

**IndiaMART InterMESH Ltd.**

Advant Navis Business Park, Plot no.7,  
7th Floor, Sector - 142, Noida, UP  
Call Us: +91 - 9696969696  
E: [customercare@indiamart.com](mailto:customercare@indiamart.com)  
Website: [www.indiamart.com](http://www.indiamart.com)

**Date: August 29, 2019**

To

**National Stock Exchange of India Ltd.**

Exchange Plaza, Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051

**Symbol: INDIAMART**

**BSE Limited**

Listing Department,  
Phiroze Jeejeebhoy Towers, Dalal Street  
Mumbai - 400 001

**Symbol: 542726**

**Subject: Notice of 20<sup>th</sup> Annual General Meeting (AGM) and Annual Report 2018-19**

Dear Sir/Madam,

In compliance with the Regulation 34, 44 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the copy of notice date July 31, 2019 along with Annual Report for the Financial Year 2018-19 for convening the 20<sup>th</sup> Annual General Meeting (AGM) of the Company to be held on Wednesday, September 25, 2019 at 9:00 a.m. at The Executive Club Resort, 439, Kharak Road, Shahoorpur Extension, Sat Bari, New Delhi - 110074.

A copy of the Notice of 20<sup>th</sup> AGM and Annual Report for the Financial Year 2018-19 is also made available on the Company's website at <http://investor.indiamart.com>.

The schedule of AGM is set out below:

Event	Date	Time (IST)
Relevant Date/ Cut-off date to vote on AGM resolutions	September 18, 2019	N.A.
Commencement of remote e-voting	September 21, 2019	9:00 a.m.
End of remote e-voting	September 24, 2019	5:00 p.m.
AGM	September 25, 2019	9:00 a.m.

Kindly take the above information on records.

Yours faithfully,

**For Indiamart Intermesh Limited**

  
(Manoj Bhargava)

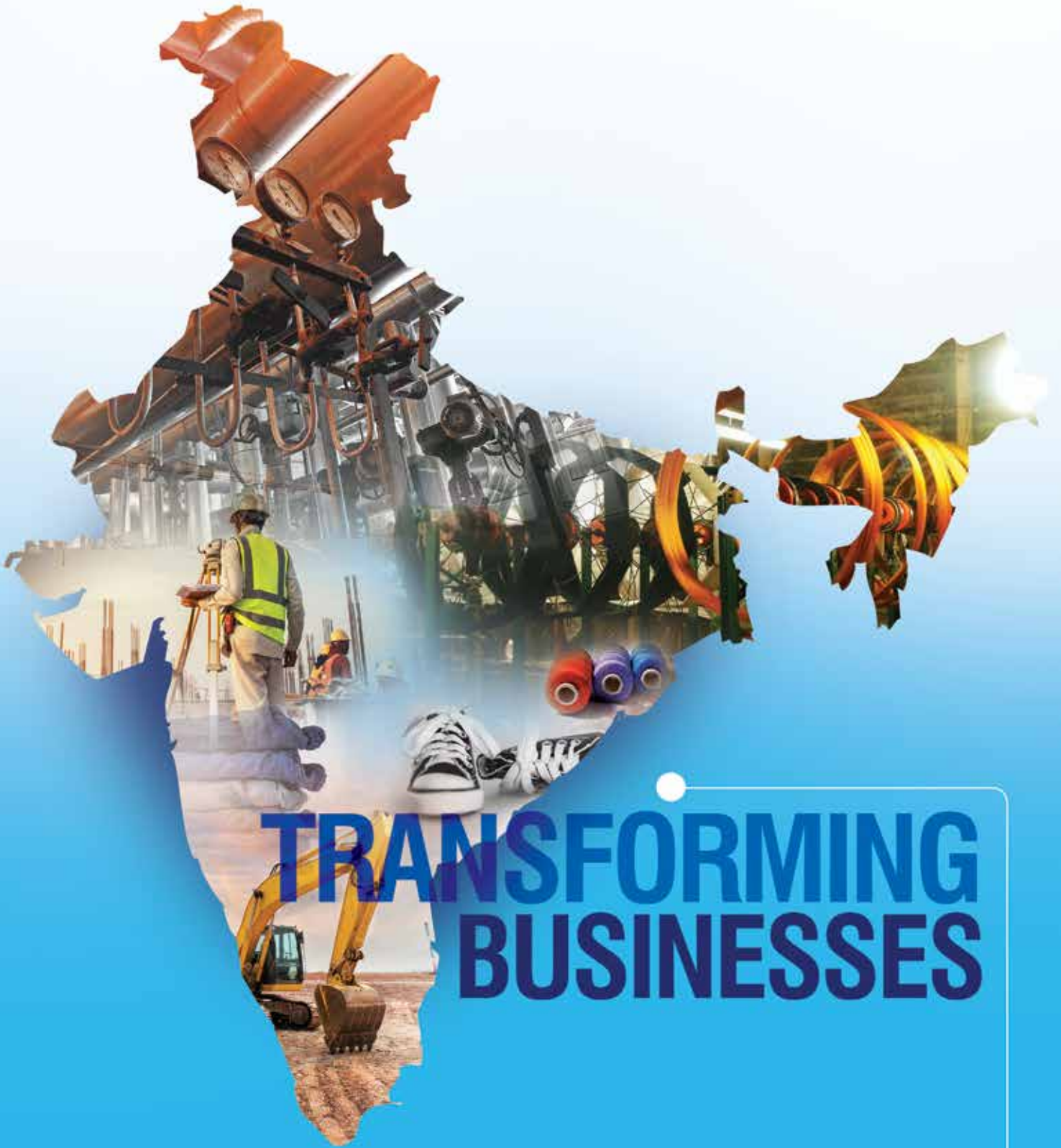
**Sr. Vice President (Legal & Secretarial),  
Company Secretary & Compliance Officer  
Membership No: F5164**



*Encl.: As above*



indiamart®



# TRANSFORMING BUSINESSES

ANNUAL REPORT  
2018-19

## In this Report



**01-18**

### Corporate Overview

- 03 About Us
- 08 Financial Highlights
- 09 Letter to Stakeowners
- 10 Success Stories
- 12 Board of Directors
- 13 Management Team
- 14 Social Empowerment
- 15 People Practices
- 18 Corporate Information



**20-46**

### Statutory Reports

- 20 Directors' Report and Annexures



**47-146**

### Financial Statements

- 47 Standalone
- 98 Consolidated



## 2018-19 key highlights (on consolidated basis)

Total  
income

₹ **5,484** Mn

↑ 28%

Revenue from  
operations

₹ **5,074** Mn

↑ 24%

Deferred  
revenue

₹ **5,860** Mn

↑ 38%

EBITDA

₹ **823** Mn

@ 16% margin

↑ 77%

Cash and  
investments

₹ **6,852** Mn

↑ 77%

Cash generated from  
operations

₹ **2,551** Mn

↑ 42%

↑ y-o-y growth

To download the IndiaMART app on  
your phone, scan the QR code:



IOS



ANDROID



To learn more about the Company,  
visit: <http://investor.indiamart.com/index.htm>



If we look back at the history of how human civilisations prospered through cooperation and a culture of exchange, we first need to begin our journey with the traditional barter system. It began several thousands of years ago to cater to the frugal daily requirements of life.

As social interactions became more complex and multi-faceted, the mercantile system gradually evolved and then the thriving world of commerce and industry took shape. Now the digital age is upon us; and the internet is unleashing waves of innovation, transforming businesses and society.



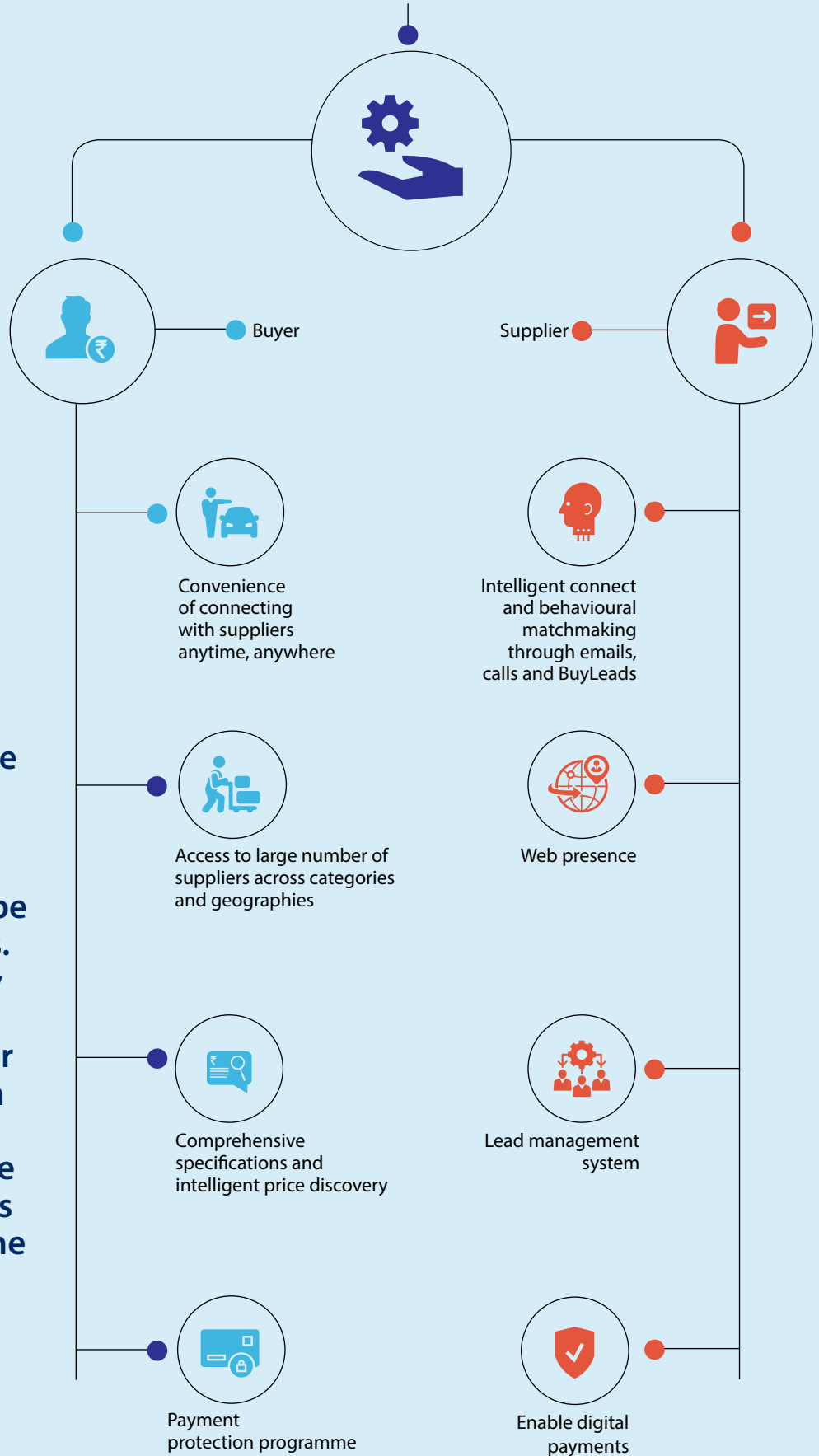
## **WE, AT INDIAMART, SEE OURSELVES AS A CATALYTIC FORCE THAT HELPS ACCELERATE THE SHIFT FROM THE TRADITIONAL MARKETPLACE TO A DIGITALLY EMPOWERED NEW-AGE PLATFORM FOR BUSINESSES TO SCALE THEIR DIGITAL GAME.**



Our offerings comprise millions of products and services, connecting buyers and suppliers to interact; and make doing business easier and simpler, through convenient price discovery, intelligent connect and easy and secured payments.

As the digital age continues to redefine life in myriad ways, our overarching objective is to help transform businesses and empower the economy of New India, to create enduring value for the nation.

# Services that empower businesses



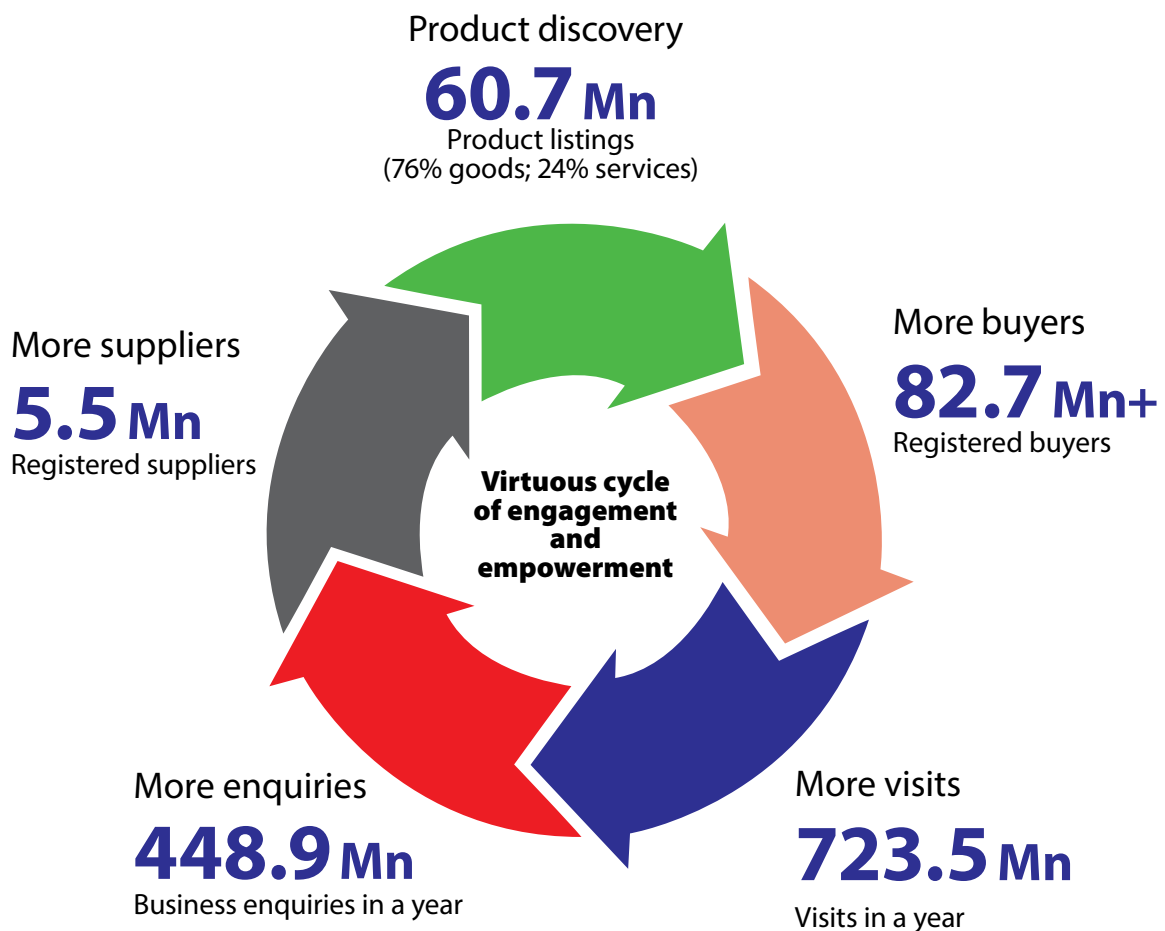
Powered by decades-rich experience in online trade, we nurture a deep and diverse understanding of the digital landscape and its participants. We continue to rely on our experience and insights, for our growing ecosystem of suppliers and buyers, to introduce refreshing solutions that are ahead of the curve and facilitate critical business needs. Innovation is a way of life at IndiaMART.

