amounts in INR millions, unless otherwise stated)

Group subsidiaries and associates are as follows:

| S. No. | Name of subsidiaries and Associates and date of shareholding | Proportion of ownership interest as at 31 March, 2021 | Proportion of ownership interest as at 31 March 2020 |
|--------|---|---|--|
| 1 | Tradezeal Online Private Limited (from May 31,2005) (formerly Known as Tradezeal International Limited) | 100.00% | 100.00% |
| 2 | Hello Trade Online Private Limited (from July 03,2008) | 100.00% | 100.00% |
| 3 | Ten Times Online Private Limited (associate with effect from 1 September 2020) | 30.00% | 100.00% |
| 4 | Tolexo Online Private Limited (from May 28, 2014) | 100.00% | 100.00% |
| 5 | Pay With IndiaMART Private Limited (from February 7, 2017) | 100.00% | 100.00% |
| 6 | Simply Vyapar Apps Private Limited (from September 3, 2019) | 26.00% (on Fully diluted basis) | 26.00% (on Fully diluted basis) |

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year/quarter are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2021 since the Group's subsidiaries and associate have the same reporting period end.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill, if any) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Summary of significant accounting policies

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by all the group entities, to all the periods presented in these consolidated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

a) Statement of Compliance

The consolidated financial statements for the period ended 31 March 2021 have been prepared in accordance with the Indian Accounting Standards (referred to as "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).

All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR million as per the requirement of Schedule III, unless otherwise stated.

b) Current versus non-current classification

The Group presents assets and liabilities in balance sheet based on current/non-current classification. An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) A cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing/servicing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

c) Fair value measurement

The Group measures financial instruments, such as Investment in equity/preference instrument of other entities, Investment in mutual funds and bonds at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 consolidated 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 consolidated 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.

The Group's management determines the policies and procedures for recurring fair value measurement, such as investment in equity/preference instrument of other entities measured at fair value.

External valuers are involved for valuation of significant assets, such as unquoted investments in equity/preference instruments of other entities. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant estimates and assumptions (Note 3)
- Disclosures for valuation methods and quantitative disclosure of fair value measurement hierarchy (Note 29)

d) Revenue from contracts with customers and other income

Revenue from contracts with customers

The Group is primarily engaged in providing web services. Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services and excluding taxes or duties collected on behalf of the government.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services

Revenue from web services is recognised based on output method i.e. pro-rata over the period of the contract as and when the Group satisfies performance obligations by transferring the promised services to its customers. Revenues from lead based services is recognised based on output method i.e. as and when leads are consumed by the customer or on the expiry of contract whichever is earlier. Activation revenue is amortised over the estimated customer relationship period.

Advertising revenue is derived from displaying web based banner ads and sale of online advertisements

Revenue from banner advertisement is recognised pro rata over the period of display of advertisement as per contract. Revenue from sale of online advertisements is recognised based on output method and the Group applies the practical expedient to recognize advertising revenue in the amount to which the Group has a right to invoice.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section m) Financial instruments.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised. The Group recognises contract liability for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue and advances from customers in the balance sheet. The unaccrued amounts are not recognised as revenue till all related performance obligation are fulfilled. The Group generally receives transaction price in advance for contracts with customers that run up for more than one year. The transaction price received in advance does not have any significant financing component as the difference between the promised consideration and the cash selling price of the service arises for reasons other than the provision of finance.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

Other income

Interest income

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

e) Property, plant and equipment

Capital work in progress and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Capital work in progress includes cost of property, plant and equipment under development as at the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

The Group has adopted component accounting as required under Schedule II to the Companies Act, 2013. The Group identifies the components separately, if it has useful life different from the respective property, plant and equipment.

Based on the analysis, Group believes that it does not have any asset having useful life of its major components different from the property, plant and equipment, hence Group believes that there is no material impact on the financial statement of the Group due to component accounting.

Depreciation is calculated on a written down value basis using the rates arrived at based on the useful lives prescribed under Schedule II to Companies Act, 2013. The Group has used the following rates to provide depreciation on its Property, plant and equipment:

| Asset | Annual rates |
|------------------------|--------------|
| Computers | 63.16% |
| Furniture and fittings | 26.89% |
| Office equipment | 45.07% |
| Vehicles | 31.23% |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any). Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Unique telephone numbers are amortised on a written down value basis at 40% annually.

Intangibles being Software acquired by the Group are amortised on a written down value basis at 40% annually.

Advances paid towards the acquisition of intangible assets outstanding at each balance sheet date are classified as capital advances and cost of assets not ready for use at the balance sheet date, are disclosed under capital work-in-progress.

g) Leases (as lessee)

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset. At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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.

A ROU asset 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.

h) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105.

Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying

IndiaMART Intermesh Limited**Notes to Consolidated financial statements for the year ended 31 March 2021**

(Amounts in INR millions, unless otherwise stated)

amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

i) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss.

For properties previously revalued the impairment is recognised in OCI up to the amount of any previous revaluation surplus recognised through OCI.. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

j) Taxes**Current Income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (loss) or in equity). Current tax items are recognised in correlation to the underlying

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (loss) or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes/ Service tax/ Goods and service tax (GST) paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/ GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

k) Provisions and contingent liabilities

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

l) Retirement and other employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under other current financial liabilities in the balance sheet.

Post-employment obligations

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan for its employees i.e. gratuity. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Other long-term employee benefit obligations

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting period-end. Actuarial gain/loss are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

m) Share-based payments

Employees of the Group also receive remuneration in the form of stock options (ESOP) and stock appreciation rights (SAR) as a share based payment transactions under the Group's Employee stock option plan and Employee stock benefit scheme. Both of these are equity settled share based payment transactions.

The cost of equity settled transactions is determined based on fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity settled transaction at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

n) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans to employees, trade and other receivables. For more information on receivables, refer to Note 29.

Debt instruments at FVTOCI

A 'debt instrument' is classified as at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- b. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, security deposits and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Profit or Loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Foreign currency transactions

The Group's financial statements are presented in INR which is also the Group's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

r) Segment reporting

Identification of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's activities of providing e-marketplace services for businesses is considered to be a single business segment. The analysis of geographical segments is based on the areas in which customers are based.

Segment policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

s) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

u) Recently issued accounting pronouncements

On 24 March 2021, the Ministry of Corporate Affairs (MCA), notified amendments in Schedule III to the Companies Act, 2013 effective from 1 April 2021. Following are key amended provisions which may have impact on the presentation of consolidated financial statement of the Group:

Balance sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables and capital work-in-progress.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to undisclosed income, Corporate Social Responsibility (CSR) and crypto or virtual currency specified under the head 'additional information' in the notes to the consolidated financial statements.

The Company is currently evaluating the impact of these amendment on its consolidated financial statements.

3. Significant accounting estimates and assumptions

The preparation of consolidated 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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Therefore, actual results could differ from these estimates.

IndiaMART Intermesh Limited**Notes to Consolidated financial statements for the year ended 31 March 2021**

(Amounts in INR millions, unless otherwise stated)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability, the Group considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has recognised deferred tax assets on the deductible temporary differences since the management is of the view that it is probable the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

b) Share based payment

The Group initially measures the cost of equity-settled transactions with employees using a Black–Scholes–Merton option pricing model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and SAR units, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.

c) Revenue from contracts with customers

The Group recognise the activation fee received in advance over the estimated customer churn period of twenty seven months. The estimate is based on the historical trend analysis of the time period over which the customer is expected to be associated with the Group. The Group reviews its estimate at each reporting date.

d) Impairment of Non- financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model or other fair value valuation models. In DCF model, the cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

e) Defined benefit plans (gratuity benefit)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and

IndiaMART Intermesh Limited**Notes to Consolidated financial statements for the year ended 31 March 2021**

(Amounts in INR millions, unless otherwise stated)

mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Further details about gratuity obligations are given in Note 27.

f) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 29 and 31 for further disclosures.

g) Useful life of assets considered for depreciation of Property, Plant and Equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed at each financial year end.

h) Leases

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.

4. Impact of COVID-19

The Group has taken into account all the possible impacts of COVID-19 in preparation of these consolidated financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on leases, impact on investment in associates and investment in other entities. The Group has carried out this assessment based on

IndiaMART Intermesh Limited

Notes to Consolidated financial statements for the year ended 31 March 2021

(Amounts in INR millions, unless otherwise stated)

available internal and external sources of information upto the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these consolidated financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19.

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 below) |
|--|-----------------------------------|-----------|------------------|---------------------------|----------------|---|--|
| Gross carrying amount | | | | | | | |
| As at 1 April 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 for the year | - | 27.82 | 15.95 | 0.77 | - | 44.54 | - |
| Disposals for the year | - | (2.54) | (1.71) | (1.03) | - | (5.28) | - |
| As at 31 March 2020 | - | 127.87 | 52.63 | 5.75 | 3.80 | 190.05 | 1.77 |
| Additions for the year | - | 0.11 | 0.23 | - | - | 0.34 | - |
| Adjustment for loss of control in Subsidiary (Refer Note 37) | - | (3.81) | (0.24) | (0.03) | - | (4.08) | - |
| Disposals for the year | - | (11.15) | (3.53) | (1.69) | - | (16.37) | - |
| As at 31 March 2021 | - | 113.02 | 49.09 | 4.03 | 3.80 | 169.94 | 1.77 |
| Accumulated depreciation | | | | | | | |
| As at 1 April 2019 | 1.38 | 73.11 | 24.46 | 3.14 | 1.02 | 103.11 | - |
| Transition impact of Ind AS 116 | (1.38) | - | - | - | - | (1.38) | - |
| Charge for the year | - | 30.38 | 8.79 | 0.86 | 1.01 | 41.04 | - |
| Disposals during the year | - | (2.42) | (1.51) | (0.55) | - | (4.48) | - |
| As at 31 March 2020 | - | 101.07 | 31.74 | 3.45 | 2.03 | 138.29 | - |
| Charge for the year | - | 16.25 | 9.30 | 0.52 | 0.56 | 26.63 | - |
| Adjustment for loss of control in Subsidiary (Refer Note 37) | - | (2.53) | (0.16) | (0.01) | - | (2.70) | - |
| Disposals during the year | - | (11.00) | (2.59) | (1.00) | - | (14.59) | - |
| As at 31 March 2021 | - | 103.79 | 38.29 | 2.96 | 2.59 | 147.63 | - |
| Net book value | | | | | | | |
| As at 1 April 2019 | 35.74 | 29.48 | 13.93 | 2.87 | 2.78 | 84.80 | 1.77 |
| As at 31 March 2020 | - | 26.80 | 20.89 | 2.30 | 1.77 | 51.76 | 1.77 |
| As at 31 March 2021 | - | 9.23 | 10.80 | 1.07 | 1.21 | 22.31 | 1.77 |

Note:

1. Capital work in progress represents the amount incurred on construction of boundary wall for leasehold land (refer note 5B for details related to leasehold land).