## About Us

# India's largest online B2B marketplace

## A quick glance

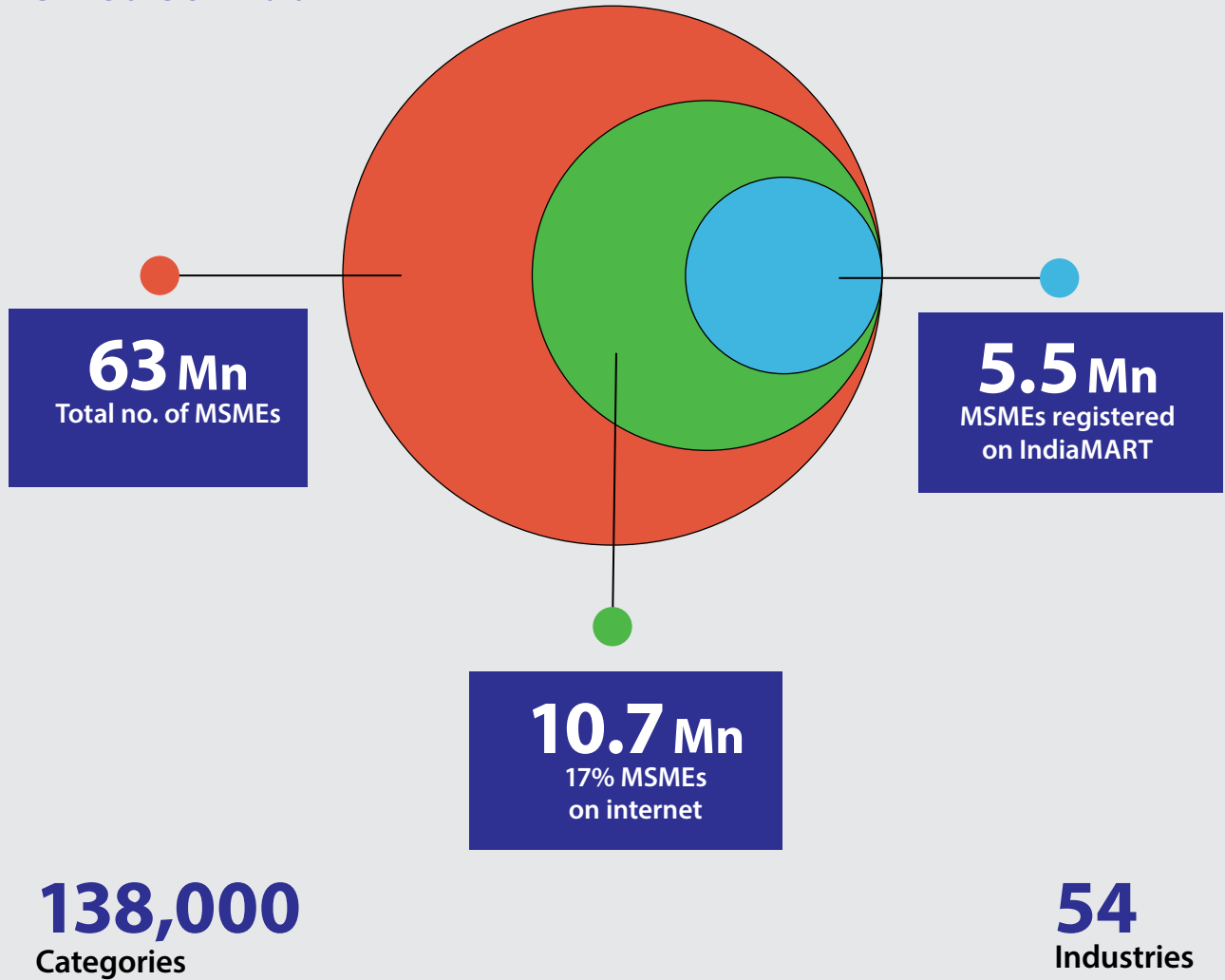
Over the decades, we have evolved as a powerful catalyst of transformation for businesses, setting into motion a virtuous cycle that begins with more paying customers, faster product discovery and growing community of buyers, translating into enhanced traffic, enquiries and more suppliers with quality products attracting more buyers.



# About Us

## Largest online coverage

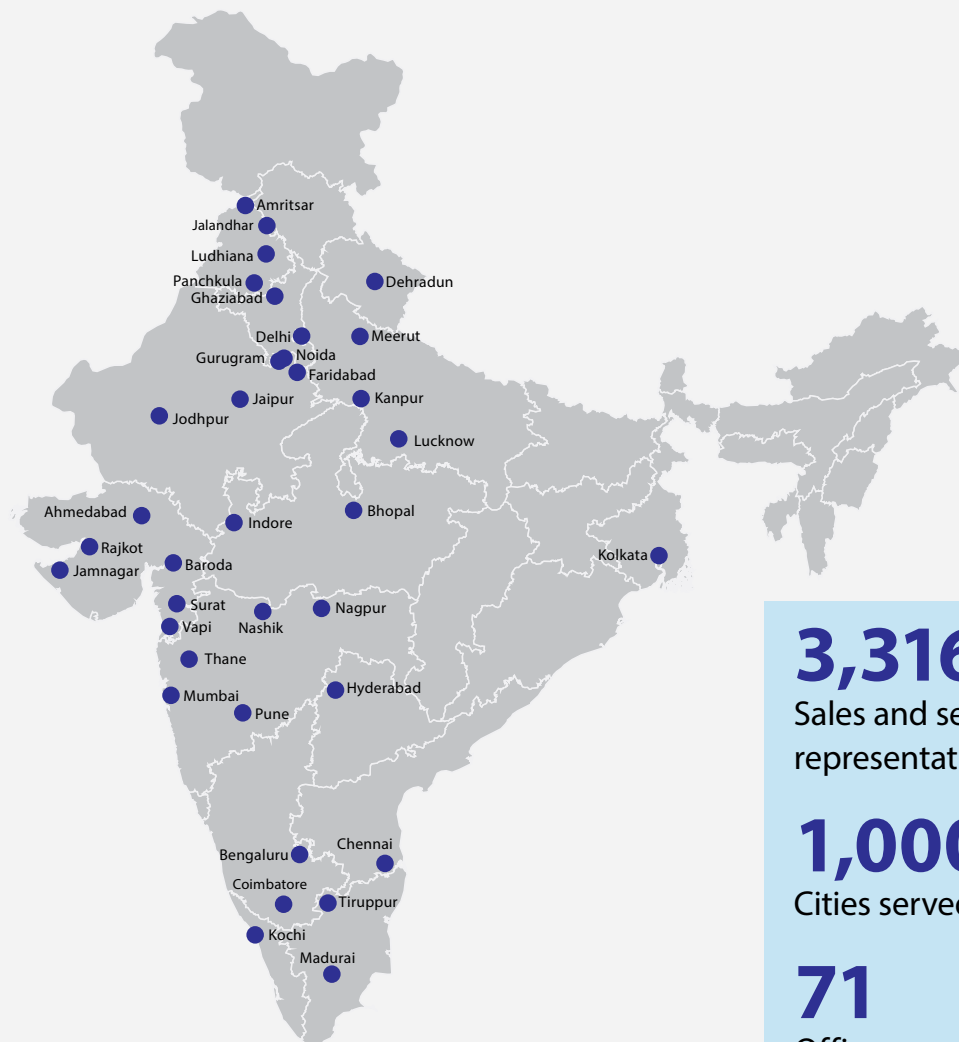
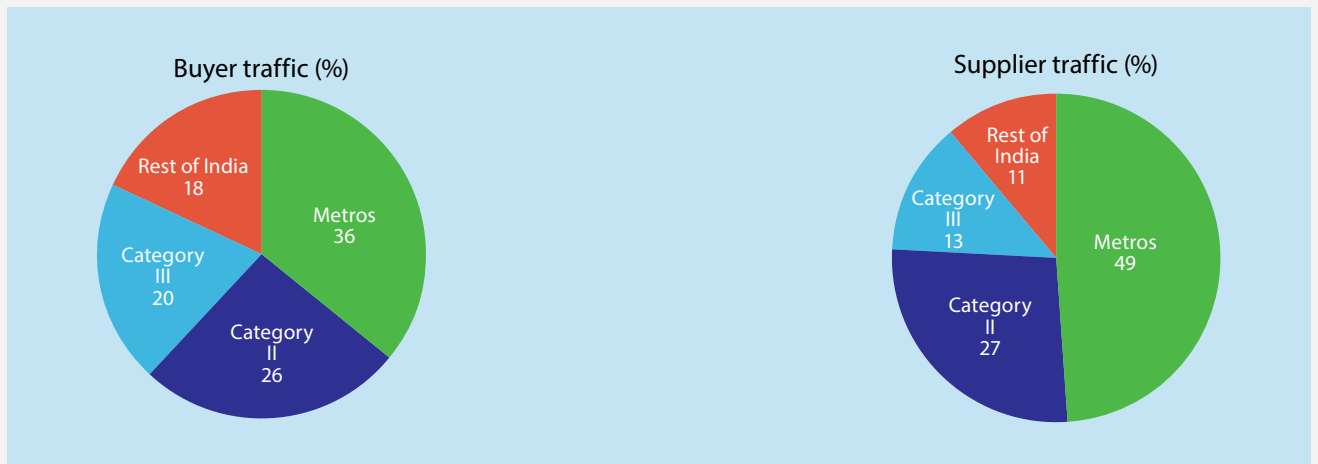
50% of internet addressable MSMEs are on IndiaMART



## Driven by strong network effect



## Well-diversified across geographies



**3,316**  
Sales and services  
representatives

**1,000+**  
Cities served

**71**  
Offices

● Branch offices

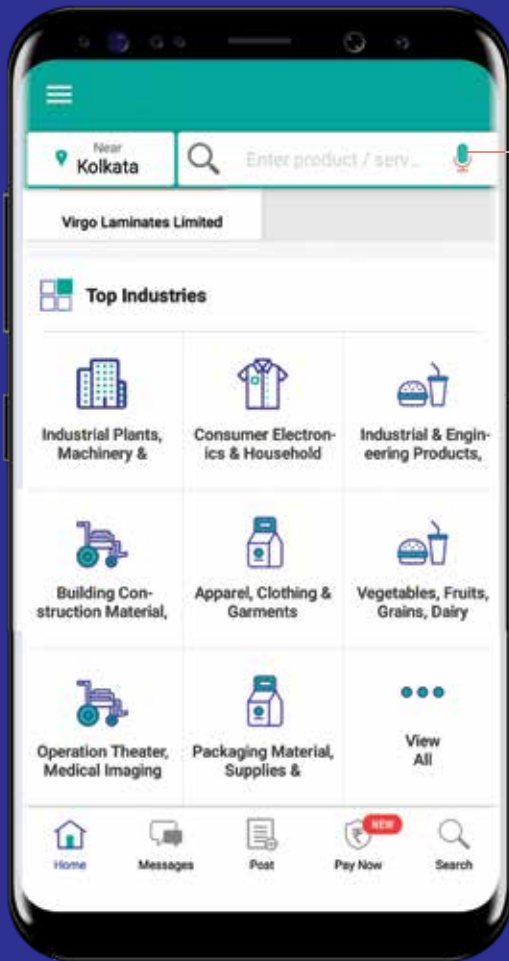
	Metros	Category II	Category III
Categorisation	Delhi NCR, Mumbai, Bangalore, Hyderabad, Kolkata, Ahmedabad, Pune and Chennai	Population >500,000 excluding the cities covered under Metros	Population 100,000-500,000 excluding the cities covered under Metros and Category II
<b>Number of cities</b>	<b>8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

Note: As of and for fiscal year ended March 31, 2019



## About Us

# Reinforcing a transformational ecosystem



English  
தமிழ்  
বাংলা  
हिंदी  
मराठी  
తెలుగు  
ગુજરાતી  
ಕನ್ನಡ  
മലയാളം

We, at IndiaMART, are transforming businesses in myriad ways through the intervention of technology. Our multi-lingual voice search feature in nine different languages provides benefits to a wider audience spectrum. Our strategy is to expand our presence and deepen our penetration, cutting across the barriers of language and education.

We are acting as an agent of empowerment and helping micro, small and medium enterprises (MSMEs) to proactively embrace digitalisation; and leverage the power of digital technologies to scale their businesses significantly in a rapidly growing economy.

We are emerging as a crucial differentiator for businesses in the bigger, better and bolder internet-driven era of change, through our suite of niche services such as web storefront enquiries, priority listing, premium number service, lead management system and payment facilitation, among others.

## 76%

Of total traffic through mobile

## 4.6

Star user rating for the app on Google Play store

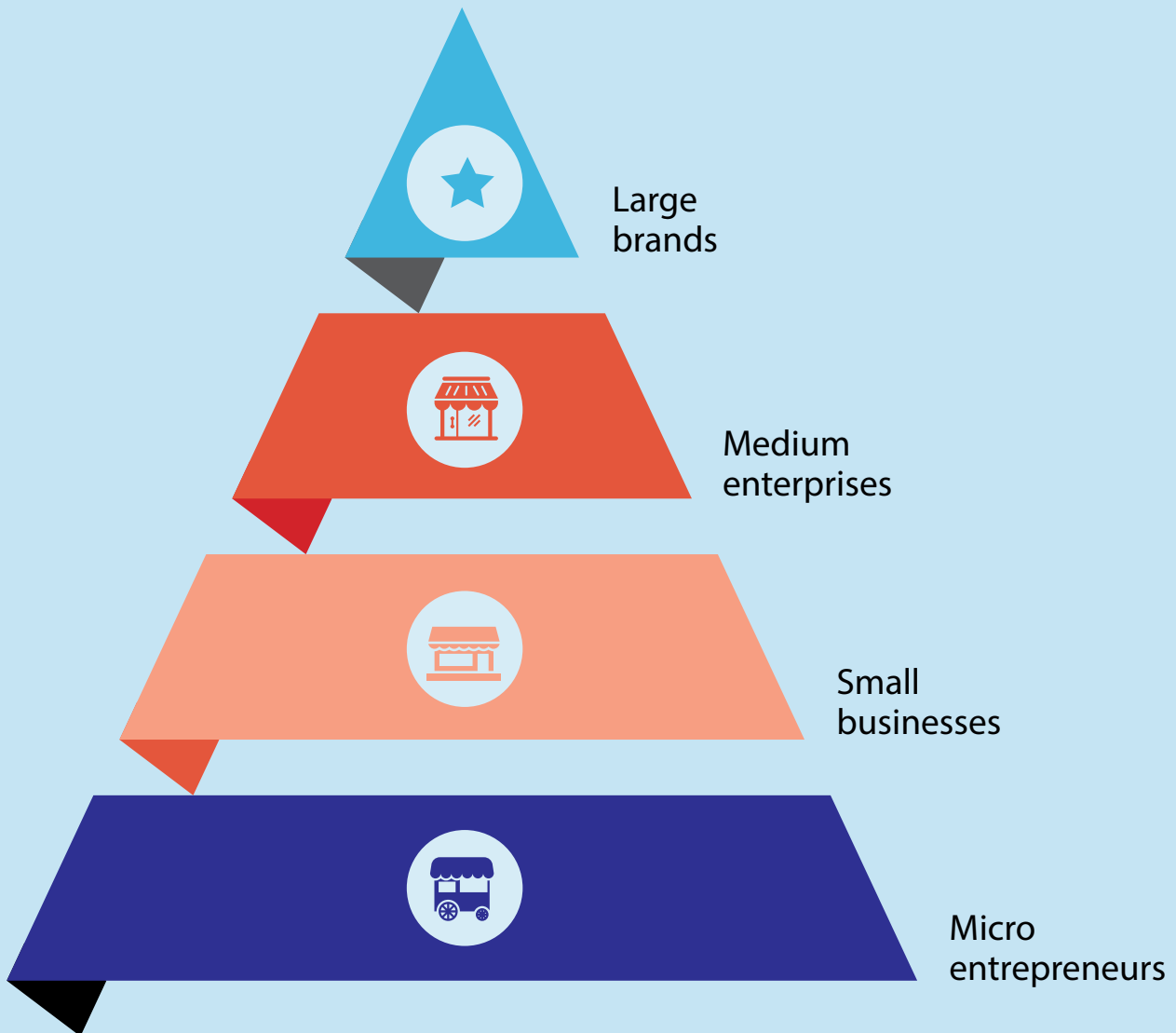
## 9

Language options offered for voice search

## 100%

Organic traffic

# Businesses of every size and scale rely on us



## HOW WE BROADBASE REVENUE MOMENTUM

We began our journey with the promise of enabling millions of MSMEs in India and helping them scale and strengthen their value propositions. Gradually, we have expanded our offerings to attract mega and esteemed brands, generating incremental business for them through our association.

Our rich repository of buyer and supplier preferences helps us deploy behavioural analytics as well as an allied matchmaking

algorithm, which ensures more relevant discovery of products and services. We are establishing a virtuous cycle of user engagement, leading to self-sustained traction in trade enquiries.

We earn revenue primarily through the sale of subscription packages (available on a monthly, annual and multi-year basis) to suppliers, which offer a range of benefits, including the listing of their supplier storefronts on a priority basis, access to lead management system,

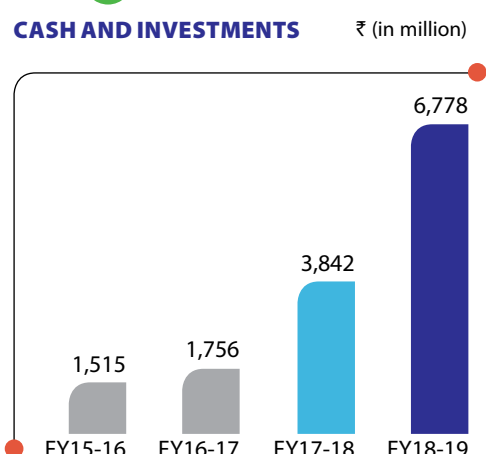
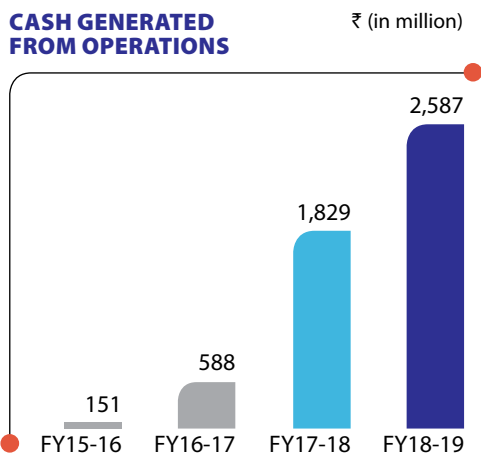
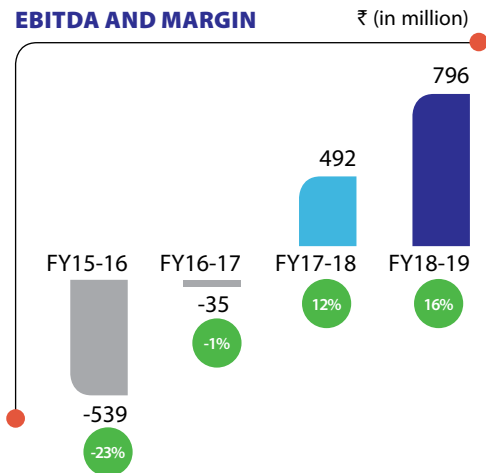
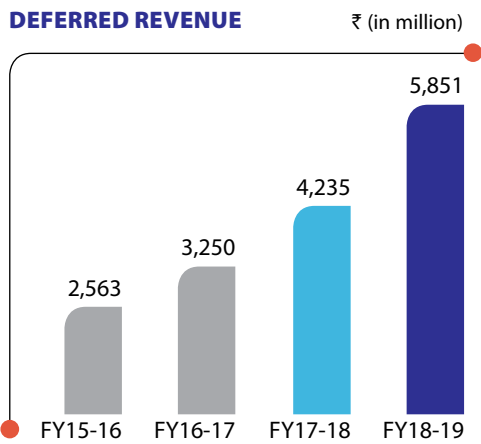
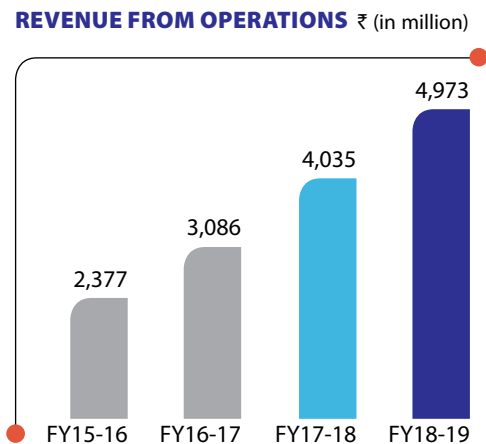
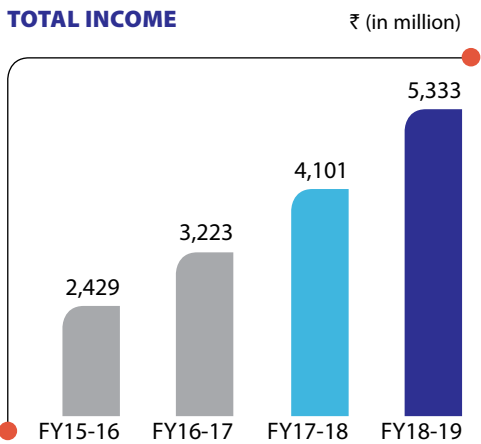
integrated access to third-party online payment gateways and access to request for quotes (RFQs).

Our customer relationship management enables us to effectively gather, analyse and make use of supplier behaviour, which helps us prioritise suppliers that are most relevant, active and responsive to our buyers' enquiries.

## Financial Highlights (on standalone basis)

# Mapping our performance curve

Our growth is a result of laser-sharp focus on efficiency in execution and consistent measures implemented towards enriching user experiences. We are continuously investing in expanding our community of buyers and suppliers, strengthening our technological capabilities and reinforcing our market leadership in the online B2B classifieds space



## Letter to Stakeowners

# Transforming businesses, enabling value creators



**Our objective is to add value to our community of buyers and suppliers, curate as well as aggregate new products and services that best suit their requirements.**

Dear Friends,

At the outset, I extend my heartfelt gratitude to our stakeholders, who have been part of our exciting and eventful journey of over two decades, traversing multiple ups and downs. Having navigated the dotcom bust in the early 2000s, and the 9/11 aftermath, IndiaMART saw a significant paradigm shift.

We were quick to analyse that the country would soon be a promising digital hub, and oriented ourselves accordingly to emerge as a key enabler in transforming businesses through the use of internet and technology.

What was founded over two decades ago, with a seed capital of ₹40,000 has today evolved into a business with more than ₹500 crore revenue. Till date, we are the first online B2B marketplace to have gone public; and I must admit with all humility that this achievement was made possible, with the help and support of our growing stakeholder fraternity.

On this note, I am happy to present the inaugural Annual Report of IndiaMART for the financial year 2018-19. If we take a macro perspective, the Indian economy is growing consistently and digitalisation, driven by the government, is making rapid strides and touching

more lives than ever. There is growing awareness among Indians about the benefits of digital adoption and emerging communication channels.

However, the internet penetration among India's MSMEs remains low, with 17% of MSMEs using internet for business purposes in 2017. The impact of digital services on MSMEs is currently estimated at US\$18 billion; and we are glad that 40% is contributed by IndiaMART alone.

Our objective has been to add value to our community of buyers and suppliers, curate as well as aggregate new products and services that best suit their requirements. And with our significant investment in improving our offerings, we have effectively overcome the problem of access to markets by providing millions of businesses a digital marketplace.

Considering that access to finance is another major problem that businesses in India face, we launched the payment facilitation service to help alleviate payment default risk and other payment related concerns for suppliers and buyers. Our payment protection programme and online payment gateway system allows multiple payment options like credit cards and wallets among others, directly on supplier storefronts.

Going forward, we will explore fintech and other software as a service (SaaS) solutions that could be transforming businesses. I thank you all once again. We value the trust our stakeholders have reposed in us through the years, and this precious intangible motivates us in becoming a true, one-stop solutions provider.

The success of IndiaMART's listing is a resounding vote of confidence for us. I dream of the day IndiaMART becomes a prerequisite to scaling any business exponentially in India.

*Big or small, kaam yahin banta hai!*

Warm regards,

**MR. DINESH CHANDRA AGARWAL**  
Managing Director and Chief  
Executive Officer

## Success Stories

# Experience our expertise

Our empowerment initiatives collectively act as a force multiplier for businesses, helping them take advantage of the broad window of opportunities that a trillion-dollar economy such as India presents.

From facilitating the successful transfer of 2,500 litres of water from Kanpur to a distant mountain regiment for its annual congregation, to transporting cement from Alwar to help build homes in Hyderabad – we are transforming businesses in more ways than one.

### TRANSFORMATION IS BRIDGING ASPIRATIONS AND ACHIEVEMENTS

Transformation, for us, is driving aspirations in innovative and inspiring ways.

Piyush, a young braveheart, wanted his dreams to soar in new and enterprising India. We supported his indomitable spirit and collaborated to help his business prosper. In 2008, he reached out to IndiaMART, opting for one of our basic subscription packages, and in a little over a decade, upgraded to our premium services.

During this period, he gradually transformed a modest swimming pool business that his father started three decades ago, to a flourishing enterprise dealing in playground and open-air gym equipment.

Piyush has also expanded his spectrum of offerings – from 10-12 products, his business now offers 450 customisable products.

The turnover also multiplied ten-fold, from ₹1 crore to ₹10 crore. Piyush knows that he has a long way to go, but the road ahead is clearly visible and lit with optimism.

**“In the bold new internet era, IndiaMART is the most effective tool to market your business. Before we partnered IndiaMART, our presence was restricted to Delhi itself; now that we have expanded our network, it exceeds 500 dealers and distributors.”**



**Piyush Jain**

Owner, Potent Watercare Private Limited (Supplier)



## TRANSFORMATION IS THE BIG LEAP FORWARD

With right access, small unfolds big potential in the digital era. This is what Faruck Mansuri's story tells us.

A struggling meat trader from a small town called Rewa in Madhya Pradesh, Faruck's partnership with IndiaMART prepared the foundation for his business expansion, with the right access to quality equipment and customers from India's largest online B2B destination.

He bought a cutting machine, a feather cleaning machine, a weighing machine and other equipment from us; and at the same time, got connected to a large fraternity of customers, who offered fair prices.

He can now avail product search, price discovery and other product-related information in an instant. Also, he regularly interacts with several suppliers to get the best price, before taking a decision.

Today, Faruck runs a booming business; but more importantly, he is now a confident entrepreneur, ready to scale the next growth altitude. Geographic constraints can no longer hold him back in the new digital era. We, at IndiaMART, are happy to partner his prosperity and progress.

**"Repose your trust in IndiaMART without worry. It is a reliable destination to grow your business!"**

**Faruck Mansuri**  
Owner, Famous Chicken Shop (Buyer)



## TRANSFORMATION IS GAINING AN EARLY-MOVER ADVANTAGE

Steel is traditionally never bought through an online portal, but Rohit Lamba took a bold step forward.

He refused to tread the beaten track. He relied on IndiaMART and was delighted with the outcome.

Since the collaboration began, his company has grown its business significantly and has also expanded its customer outreach.

Today, Rohit is happy about the decision that he had taken; and is eager to explore new avenues of growth and transformation. This wonderful evolution, we think, is just the beginning of an exciting and eventful journey forward.

**"IndiaMART has supported our courage to challenge the convention of steel purchase; and the partnership has translated into promising outcomes in terms of leads and conversion. With IndiaMART by our side, a customer from even the remotest part of India can now reach us."**

**Rohit Lamba**  
VP Sales and Marketing, Jindal Steel and Power (Supplier)



## Board of Directors



**MR. DINESH CHANDRA AGARWAL**

Managing Director and Chief Executive Officer

### Education

Bachelor's degree in Computer Science and Engineering from HBTI, Kanpur University

### Industry experience

- Founded IndiaMART
- HCL America, Inc., Centre for Development of Telematics (C-Dot), CMC Limited



**MR. BRIJESH KUMAR AGRAWAL**

Whole-time Director

### Education

Master's degree in Management Science from University of Lucknow and a PGDM from New Delhi

### Industry experience

- Co-founded IndiaMART
- H N Miebach Logistics India Private Limited



**MR. DHRUV PRAKASH**

Non-executive Director

### Education

Master's degree from Meerut University and a PGDM from IIM, Ahmedabad

### Industry experience

- Korn/Ferry International Private Limited, Helion Ventures Private Limited, Hewitt Associates (India) Private Limited, Amar Dye-Chem Limited, DCM Toyota Limited



**MS. ELIZABETH LUCY CHAPMAN**

Independent Director

### Education

Chartered Financial Analyst and a Bachelor's degree from Edinburgh University, United Kingdom

### Industry experience

- DBS Bank Limited, Goldman Sachs International, The Welcome Trust Limited, Nahar Credits Private Limited, Wonga, ZestMoney



**MR. VIVEK NARAYAN GOUR**

Independent Director

### Education

Bachelor's degree from the University of Bombay and an MBA from University of Delhi

### Industry experience

- IL&FS, Tata Finance Limited, Genpact India, GE Capital Services India



**MR. RAJESH SAWHNEY**

Independent Director

### Education

Bachelor's degree in Engineering from University of Delhi and a Master's degree in Management Studies from University of Bombay

### Industry experience

- Reliance Capital Limited and Reliance Entertainment Limited, Times Internet, InnerChef, GSF Accelerator

## Management Team



**MR. DINESH GULATI**  
Chief Operating Officer

### Education

Bachelor's degree in Chemical Engineering from Kanpur University and an MBA from FMS, University of Delhi

### Industry experience

- Kodak India Limited, Bharti Airtel, Reliance Communications, Indian Express



**MR. PRATEEK CHANDRA**  
Chief Financial Officer

### Education

Chartered Accountant and a Bachelor's degree from SRCC, Delhi University

### Industry experience

- KPMG, Exl, HT Media Limited



**MR. AMARINDER SINGH DHALIWAL**  
Chief Product Officer

### Education

Bachelor's degree in Textile Technology from IIT Delhi and a PGDM from IIM, Ahmedabad

### Industry experience

- Micromax, BCCL, Times Internet, SBI Capital Markets
- Founded Done by None



**MR. MANOJ BHARGAVA**  
Senior Vice President (Legal and Secretarial), Company Secretary and Compliance Officer

### Education

BCom (H), an LLB from University of Delhi and an LLM from IP University, Delhi; and a Company Secretary from ICSI

### Industry experience

- HT Media Ltd., Varun Beverages Ltd., Barista Coffee Company Ltd., India Today Group

## Social Empowerment

# Dedicated to a digital-first nation

Technology is our winning tool and silent ally, eliminating barriers of distance, time and critical finance requirements for businesses to drive transformation.