5B Right-of-use asset

| | 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 for the year | - | 736.52 | 736.52 |
| Disposals for the year | - | (11.08) | (11.08) |
| As at 31 March 2020 | 37.12 | 929.83 | 966.95 |
| Additions for the year | - | 26.82 | 26.82 |
| Disposals for the year | - | (122.10) | (122.10) |
| As at 31 March 2021 | 37.12 | 834.55 | 871.67 |
| Accumulated depreciation | | | |
| As at 1 April 2019 | - | - | - |
| Transition impact of Ind AS 116 | 1.38 | - | 1.38 |
| Depreciation for the year | 0.46 | 167.09 | 167.55 |
| Disposals for the year | - | (1.69) | (1.69) |
| As at 31 March 2020 | 1.84 | 165.40 | 167.24 |
| Depreciation for the year | 0.46 | 131.50 | 131.96 |
| Disposals for the year | - | (53.18) | (53.18) |
| As at 31 March 2021 | 2.30 | 243.72 | 246.02 |
| Net book value | | | |
| As at 31 March 2020 | 35.28 | 764.43 | 799.71 |
| As at 31 March 2021 | 34.82 | 590.83 | 625.65 |

1. As per the terms of the lease arrangement, the Company was required to complete the construction of building within 5 years from the date of handing over the possession. The Company obtained extension for construction of building on the leasehold land till 5 July 2021 during the year ended 31 March 2021.

2. The Group had adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases using modified retrospective approach with the cumulative effect of initially applying the Standard (1 April 2019) resulting in recognition of right-of-use asset of INR 204.39 Million and a corresponding lease liability of INR 224.00 Million by adjusting retained earnings net of taxes by INR 16.33 Million [the impact of deferred tax created INR 8.77 Million] as at 1 April 2019. The Company has also reclassified its leasehold land amounting to INR 36 Million as right-of-use asset during the year ended 31 March 2020.

3. The Company incurred INR 13.70 Million for the year ended 31 March 2021 (31 March 2020: INR 22.90 Million) respectively, towards expenses relating to short-term leases and leases of low-value assets.

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on year end:

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|---------------------|---------------------|
| Within one year | 132.22 | 160.47 |
| Within one - two years | 130.34 | 160.33 |
| Within two - three years | 130.63 | 140.11 |
| Within three - five years | 229.82 | 256.70 |
| Above five years | 238.29 | 347.10 |
| Total lease payments | 861.30 | 1,064.71 |

The reconciliation of lease liabilities is as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|--|---------------------|---------------------|
| Opening balance | 765.10 | - |
| Transition impact of Ind AS 116 | - | 224.00 |
| Additions | 26.44 | 718.10 |
| Amounts recognized in statement of profit and loss as interest expense | 66.63 | 32.83 |
| Payment of lease liabilities | (122.05) | (199.10) |
| Derecognition | (78.95) | (10.73) |
| Liabilities no longer required written back | (22.93) | - |
| Balance as at year end (Refer Note 15) | 634.24 | 765.10 |

6 Intangible assets

| | Software | Unique telephone numbers | Total |
|--|--------------|--------------------------|--------------|
| Gross carrying amount | | | |
| As at 1 April 2019 | 13.26 | 4.70 | 17.96 |
| Additions for the year | 1.88 | - | 1.88 |
| As at 31 March 2020 | <u>15.14</u> | <u>4.70</u> | <u>19.84</u> |
| Additions | - | - | - |
| Adjustment for loss of control in Subsidiary (Refer Note 37) | (0.09) | - | (0.09) |
| As at 31 March 2021 | <u>15.05</u> | <u>4.70</u> | <u>19.75</u> |
| Accumulated depreciation | | | |
| As at 1 April 2019 | 8.46 | 3.69 | 12.15 |
| Amortisation for the year | 2.45 | 0.41 | 2.86 |
| As at 31 March 2020 | <u>10.91</u> | <u>4.10</u> | <u>15.01</u> |
| Amortisation for the year | 1.82 | 0.24 | 2.06 |
| Adjustment for loss of control in Subsidiary (Refer Note 37) | (0.03) | - | (0.03) |
| As at 31 March 2021 | <u>12.70</u> | <u>4.34</u> | <u>17.04</u> |
| As at 1 April 2019 | <u>4.80</u> | <u>1.01</u> | <u>5.81</u> |
| As at 31 March 2020 | <u>4.23</u> | <u>0.60</u> | <u>4.83</u> |
| As at 31 March 2021 | <u>2.35</u> | <u>0.36</u> | <u>2.71</u> |

7 Investment in associates- Unquoted

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|------------------------|---------------|------------------------|---------------|
| | No. of units | Amount | No. of units | Amount |
| (Accounted under equity method) | | | | |
| Fully paid up - at cost (Refer note 32) | | | | |
| 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 | 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 | 10 | 0.52 |
| Add: Share of loss of associate | | (42.08) | | (16.41) |
| Equity shares of INR 10 each in Ten Times Online Private Limited (Refer note 37) | | 0.93 | | - |
| Add: Share of loss of associate | | (0.93) | | - |
| | | 269.94 | | 295.61 |

8 Financial assets

| | As at 31 March 2021 | | As at 31 March 2020 | |
|--|------------------------|--------------|------------------------|----------|
| | No. of units | Amount | No. of units | Amount |
| a) Non-current investments | | | | |
| Investment in others | | | | |
| Unquoted (measured at FVTPL) | | | | |
| Instant Procurement Services Private Limited | | | | |
| Equity shares held in of INR 10 each in Instant Procurement Services Private Limited * | 5,500 | - | - | - |
| 0.001% Optionally convertible redeemable preference share of INR 10 each | 12,446 | - | 12,446 | - |
| 0.001% Compulsorily convertible preference share of INR 10 each | 3,764 | - | 3,764 | - |
| Mobisy Technologies Private Limited (refer note 2 below) | | | | |
| Compulsory convertible preference shares of INR 1 each (at premium of INR 776 each) | 128,593 | 99.92 | - | - |
| Equity shares of INR 1 each (at premium of INR 776 each) | 100 | 0.07 | - | - |
| Total | | 99.99 | | - |
| Total non-current investments | | 99.99 | | - |

Notes:

1. 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 through profit-and-loss.

2. During the year ended 31 March 2021, the Group has acquired 8.98% interest on fully converted and diluted basis in Mobisy Technologies Private Limited at the aggregate consideration of INR 99.99 Million. This investment has been classified as "Investment at FVTPL" as per Ind-AS 109.

*During the year ended 31 March 2021, the loan given to Instant Procurement Services Private Limited was converted into its equity shares .