As India's largest online B2B marketplace and an enabler of commerce, we help create exponential value for businesses and the nation at large.

There is an urgent requirement for each MSME to acquaint itself with the workings of technology and communication tools, to achieve higher levels of cost-effectiveness in their operations and bolster profits.

We handhold MSMEs to acquaint themselves with technology and communication tools, to choose

cost-effective solutions and bolster their business visibility.

We have helped innumerable MSMEs discover the benefits of a digital ecosystem, greatly simplifying their business processes, establishing more advanced marketing efforts and widening their reach.

Last year, we launched a training programme for the MSMEs to enable them to scale their business digitally.

## 6,000 MSMEs

Participated in our learning centres.

Our primary role is to gradually help level the broad playing field between online and offline retailers, ushering enhanced ease in doing business and promoting a digital-ready ecosystem of services. We are helping small business owners achieve scale at speed and this, in turn, is creating livelihoods.



### ENRICHING LIVES

The Confederation of Indian Industry, in its 2019 report of a survey of 1.05 lakh MSMEs based in 350 industrial centres across 28 states of the country, estimates that MSMEs created 13.5-14.9 million new jobs over the last four years; a major share of which was contributed by micro enterprises. The sector registered a job growth rate of 13.9% during this period.



## People Practices

# Teams help us triumph

Our culture and people practices continue to differentiate us in our operating landscape. We strongly believe that there are no legacy people, only legacy technologies and business models. Therefore, we continue to energise our culture through constant learning and upping the skill curve of our teams, who are our true brand ambassadors in the bold new online marketplace.

# 97

Employees who served for over a decade

# 25%

Of our employees comprised women





## People Practices



### INDIAMART GOES PUBLIC

In 2019, IndiaMART went public, and it was by far, the first online B2B marketplace to go public. The Company launched its Initial Public Offering (IPO) to raise over ₹474 crore at a price band of ₹970 to ₹973 on June 24, 2019.

The Company's IPO was fully subscribed by the second day; and was oversubscribed by 36 times by the end of the final day of bidding. On July 4, 2019, IndiaMART was listed on the NSE and the BSE, and thus, it went public.

Our growth is a result of focus on execution and measures undertaken towards enhancing buyer and supplier experience. We are continuously investing in expanding our network, enhancing our technological capabilities and acquiring the best minds from the industry.

### LEARNING IS OUR WAY OF LIFE

As part of our total employee benefits initiatives, several learning opportunities are extended to our employees.

iLEAP enables employee skill enhancement through chosen educational programmes. Following the successful completion of the course, we reimburse the course fee to the employee. Since April 2018, 183 employees have enrolled in iLEAP with 88 reimbursements.

Klib/Kwench is a gratuitous online library service, using which employees can have any number of books delivered at their workplace within five days; 85% of our people are covered under this initiative, with an average monthly participation of 95%.



### MAKING A MARK AT TECHGiG

Since 2018, our tech team participates in the national level technology competition titled TechGiG. In 2019, we were ranked among the Top 5 coding powerhouses in the country, with 14 of our employees in the Top 100 contestants.



### LIFE AT INDIAMART

We nurture a vibrant culture of camaraderie across our pan-India branches. Our teams celebrate Diwali, Independence Day, BootCamp and other such engagements, which help motivate our teams and raise their collective morale.



## Corporate Information

### BOARD OF DIRECTORS

**Mr. Dinesh Chandra Agarwal**  
(DIN: 00191800)

*Managing Director and  
Chief Executive Officer*

**Mr. Brijesh Kumar Agrawal**  
(DIN: 00191760)

*Whole-time Director*

**Mr. Dhruv Prakash**  
(DIN: 05124958)

*Non-Independent and Non-Executive  
Director*

**Ms. Elizabeth Lucy Chapman**  
(DIN: 06459440)

*Independent Director and  
Non-Executive Director*

**Mr. Rajesh Sawhney**  
(DIN: 01519511)

*Independent Director and  
Non-Executive Director*

**Mr. Vivek Narayan Gour**  
(DIN: 00254383)

*Independent Director and  
Non-Executive Director*

### CHIEF FINANCIAL OFFICER

**Mr. Prateek Chandra**

### COMPANY SECRETARY AND

### COMPLIANCE OFFICER

**Mr. Manoj Bhargava**

### SECRETARIAL AUDITORS

**Sanjay Grover & Associates**  
*Company Secretaries, New Delhi*

### STATUTORY AUDITORS

**S.R. Batliboi & Associates LLP**  
New Delhi

### REGISTRAR AND TRANSFER AGENT

#### Link Intime India Private Limited

Noble Heights, 1st floor,  
Plot No NH-2, C-1 Block, LSC,  
Near Savitri Market, Janakpuri,  
New Delhi - 110058

Email: delhi@linkintime.co.in

Website: www.linkintime.co.in

Phone: 011 – 49411000

### REGISTERED OFFICE OF THE COMPANY

1st Floor, 29-Daryaganj,  
Netaji Subash Marg, New Delhi-110002

Tel: +91-11-30272100

Fax: +91-11- 43509807

### CORPORATE OFFICE OF THE COMPANY

7th & 8th Floor, Tower A, Advant  
Navis Business Park, Plot No.7,  
Sector-142, Noida 201301

Tel: +91 (120) 6777 800

Fax: +91 (120) 4873 101



## **20-46** **Statutory Reports**

20 Directors' Report and Annexures



## **47-146** **Financial Statements**

47 Standalone  
98 Consolidated



# Board's Report

Dear Members,

Your Directors have pleasure in presenting the 20<sup>th</sup> Board's Report on the Business and Operations of the Company together with the Audited Financial Statement for the year ended March 31, 2019.

## FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year ended March 31, 2019 is as follows:

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	4,972.75	4,035.48	5,074.17	4,105.08
Net gain/(loss) on financial assets measured at FVTPL	323.86	36.52	373.20	161.63
Other Income	36.31	28.61	36.52	28.55
<b>Total Income</b>	<b>5,332.92</b>	<b>4,100.61</b>	<b>5,483.89</b>	<b>4,295.26</b>
Employee Benefit Expenses	2,217.24	1,887.84	2,299.83	1,948.57
Depreciation and amortisation expenses	39.98	27.97	41.27	28.85
Impairment of goodwill	-	1,175.55	-	-
Net Loss on financial liability designated at FVTPL	652.63	1,228.62	652.63	1,228.62
Other Expenses	1,959.78	1,655.45	1,950.93	1,690.19
<b>Total Expenses</b>	<b>4,869.63</b>	<b>5,975.43</b>	<b>4,944.66</b>	<b>4,896.23</b>
Profit/(Loss) before tax	463.29	(1,874.82)	539.23	(600.97)
Total Tax Expenses	337.36	(1,150.41)	338.79	(1,148.56)
Profit/(Loss) for the year	125.93	(724.41)	200.44	547.59
Other Comprehensive loss for the financial year	(6.81)	(9.63)	(7.36)	(9.16)
<b>Total Comprehensive income/(loss) for the financial year</b>	<b>119.12</b>	<b>(734.04)</b>	<b>193.08</b>	<b>538.43</b>
Earnings per Equity Share (₹) - Face value of ₹10/- each	4.87	(37.83)	7.75	28.60

₹ (in millions)

## REVIEW OF OPERATIONS

During the year under review, your Company achieved revenue from operations of ₹4,972.75 million as compared to ₹4,035.48 million last year, resulting in a growth of 23.23 percent. There were no changes, in the nature of business, during the reporting period.

Pursuant to Board approval dated June 22, 2018, your Company filed Draft Red Herring Prospectus with SEBI on June 29, 2018 for Initial Public Offering (IPO) through offer for sale of 4,288,801 equity shares of the Company held by some of the existing shareholders including Promoters. On September 14, 2018, the Company received final observations from SEBI on the draft offer Document.

## MATERIAL CHANGES AND COMMITMENTS

There has been no change in the nature of business during the period under review. The material events occurred during the financial year to which financial statements relates which may have effect on the financial position of the Company, are mentioned below:

- The Company has allotted bonus shares to the existing equity shareholders as on May 9, 2018 in the ratio of 1:1 as approved by the shareholders at the general meeting held on May 7, 2018. Consequently, the numbers of issued equity shares have been increased from 9,976,805 equity shares to 19,953,610 equity shares. For purpose of issuance of these Bonus shares, the balance in Share Premium Account on March 31, 2018 was utilised by the Company.
- The Company has allotted 1,566,630 equity shares pursuant to exercise of 783,315 vested stock options by the ESOP holders during the financial year ended March 31, 2019.

- The Board of Directors at its meeting held on June 06, 2018 approved the conversion of 930,000 Series A 0.01% Cumulative Compulsory Preference Shares of ₹328/- each into 2,076,091 equity shares of ₹10/- each, 552,816 0.01% Series B Cumulative Compulsory Preference Shares of ₹100/- each into 1,105,632 equity shares of ₹10/- each and 7,749 0.01% Series B1 Cumulative Compulsory Preference Shares of ₹100/- each into 15,498 equity shares of ₹10/- each.
- The Board of Directors at its meeting held on September 22, 2018 approved the conversion of 563,903 Series A 0.01% Cumulative Compulsory Preference Shares of ₹328/- each into 1,258,831 equity shares of ₹10/- each, 1,169,231 0.01% Series B Cumulative Compulsory Preference Shares of ₹100/- each into 2,338,462 equity shares of ₹10/- each and 138,626 0.01% Series B1 Cumulative Compulsory Preference Shares of ₹100/- each into 277,252 equity shares of ₹10/- each.

No material events have occurred between the end of the financial year to which financial statements relates and the date of this report which may have effect on the financial position of the Company.

## SHARE CAPITAL

During the financial year, the Company converted all the Series A, Series B and Series B1 preference shares into equity shares.

The Company also opened ESOP exercise window for exercise of the vested options by the option holders. The Company has allotted 1,566,630 equity shares pursuant to exercise of 783,315 vested stock options by the ESOP holders, from time to time, during the financial year ended March 31, 2019.

In view of the above the paid-up equity share capital of the Company was ₹285.92 million as on March 31, 2019.



## DIVIDEND

Your Directors didn't recommend any dividend on equity shares for the Financial Year 2018-19 due to inadequacy of distributable surplus.

## TRANSFER TO RESERVES

Standalone net profit after tax of ₹125.93 million is carried forward to the Retained Earnings. The Company has not transferred any funds to General Reserve during the current financial year.

## FIXED DEPOSITS

Your Company has not accepted any deposits from the public, during the year under review, within the meaning of Section 73 of the Companies Act, 2013 ('the Act') read with the Companies (Acceptance of Deposits) Rules, 2014, and no amount of principal or interest on deposits from the public was outstanding as on the date of Balance Sheet.

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans given, investments made, guarantees given and securities provided are given in Note No. 7 & 8 to the Financial Statements.

As on March 31, 2019, due to certain changes in business and economic conditions, the management believes that the expected benefits will take much longer to accrue than anticipated. Therefore, due to uncertainties involved in the market environment the company was not in position to determine value of expected benefits with reasonable certainty over the foreseeable future as on March 31, 2019. Accordingly, based on the conservative view, the Equity Investment in instruments of Tolexo Online Pvt. Ltd. ('Tolexo') has been fully impaired by way of recognition of losses in Profit and Loss account amounting to 70.02 million during the year ended March 31, 2019. The loss has been disclosed as impairment loss for investment in subsidiaries under other expenses in statement of Profit and Loss.

Additionally, the fair value of the Preference Shares of Tolexo has arrived at the rate of ₹5/- per share and thus a change in fair valuation of ₹47.38 million has been routed through Profit and Loss account. (Reference to note 21 of Financial Statements for details).

## SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

As on March 31, 2019, the Company has five subsidiary companies:

- Tolexo Online Private Limited (TOPL)
- Ten Times Online Private Limited (TTOPL)
- Pay With India Private Limited (PW IPL)
- Tradezeal International Private Limited (TIPL)
- Hello Trade Online Private Limited (HTOPL)

During the year, the Board of Directors ('the Board') reviewed the affairs of its subsidiaries. In accordance with Section 129(3) of the Act, your Company has prepared the Consolidated Financial Statements of the Company and all its subsidiaries.

### Performance and Financial Position of the Subsidiary Companies

- Tolexo Online Private Limited was incorporated on May 28, 2014. The Company is primarily engaged in the business of building a cloud-based solution for SME businesses to help them manage their business with increased efficiency.

During the year under the review, its total income was ₹1.71 million. The net losses after taxation were ₹45.15 million.

- Ten Times Online Private Limited was incorporated on February 26, 2014, it is currently engaged in the business of operating www.10times.com, a platform for business events discovery and networking. During the year under the review, its total income was ₹93.17 million and the net profits after taxation was ₹4.26 million.
- Pay With Indiamart Private Limited was incorporated on February 07, 2017. The Company is engaged in the business of electronic payment facilitation mechanisms through internet based solutions & products, financial intermediation and services in connection with electronic payments and receipts, products, technologies, markets. During the year under the review, its total revenue was ₹11.83 million and net losses after taxation was ₹16.52 million.
- Tradezeal International Private Limited was incorporated on May 31, 2005. The Company is currently not actively engaged in any business, however, it is authorized to engage in certain business, including conducting domestic trade and international business facilitation, including sales, marketing, operational, technological, information processing and other trade and business related services.
- Hello Trade Online Private Limited was incorporated on July 03, 2008. The Company is currently not actively engaged in any business, however, it is authorized to engage in certain business, including conducting domestic trade and international business facilitation, including sales, marketing, operational, technological, information processing and other trade and business related services.

A statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is attached as '**Annexure -1**' to this report. Further, the Company doesn't have any Joint Ventures or Associate Companies, hence no information in this regard required to be furnished.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year under review were on arm's length basis and in the ordinary course of business. There were few significant related party transactions made by the Company with other related parties. The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, as prescribed in Form AOC-2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Act, is appended as '**Annexure -2**' to this Report.

## PARTICULARS OF EMPLOYEES

A statement containing the names of top ten employees of the Company in terms of remuneration drawn and the name of every employee employed throughout the financial year who was in receipt of remuneration of ₹102 lakh or more or employed for part of the year and was in receipt of ₹8.5 lakh or more a month, in accordance with the provisions of Section 197(12) of the Act read with Rule 5(2) & Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as '**Annexure -3**' to this Report.

No Director of the Company, including its Managing Director or Whole-Time Director, is in receipt of any commission from the Company or its Subsidiary Company.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Board Diversity

The Company recognizes and embraces the importance of a diverse Board in its success. We believe that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. Your Board comprises of experts in the field of Finance, Corporate Governance, technology in financial inclusion, Enterprise Management, People Management and Leadership skills. Your Company has also appointed a Woman Director on the Board.

### Changes in Directors & Key Managerial Personnel

Mr. Bhavanipratapsinh Rana and Mr. Mahendra Kumar Chouhan resigned from the directorship of the Company with effect from April 27, 2018 and April 30, 2018, respectively.

Mr. Vivek Narayan Gour was appointed as Independent Director by the Board at its meeting held on April 30, 2018 and pursuant to Section 149 of the Companies Act, 2013, Mr. Vivek Narayan Gour was appointed as Independent Director for a period of 5 years at the Extra Ordinary General Meeting held on May 07, 2018.

Mr. Manoj Bhargava was designated as Company Secretary of the Company by the Board at its meeting held on June 04, 2018. Mr. Anil Dwivedi resigned from the position of Company Secretary of the Company on April 30, 2018.

### Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act confirming that they meet the criteria of independence laid down in Section 149(6) of the Act read with the Schedules and Rules made there under.

### Board Evaluation

Pursuant to the provisions of the Act, the Board is required to monitor and review the Board evaluation framework. The Annual Performance Evaluation is conducted for all Board Members as well as the working of the Board and its Committees. The evaluation process also considers the time spent by each of the Board Member, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise. The Board evaluation is conducted through questionnaire having qualitative parameters and feedback based on ratings. The outcome of the Board evaluation for financial year 2018-19 was discussed by the Nomination and Remuneration Committee and the Board at their meeting held on May 11, 2019.

### Familiarization Programme for Independent Directors

Every new Independent Director of the Board attends an orientation program. To familiarize the new inductees with the strategy, operations and functions of our Company, the Executive Directors / Senior Managerial Personnel make presentations to the inductees about the Company's strategy, operations, policies, product and service offerings, markets, software delivery, organization structure, finance, human resources, technology, quality, facilities and risk management. Mr. Vivek Narayan Gour joined the Board on April 30, 2018, the Company has extended proper induction programme to make him familiarize with the strategy, operations and functions of our Company.

### Independent Directors Meeting

During the year under review, a separate meeting of the Independent Directors of the Company was held on April 30, 2018, without the presence of Non-Independent Directors and members of the Management. The Independent Directors reviewed the

performance of Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and timelines of flow of information between the Company Management and the Board in terms of Schedule IV of the Act. All the Independent Directors of the Company were present in the meeting.

### Meeting of Board of Directors

The Board met nine (9) times during the financial year ended March 31, 2019 under review on April 30, 2018, June 04, 2018, June 06, 2018, June 22, 2018, July 31, 2018, September 22, 2018 (two times), October 30, 2018 and January 31, 2019.

The intervening gap between any two meetings was within the period prescribed by the Act read with the Para 2.1 of the Secretarial Standards -1.

The Details regarding Attendance of Directors in the above Board Meetings are as follows:

Name	Designation/ Category	No. of Board Meetings held during the tenure	No. of Meetings Attended
Mr. Dinesh Chandra Agarwal	Managing Director	9	9
Mr. Brijesh Kumar Agrawal	Whole Time Director	9	8
Mr. Rajesh Sawhney	Independent Director	9	7
Mr. Vivek Narayan Gour	Independent Director	9	9
Ms. Elizabeth Lucy Chapman	Independent Director	9	4
Mr. Dhruv Prakash	Non-Executive Director	9	9
Mr. Mahendra Kumar Chouhan*	Independent Director	1	1

\* Mr. Mahendra Kumar Chouhan resigned from directorship with effect April 30, 2018.

### DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 134 (3)(c) and 134 (5) of the Act, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that:

- in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable;
- your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detecting of fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and were operating effectively; and

- f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

### COMMITTEES OF THE BOARD

Currently, the Board has seven Committees:

- i. Audit Committee;
- ii. Nomination and Remuneration Committee;
- iii. Stakeholder's Relationship Committee;
- iv. Corporate Social Responsibility Committee;
- v. Investment and Finance Committee;
- vi. Share Allotment Committee;
- vii. IPO Committee;

### AUDIT COMMITTEE:

The Company has constituted an Audit Committee in accordance with the provisions of Section 177 of the Act and that the composition of the Audit Committee as on the date of this report is as under:

The Audit Committee of the Company constitutes three members namely:

Mr. Vivek Narayan Gour (Independent Director)	: Chairman
Mr. Rajesh Sawhney (Independent Director)	: Member
Mr. Dhruv Prakash (Non-Executive Director)	: Member

The Company Secretary of the Company acts as Secretary to this Committee.

The Board of Directors in its meeting held on June 04, 2018 have approved the revised "Terms of Reference" of the Audit Committee in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

The Audit Committee met Six (6) times during the financial year under review viz. on April 30, 2018, June 22, 2018, July 31, 2018, September 22, 2018, October 30, 2018 and January 31, 2019.

The Details regarding Attendance of members of the Committee are as follows:

Name	Designation/ Category	No. of Board Meetings held during the tenure	No. of Meetings Attended
Mr. Vivek Narayan Gour*	Chairman, Independent Director	5	5
Mr. Rajesh Sawhney	Member, Independent Director	6	6
Mr. Dhruv Prakash	Member, Non-Executive Director	6	6
Mr. Mahendra Kumar Chouhan*	Chairman, Independent Director	1	1

\*The Committee was reconstituted on April 30, 2018 post resignation of Mr. Mahendra Kumar Chouhan from the Board of the Company. In his place Mr. Vivek Narayan Gour, Independent Director was inducted as Chairman of the Committee.

During the year, all the recommendations of the Audit Committee were accepted by the Board.

### NOMINATION & REMUNERATION COMMITTEE

The Company has constituted a Nomination & Remuneration Committee in accordance with the provisions of Section 178 of the Act and that the composition of the Nomination and Remuneration Committee as on the date of this report is as under:

The members of the Nomination and Remuneration Committee are:

Ms. Elizabeth Lucy Chapman (Independent Director)	: Chairperson
Mr. Rajesh Sawhney (Independent Director)	: Member
Mr. Dhruv Prakash (Non-Executive Director)	: Member

The Company Secretary of the Company acts as Secretary to this Committee.

The Nomination & Remuneration Committee met four (4) times during the financial year under review on April 30, 2018, June 04, 2018, June 22, 2018 and September 22, 2018.

The Details regarding attendance of members of the Committee are as follows:

Name	Designation/ Category	No. of Board Meetings held during the tenure	No. of Meetings Attended
Ms. Elizabeth Lucy Chapman	Chairperson, Independent Director	4	2
Mr. Rajesh Sawhney	Member, Independent Director	4	4
Mr. Dhruv Prakash	Member, Non-Executive Director	4	4

The roles and responsibility of Nomination and Remuneration Committee is as per Section 178 of the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

### Policy on Directors' Appointment and Remuneration

The Nomination and Remuneration Committee has framed the Nomination and Remuneration Policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub-section (3) of Section 178 of the Act, adopted by the Board is appended as 'Annexure-4' to this report. The remuneration paid to the Directors, Key Managerial Personnel and other employees is in accordance with the provisions of such policy and the Act.

### STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee was constituted by Board at its meeting dated June 04, 2018 in accordance with the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

The members of the Stakeholder's Relationship Committee are:

Mr. Vivek Narayan Gour (Independent Director)	: Chairman
Mr. Brijesh Kumar Agrawal (Whole Time Director)	: Member
Mr. Dhruv Prakash (Non-Executive Director)	: Member

The Company Secretary of the Company acts as Secretary to this Committee.

The Committee shall report to the Board regarding the status of redressal of complaints, if any, received from the shareholders of our Company.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted by Board at its meeting dated August 23, 2017.

The members of the Corporate Social Responsibility Committee are:

Mr. Vivek Narayan Gour (Independent Director)*	: Member
Mr. Brijesh Kumar Agrawal (Whole Time Director)	: Member
Mr. Elizabeth Lucy Chapman (Independent Director)	: Member

\*The Committee was reconstituted on April 30, 2018 post resignation of Mr. Bhavanipratapsinh Rana from the Board of the Company. In his place Mr. Vivek Narayan Gour, Independent Director was inducted as member of the Committee.

The Company Secretary of the Company acts as Secretary to this Committee.

### INVESTMENT AND FINANCE COMMITTEE

The Investment and Finance Committee was constituted by Board at its meeting dated October 17, 2017 for the purposes of giving/providing Loans/Investments/Guarantee to its existing wholly owned subsidiaries pursuant to section 179(3) of Act, as may be required from time to time.

The members of the Investment and Finance Committee are:

Mr. Dinesh Chandra Agarwal (Managing Director)	:	Member
Mr. Brijesh Kumar Agrawal (Whole Time Director)	:	Member
Mr. Dhruv Prakash (Non-Executive Director)	:	Member

The Investment and Finance Committee met one (1) time during the financial year on January 29, 2019.

The Details regarding attendance of members of the Committee are as follows:

Name	Designation	No. of Board Meetings held during the tenure	No. of Meetings Attended
Mr. Dinesh Chandra Agarwal	Member	1	1
Mr. Brijesh Kumar Agrawal	Member	1	1
Mr. Dhruv Prakash	Member	1	1

### SHARE ALLOTMENT COMMITTEE

The Share Allotment Committee was constituted by Board at its meeting dated February 09, 2018 for doing all compliances in relation to allotment of shares resulting from receipt of subscription money or ESOP exercise money by the Company.

The members of the Share Allotment Committee are:

Mr. Dinesh Chandra Agarwal (Managing Director)	:	Member
Mr. Brijesh Kumar Agrawal (Whole Time Director)	:	Member
Mr. Dhruv Prakash (Non-Executive Director)	:	Member

The Share Allotment Committee met Four (4) time during the financial year on May 09, 2018, May 31, 2018, June 16, 2018 and June 25, 2018.

The Details regarding attendance of members of the Committee are as follows:

Name	Designation	No. of Board Meetings held during the tenure	No. of Meetings Attended
Mr. Dinesh Chandra Agarwal	Member	4	4
Mr. Brijesh Kumar Agrawal	Member	4	4
Mr. Dhruv Prakash	Member	4	2

### IPO COMMITTEE

The Board of Directors at its meeting held on June 04, 2018 constituted IPO Committee for the purpose of taking necessary actions for the Initial Public offer of the Company and to prepare various documents and execute various agreements, including, without limitation, engagement letters, memorandum of understanding, agreements or documents, the listing agreements with the respective stock exchanges where the Equity Shares are proposed to be listed ("Stock Exchanges"), the registrar's agreement, the depositories' agreements, the offer agreement with the book running lead managers (the "BRLMs") and the Selling Shareholders, the underwriting agreement, the advertisement agency agreement, the syndicate agreement, the stabilization

agreement, the cash escrow agreement and the share escrow agreement, as applicable.

The members of the IPO Committee are:

Mr. Dinesh Chandra Agarwal (Managing Director)	:	Member
Mr. Brijesh Kumar Agrawal (Whole Time Director)	:	Member
Mr. Dhruv Prakash (Non-Executive Director)	:	Member
Mr. Vivek Narayan Gour (Independent Director)	:	Member

The IPO Committee met two (2) time during the financial year on June 18, 2018 and June 29, 2018.

The Details regarding attendance of members of the Committee are as follows:

Name	Designation	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Dinesh Chandra Agarwal	Member	2	2
Mr. Brijesh Kumar Agrawal	Member	2	2
Mr. Vivek Narayan Gour	Member	2	1
Mr. Dhruv Prakash	Member	2	0

### INTERNAL COMPLAINTS COMMITTEE

An Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013 has been constituted and it presently comprises of six members out of which four members are women as on the date of this report.

The Company has framed the policy for Prevention of Sexual Harassment of Women at Workplace.

The following is a summary of sexual harassment complaints received and disposed-off during period under review:

No. of Complaints received	: 1
No. of complaints disposed-off	: 1
No. of cases pending for more than 90 days	: Nil
No. of Workshops or Awareness Programmes	: 3
Nature of action taken by the Company	: Since the complaint was made by the employee of the service provider against another employee of the service provider for the incidence at the workplace of service provider, the complainant was informed to raise the grievance with the concerned service provider.
	: We understand that the grievance was raised by the complainant with the service provider and matter was resolved between the complainant and the accused related to the service provider.

### EMPLOYEES STOCK OPTIONS

Your Company has always believed in motivating employees and rewarding them for their continuous hard work, dedication and support, which has led the Company on the growth path. Currently the Company has following two schemes:

#### i. IndiaMART Employee Stock Option Scheme 2015 ("IndiaMART ESOS 2015")

Pursuant to the resolutions of shareholders dated November 10, 2008, the Company was authorized to implement employee stock option schemes to grant, offer and allot an aggregate of 1,066,216 options to eligible



employees, exercisable for up to 1,066,216 Equity Shares. Further, pursuant to such resolution, the Company adopted and instituted three employee stock option schemes, with effect from November 24, 2009, March 15, 2012 and July 31, 2013 respectively. Under these schemes, our Company granted options to eligible employees in 2010 ("Grant 2010"), 2012 ("Grant 2012") and 2013 ("Grant 2013").

Subsequently, pursuant to a resolution of the Board dated June 8, 2015 and shareholders resolution dated September 23, 2015, the Company adopted the IndiaMART Employees Stock Option Scheme - 2015 ("IndiaMART ESOS 2015"), which governs all previous stock option schemes of our Company, including Grant 2010, Grant 2012 and Grant 2013. The maximum Equity Shares that may be issued upon exercising of grants under the IndiaMART ESOS 2015 should not exceed the aggregate of 5% of the expanded share capital of our Company and the existing pool of 1,516,216 options that were approved pursuant to the shareholder resolutions dated November 10, 2008 and October 27, 2012. However, pursuant to a resolution of our Board of Directors dated April 30, 2018, the IndiaMART ESOS 2015 was discontinued with respect to future grants of options.

Further, the Shareholders at their meeting held on May 7, 2018 passed a resolution that 372,746 options, comprising the options under IndiaMART ESOS 2015 that had not been granted to eligible employees, will henceforth be governed by the IndiaMART ESBS 2018 (defined below).

Nomination and Remuneration Committee is authorized to administer the IndiaMART ESOS 2015 and is entitled to determine the terms of the stock options at the time of their grant. Accordingly, our Company issued stock options to eligible employees in 2015 ("Grant 2015"), 2016 ("Grant 2016") and 2017 ("Grant 2017").

As on March 31, 2019, the Company has issued an aggregate of 2,139,690 options under IndiaMART ESOS 2015. An aggregate of 1,604,952 options have vested (including 1,591,131 stock options have been exercised) and 406,721 options have lapsed.

## ii. Indiamart Employee Stock Benefit Scheme 2018 ("Indiamart ESBS 2018")

Pursuant to a resolution of Board of Directors dated April 30, 2018 and the Shareholders approval dated May 7, 2018, the Company instituted an employee stock benefit scheme ("IndiaMART ESBS 2018"). In terms of the IndiaMART ESBS 2018, eligible employees may be granted options and/or stock appreciation rights ("SARs"). Pursuant to a trust deed dated June 14, 2018, a trust by the name "IndiaMART Employee Benefit Trust" ("EBS Trust") has been set up in connection with the implementation of IndiaMART ESBS 2018. The current trustees of the ESOP Trust are Mr. Madhup Agrawal, Mr. Sudhir Gupta and Mr. Vikas Aggarwal. The EBS Trust has been set up to implement equity-based incentive schemes of our Company, including the IndiaMART ESBS 2018, whereby the Company will initially issue and allot the Equity Shares to the EBS Trust, which will subsequently, transfer the Equity Shares to our employees when they exercise their stock options or SAR units.

In terms of the IndiaMART ESBS 2018 and resolutions passed by the Board of Directors on June 4, 2018 and by Shareholders on June 11, 2018 a maximum of 45,492 stock options and 1,400,000 SAR units resulting into an aggregate of 745,492 Equity Shares, may be granted to eligible employees,

identified in accordance with the IndiaMART ESBS 2018. The IndiaMART ESBS 2018 is administered and monitored by Nomination and Remuneration Committee.

During the year the Committee has granted 800,740 SAR units to eligible employees at ₹500/- per unit.

The detail of the Employee Stock Options /Stock Appreciation Rights is attached as '**Annexure -5**' to this Report.