b) Current investments

| | As at 31 March 2021 | | As at 31 March 2020 | |
|--|------------------------|------------------|------------------------|-----------------|
| | No. of units | Amount | No. of units | Amount |
| Investment in mutual funds - Quoted (measured at FVTPL) | | | | |
| Aditya Birla Sunlife Short-Term Fund-Growth Regular Plan | 2,599,874 | 95.06 | 2,599,874 | 86.25 |
| Aditya Birla Sunlife Short-Term Fund-Growth-Direct Plan | 21,181,794 | 814.54 | 21,181,794 | 733.87 |
| Aditya Birla Sunlife Corporate Bond Fund - Growth-Regular Plan | 6,508,526 | 559.11 | 6,682,469 | 522.93 |
| Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct Plan | 4,570,414 | 396.40 | 2,013,531 | 158.84 |
| Aditya Birla Sun Life Money Manager Fund - Direct | 3,498,589 | 1,004.69 | - | - |
| Aditya Birla Sun Life Savings Fund - Direct Growth | 2,764,954 | 1,180.18 | - | - |
| Axis Ultra Short Term Fund - Direct Growth | 41,966,039 | 502.05 | - | - |
| Bharat Bond ETF April-2023 | 400,000 | 446.50 | 400,000 | 408.08 |
| Bharat Bond ETF April-2025 | 149,992 | 153.71 | - | - |
| HDFC Short Term Debt Fund-Direct Growth Plan | 17,712,429 | 441.87 | 19,720,994 | 451.38 |
| HDFC Short Term Debt Fund - Regular Plan | 8,380,984 | 205.90 | 8,380,984 | 189.74 |
| HDFC Low Duration Fund-Regular Plan-Growth | 3,797,410 | 170.92 | 3,797,410 | 159.78 |
| HDFC Low Duration Fund - Direct Plan-Growth | 12,035,204 | 572.57 | 17,380,457 | 768.36 |
| HDFC Credit Risk Debt Fund - Regular Plan - Growth | - | - | 7,019,394 | 116.85 |
| HDFC Equity saving fund-regular-growth | - | - | 167,302 | 5.52 |
| HDFC Short-Term Debt Fund | - | - | 514,032 | 11.64 |
| HDFC Hybrid Equity Fund-Regular-Growth | - | - | 114,426 | 4.86 |
| HDFC Money Market Fund - Direct Growth | 226,818 | 1,014.77 | - | - |
| HDFC Ultra Short Term Fund - Direct Growth | 100,961,709 | 1,205.42 | - | - |
| ICICI Prudential Savings Fund -Regular | - | - | 109,221 | 42.31 |
| ICICI Prudential Savings Fund- Direct Plan-Growth | 2,583,184 | 1,084.13 | 3,049,171 | 1,194.92 |
| ICICI Prudential Short-Term Fund - Direct | 20,802,151 | 1,011.38 | 20,802,151 | 922.91 |
| ICICI Prudential Short-Term Fund - Regular | 3,606,276 | 165.40 | 3,606,276 | 152.07 |
| ICICI Prudential Money Market Fund - Direct Growth | 3,129,563 | 924.09 | - | - |
| IDFC Low Duration Fund-Growth- Direct Plan | 36,439,105 | 1,117.14 | - | - |
| IDFC Bond Fund - Short-Term Plan- DGP | 8,167,105 | 382.73 | 1,259,265 | 54.61 |
| IDFC Low Duration Fund-Growth (Regular Plan) | - | - | 16,451,049 | 469.96 |
| IDFC Bond Fund-STP-Regular Fund | - | - | 408,840 | 16.98 |
| IDFC Banking & PSU Debt Fund - Direct - Growth | 34,010,628 | 664.58 | - | - |
| IDFC Corporate Bond Fund - Direct - Growth Plan | 7,922,353 | 120.96 | - | - |
| IDFC Ultra Short Term Fund - Direct-Growth Plan | 36,591,465 | 438.04 | - | - |
| Kotak Corporate Bond Fund - DGP | 328,929 | 981.73 | 328,929 | 907.95 |
| Kotak Liquid Fund - Direct Growth | - | - | 24,984 | 100.31 |
| Kotak Liquid Fund - Regular Growth | - | - | 25,068 | 100.28 |
| Kotak Money Market Fund - Direct Growth | 384,544 | 1,339.67 | - | - |
| Kotak Savings Fund - Direct Growth | 28,948,565 | 1,004.02 | - | - |
| L&T Short term bond fund-DGP | 37,122,589 | 803.71 | 37,122,589 | 747.51 |
| L&T Short-Term Bond Fund - Regular Growth | 20,066,239 | 418.18 | 20,066,239 | 390.87 |
| SBI Corporate Bond Fund - Direct - Growth Plan | 7,021,759 | 85.77 | - | - |
| SBI Magnum Ultra Short Duration Fund - Direct Growth | 212,720 | 1,003.82 | - | - |
| SBI Savings Fund - Direct Growth | 34,943,576 | 1,194.92 | - | - |
| SBI Liquid Fund- Direct - Growth Plan | 62,030 | 199.84 | - | - |
| Total | | 21,703.80 | | 8,718.78 |
| Investment in bonds - Quoted (measured at FVTPL) | | | | |
| ICICI Bank Perpetual Bond | 80 | 88.69 | - | - |
| HDFC bank Perpetual Bond | 350 | 381.87 | - | - |
| Total | | 470.56 | | - |
| Total current investments | | 22,174.36 | | 8,718.78 |
| Aggregate book value of quoted investments | | 22,174.36 | | 8,718.78 |
| Aggregate market value of quoted investments | | 22,174.36 | | 8,718.78 |
| Aggregate carrying value of unquoted investments | | 99.99 | | - |

c) Loans (measured at amortised cost)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| (i) Loans | | |
| Non-current (unsecured, considered good unless stated otherwise) | | |
| Loans to employees** | 2.37 | 0.73 |
| | <u>2.37</u> | <u>0.73</u> |
| Current (unsecured, considered good unless stated otherwise) | | |
| Inter-corporate deposits* | | |
| -HDFC Limited | 501.28 | |
| -LIC Housing Finance Limited | 200.63 | |
| | <u>701.91</u> | - |
| Loans to employees ** | 7.34 | 12.99 |
| | <u>709.25</u> | <u>12.99</u> |
| Notes: | | |
| *Inter-corporate deposits placed with financial institutions yield fixed interest rate. | | |
| **Represent interest free loans to employees, which are recoverable in maximum 24 monthly instalments. | | |
| (ii) Inter corporate loan | | |
| Non-current (unsecured) | | |
| Loans credit-impaired* | - | 5.00 |
| Less: Loss allowance | - | (5.00) |
| | <u>-</u> | <u>-</u> |
| Total loans | 711.62 | 13.72 |

*During the year ended 31 March 2021, The loan given to Instant Procurement Services Private Limited was converted into equity shares of the Company.

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| d) Others (measured at amortised cost) | | |
| Non-current (unsecured, considered good unless stated otherwise) | | |
| Security deposits | 38.72 | 51.11 |
| deposits with remaining maturity for more than twelve months (Refer Note 11) | - | 349.72 |
| Total | 38.72 | 400.83 |
| Current (unsecured, considered good unless stated otherwise) | | |
| Security deposits | 3.18 | 52.86 |
| Amount recoverable from payment gateway | 73.57 | 26.97 |
| Total | 76.75 | 79.83 |
| Total other financial assets | 115.47 | 480.66 |

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

9 Other assets

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Non-current (unsecured, considered good unless stated otherwise) | | |
| Prepaid expenses | 0.74 | 0.44 |
| Indirect taxes recoverable | 16.72 | 16.78 |
| Total | 17.46 | 17.22 |
| Current (Unsecured, considered good unless stated otherwise) | | |
| Advances recoverable | 14.78 | 16.66 |
| Indirect taxes recoverable | 7.38 | 10.57 |
| Prepaid expenses | 16.68 | 25.90 |
| Others | 1.51 | - |
| Total | 40.35 | 53.13 |

10 Trade receivables

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Unsecured, considered good unless stated otherwise | | |
| <i>Considered good</i> | | |
| Trade receivables | 12.46 | 16.82 |
| <i>Considered doubtful</i> | | |
| Trade Receivables credit- impaired | 0.03 | 1.68 |
| Less: Loss allowance | (0.03) | (1.68) |
| Total | 12.46 | 16.82 |

Notes:
a) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.
b) Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

11 Cash and bank balances

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| a) Cash and cash equivalents | | |
| Cash on hand | - | 0.17 |
| Cheques on hand | 142.52 | 39.42 |
| Balance with bank | | |
| - On current accounts | 258.67 | 129.79 |
| Total Cash and cash equivalents | 401.19 | 169.38 |
| 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 | | |
| (i) Deposits with banks | | |
| - remaining maturity upto twelve months* | 374.68 | 52.91 |
| - remaining maturity for more than twelve months* | - | 349.72 |
| | 374.68 | 402.63 |
| Less: Amount disclosed under Others financial assets non-current | - | 349.72 |
| | 374.68 | 52.91 |
| (ii) Earmarked balances with banks** | 1.40 | 16.35 |
| Amount disclosed under current bank deposits | 376.08 | 69.26 |

*Includes Nil (31 March 2020: INR 23.78) pledged with bank against guarantee given to stock exchange.

** Earmarked balances includes unclaimed/unpaid dividends of INR 0.06 (31 March 2020: INR 14.97) and bank balance with Indiamart Employee Benefit Trust of INR 1.34 (31 March 2020: INR 1.37).

12 Share capital

| <u>Authorised equity share capital (INR 10 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
|--|-------------------------|---------------|
| As at 1 April 2019 | 30,000,000 | 300.00 |
| As at 31 March 2020 | 30,000,000 | 300.00 |
| Increase during the year | 69,442,460 | 694.42 |
| As at 31 March 2021 | 99,442,460 | 994.42 |
| <u>Authorised 0.01% cumulative preference share capital (INR 328 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
| As at 1 April 2019 | 1,493,903 | 490.00 |
| As at 31 March 2020 | 1,493,903 | 490.00 |
| Decrease during the year | (1,493,900) | (490.00) |
| As at 31 March 2021 | 3 | 0.00 |
| <u>Authorised 0.01% compulsorily convertible cumulative preference share capital (INR 100 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
| As at 1 April 2019 | 1,894,254 | 189.43 |
| As at 31 March 2020 | 1,894,254 | 189.43 |
| Decrease during the year | (1,894,254) | (189.43) |
| As at 31 March 2021 | - | - |
| <u>Issued equity share capital (subscribed and fully paid up) (INR 10 per share)</u> | <u>Number of shares</u> | <u>Amount</u> |
| As at 1 April 2019 | 28,592,006 | 285.92 |
| Equity share capital issued on exercise of ESOP during the year | 182,814 | 1.83 |
| Equity share capital issued to Indiamart Employee Benefit Trust during the year (refer note (a) below) | 145,000 | 1.45 |
| Equity share capital issued during the year and held by Indiamart Employee Benefit Trust as at year end (refer note (d) below) | (42,573) | (0.43) |
| As at 31 March 2020 | 28,877,247 | 288.77 |
| Equity share capital issued on exercise of ESOP during the year | 66,696 | 0.67 |
| Equity share capital issued on qualified institutions placement during the year (refer note 1 below) | 1,242,212 | 12.42 |
| Equity share capital issued to Indiamart Employee Benefit Trust during the year (refer note (d) below) | 135,000 | 1.35 |
| Equity share capital issued during the year and held by Indiamart Employee Benefit Trust as at year end (refer note (d) below) | (4,861) | (0.05) |
| As at 31 March 2021 | 30,316,294 | 303.16 |

Notes:

- 1 The Company has raised money by the way of Qualified Institutions Placement ("QIP") and allotted 1,242,212 equity shares of face value INR 10 each to the eligible qualified institutional buyers (QIB) at a price of INR 8,615 per equity share (including a premium of INR 8,605 per equity share) aggregating to INR 10,701.66 millions on 22 February 2021. The issue was made in accordance SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. Expenses incurred in relation to QIP amounting to INR 189.67 millions has been adjusted from Securities Premium Account. As per the placement document, QIP proceeds are to augment for future growth and expansion. As on March 31, 2021, 100% of QIP's net proceeds of INR 10,511.99 millions are unutilised and have been temporarily invested in liquid instruments.

a) Terms/ rights attached to equity shares:

- The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity is entitled to one vote per share.
- In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Details of shareholders holding more than 5% equity shares in the Company

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|------------------------|-----------|------------------------|-----------|
| | Number | % Holding | Number | % Holding |
| Equity shares of Rs. 10 each fully paid | | | | |
| Dinesh Agarwal | 8,630,747 | 28.42% | 8,630,747 | 29.84% |
| Brijesh Agrawal | 5,848,544 | 19.26% | 5,848,544 | 20.22% |
| Westbridge Crossover Fund, LLC* | - | - | 1,544,154 | 5.34% |

* Westbridge Crossover Fund, LLC ceased to be a shareholder of more than 5% during the year ended 31 March 2021

c) Shares reserved for issue under options

Information relating to the Company's share based payment plans, including details of options and SAR units issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 28.

d) Shares held by Indiamart Employee Benefit Trust against employees share based payment plans (face value: INR 10 each)

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|------------------------|-------------|------------------------|-------------|
| | Number | Amount | Number | Amount |
| Opening balance | 42,573 | 0.43 | - | - |
| Purchased during the year | 135,000 | 1.35 | 145,000 | 1.45 |
| Transfer to employees pursuant to SAR exercised | (130,139) | (1.30) | (102,427) | (1.02) |
| Closing balance | 47,434 | 0.48 | 42,573 | 0.43 |

13 Other equity

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| Securities premium | 15,310.77 | 4,753.90 |
| General reserve | 8.45 | 8.45 |
| Employee share based payment reserve | 97.38 | 116.16 |
| Capital reserve | - | (2.04) |
| Retained earnings | 389.08 | (2,414.67) |
| Total other equity | 15,805.68 | 2,461.80 |

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.
- 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.
- 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 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Payable to micro, small and medium enterprises | - | - |
| Other trade payables | | |
| - outstanding dues to related parties (Refer Note 33) | 0.05 | 0.13 |
| - outstanding dues to others | 154.23 | 179.29 |
| Total | 154.28 | 179.42 |

15 Lease and other financial liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| (a) Lease liabilities (Refer Note 5B) | | |
| Current | 108.57 | 152.61 |
| Non-current | 525.67 | 612.49 |
| | 634.24 | 765.10 |
| (b) Other financial liabilities | | |
| Current | | |
| Payable to employees | 195.94 | 244.55 |
| Security deposits | 0.14 | 0.14 |
| Unpaid / Unclaimed dividend* | 0.06 | 14.97 |
| Other advances | 5.26 | 0.31 |
| Total | 201.40 | 259.97 |

* Unclaimed/Unpaid dividend represents the interim dividend amount declared during the previous year ended 31 March 2020 and remaining to be paid to shareholders.

16 Provisions

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------------------|------------------------|------------------------|
| Non-current | | |
| Provision for employee benefits* | | |
| Provision for gratuity | 212.19 | 199.61 |
| Provision for leave encashment | 63.17 | 65.79 |
| Total | 275.36 | 265.40 |
| Current | | |
| Provision for employee benefits* | | |
| Provision for gratuity | 20.14 | 10.76 |
| Provision for leave encashment | 12.91 | 14.33 |
| Provision-others** | 15.38 | 15.38 |
| Total | 48.43 | 40.47 |

* Refer Note 27

** Contingency provision towards indirect taxes. There is no change in this provision during the year ended 31 March 2021.

17 Contract and other liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------------|------------------------|------------------------|
| Contract liabilities* | | |
| Non-current | | |
| Deferred revenue | 2,584.75 | 2,697.21 |
| | 2,584.75 | 2,697.21 |
| Current | | |
| Deferred revenue | 4,198.18 | 4,013.44 |
| Advances from customers | 478.08 | 142.14 |
| | 4,676.26 | 4,155.58 |
| Total | 7,261.01 | 6,852.79 |
| Other liabilities- current | | |
| Statutory dues | | |
| Tax deducted at source payable | 37.66 | 27.79 |
| Indirect tax payable | 181.19 | 82.78 |
| Others | 4.97 | 5.00 |
| Total | 223.82 | 115.57 |

* Contract liabilities include consideration received in advance to render web services in future periods. Refer Note 33 for outstanding balances pertaining to related parties.

18 Income tax assets and liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Income tax assets (net of provisions) | | |
| Non current | | |
| Income tax assets | 821.96 | 211.60 |
| Less: Provision for income tax | (635.36) | - |
| | 186.60 | 211.60 |
| Current | | |
| Income tax assets | 56.62 | 79.34 |
| | 56.62 | 79.34 |
| Total | 243.22 | 290.94 |

19 Revenue from operations

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Sale of services | | |
| Income from web services | 6,595.83 | 6,321.22 |
| Advertisement and marketing services | 99.79 | 67.32 |
| Total | 6,695.62 | 6,388.54 |

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

| | As at 31 March 2021 | | As at 31 March 2020 | |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | Less than 12 months | More than 12 months | Less than 12 months | More than 12 months |
| Web services | 4,675.46 | 2,583.88 | 4,150.29 | 2,697.21 |
| Advertisement and marketing services | 0.80 | 0.87 | 5.29 | - |
| | 4,676.26 | 2,584.75 | 4,155.58 | 2,697.21 |

No single customer represents 10% or more of the Company's total revenue during the year ended 31 March 2021 and 31 March 2020.

Contract liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| Web services | 7,259.34 | 6,847.49 |
| Advertisement and marketing services | 1.67 | 5.29 |
| | 7,261.01 | 6,852.79 |
| Non-current | 2,584.75 | 2,697.21 |
| Current | 4,676.26 | 4,155.58 |
| | 7,261.01 | 6,852.79 |

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Opening balance at the beginning of the year | 6,852.79 | 5,859.82 |
| Less: Revenue recognised from contract liability balance at the beginning of the year | (3,908.12) | (3,071.15) |
| Add: Amount received from customers during the year | 7,111.89 | 7,381.51 |
| Less: Revenue recognised from amounts received during the year | (2,787.50) | (3,317.39) |
| Adjustment for dilution of stake in subsidiary (Refer note 37) | (8.05) | - |
| Closing balance at the end of the year | 7,261.01 | 6,852.79 |

20 Other income

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Gain on investments carried at fair value through profit and loss | | |
| -Fair value gain on measurement and income from sale of mutual funds | 793.52 | 639.77 |
| Interest income from financial assets measured at amortised cost | | |
| - on bank deposits | 29.69 | 29.98 |
| - on corporate deposits | 2.07 | - |
| - on security deposits | 4.87 | 10.22 |
| Other interest income | 1.08 | 4.14 |
| Gain on de-recognition of Right-of-use assets | 10.02 | 1.34 |
| Provisions and liabilities no longer required written back | 22.93 | - |
| Net gain on disposal of property, plant and equipment | 1.66 | 0.46 |
| Total | 865.84 | 685.91 |

21 Employee benefits expense

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Salaries, allowance and bonus | 1,914.45 | 2,409.20 |
| Gratuity expense (Refer Note 27) | 51.72 | 31.78 |
| Leave encashment expense (Refer Note 27) | 5.37 | 47.93 |
| Contribution to provident and other funds | 17.28 | 15.38 |
| Employee share based payment expense (Refer Note 28) | 58.83 | 78.59 |
| Staff welfare expenses | 4.48 | 83.81 |
| Total | 2,052.13 | 2,666.69 |

22 Finance costs

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Interest cost of lease liabilities | 66.63 | 32.83 |
| Total | 66.63 | 32.83 |

23 Depreciation and amortization expense

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Depreciation of property, plant and equipment (Refer Note 5A) | 26.63 | 41.04 |
| Depreciation of Right-of-use assets (Refer Note 5B) | 131.96 | 167.55 |
| Amortisation of intangible assets (Refer Note 6) | 2.06 | 2.86 |
| Total | 160.65 | 211.45 |

24 Other expenses

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Content development expenses | 108.23 | 235.23 |
| Buyer engagement expenses | 172.95 | 171.78 |
| Customer support expenses | 158.46 | 230.99 |
| Outsourced sales cost | 522.32 | 724.48 |
| Internet and other online expenses | 194.57 | 232.29 |
| Rent | 13.70 | 22.90 |
| Rates and taxes | 4.90 | 31.19 |
| Communication costs | 1.76 | 9.03 |
| Outsourced support cost | 11.72 | 22.97 |
| Advertisement expenses | 7.98 | 21.64 |
| Power and fuel | 6.86 | 28.78 |
| Printing and stationery | 0.50 | 8.45 |
| Repair and maintenance: | | |
| - Plant and machinery | 2.32 | 13.28 |
| - Others | 19.64 | 74.92 |
| Travelling and conveyance | 3.20 | 52.82 |
| Recruitment and training expenses | 6.39 | 29.86 |
| Legal and professional fees (Including Audit Fee)* | 38.56 | 42.03 |
| Directors' sitting fees | 1.14 | 2.09 |
| Insurance expenses | 30.19 | 30.19 |
| Loss on change of control of a subsidiary converted into an associate (Refer Note 37) | 2.04 | - |
| Collection charges | 43.47 | 43.46 |
| Corporate social responsibility activities expenses | 10.98 | 1.05 |
| Miscellaneous expenses | 0.04 | 3.45 |
| Total | 1,361.92 | 2,032.88 |

25 (a) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the earnings for the year attributable to equity holders of the parent company by the weighted average number of equity shares outstanding during the year. Diluted EPS are calculated by dividing the earnings for the year 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 year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Basic | | |
| Net profit as per the statement of profit and loss for computation of EPS | 2,797.74 | 1,473.82 |
| Weighted average number of equity shares used in calculating basic EPS | 29,098,875 | 28,819,744 |
| Basic earnings per equity share | 96.15 | 51.14 |
| Diluted | | |
| Weighted average number of equity shares used in calculating basic EPS | 29,098,875 | 28,819,744 |
| Potential equity shares | 482,591 | 516,744 |
| Total no. of shares outstanding (including dilution) | 29,581,466 | 29,336,488 |
| Diluted earnings per equity share | 94.58 | 50.24 |

There are potential equity shares for the year ended 31 March 2021 and 31 March 2020 in the form of share based awards granted to employees which have been considered in the calculation of diluted earnings per share.