## AUDITORS

### Internal Auditor

M/s KPMG who were appointed as the internal auditors of the Company for FY 2018-19 has conducted the internal audits periodically. Significant observations, if any, and follow-up actions thereon are reported by the Internal Auditor to the Audit Committee from time to time. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening the Company's risk management policies and systems.

### Secretarial Auditor

M/s. Sanjay Grover & Associates, Practicing Company Secretary were appointed to conduct the Secretarial Audit of the Company for Financial Year 2018-19, as required under Section 204 of the Companies Act and Rules made thereunder. The Secretarial Audit Report for Financial Year 2018-19 is attached as '**Annexure -6**' to this Report. The report of Secretarial Auditor is self-explanatory and therefore do not require further explanation or comments.

### Statutory Auditor

Pursuant to the provisions of Section 139 of the Act (the Act) read with the Companies (Audit and Auditors) Rules, 2014, S.R. Batliboi & Associates, LLP (Firm Registration No. 101049W/E300004), Chartered Accountants, were appointed as Statutory Auditors of the Company, to hold office from the conclusion of the 15<sup>th</sup> Annual General Meeting (AGM) until the conclusion of 20<sup>th</sup> AGM.

Since, the tenure of S.R. Batliboi & Associates, LLP, Chartered Accountants, Statutory Auditors shall conclude at the 20<sup>th</sup> AGM, the Audit Committee and Board of Directors may consider the appointment of new Statutory Auditors of the Company in place of S.R. Batliboi & Associates, LLP, Chartered Accountants and may place the said proposal before the shareholders in the ensuing AGM, who will hold office from the conclusion of said AGM until the conclusion of 25<sup>th</sup> AGM of the Company.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company's internal control systems are supplemented by an extensive internal audit program conducted by an independent professional agency. The internal control system is designed to ensure that all financial and other records are reliable for preparing financial statements and for maintaining accountability of assets. During the year, such controls were tested and no reportable material weaknesses in controls were observed.

## EXTRACTS OF ANNUAL RETURN

In accordance with Section 134(3) (a) of the Act, an extract of the Annual Return in the prescribed Form No. MGT 9 is appended as '**Annexure - 7**' to the Board's Report.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the financial year under review the Company was not required to make any mandatory spending on CSR activities as



provided under Section 135 of the Act and Rules made there under as it did not fulfil the criteria for the same. However, the company has in place a CSR Committee and has adopted a Corporate Social Responsibility Policy at its Board meeting held on June 06, 2018 in line with the provisions of Act and the rules made thereunder.

The Board shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy based on the recommendations of the CSR Committee.

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company, at present, does not fall in any of the criteria(s) as provided under Section 177(9) of the Act and Rules made there under. However, the Company the Board at the meeting held on June 06, 2018, adopted a Vigil Mechanism / Whistle Blower Policy of the Board in line with the provisions of the Act and the rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

#### **RISK MANAGEMENT POLICY**

The Company has the Risk Management Policy in place which identifies elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The Audit Committee and the Board of Directors of the Company had periodically reviewed the risks involved in the Company from during the year under review and take appropriate measures with in time to minimize the same.

#### **DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS**

No orders have been passed by any Regulators or Courts or Tribunals which has been received by the Company which can have impact on the going concern status and the Company's operation in future.

#### **DISCLOSURE UNDER SECTION 43(A)(II) & SECTION 54(1)(D) OF THE COMPANIES ACT, 2013**

During the financial year under review, the Company has not issued any shares with differential voting rights and sweat equity shares and hence, no information as required under Section 43(a)(ii) & Section 54(1)(d) of the Act read with applicable rules is required to be disclosed.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is attached as '**Annexure -8**' to this Report.

#### **ACKNOWLEDGMENT**

The Board of Directors of the Company take on record their sincere appreciation to the contributions made by the employees through their hard work, dedication, competence, support and co-operation towards the success of your Company. Last but not the least, your Directors are also thankful for consistent co-operation and assistance received from its shareholders, investors, business associates, customers, vendors, bankers, regulatory and government authorities.

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

**Brijesh Kumar Agrawal**  
(Whole Time Director)  
DIN: 00191760

**Dinesh Chandra Agarwal**  
(Managing Director)  
DIN: 00191800

Place: Noida  
Date: May 11, 2019

## Annexure 1

## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures as on March 31, 2019****Part "A": Subsidiaries**

(Amount in millions)					
1. Name of Subsidiaries	Tolexo Online Pvt. Ltd.	Ten Times Online Pvt. Ltd.	Tradezeal International Pvt. Ltd.	Hello Trade Online Pvt. Ltd.	Pay With Indiamart Pvt. Ltd.
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as of Holding Co.	Same as of Holding Co.	Same as of Holding Co.	Same as of Holding Co.	Same as of Holding Co.
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees
4. Share capital	70.02	0.62	1.10	0.30	1.00
5. Reserves & surplus	(261.82)	32.44	(20.75)	(0.19)	(19.74)
6. Total assets (including investments)	34.43	52.88	0.30	0.12	28.05
7. Total Liabilities (other than equity)	125.38	19.79	19.93	0.02	23.72
8. Investments	-	31.46	-	-	-
9. Turnover (excluding other income)	1.58	91.11	-	-	11.83
10. Profit/Loss before taxation	(45.02)	5.69	(0.72)	(0.03)	(16.52)
11. Provision for taxation	-	(3.19)	-	-	-
12. Profit after taxation	(45.15)	4.26	(0.72)	(0.03)	(16.52)
13. Proposed Dividend	-	-	-	-	-
14. % of Shareholding	100.00%	100.00%	100.00%	100.00%	100.00%

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Joint Ventures	Name 1	Name 2
1.	Latest Audited Balance Sheet Date	NA	NA
2.	Shares of Joint Ventures held by the company on the year end No.	NA	NA
	Amount of Investment in Joint Venture	NA	NA
	Extend of Holding %	NA	NA
3.	Description of how there is significant influence	NA	NA
4.	Reason why the joint venture is not consolidated	NA	NA
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	NA	NA
6.	Profit / Loss for the year		
	Considered in Consolidation	NA	NA
	Not Considered in Consolidation	NA	NA

## Annexure 2

**FORM AOC-2**

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

The Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2019 are as follows: -

(a) Name(s) of the related party and nature of relationship –

- i. Mansa Enterprises Private Limited – Common Promoter Shareholder above 10 percent.
- ii. Mr. Dhruv Prakash – A Non-Executive Director on the Board of the Company.
- iii. Pay With Indiamart Private Limited- Wholly owned subsidiary of the Company.
- iv. Ten Times Online Private Limited- Wholly owned subsidiary of the Company.

(b) Nature of contracts/arrangements/transactions–

- i. Mansa Enterprises Private Limited – Lease Agreement dated September 30, 2016. By virtue of both the Rent Agreement, the Company acquired the right to use and possess the property bearing number E-75, Ground Floor, Sector 63, Noida – 201301.
- ii. Training Fees Paid to Mr. Dhruv Prakash, Non-Executive Director - Service Agreement dated December 10, 2016 for period of 3 years.
- iii. Pay With Indiamart Private Limited (PWIM) – The Company has entered into “Memorandum of Understanding (MOU) for Services” dated May 05, 2017. As per MOU, to allow PWIM to put a tag/link on selected products and/or service available on its platform through which the user(s) of the Company will be able to undertake secured online payment transactions, the Company is entitled to receive 0.25% of transaction amount.

Both the companies entered into fresh agreement on February 01, 2019, with the following major modifications to the existing arrangement:

- Sharing of surplus earned, if any, by PWIM on each transaction executed by the User(s) of IndiaMART, using the payment facility of PWIM, in the ratio of 50:50. In case the services are being offered by PWIM to the users of IM under any of the promotional scheme(s) of IndiaMART at special rates, below cost or without charges, then IndiaMART shall reimburse the shortfall, if any, in the transaction cost borne by PWIM.
  - Since, IndiaMART would be referring its User(s) to PWIM, it agrees to provide indemnity to PWIM against any losses, liabilities, damages, claims, costs and expenses, etc. which it may suffer in relation to the transaction of the User(s) of IndiaMART except in case of any negligence, omission, commission, misconduct, etc. attributable to PWIM.
- iv. Ten Times Online Private Limited (TTOPL) - The Company has entered into “Memorandum of Understanding (MOU) for Services” dated May 05, 2017 with Ten Times Online Private Limited, as per MOU, IndiaMART InterMESH Limited (the holding Company) is to provide support services related to Marketing and Audit to TTOPL and charge for the same. This agreement was terminated with effect from January 31, 2019.

(c) Duration of the contracts / arrangements/transactions –

- i. Mansa Enterprises Private Limited – The Company has entered into a fresh Agreement dated September 30, 2016 with Mansa Enterprises Private Limited for taking on lease the property bearing number E-75, Ground Floor, Sector 63, Noida – 201301 for a tenure of 9 years.
- ii. Service Agreement - The said Arrangement is valid for the period of 3 years starting from December 10, 2016.
- iii. Pay With Indiamart Private Limited- From the date of execution the agreement unless terminated in accordance with the provisions stated in the agreement.
- iv. Ten Times Online Private Limited- From the date of execution the agreement unless terminated in accordance with the provisions stated in the agreement.

- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- i. Mansa Enterprises Private Limited – As per the Lease Agreement, a monthly rent of ₹115,000/- was agreed for taking on lease the said premises, subject to an increase in monthly rent by 15% after every three years.
  - ii. Service Agreement – Mr. Dhruv Prakash to provide specific executive training to senior Management of the Company from time to time. In consideration, he shall be paid ₹100,000 for every day of coaching apart from the reimbursement of the expenses.
  - iii. Pay With Indiamart Private Limited (PWIPL) – Sharing of surplus earned, if any, by PWIM on each transaction executed by the User(s) of IndiaMART, using the payment facility of PWIM, in the ratio of 50:50. In case the services are being offered by PWIM to the users of IM under any of the promotional scheme(s) of IndiaMART at special rates, below cost or without charges, then IndiaMART shall reimburse the shortfall, if any, in the transaction cost borne by PWIM.
  - iv. Ten Times Online Private Limited (TTOPL) – The Memorandum of Understanding (MOU) for Services was terminated with effect from January 31, 2019.
- (e) Date(s) of approval by the Board/Committee, if any:
- i. Mansa Enterprises Private Limited : July 25, 2015
  - ii. Service Agreement – Mr. Dhruv Prakash : January 25, 2017
  - iii. Pay With IndiaMART Private Limited (PWIPL) : January 31, 2019
  - iv. Ten Times Online Private Limited (TTOPL) : May 04, 2017

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

Place: Noida  
Date: May 11, 2019

**Brijesh Kumar Agrawal**  
(Whole Time Director)  
DIN: 00191760

**Dinesh Chandra Agarwal**  
(Managing Director)  
DIN: 00191800



## Annexure 3

**Information as per Rule 5(2) of Chapter XIII, the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on March 31, 2019**

S. No.	Name of the Employees	Designation	Remuneration Paid ₹ (in millions)	Educational Qualification	Date of Joining	Exp. (Yrs.)	Age (Yrs.)	Previous Employment	Nature of Employment	% of Equity share of the Company
1.	Dinesh Gulati	Chief Operating Officer (COO)	56.57	Bachelor of Technology (Chemical Engineering), Post Graduate Program in Management	March 12, 2012	28	51	Indian Express Limited	Permanent	1.85
2.	Madhup Agrawal	National Head	46.33	Bachelor of Technology (Computer Science), M. Tech - Systems and Management	November 01, 2004	29	49	Access Info Solutions India Private Limited	Permanent	2.77
3.	Dinesh Chandra Agarwal	Managing Director	41.00	Bachelor of Technology (Computer Science)	Since Incorporation	26	50	HCL Technologies (USA)	Permanent	33.17
4.	Brijesh Kumar Agrawal	Whole Time Director	29.80	Bachelor Business Management, Post Graduate Diploma in Business Management	Since Incorporation	21	42	Miebach Logistics GmbH	Permanent	22.47
5.	Prateek Chandra	Chief Financial Officer (CFO)	22.73	Bachelor of Commerce, CA (Chartered Accountant)	February 16, 2015	18	38	Hindustan Times Media Limited	Permanent	0.27
6.	Vikas Aggarwal	National Head	16.19	Bachelor of Engineering (Computer Technology), Post Graduate Diploma in Business Management	Since Incorporation	20	41	-	Permanent	0.74
7.	Amarinder Singh Dhaliwal	Chief Product Officer (CPO)	12.28	Bachelor of Technology (Textile Technology), Post Graduate Diploma in Management	June 27, 2016	23	47	Micromax Informatics Ltd	Permanent	0.10
8.	Abhishek Bhartia	Senior Vice President	9.85	Bachelor of Commerce, Master of Business Administration	Since Incorporation	20	40	-	Permanent	0.45
9.	Sudhir Gupta	Senior Vice President	9.59	Bachelor of Commerce, Chartered Accountant	August 06, 2012	23	46	Videocon Tele-communications Ltd.	Permanent	0.08
10.	Amit Jain	Senior Vice President	7.72	Post Graduate Diploma in Business Administration	March 10, 2000	19	39	-	Permanent	0.21

## Note:

- As per the provisions of the Act none of the employees are relatives of Directors and managers, except Mr. Dinesh Chandra Agarwal and Brijesh Kumar Agrawal, Directors of the Company.
- All the aforesaid employees are on the payroll of the Company.

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

Place: Noida  
Date: May 11, 2019

**Brijesh Kumar Agrawal**  
(Whole Time Director)  
DIN: 00191760

**Dinesh Chandra Agarwal**  
(Managing Director)  
DIN: 00191800

## Annexure 4

**POLICY ON DIRECTORS APPOINTMENT & REMUNERATION**

The Board of Directors of IndiaMART InterMESH Limited ("the Company") constituted the "Nomination and Remuneration Committee" at the Meeting held on January 27, 2015 with immediate effect, consisting of three (2) Non-Executive Directors and one Executive Director of which one is an Independent Director.

**1. OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan.

**2. DEFINITIONS**

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel** means
  - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. Such other officer as may be prescribed.
- 2.5. **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

**3. ROLE OF COMMITTEE****3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

- 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

**3.2. Policy for appointment and removal of Director, KMP and Senior Management****3.2.1. Appointment criteria and qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**3.2.2 Term / Tenure**

- a) **Managing Director/Whole-time Director:**  
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) **Independent Director:**  
An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### 3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### 3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## 3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

### 3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the

Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### 3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

#### a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and rules made thereunder and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### 3.3.3. Remuneration to Non- Executive / Independent Director:

#### a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

#### b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board of Committee thereof. Provided that the amount of such fees shall not exceed ₹One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of

the Company computed as per the applicable provisions of the Act.

**d) Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**4. MEMBERSHIP**

- 4.1** The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2** Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 4.3** Membership of the Committee shall be disclosed in the Annual Report.
- 4.4** Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON**

- 5.1** Chairperson of the Committee shall be an Independent Director.
- 5.2** Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 5.3** In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.4** Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

**7. COMMITTEE MEMBERS' INTERESTS**

- 7.1** A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 7.2** The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**8. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

**9. VOTING**

- 9.1** Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 9.2** In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**10. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- 10.1** Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2** Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.3** Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 10.4** Determining the appropriate size, diversity and composition of the Board;
- 10.5** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.6** Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.7** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.8** Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 10.9** Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.10** Recommend any necessary changes to the Board; and
- 10.11** Considering any other matters, as may be requested by the Board.