(b) Dividends

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Interim dividend for the previous year ended 31 March 2020 of INR 10 per fully paid equity share (excluding the Dividend distribution tax of INR 59.45 millions) | - | 289.19 |
| Dividend not recognised at the end of reporting period | | |
| -In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 15 per fully paid equity share (31 March 2020 – INR Nil). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | 455.46 | - |

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 year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Current tax expense/ (income) | | |
| Current tax for the year | 639.25 | 4.06 |
| Adjustments in respect of previous year | - | (3.39) |
| | 639.25 | 0.67 |
| Deferred tax expense/(income) | | |
| Relating to origination and reversal of temporary differences | 347.32 | 550.92 |
| Relating to minimum alternate tax | - | 3.31 |
| Relating to earlier years | - | (228.61) |
| | 347.32 | 325.62 |
| Tax expense related to change in tax rate/laws * | | |
| - Deferred tax | 109.22 | 314.08 |
| | 109.22 | 314.08 |
| Total income tax expense | 1,095.79 | 640.37 |

* Tax impact for the year ended 31 March 2020 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.

* Pursuant to a recent tax law amendment (enacted on 28 March 2021), the tax amortizable goodwill has become non tax amortizable from financial year ending 31 March 2021. The amended law states that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation on goodwill will be allowed from 1 April 2020. Accordingly, the deferred tax asset on Goodwill was derecognized by the Company as Goodwill ceased to be tax amortizable pursuant to amendments in the Finance Act, 2021

b) Income tax recognised in other comprehensive income (OCI)

Deferred tax related to items recognised in OCI during the year

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Net loss on remeasurements of defined benefit plans | (6.21) | (18.56) |

c) Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate.

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Profit before tax | 3,893.53 | 2,114.19 |
| Accounting profit before income tax | 3,893.53 | 2,114.19 |
| Tax expense at the statutory income tax rate @25.17% | 980.00 | 532.14 |
| Adjustments in respect of unrecognised deferred tax assets of previous years | - | (228.61) |
| Adjustments in respect of differences taxed at lower tax rates | (17.62) | - |
| Adjustment in respect of change in carrying amount of investment in subsidiaries | 10.47 | 37.02 |
| Utilisation of previously unrecognised tax losses | - | (10.90) |
| Tax expense related to change in tax rate/laws | 109.22 | 314.08 |
| <i>Non-deductible expenses and Non taxable income for tax purposes:</i> | | |
| - Employee stock option expenses of subsidiary | 6.50 | - |
| - Dividend income received | (8.17) | - |
| - Income non-taxable for tax purposes | (4.66) | (19.51) |
| - Other non-deductible expenses and non-taxable income | 0.94 | (2.63) |
| Temporary differences for which no deferred tax was recognised | 19.10 | 18.78 |
| Tax expense at the effective income tax rate of 28.15% (31 March 2020: 30.29%) | 1,095.79 | 640.37 |

(d) Breakup of deferred tax recognised in the Balance sheet

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Deferred tax asset | | |
| Property, plant and equipment and intangible assets | 7.61 | 7.46 |
| Provision for gratuity | 58.02 | 52.54 |
| Provision for compensated absences | 18.82 | 19.92 |
| Investment in subsidiaries measured at fair value | 39.30 | 40.01 |
| Deferred revenue | - | 0.56 |
| Tax losses | - | 164.19 |
| Unabsorbed depreciation | - | 27.20 |
| Goodwill Impairment | - | 109.21 |
| Provision of expenses, allowable in subsequent year | 28.84 | 45.13 |
| Ind AS 116 - Leases impact | 10.93 | 0.17 |
| Allowances for doubtful debts | - | 0.42 |
| Others | 0.09 | 0.27 |
| Total deferred tax assets recognised (A) | 163.61 | 467.08 |
| Deferred tax liabilities | | |
| Investment in mutual funds and bonds measured at fair value | (364.51) | (214.75) |
| Accelerated deduction for tax purposes | (1.76) | (1.78) |
| Others | (4.54) | (4.85) |
| Total deferred tax liabilities (B) | (370.81) | (221.38) |
| Net deferred tax assets / (liabilities) (C) = (A) + (B) | (207.20) | 245.70 |

e) Breakup of deferred tax expense recognised in Statement of profit and loss and OCI

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Deferred tax expense/(income) relates to the following: | | |
| Provision for gratuity | (6.74) | (16.18) |
| Provision for compensated absences | 0.09 | (4.68) |
| Provision for diminution of investments in subsidiaries | - | 31.49 |
| Investment in subsidiaries measured at fair value | 0.71 | (5.66) |
| Deferred revenue | 0.56 | 10.74 |
| Tax losses | 164.19 | 543.41 |
| Unabsorbed depreciation | 27.20 | 11.88 |
| Goodwill Impairment | 109.21 | (109.21) |
| Provision for expenses, allowable in subsequent year | 16.29 | (45.13) |
| Investment in mutual funds measured at fair value | 149.88 | 147.43 |
| Accelerated deduction for tax purposes | (0.02) | (0.72) |
| Property, plant and equipment and intangible assets | (0.14) | 0.96 |
| Minimum Alternative Tax | - | 36.18 |
| Ind AS 116 - Leases impact | (10.76) | 8.60 |
| Others | (0.14) | 12.03 |
| Deferred tax expense | 450.33 | 621.14 |

f) Reconciliation of Deferred tax asset/(liabilities) (Net):

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Opening balance as of 1 April | 245.70 | 858.08 |
| Tax expense during the year recognised in Statement of profit and loss | (347.32) | (325.62) |
| Tax expense related to change in tax rate/law | (109.22) | (314.08) |
| Tax impact during the year recognised in OCI | 6.21 | 18.55 |
| Deferred tax on Ind AS 116 impact on retained earning | - | 8.77 |
| Adjustment for loss of control in Subsidiary (Refer Note 37) | (2.57) | - |
| Closing balance at the end of the year | (207.20) | 245.70 |

The Group 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 deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

g) Detail of deductible temporary differences and unused tax losses for which no deferred tax asset is recognised in the balance sheet:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following: | | |
| - tax business losses | 380.82 | 325.05 |
| - unabsorbed depreciation | 8.97 | 8.03 |
| - other deductible temporary differences | 3.27 | 2.23 |
| | 393.06 | 335.31 |

The Group 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 statutory defined period 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 exposes 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 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Present value of defined benefit obligation | 289.63 | 223.31 |
| Fair value of plan assets | (57.30) | (12.94) |
| Net liability arising from defined benefit | 232.33 | 210.37 |

Leave encashment - other long term employee benefit plan

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Present value of other long term employee benefit | 76.08 | 80.12 |
| Net liability arising from other long term employee benefit | 76.08 | 80.12 |

a) Reconciliation of the net defined benefit (asset) liability and other long term employee benefit plan

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and other other long term employee benefit plan and its components.

Reconciliation of present value of defined benefit obligation for Gratuity and Leave encashment

| | Gratuity | |
|--|------------------------|------------------------|
| | As at 31 March 2021 | As at 31 March 2020 |
| Balance at the beginning of the year | 223.31 | 126.34 |
| Benefits paid | (7.32) | (9.72) |
| Adjustment for loss of control in subsidiary | (3.75) | - |
| Current service cost | 38.80 | 23.74 |
| Interest cost | 13.73 | 9.70 |
| Actuarial (gains)/losses | | |
| - changes in demographic assumptions | (4.59) | 27.77 |
| - changes in financial assumptions | 13.76 | 29.00 |
| - experience adjustments | 15.69 | 16.48 |
| Balance at the end of the year | 289.63 | 223.31 |
| | | |
| | Leave encashment | |
| | As at 31 March 2021 | As at 31 March 2020 |
| Balance at the beginning of the year | 80.12 | 44.40 |
| Benefits paid | (7.63) | (12.21) |
| Adjustment for loss of control in subsidiary | (1.78) | - |
| Current service cost | 2.60 | 25.00 |
| Interest cost | 4.90 | 3.40 |
| Actuarial (gains)/losses | | |
| - changes in demographic assumptions | (6.33) | 8.13 |
| - changes in financial assumptions | 1.55 | 4.74 |
| - experience adjustments | 2.65 | 6.66 |
| Balance at the end of the year | 76.08 | 80.12 |

Movement in fair value of plan assets

| | Gratuity | |
|--|------------------------|------------------------|
| | As at 31 March 2021 | As at 31 March 2020 |
| Opening fair value of plan assets | 12.94 | 21.46 |
| Interest income | 0.81 | 1.65 |
| Actuarial (gains)/losses | 0.87 | (0.78) |
| Contributions from the employer | 50.00 | - |
| Benefits paid | (7.32) | (9.39) |
| Closing fair value of plan assets | 57.30 | 12.94 |

Each year the management of the Company reviews the level of funding required as per its risk management strategy. The Company expects to contribute to gratuity INR 42.55 millions in FY 2021-22 (31 March 2020: INR 37.22 million).

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|------------------------|------------------------|
| Funds managed by insurer | 100.00% | 100.00% |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

b) Expense recognised in profit or loss

| | Gratuity | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Current service cost | 38.80 | 23.74 |
| Net interest expense | 12.92 | 8.05 |
| Components of defined benefit costs recognised in profit or loss | 51.72 | 31.79 |

Remeasurement of the net defined benefit liability:

| | | |
|---|--------------|--------------|
| Actuarial (gain)/loss on plan assets | (0.87) | 0.78 |
| Actuarial loss on defined benefit obligation | 24.86 | 73.25 |
| Components of defined benefit costs recognised in other comprehensive income | 23.99 | 74.03 |

Leave encashment

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| | Current service cost | 2.60 |
| Net interest expense | 4.90 | 3.40 |
| Actuarial (gain)/loss on other long term employee benefit plan | (2.13) | 19.53 |
| Components of other long term employee benefit costs recognised in profit or loss | 5.37 | 47.93 |

c) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------------|------------------------|------------------------|
| Discount rate | 6.45% | 6.26% |
| Expected rate of return on assets | 6.45% | 6.25% |

Attrition rate:

| Ages | As at 31 March 2021 | | As at 31 March 2020 | |
|----------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Upto 4 years of service | Above 4 years of service | Upto 4 years of service | Above 4 years of service |
| Upto 30 years | 30.00% | 30.00% | 18.05% | 11.45% |
| Above 30 years | 10.00% | 10.00% | 0.00% | 8.00% |

Future salary growth

| | | | | |
|--------------------|--------|--------|--------|--------|
| Year 1 | 12.00% | 12.00% | 4.10% | 5.99% |
| Year 2 | 12.00% | 12.00% | 11.74% | 17.90% |
| Year 3 and onwards | 12.00% | 12.00% | 8.00% | 12.00% |

Mortality table

India Assured Life Morality (2012-14)

India Assured Life Morality (2012-14)

The Group regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

d) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts

Gratuity

For the year ended 31 March 2021

| | Increase | Decrease |
|--|----------|----------|
| Impact of change in discount rate by 0.50% | (19.40) | 21.82 |
| Impact of change in salary by 0.50% | 10.13 | (10.37) |

For the year ended 31 March 2020

| | Increase | Decrease |
|--|----------|----------|
| Impact of change in discount rate by 0.50% | (12.62) | 17.39 |
| Impact of change in salary by 0.50% | 9.84 | (6.85) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

e) The table below summarises the maturity profile and duration of the gratuity liability:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---------------------------|------------------------|------------------------|
| | Within one year | 20.14 |
| Within one - three years | 30.98 | 21.75 |
| Within three - five years | 27.22 | 22.20 |
| Above five years | 211.29 | 168.60 |
| Total | 289.63 | 223.31 |

28 Share based payment plans**a) Employee Stock Option Plan (ESOP)**

The Company has provided various share-based payment schemes to its employees in the preceding financial years. During the year ended 31 March 2021, the following schemes were in operation:

| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
|--------------------------------|--------------------|--------------------|--------------------|
| Date of grant | June 08, 2015 | July 28, 2016 | June 02, 2017 |
| Date of Board Approval | June 08, 2015 | July 28, 2016 | May 04, 2017 |
| Date Of Shareholder's approval | September 23, 2015 | September 23, 2015 | September 23, 2015 |
| Number of options approved | 539,000 | 276,980 | 200,730 |
| Method of Settlement | Equity | Equity | Equity |
| Vesting period (in months) | 0 to 48 Months | 0 to 48 Months | 0 to 48 Months |

The details of activity have been summarized below:

ESOP 2015

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|---|--|---|--|
| | Number of options | Weighted Average Exercise Price (INR) | Number of options | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | Nil | 200 | 62,100 | 200 |
| Granted during the year | Nil | 200 | Nil | 200 |
| Forfeited/ expired during the year | Nil | 200 | Nil | 200 |
| Exercised during the year | Nil | 200 | 62,100 | 200 |
| Outstanding at the end of the year | Nil | 200 | Nil | 200 |
| Exercisable at the end of the year | Nil | 200 | Nil | 200 |

ESOP 2016

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|---|--|---|--|
| | Number of options | Weighted Average Exercise Price (INR) | Number of options | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | 19,425 | 200 | 41,850 | 200 |
| Granted during the year | Nil | 200 | Nil | 200 |
| Forfeited/ expired during the year | Nil | 200 | 2,400 | 200 |
| Exercised during the year | 19,425 | 200 | 20,025 | 200 |
| Outstanding at the end of the year | Nil | 200 | 19,425 | 200 |
| Exercisable at the end of the year | Nil | 200 | Nil | 200 |

ESOP 2017

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|---|--|---|--|
| | Number of options | Weighted Average Exercise Price (INR) | Number of options | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | 27,846 | 200 | 37,888 | 200 |
| Granted during the year | Nil | 200 | Nil | 200 |
| Forfeited/ expired during the year | Nil | 200 | 760 | 200 |
| Exercised during the year | 13,923 | 200 | 9,282 | 200 |
| Outstanding at the end of the year | 13,923 | 200 | 27,846 | 200 |
| Exercisable at the end of the year | Nil | 200 | Nil | 200 |

Figures for current year ended 31 March 2021 and previous year are as follows:

| | As at 31 March 2021 | | |
|--|----------------------------|------------------|------------------|
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Range of exercise prices | NA | 200 | 200 |
| Number of options outstanding | NA | Nil | 13,923 |
| Weighted average remaining contractual life of options (in years) | NA | - | - |
| Weighted average exercise price | NA | 200 | 200 |
| Weighted average share price for the options exercised during the year | NA | 300 | 300 |
| | As at 31 March 2020 | | |
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Range of exercise prices | 200 | 200 | 200 |
| Number of options outstanding | Nil | 19,425 | 27,846 |
| Weighted average remaining contractual life of options (in years) | Nil | 0.25 | 0.80 |
| Weighted average exercise price | NA | 200 | 200 |
| Weighted average share price for the options exercised during the year | NA | 300 | 300 |

Indiamart InterMesh Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2021
(Amounts in INR, unless otherwise stated)

Stock Options granted

The fair value of options is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity settled plans are given in the table below:

| | As at 31 March 2021 | | |
|--|---------------------|-----------|-----------|
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Weighted average share price | NA | 275.93 | 280.50 |
| Exercise Price | NA | 200 | 200 |
| Expected Volatility | NA | 0.00% | 0.00% |
| Historical Volatility | NA | 0.10% | 0.10% |
| Life of the options granted (Vesting and exercise year) in years | NA | 7.70 | 7.70 |
| Expected dividends | NA | Nil | Nil |
| Average risk-free interest rate | NA | 7.20% | 7.20% |

| | As at 31 March 2020 | | |
|--|---------------------|-----------|-----------|
| | ESOP 2015 | ESOP 2016 | ESOP 2017 |
| Weighted average share price | 200 | 275.93 | 280.50 |
| Exercise Price | 200 | 200 | 200 |
| Expected Volatility | 0.00% | 0.00% | 0.00% |
| Historical Volatility | 0.10% | 0.10% | 0.10% |
| Life of the options granted (Vesting and exercise year) in years | 7.70 | 7.70 | 7.70 |
| Expected dividends | Nil | Nil | Nil |
| Average risk-free interest rate | 7.77% | 7.20% | 7.20% |

The Company has provided various share-based payment schemes to its employees in the preceding financial years.

Stock appreciation rights (SAR)

The Company had granted stock appreciation rights to its employees during the previous years. Details are as follows

| | SAR 2018 |
|--------------------------------|--------------------|
| Date of grant | October 01, 2018 |
| Date of Board Approval | September 22, 2018 |
| Date Of Shareholder's approval | May 07, 2018 |
| Number of units approved | 800,740 |
| Method of Settlement | Equity |
| Vesting period (in months) | 0 to 48 Months |

The details of activity have been summarized below:

| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
|--|-------------------------------------|--|-------------------------------------|--|
| | Number of SAR units | Weighted Average Exercise Price (INR) | Number of SAR units | Weighted Average Exercise Price (INR) |
| Outstanding at the beginning of the year | 584,592 | 500 | 779,740 | 500 |
| Granted during the year | Nil | Nil | Nil | Nil |
| Lapsed during the year | 12,448 | 500 | 45,332 | 500 |
| Exercised during the year | 144,356 | Nil | 149,816 | Nil |
| Expired during the year | Nil | Nil | Nil | Nil |
| Outstanding at the end of the year | 427,788 | 500 | 584,592 | 500 |
| Exercisable at the end of the year | Nil | Nil | Nil | Nil |

Figures for SAR 2018 are as follows:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Range of exercise prices | 500 | 500 |
| Number of units outstanding | 427,788 | 584,592 |
| Weighted average remaining contractual life of units (in years) | 1.50 | 2.50 |
| Weighted average exercise price | 500 | 500 |

SAR units granted

The fair value of options is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity settled plans are given in the table below:

| | SAR 2018 |
|--|----------|
| Weighted average share price | 597 |
| Exercise Price | 500 |
| Expected Volatility | 41.00% |
| Historical Volatility | 41.00% |
| Life of the options granted (Vesting and exercise year) in years | 4.00 |
| Expected dividends | Nil |
| Average risk-free interest rate | 7.80% |