**11. REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

- 11.1** to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2** to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 11.3** to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4** to consider any other matters as may be requested by the Board.
- 11.5** Professional indemnity and liability insurance for Directors and senior management.

**12. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.



## ANNEXURE-A TO THE POLICY ON DIRECTORS APPOINTMENT & REMUNERATION "PERFORMANCE EVALUATION POLICY" OF INDIAMART INTERMESH LIMITED

### PERFORMANCE EVALUATION POLICY

#### INTRODUCTION

The Company conducts its operations under the directions of Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013, the Articles of Association, and policies formulated by the Company for its internal execution. The Company's Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis, in the best interest of the company and its stakeholders. Accordingly, the present policy for performance evaluation is being put into place in accordance with the requirements of Section 178 of the Companies Act, 2013 which provides for a policy to be formulated and recommended to the Board, setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

The Act, under clause VIII of Schedule IV, casts an obligation on part of the Board of Directors for evaluating the performance of Independent Directors. All the directors on the board of a company, except the Independent Director whose performance is being evaluated, will assess the performance of the Independent Director. Accordingly, a report of performance evaluation of each Independent Director of the company would be prepared, which would determine whether to extend or continue the term of appointment of the concerned Independent Director or not.

With an aim to maintain an energized, proactive and effective Board, the Board is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this Board Performance Evaluation process aims to ensure individual directors ("Directors") and the Board of Directors of the Company ("Board") as a whole work efficiently and effectively in achieving their functions. This policy aims at establishing a procedure for conducting periodical evaluation of its own performance and of its committees and individual directors. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

#### EFFECTIVENESS OF THE BOARD

The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company. For this reason, based on the fore stated criteria of evaluation the remuneration of the Directors and Key Managerial Personnel shall be determined and reviewed from time to time.

#### RESPONSIBILITY OF BOARD / INDEPENDENT DIRECTORS

It shall be the duty of the Board, who shall be supported by the Management to organize the evaluation process and accordingly

conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

*The Board of Directors shall undertake the following activities on an annual basis:*

- I. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
- II. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of all the directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors are duty bound to evaluate the performance of non - independent directors and board as a whole. The independent directors of the Company shall hold at least one meeting in a year to review the performance of the non- independent directors, performance of chairperson of the Company and board as a whole, taking into account the views of executive directors and non-executive directors.

#### EVALUATION FACTORS

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of Board itself, and of its committees and individual directors as, such evaluation factors may vary in accordance with their respective functions and duties.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

Appraisal of Directors/Committees and Board of the Company shall be based on the criteria as mentioned herein below:

#### Rating Scale

Performance	Rating
Satisfactory	1
Un-Satisfactory	0

The Company has chosen to adopt the following Board Performance Evaluation Process:

#### INDEPENDENT DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Independent Director,

in which the concerned director being evaluated shall not be included, are set out below:

Name of Director being assessed: \_\_\_\_\_

S. No.	Assessment Criteria	Rating	Remarks/Comments
1.	Attendance and participations in the meetings		
2.	Raising of concerns to the Board		
3.	Safeguard of confidential information		
4.	Rendering independent, unbiased opinion and resolution of issues at meetings		
5.	Initiative in terms of new ideas and planning for the Company		
6.	Safeguarding interest of whistle-blowers under vigil mechanism.		
7.	Timely inputs on the minutes of the meetings of the Board and Committee's, if any		
8.	Disclosure of Interest & Disclosure of Independence		
9.	Compliance with Companies Act, Ethical Standards & Code of Conduct of the Company		
10.	Interpersonal Relations with other Directors & Management.		
11.	Understanding of the Company and the external Environment in with the Company Operates and Contribution in Strategic Decisions.		

#### NON – INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Chairperson/Non-Independent Director / Executive Director by Independent Directors, in which the concerned director being evaluated shall not be included, are set out below:

Name of Director being assessed: \_\_\_\_\_

S. No.	Assessment Criteria	Rating	Remarks/Comments
1.	Leadership initiative		
2.	Attendance and participations in the meetings		
3.	Initiative in terms of new ideas and planning for the Company		
4.	Team work Attributes & supervision and Training staff members.		
5.	Contribution towards growth of the Company including actual visa-vis budgeted Performance		
6.	Professional skills, problem solving, and decision-making		
7.	Compliance with policies of the Company, ethics, code of conduct, etc.		
8.	Strategic Planning-Financial and Business and implementation of Internal Financial Controls.		

S. No.	Assessment Criteria	Rating	Remarks/Comments
9.	Reporting of frauds, violation etc.		
10.	Safeguarding of interest of whistle blowers under vigil mechanism		
11.	Timely inputs on the minutes of the meetings of the Board and Committee, if any		
12.	Disclosure of Interest		
13.	Compliance with Companies Act, Ethical Standards & Code of Conduct of the Company		

#### BOARD OF DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by Independent Directors are set out below:

S. No.	Assessment Criteria	Rating	Remarks/Comments
1.	The Board of Directors of the company is effective in decision making.		
2.	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.		
3.	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law.		
4.	The Board reviews the organization's performance in carrying out the stated mission on a regular basis.		
5.	The Board of Directors is effective in providing necessary advice and suggestions to the company's management.		
6.	Is the board as a whole up to date with latest developments in the regulatory environment and the market.		
7.	The information provided to directors prior to Board meetings meets your expectations in terms of length and level of detail.		
8.	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.		
9.	The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the board.		
10.	The Board appropriately considers internal audit reports, management's responses, and steps towards improvement.		
11.	The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance.		

**COMMITTEES OF BOARD**

The Board has constituted the following committees:

1. Audit Committee; and
2. Nomination, Remuneration and Compensation Committee;

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects as set out in the annexure below:

S. No.	Audit Committee (for Audit Committee members only)	Rating	Remarks/Comments
1.	The Composition and size of the Committee are appropriate		
2.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues		
3.	Timely inputs on the minutes of the meetings		

S. No.	Nomination, Remuneration and Compensation Committee (For Nomination, Remuneration and Compensation Committee members only)	Rating	Remarks/Comments
1.	The Composition and size of the Committee are appropriate		
2.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues		
3.	Timely inputs on the minutes of the meetings		

**REVIEW**

The performance evaluation process will be reviewed annually by the "Nomination and Remuneration Committee".

Subject to the approval of Board of Directors, the Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company.

**DISCLOSURE**

Company will disclose details of its Board Performance Evaluation processes in its Board's Report. The Board's report containing such statement shall indicate the manner in which formal evaluation has been made by the Board of its own performance and that of the committees of the Board and individual directors of the Company.

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

**Brijesh Kumar Agrawal**  
(Whole Time Director)  
DIN: 00191760

**Dinesh Chandra Agarwal**  
(Managing Director)  
DIN: 00191800

Place: Noida  
Date: May 11, 2019

## Annexure 5

**INFORMATION REGARDING THE EMPLOYEES STOCK OPTION SCHEMES**

Particulars	Number	ESOP	SAR
Options/Stock Appreciation Rights (SAR) outstanding at beginning of year (April 1, 2018)		959,590	-
Options/Stock Appreciation Rights Granted		-	800,740
<b>Sub-total 1</b>		<b>959,590</b>	<b>800,740</b>
Options/Stock Appreciation Rights Exercised		783,315	-
Options/Stock Appreciation Rights lapsed/Forfeited		20,624	21,000
Options/Stock Appreciation Rights expired		13,813	-
<b>Sub-total 2</b>		<b>817,752</b>	<b>21,000</b>
<b>Options/Stock Appreciation Rights outstanding at the end of year (Sub-total 1-2)</b>		<b>141,838</b>	<b>779,740</b>
Options/Stock Appreciation Rights exercisable at the end of year (March 31, 2019)		-	-
Total number of shares arising as a result of exercise of option		783,315	-
Money realised by exercise of options (Amount in Rupees)		143,978,750	-

**OPTIONS/SAR VESTED:**

During FY 2018-19, an aggregate of 474,432 stock options vested in the respective grantees.

**VARIATION OF TERMS OF OPTIONS/SAR:**

The Members of the Company has passed a resolution in its meeting held on June 11, 2018 to alter/very terms and conditional of IndiaMART Employee Stock Option Scheme 2015 by making amendments in Article 13 by inserting Transitional provision in the event of an Initial Public Offering of the Company is below:

**Transitional provisions in the event of an initial public offering:**

Notwithstanding any other provision of this Scheme, in event the equity shares of the Company are proposed to be listed on any recognized stock exchange in India pursuant to an initial public offering, in compliance with the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, the following transitional provisions will be applicable in relation to the Options granted under this Scheme, from the date on which the Board of Directors of the Company approves the draft red herring prospectus for filing with the Securities and Exchange Board of India in connection with such initial public offering and until the date on which the equity shares of the Company are listed and commence trading on any recognized stock exchange in India. It is clarified that these transitional provisions will cease to have effect upon the commencement of listing and trading of the Company's equity shares on a recognized stock exchange in India:

- In the event of termination of the Grantee's employment on the ground of misconduct or any other moral grounds, all the vested Options and unvested Options units granted to such Eligible Employee shall lapse with immediate effect from the date of termination of the employment of the Grantee.
- In the event a Grantee is terminated without cause or voluntarily resigns from employment with the Company, all the vested Options of such Grantee can be exercised during the notice period, and any and all such vested Options which have not been exercised as well as unvested Options held by the Grantee, shall lapse on the date of cessation of employment of such Grantee.
- In case the employment of the Grantee will terminate due to retirement (including retirement under a voluntary retirement scheme of the Company), all the vested Options

and Unvested Options granted to such Grantee shall vest immediately and may be exercised by the Grantee prior to the date of retirement on superannuation, provided that all such Options shall lapse on the date of retirement on superannuation.

- In the event of death of a Grantee while in employment with the Company, all vested Options and Unvested Options shall vest in such Grantee's beneficiary immediately and may be exercised by such beneficiary immediately after, but in no event later than seven (7) days after the Grantee's death or such extended period, as the Committee may decide, in accordance with Applicable Law. All Options not exercised within such period will lapse.
- In the event of permanent incapacity of a Grantee while in employment with the Company, all Unvested Options granted to such Grantee shall vest immediately and all vested Options may be exercised by the Grantee/ nominee immediately after, but in no event later than seven (7) days after the Grantee's permanent incapacity or such extended period, as the Committee may decide, in accordance with Applicable Law. All Options not exercised such period will lapse.

**Exercise Price:**

During FY 2018-19, ESOPs were exercised under the ESOS 2015 at the following prices:

Exercise Price Range (In ₹)	No. of ESOPs Exercised
100	54,076
150	145,533
200	583,706
<b>Total</b>	<b>783,315</b>

**Employee wise details of the Options/SARs granted to:****(i) Key Managerial Personnel:**

Key Managerial Personnel	ESOP	SAR
Managing Director	N.A.*	N.A.*
Whole-time Director	N.A.*	N.A.*
Chief Financial Officer	Nil	50,000
Company Secretary	Nil	8000

\* Managing Director & CEO and Whole-time Director, also being Promoters of the Company are not entitled to participate in the ESOP Scheme of the Company.

**(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.**

Sl. No.	Name of Employee	Designation	No. of SAR unit granted during the year
1	Prateek Chandra	Chief Financial Officer	50,000
2	Dinesh Gulati	Chief Operating Officer	50,000

**(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (including outstanding warrants and conversions) of the Company at the time of grant – Nil****Other Details of ESOP-**

S. No.	Particulars	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
1	Earnings Per share (EPS)				4.87		
2	Method of calculation of employee compensation cost				Black Scholes method		
3	Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options)				N/A		
4	The impact of this difference on profits and on EPS of the Company				N/A		
5(a)	Weighted-average exercise prices of options whose exercise price						
	i) either equals market price; or	√	√	√	√	√	√
	i) exceeds market price; or						
	ii) is less than the market price of the stock; or						
5(b)	Weighted fair values of options whose exercise price						
	i) either equals market price; or	√	√	√	√	√	√
	ii) exceeds market price; or						
	iii) is less than the market price of the stock						
6	Description of method & significant assumptions used during the year to estimate value of options including the following weighted-average information:						
	i) risk-free interest rate;	8.39%	8.39%	8.39%	7.77%	7.20%	7.20%
	ii) expected life (in years);	7.50	8.00	8.00	7.70	7.70	7.70
	iii) expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	iv) expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
	v) the price of the underlying share in the market at the time of option grant (In ₹)	100	150	150	200	200	200
7	Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines				N/A		

**Other Details of SAR-**

S. No.	Particulars	SAR 2018
1	Earnings Per share (EPS)	4.87
2	Method of calculation of employee compensation cost	Black Scholes method
3	Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options)	N/A
4	The impact of this difference on profits and on EPS of the Company	N/A
5(a)	Weighted-average exercise prices of options whose exercise price	N/A
	i) either equals market price; or	
	i) exceeds market price; or	
	ii) is less than the market price of the stock; or	
5(b)	Weighted fair values of options whose exercise price	N/A
	i) either equals market price; or	
	ii) exceeds market price; or	
	iii) is less than the market price of the stock	
6	Description of method & significant assumptions used during the year to estimate value of options including the following weighted-average information:	
	i) risk-free interest rate;	7.80%
	ii) expected life (in years);	4
	iii) expected volatility	41%
	iv) expected dividend yield	Nil
	v) the price of the underlying share in the market at the time of option grant	₹597
7	Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines	N/A



## Annexure 6

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**IndiaMART InterMESH Limited**  
(CIN: U74899DL1999PLC101534)  
1<sup>st</sup> Floor, 29-Daryaganj, Netaji Subash Marg,  
New Delhi- 110002.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IndiaMART InterMESH Limited (hereinafter called "the Company"), which is an unlisted company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**We report that-**

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, to the extent applicable;
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, with which the Company has generally complied with.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable, as mentioned above.

- iv. The Company is primarily engaged in the business-to-business e-marketplace, which acts as an interactive hub for domestic and international buyers and suppliers. There is no sector specific law applicable on the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. The changes in the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions were carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that during the audit period:**

- i Pursuant to the provision of Section 63 of the Companies Act, 2013 read with rules made thereunder and other applicable provision, if any, of the Act, the members of the Company has approved the issue of bonus shares in the proportion of 1 (one) equity share for every 1 (one) equity share held (i.e. 1:1), in its Extraordinary General Meeting held on 07<sup>th</sup> of May, 2018 and Bonus shares were allotted in the share allotment Committee Meeting held on 09<sup>th</sup> of May, 2018.
- ii Pursuant to the provision of Section 62(1)(b) of the Companies Act, 2013 read with rules made thereunder and other applicable provision, if any, of the Act, the Members in its Extraordinary General Meeting held on 07<sup>th</sup> of May, 2018 has given their authorization for approval and implementation of IndiaMART Employee Stock Benefit Scheme-2018 to create, offer, issue and allot 22,746 (Twenty Two Thousand Seven Hundred and Forty Six) Employee Stock Options and 700,000 (Seven lakh) Stock Appreciation Rights exercisable into 372,746 (Three Lakh Seventy Two Thousand Seven Hundred and Forty Six) Equity Shares in aggregate of the Company of ₹10/- (Rupees Ten) each.
- iii Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, Members in its Extraordinary General Meeting held on 11<sup>th</sup> of June, 2018, has approved the limit of Borrowing not exceeding the amount of ₹30 crore (Rupees Thirty Crore Only) over and above the aggregate of the paid-up share capital of the Company and its free reserves.
- iv Pursuant to Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the Members in its Extraordinary General Meeting held on 11<sup>th</sup> of June, 2018 has given their approval for making investment(s) from time to time in acquisition of securities of any body corporate/entity for an amount not exceeding ₹25 crore (Rupees Twenty Five Crore Only) in excess of limits specified under section 186 of Companies Act, 2013.
- v Securities and Exchange Board of India vide its letter dated 14<sup>th</sup> of September 2018 has given its final observation on the proposed IPO of IndiaMART InterMESH Limited and advised the Company to ensure the Compliance of additional disclosures and other requirement as mentioned in the said letter to ensure full and true disclosures before filing of Offer document to the Stock Exchange/ROC.