Effect of the employee share-based payment plans on the statement of profit & loss:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Total Employee Compensation Cost pertaining to share-based payment plans | 58.83 | 78.59 |
| Compensation Cost pertaining to equity-settled employee share-based payment plan included above | 58.83 | 78.59 |

Effect of the employee share-based payment plans on its financial position:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Total Liability for employee stock options outstanding as at year end | 97.38 | 116.16 |

29 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 March 2021 | As at 31 March 2020 |
|--|---------|-------------------------|------------------------|
| Financial assets | | | |
| a) Measured at fair value through profit or loss (FVTPL) | | | |
| - Investment in mutual funds and bonds (Refer Note b(iii) below) | Level 1 | 22,174.36 | 8,718.78 |
| - Investment in equity/preference instruments of other entities (Refer Note b(iv) below) | Level 3 | 99.99 | - |
| | | <u>22,274.35</u> | <u>8,718.78</u> |
| b) Measured at amortised cost (refer note (b)(i) and (ii) below) | | | |
| - Trade receivables | | 12.46 | 16.82 |
| - Cash and cash equivalents | | 401.19 | 169.38 |
| - Loans to employees | | 9.71 | 13.72 |
| - Inter-corporate deposits | | 701.91 | - |
| - Security deposits | | 41.90 | 103.97 |
| - Deposits with Banks | | 376.08 | 418.97 |
| - Other financial assets | | 73.57 | 26.98 |
| | | <u>1,616.82</u> | <u>749.84</u> |
| Total financial assets (a+b) | | <u>23,891.16</u> | <u>9,468.62</u> |
| Financial liabilities | | | |
| a) Measured at amortised cost (refer note (b)(i) and (ii)) | | | |
| - Trade payables | | 154.28 | 179.42 |
| - Security deposits | | 0.14 | 0.14 |
| - Other financial liabilities | | 201.26 | 259.83 |
| - Lease liabilities | | 634.24 | 765.10 |
| | | <u>989.92</u> | <u>1,204.49</u> |

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

- The carrying value of deposits with Banks, Inter-corporate deposits with Financial institutions, trade receivables, loans to employees, 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. These have been assessed basis counterparty credit risk.
- 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 and bonds is based on quoted market prices at the reporting date. We do not expect material volatility in these financial assets.
- Fair value of equity/preference instruments of other entities 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 as of 31 March 2021 and 31 March 2020:

| Financial assets | Valuation technique(s) | Key input(s) | Sensitivity |
|--|------------------------|--|--------------------|
| Investment in equity/preference instruments of other entities | | | |
| Mobisy Technologies Private Limited | 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 included in level 3 have been determined in accordance with generally accepted valuation models based on a discounted cashflow analysis, with one of 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 the financial assets is directly proportional to the estimated future cash flow projections based on the budgets approved by the management. Change in significant unobservable input of discount rate by 100 bps and growth rate by 100 bps in the valuation does not have a significant impact on the carrying value of the assets in the consolidated financial statements.

d) Reconciliation of level 3 fair value measurements

| | Investment in equity/preference instruments of other entities | |
|------------------------|---|-------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Opening balance | - | - |
| Additions | 99.99 | - |
| Closing balance | <u>99.99</u> | <u>-</u> |

e) During the year ended 31 March 2021 and 31 March 2020, 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.

30 Capital management

The Group manages its capital to ensure it will be able to continue as a going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of no debts and only equity of the company.

The Group is not subject to any externally imposed capital requirements.

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital, risks associated with each class of capital requirements and maintenance of adequate liquidity.

31 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's board of directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i) Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and bank balances, trade receivables, investments in mutual fund, loans and security deposits.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Trade receivables

The Group majorly collects consideration in advance for the services to be provided to the customer. As a result, the Group is not exposed to any significant credit risk on trade receivables.

Cash and cash equivalents, bank deposits and investments in mutual funds

The Group maintains its cash and cash equivalents, bank deposits, inter-corporate deposits and investment in mutual funds with reputed banks and financial institutions. The credit risk on these instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Security deposits and loans

The Group monitors the credit rating of the counterparties on regular basis. These instruments carry very minimal credit risk based on the financial position of parties and Group's historical experience of dealing with the parties.

ii) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities

| | Within 1 year | Between 1 and 5 years and thereafter | Total |
|---------------------------------------|---------------|---|----------|
| As at 31 March 2021 | | | |
| Trade payables | 154.28 | - | 154.28 |
| Lease and other financial liabilities | 309.97 | 525.67 | 835.64 |
| | 464.25 | 525.67 | 989.92 |
| | | | |
| | Within 1 year | Between 1 and 5 years and thereafter | Total |
| As at 31 March 2020 | | | |
| Trade payables | 179.42 | - | 179.42 |
| Lease and other financial liabilities | 412.58 | 612.49 | 1,025.07 |
| | 592.00 | 612.49 | 1,204.49 |

IndiaMART InterMESH Limited**Notes to Consolidated Financial Statements for the year ended 31 March 2021**

(Amounts in INR million, unless otherwise stated)

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include foreign currency receivables, deposits, investments in mutual funds and bonds.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The Group's exposure to unhedged foreign currency risk as at 31 March 2021 and 31 March 2020 has been disclosed in note below. Currency risks related to the principal amounts of the Group's US dollar trade receivables.

Unhedged foreign currency exposure

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------|--------------------------------|--------------------------------|
| Trade receivable | USD 0.09 (INR 6.72) | USD 0.07 (INR 5.14) |

Sensitivity

| | Impact on profit before tax | |
|--------------------------|---|---|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| USD sensitivity | | |
| INR/USD - increase by 2% | 0.13 | 0.10 |
| INR/USD - decrease by 2% | (0.13) | (0.10) |

b) Interest rate risk

Investment of short-term surplus funds of the Group in liquid schemes of mutual funds and bonds with provides high level of liquidity from a portfolio of money market securities and high quality debt and categorized as 'low risk' product from liquidity and interest rate risk perspectives.

Sensitivity

| | Impact on profit before tax | |
|--|---|---|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| + 5% change in NAV of mutual funds and bonds | 1,108.72 | 435.94 |
| - 5% change in NAV of mutual funds and bonds | (1,108.72) | (435.94) |

32 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 year ended 31 March 2021 | For the year ended 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| India | 6,599.61 | 6,251.58 | 669.90 | 875.29 |
| Others | 96.01 | 136.96 | - | - |
| | 6,695.62 | 6,388.54 | 669.90 | 875.29 |

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

33 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 |
| Manoj Bhargava | Company Secretary |
| Dhruv Prakash | Non-executive director |
| 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 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)

Ten Times Online Private Limited (Associate) (with effect from 1 September 2020, Also refer to Note 37)

ii) Key management personnel compensation

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits | 111.39 | 119.15 |
| Post-employment benefits | 0.13 | 1.11 |
| Other long-term employee benefits | - | 3.67 |
| Employee share based payment | 4.37 | 32.39 |
| | 115.89 | 156.32 |

33 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 year:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Entities where KMP and Individuals exercise Significant influence | | |
| <u>Expenses for rent</u> | | |
| Mansa Enterprises Private Limited | 1.59 | 3.07 |
| Key management personnel | | |
| <u>Recruitment and training expenses</u> | | |
| Dhruv Prakash | 0.44 | 3.09 |
| Director's sitting fees | 1.14 | 2.09 |
| Dividend paid | | |
| Dinesh Chandra Agarwal | - | 86.31 |
| Brijesh Kumar Agrawal | - | 58.49 |
| Prateek Chandra | - | 1.01 |
| Manoj Bhargava | - | 0.01 |
| Rajesh Sawhney | - | 0.25 |
| Dhruv Prakash | - | 0.40 |
| Vivek Narayan Gour | - | 0.09 |
| Associates | | |
| <u>Investment in associates</u> | | |
| Simply Vyapar Apps Private Limited | - | 312.02 |
| <u>Web services provided to</u> | | |
| Simply Vyapar Apps Private Limited | 0.04 | 0.01 |
| <u>Internet and online services availed</u> | | |
| Ten Times Online Pvt. Ltd (from 1 September 2020) | 0.05 | - |
| <u>Indiamart Employee Benefit Trust</u> | | |
| Interest free Loan given | 1.20 | 1.50 |
| Repayment of loan given | 1.20 | - |
| Share capital issued | 1.35 | 1.45 |
| Dividend paid | - | 0.43 |

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 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 do not include IPO related expenses, incurred, in trust on behalf of related parties (Managing Director and Whole time Director) as selling shareholders in Offer for Sale during the year ended 31 March 2020.

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

| Balance Outstanding at the year end | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Key management personnel | | |
| <u>Recruitment and training expenses payable</u> | | |
| Dhruv Prakash | - | 0.13 |
| Director's sitting fees | 0.05 | - |
| <u>Investment in associates</u> | | |
| Simply Vyapar Apps Private Limited | 312.02 | 312.02 |
| Ten Times Online Pvt. Ltd | 0.93 | - |
| <u>Deferred Revenue</u> | | |
| Simply Vyapar Apps Private Limited | 0.47 | 0.02 |
| <u>Loan given</u> | | |
| Indiamart Employee Benefit Trust | 1.50 | 1.50 |

34 Group information

Information about subsidiaries and associates

The consolidated financial statements of the Group includes subsidiaries and associate listed in the table below:

| Name | Principal activities | Country of incorporation | % interest | |
|------------------------------------|---|--------------------------|------------------------|------------------------|
| | | | As at 31 March 2021 | As at 31 March 2020 |
| Hello Trade Online Private Limited | Business facilitation services | India | 100 | 100 |
| Tradezeal Online Private Limited | Business facilitation services | India | 100 | 100 |
| Ten Times Online Private Limited * | Business facilitation services | India | - | 100 |
| Tolexo Online Private Ltd | Cloud based solution for SMEs | India | 100 | 100 |
| Pay With Indiamart Private Limited | Payment facilitation | India | 100 | 100 |
| Information about associate | | | | |
| Ten Times Online Private Limited * | Business facilitation services | India | 30 | - |
| Simply Vyapar Apps Private Limited | Software and apps service providing company | India | 26 | 26 |

* The Parent Company diluted its stake in Ten Times Online Private Limited which was a wholly owned subsidiary on September 1, 2020, by selling its equity stake to the tune of 70%. Post this transaction, Ten Times Online Private Limited becomes an Associate of the parent company.

35 Additional information

| Name of the entity in the group | Net Assets, i.e., total assets minus total liabilities | | Share in profit and loss | | Share in other Comprehensive income | | Share in total Comprehensive income | |
|--|---|----------------|--|----------------|---|----------------|--|----------------|
| | As % of consolidated net assets | INR million | As % of consolidated profit and loss | INR million | As % of consolidated other comprehensive income | INR million | As % of total comprehensive income | INR million |
| Parent | | | | | | | | |
| Indiamart Intermesh Limited | | | | | | | | |
| Balance as at 31 March 2021 | 99.92% | 16,166.44 | | | | | | |
| Balance as at 31 March 2020 | 94.63% | 2,744.94 | | | | | | |
| For the year ended 31 March 2021 | | | 104.20% | 2,867.13 | 102.88% | (18.29) | 104.21% | 2,848.84 |
| For the year ended 31 March 2020 | | | 105.96% | 1,462.08 | 97.67% | (54.17) | 106.31% | 1,407.91 |
| Subsidiaries | | | | | | | | |
| Tolexo Online Private Limited | | | | | | | | |
| Balance as at 31 March 2021 | -1.48% | (238.93) | | | | | | |
| Balance as at 31 March 2020 | -5.78% | (167.80) | | | | | | |
| For the year ended 31 March 2021 | | | -2.67% | (73.46) | -3.81% | 0.68 | -2.66% | (72.79) |
| For the year ended 31 March 2020 | | | -4.98% | (68.76) | 0.54% | (0.30) | -5.21% | (69.06) |
| Ten Times Online Private Limited (till September 1, 2020) | | | | | | | | |
| Balance as at 31 March 2021 | 0.00% | - | | | | | | |
| Balance as at 31 March 2020 | 1.52% | 44.01 | | | | | | |
| For the year ended 31 March 2021 | | | -0.43% | (11.92) | 0.93% | (0.17) | -0.44% | (12.09) |
| For the year ended 31 March 2020 | | | 0.64% | 8.81 | 1.80% | (1.00) | 0.59% | 7.81 |
| Hello Trade Online Pvt Ltd | | | | | | | | |
| Balance as at 31 March 2021 | 0.00% | 0.03 | | | | | | |
| Balance as at 31 March 2020 | 0.00% | 0.06 | | | | | | |
| For the year ended 31 March 2021 | | | 0.00% | (0.04) | 0.00% | - | 0.00% | (0.04) |
| For the year ended 31 March 2020 | | | 0.00% | (0.04) | 0.00% | - | 0.00% | (0.04) |
| Tradezeal Online Pvt Ltd | | | | | | | | |
| Balance as at 31 March 2021 | -0.16% | (26.22) | | | | | | |
| Balance as at 31 March 2020 | -0.79% | (22.89) | | | | | | |
| For the year ended 31 March 2021 | | | -0.16% | (4.32) | 0.00% | - | -0.16% | (4.32) |
| For the year ended 31 March 2020 | | | -0.24% | (3.25) | 0.00% | - | -0.25% | (3.25) |
| Pay with Indiamart Private Limited | | | | | | | | |
| Balance as at 31 March 2021 | 0.05% | 8.69 | | | | | | |
| Balance as at 31 March 2020 | 0.23% | 6.81 | | | | | | |
| For the year ended 31 March 2021 | | | 0.03% | 0.77 | 0.00% | - | 0.03% | 0.77 |
| For the year ended 31 March 2020 | | | -0.19% | (2.56) | 0.00% | - | -0.19% | (2.56) |
| Associate (accounting as per equity method) | | | | | | | | |
| Simply Vyapar Apps Private Limited | | | | | | | | |
| Balance as at 31 March 2021 | 1.67% | 269.94 | | | | | | |
| Balance as at 31 March 2020 | 10.19% | 295.61 | | | | | | |
| For the year ended 31 March 2021 | | | -0.93% | (25.67) | 0.00% | - | -0.94% | (25.67) |
| For the year ended 31 March 2020 | | | -1.19% | (16.41) | 0.00% | - | -1.24% | (16.41) |
| Ten Times Online Private Limited (Post September 1, 2020) | | | | | | | | |
| Simply Vyapar Apps Private Limited | | | | | | | | |
| Balance as at 31 March 2021 | 0.00% | - | | | | | | |
| Balance as at 31 March 2020 | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| For the year ended 31 March 2021 | | | - | (0.93) | 0.00% | - | -0.03% | (0.93) |
| For the year ended 31 March 2020 | 0.00% | - | | | | | | |
| Balance as at 31 March 2021 | 100.00% | 16,179.95 | | | | | | |
| Balance as at 31 March 2020 | 100.00% | 2,900.74 | | | | | | |
| For the year ended 31 March 2021 | | | 100.00% | 2,751.56 | 100.00% | (17.78) | 100.00% | 2,733.78 |
| For the year ended 31 March 2020 | | | 100.00% | 1,379.86 | 100.00% | (55.47) | 100.00% | 1,324.40 |
| Adjustment arising out of consolidation | | | | | | | | |
| Balance as at 31 March 2021 | | (71.10) | | | | | | |
| Balance as at 31 March 2020 | | (150.17) | | | | | | |
| For the year ended 31 March 2021 | | | | 46.18 | | - | | 46.17 |
| For the year ended 31 March 2020 | | | | 93.96 | | - | | 93.96 |
| Total | | | | | | | | |
| Balance as at 31 March 2021 | | 16,108.84 | | | | | | |
| Balance as at 31 March 2020 | | 2,750.57 | | | | | | |
| For the year ended 31 March 2021 | | | | 2,797.74 | | (17.78) | | 2,779.96 |
| For the year ended 31 March 2020 | | | | 1,473.82 | | (55.47) | | 1,418.35 |

36 Contingent liabilities and commitments

a) Contingent liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| (i) Income-tax demand (refer notes (a) and (b) below) | 302.68 | 302.68 |

(a) In respect of Assessment year 2016-17, a 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 INR 719.22 million to INR 482.07 million (Tax impact @25.17%- INR 59.69 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 consolidated financial statements for tax demand raised.

(b) In respect of Assessment year 2017-18, a demand of INR 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 consolidated 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 is not 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 there being further clarity on the matter.

(iii) The Group is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Group records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Management reviews these provisions and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Management believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results or cash flows of the Group, with respect to loss contingencies for legal and other contingencies as at 31 March 2021.

(iv) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

b) Capital and other commitments

- As at 31 March 2021, the Group has capital commitment of INR 13 millions (31 March 2020: Nil).

37 The Company diluted its stake in Ten Times Online Private Limited which was a wholly owned subsidiary on September 1, 2020, by selling its equity stake to the tune of 70% for a consideration of INR 2.12 millions. Post this transaction, the Company still holds 30% stake in Ten Times Online Private Limited and the fair value the remaining stake amounted to INR 0.93 millions and the same was classified as 'Investment in Associate' in these consolidated financial statements. The book value of assets and liabilities sold is as follows:

| Particulars | Amount |
|--|---------------|
| Net Working Capital (including cash of INR 1.63 millions) | 7.14 |
| Deferred and current tax | (0.57) |
| Property, plant and equipment | 1.38 |
| Intangible assets | 0.06 |
| Other non-current liabilities | (2.92) |
| Total Net Assets (A) | 5.09 |
| Consideration received for 70% Stake (B) | 2.12 |
| Fair Value of remaining 30% Stake (C) | 0.93 |
| Loss on change of control of a subsidiary converted into an associate (A-B-C) | (2.04) |

38 Investment in associates

The Group has no material associate as on 31 March 2021, The aggregate summarised financial information in respect of the Group's immaterial associates accounted for using the equity method is as below:

| | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| Carrying value of the Group's interest in associates | 269.94 | 295.61 |
| The Group's share in profit/(loss) for the year in associates | (26.60) | (16.41) |

39 Events after the reporting period

The Group has evaluated all the subsequent events through 29 April 2021, which is the date on which these consolidated financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the consolidated financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

KANIKA KOHLI Digitally signed by KANIKA KOHLI
Date: 2021.04.29 15:20:56 +05'30'

Kanika Kohli
Partner
Membership No.: 511565
Place: Gurugram
Date: 29 April 2021

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

Dinesh Chandra Agarwal
Digitally signed by Dinesh Chandra Agarwal
Date: 2021.04.29 14:36:32 +05'30'

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

Prateek Chandra
Digitally signed by Prateek Chandra
Date: 2021.04.29 14:12:28 +05'30'

Prateek Chandra
(Chief Financial Officer)

Place: Noida
Date: 29 April 2021

Brijesh Kumar Agrawal
Digitally signed by Brijesh Kumar Agrawal
Date: 2021.04.29 14:09:18 +05'30'

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

MANOJ BHARGAVA
Digitally signed by MANOJ BHARGAVA
Date: 2021.04.29 14:12:28 +05'30'

Manoj Bhargava
(Company Secretary)