**For Sanjay Grover & Associates**

Company Secretaries

Firm Registration No. P2001DE052900

Sd/-

**Devesh Kumar Vasisht**

Partner

CP No. 13700

Place: New Delhi  
Date: May 11, 2019

## Annexure 7

**EXTRACT OF ANNUAL RETURN  
FORM NO. MGT 9**

As on financial year ended on March 31, 2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION AND OTHER DETAILS**

1. CIN	U74899DL1999PLC101534
2. Registration Date	September 13, 1999
3. Name of the Company	IndiaMART INTERMESH LIMITED
4. Category/ Sub-Category of the Company	Public Company Limited by Shares
5. Address of the Registered office and contact details	IndiaMART InterMESH Limited, 1 <sup>st</sup> Floor, 29-Daryaganj, Netaji Subash Marg, New Delhi - 110002 Contact No. 011-30272100 {Reg. Office} Fax No.- 011-43509807 {Reg. Office} Contact No. 0120-6777800 {Cor. Office} Fax No.: 0120-3997666 {Cor. Office} Email- cs@indiamart.com Website- www.indiamart.com
6. Whether Listed Company	No
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd Address: Noble Heights, 1 <sup>st</sup> floor, Plot No NH-2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi - 110058 Contact No. 011 - 4141 0592/93/94 Fax No: 011 - 4141 0591 Email id: delhi@linkintime.co.in Website- www.linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

**(All the business activities contributing 10% or more of the total turnover of the company shall be stated)**

Sl. No	Name and Description of main products/services	NIC Code of the product/ services	% to total turnover of the Company
1.	Information Services Activity	6311	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No	Name of the Company	Address of Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Tolexo Online Private Limited	1 <sup>st</sup> Floor, 29-Daryaganj, Netaji Subash Marg, New Delhi-110002	U72200DL2014 PTC267665	Wholly owned Subsidiary	100%	2 (87) of the Companies Act, 2013
2	Ten Times Online Private Limited	1 <sup>st</sup> Floor, 29-Daryaganj, Netaji Subash Marg, New Delhi-110002	U72300DL2014 PTC265480	Wholly owned Subsidiary	100%	2 (87) of the Companies Act, 2013
3	Tradezeal International Private Limited	1 <sup>st</sup> Floor, 29-Daryaganj, Netaji Subash Marg, New Delhi-110002	U72200DL2005 PTC136907	Wholly owned Subsidiary	100%	2 (87) of the Companies Act, 2013
4	Hello Trade Online Private Limited	1 <sup>st</sup> Floor, 29-Daryaganj, Netaji Subash Marg, New Delhi-110002	U51909DL2008 PTC180430	Wholly owned Subsidiary	100%	2 (87) of the Companies Act, 2013
5	Pay With Indiamart Private Limited	1 <sup>st</sup> Floor, 29-Daryaganj, Netaji Subash Marg, New Delhi-110002	U74999DL2017 PTC312424	Wholly owned Subsidiary	100%	2 (87) of the Companies Act, 2013

## IV. SHAREHOLDING PATTERN

### A. (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Share Holding

Category of shareholder	No. of Shares held at the beginning of the year [As on April 01, 2018]				Shares held at the end of the year [As on March 31, 2019]				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	7,954,700	-	7,954,700	79.74	15,909,400	-	15,909,400	55.64	(24.10)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>7,954,700</b>	<b>-</b>	<b>7,954,700</b>	<b>79.74</b>	<b>15,909,400</b>	<b>-</b>	<b>15,909,400</b>	<b>55.64</b>	<b>(24.10)</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>7,954,700</b>	<b>-</b>	<b>7,954,700</b>	<b>79.74</b>	<b>15,909,400</b>	<b>-</b>	<b>15,909,400</b>	<b>55.64</b>	<b>(24.10)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	597,024	20	597,044	5.98	4,414,308	-	4,414,308	15.44	9.46
h) Foreign Venture Capital Funds	100	-	100	0.00	3,851,746	-	3,851,746	13.47	13.47
i) Others (specify)- Body Corporate	42,645	-	42,645	0.43	215,746	-	215,746	0.76	0.33
<b>Sub-total (B)(1)</b>	<b>639,769</b>	<b>20</b>	<b>639,789</b>	<b>6.41</b>	<b>8,481,800</b>	<b>-</b>	<b>8,481,800</b>	<b>29.67</b>	<b>23.26</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹1 lakh	234,496	-	234,496	2.35	373,990	9,640	383,630	1.34	-1.01
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,107,320	-	1,107,320	11.10	3,735,576	-	3,735,576	13.07	1.97
c) Others (HUF)	10,500	30,000	40,500	0.40	81,000	-	81,000	0.28	-0.12
Non-Resident Indians	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	600	-	600	0.00	0
<b>Sub-total (B)(2):</b>	<b>1,352,316</b>	<b>30,000</b>	<b>1,382,316</b>	<b>13.85</b>	<b>4,191,166</b>	<b>9,640</b>	<b>4,200,806</b>	<b>14.69</b>	<b>0.84</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>1,992,085</b>	<b>30,020</b>	<b>2,022,105</b>	<b>20.26</b>	<b>12,672,966</b>	<b>9,640</b>	<b>12,682,606</b>	<b>44.36</b>	<b>24.10</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Sub-total (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>9,946,785</b>	<b>30,020</b>	<b>9,976,805</b>	<b>100.00</b>	<b>28,582,366</b>	<b>9,640</b>	<b>28,592,006</b>	<b>100</b>	<b>0.00</b>

**B. Shareholding of Promoter**

SI No.	Shareholder's Name	Shareholding at the beginning of the year			No. of Shares held at the end of the year			%change in share-holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Dinesh Chandra Agarwal	4,741,600	47.53	-	9,483,200	33.17	-	(14.36)
2	Brijesh Kumar Agrawal	3,213,100	32.21	-	6,426,200	22.47	-	(9.74)
	<b>Total</b>	<b>7,954,700</b>	<b>79.74</b>	<b>-</b>	<b>15,909,400</b>	<b>55.64</b>	<b>-</b>	<b>(24.10)</b>

**C. Change in Promoters' Shareholding (please specify, if there is no change)**

SI No.	Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	7,954,700	79.74	-	-
	Increase/(Decrease) in Promoters Shareholding during the year	7,954,700	-	7,954,700	-
	At the end of the year	<b>15,909,400</b>		<b>15,909,400</b>	<b>55.64</b>

**D. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

SI No.	Name of Shareholders (Top 10 Shareholders)	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of shares	% of total shares of the company
1.	Intel Capital (Mauritius) Limited	10	0.00	3,851,736	-	3,851,746	13.47
2.	Westbridge Crossover Fund, LLC	298,517	2.99	1,245,637	-	1,544,154	5.40
3.	Accion Frontier Inclusion Mauritius	10	0.00	1,136,560	-	1,136,570	3.98
4.	Amadeus IV DPF Limited	10	0.00	1,136,560	-	1,136,570	3.98
5.	Madhup Agrawal	86,510	0.87	706,490	-	793,000	2.77
6.	Amadeus EIII LP	298,507	2.99	298,507	-	597,014	2.09
7.	Dinesh Gulati	110,670	1.11	418,830	-	529,500	1.85
8.	Vikas Aggarwal	70,760	0.71	141,160	-	211,920	0.74
9.	Chetna Agarwal	77,600	0.78	77,600	-	155,200	0.54
10.	Pankaj Agarwal	75,600	0.76	75,400	-	151,000	0.53



## E. Shareholding of Directors and Key Managerial Personnel:

S. No. Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Increase/ Decrease in Shareholding		Reason	Shareholding at the end of the year		Cumulative Shareholding during the Year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Dinesh Chandra Agarwal, Managing Director	4,741,600	47.53	4,741,600	47.53	Due to allotment of Equity shares by the Company pursuant to exercise of vested stock options and conversion of CCPS & Bonus Issue.	9,483,200	33.17	9,483,200	33.17
2. Brijesh Kumar Agrawal, Whole-time Director	3,213,100	32.21	3,213,100	32.21	Due to allotment of Equity shares by the Company pursuant to exercise of vested stock options and conversion of CCPS & Bonus Issue.	6,426,200	22.47	6,426,200	22.47
3. Prateek Chandra, Chief Financial Officer	21,180	0.21	21,180	0.21	ESOP exercise	76,432	0.27	76,432	0.27
4. Manoj Bhargava, Company Secretary	-	-	-	-	-	-	-	-	-

## V. INDEBTEDNESS

### (Indebtedness of the Company including interest outstanding/accrued but not due for payment)

Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i +ii+iii)</b>	-	-	-	-
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No. Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount ₹ (in millions)
	Mr. Dinesh Chandra Agarwal, Managing Director	Mr. Brijesh Kumar Agrawal, Whole-time Director	Manager*	
1. Gross Salary				
(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	40.48	29.28	-	69.76
(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.48	0.48	-	0.96
(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2. Stock Option	-	-	-	-
3. Sweat Equity	-	-	-	-
4. Commission	-	-	-	-
-as % of profit				
-others, specify...				
5. Others, please specify	-	-	-	-
<b>Total (A)</b>	<b>40.96</b>	<b>29.76</b>	<b>-</b>	<b>70.72</b>
Ceiling as per the Act	44.96	44.96	-	89.93

\*The Company does not have Manager.

**B. Remuneration to other directors**

Sl. No.	Particulars of Remuneration	Name of directors				Total Amount ₹ (in millions)
		Mr. Mahendra Kumar Chouhan*	Mr. Vivek Narayan Gaur#	Mr. Rajesh Sawhney	Ms. Elizabeth Lucy Chapman	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending Board & Committee meetings	0.10	0.70	0.85	0.30	1.95
	Remuneration by way of Commission					
	Others, please specify					
	<b>Total (1)</b>					1.95
<b>2</b>	<b>Other Non-Executive Directors</b>	<b>Mr. Dhruv Prakash</b>				
	Fee for attending board committee meetings				0.98	0.98
	Commission					
	Others, please specify [Training Fee]					1.85
	<b>Total (2)</b>					2.83
	<b>Total (B) = (1+2)</b>					<b>4.78</b>
	<b>Total Managerial Remuneration Total=(A+B)</b>					<b>75.50</b>
	<b>Overall Ceiling as per the Act (Within the limit)</b>					<b>98.92</b>

\*Resigned from directorship of the Company on April 30, 2018.

# Appointed on the Board of the Company on April 30, 2018.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount ₹ (in millions)
		Prateek Chandra (Chief Financial Officer)	Manoj Bhargava (Company Secretary)#	Anil Dwivedi (Company Secretary)*	
1.	Gross Salary	20.75	5.75	0.12	26.62
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961				
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.03	0.02	0.003	0.05
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	1.70	-	-	1.70
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	-others, specify...				
5.	Others, please specify	-	-	-	-
	<b>Total</b>	<b>22.48</b>	<b>5.77</b>	<b>0.12</b>	<b>28.37</b>

\*Resigned as Company Secretary on April 30, 2018

# Designated as Company Secretary on June 04, 2018 (Remuneration details from June 2018 onwards)

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENSES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

On behalf of the Board  
For IndiaMART InterMESH Limited

Place: Noida  
Date: May 11, 2019

**Brijesh Kumar Agrawal**  
(Whole Time Director)  
DIN: 00191760

**Dinesh Chandra Agarwal**  
(Managing Director)  
DIN:00191800

## Annexure 8

**A. CONSERVATION OF ENERGY**

The Company, being responsible Corporate Citizen, makes conscious effort to reduce its energy consumption though their natures of operations are not energy-intensive. Some of the measures undertaken by the Company on a continuous basis including during the year are listed below:

- i. Rationalization of usage of electrical equipment's-air conditioning system, office illumination, beverage dispensers, desktops.
- ii. Regular monitoring of temperature inside the building and controlling the air-conditioning system.
- iii. Planned Preventive Maintenance (PPM) schedule put in place for electro-mechanical equipment's.
- iv. Usage of energy efficient illumination fixtures.
- v. Signage timings rationalization.
- vi. Power factor rationalization.

**B. TECHNOLOGY OF ABSORPTION**

- i. Efforts made towards technology absorption: NIL
- ii. Benefits derived like product improvement, cost reduction, product development or import substitution; NIL
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - (a) the details of technology imported; NIL
  - (b) the year of import; NIL
  - (c) whether the technology been fully absorbed; NIL
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- iv. Expenditure incurred on Research and Development. NIL

*Specific areas in which R&D carried out by the Company:* The Company has not carried out R&D in any specific area.

1. *Benefits derived as a result of above R&D:* Not Applicable
2. *Future plan of action:* The management of the company has not yet decided to carry out any R&D.
3. *Expenditure on R&D:* Not applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows, during financial year 2018-19 are as follow:

	₹ (in millions)	
	<b>2018-2019</b>	<b>2017-2018</b>
Earnings	32.50	23.65
Outgo	88.67	56.03
Net Foreign Earning (NFE)	(56.17)	(32.38)

On behalf of the Board  
For IndiaMART InterMESH Limited

Place: Noida  
Date: May 11, 2019

**Brijesh Kumar Agrawal**  
(Whole Time Director)  
DIN: 00191760

**Dinesh Chandra Agarwal**  
(Managing Director)  
DIN: 00191800

# Independent Auditor's Report

To  
The Members of  
**IndiaMART InterMESH Limited**

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying standalone Ind AS financial statements of IndiaMART InterMESH Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information..

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the 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 March 31, 2019, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 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 audit opinion on the standalone Ind AS financial statements.

### OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report (with annexures – Annual Return extracts, Secretarial audit report, etc.), but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS 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.

## RESPONSIBILITY OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 Ind AS 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 system 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's 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 (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act based on our audit, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 on its financial position in its standalone Ind AS financial statements – Refer Note 37 to the standalone Ind AS 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.

### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E300004

### per Yogesh Midha

Partner

Membership Number: 94951

Place of Signature: New Delhi

Date: May 11, 2019



## Annexure 1 referred to in paragraph (1) of report on the other legal & regulatory requirement of our report of even date

### RE: INDIAMART INTERMESH LIMITED ('THE COMPANY')

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- 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 maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- vii. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other statutory dues applicable to it. The provision of sales tax, value added tax, duty of custom and duty of excise are not applicable to the Company.
- b) 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 services tax cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision of sales tax, value added tax, duty of custom and duty of excise are not applicable to the Company.
- c) According to the records of the Company, the dues outstanding of income-tax, service tax, duty of custom, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Demand (₹ millions)	Paid * (₹ millions)	Remaining Amount (₹ millions)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Finance Act, 1994	Service Tax	6.78	-	6.78	2006-07 to 2011-12	CESTAT
Finance Act, 1994	Service Tax	1.3	-	1.3	2013-14 to 2015-16	Commissioner of GST & Central Excise
Finance Act, 1994	Service Tax	15.38	-	15.38	2013-14 to 2017-18	Commissioner of GST & Central Excise
Income Tax Act, 1961						
	Income Tax	3.49	3.49	-	2010-11, 2013-14	Income Tax Appellate Tribunal
	Income Tax	0.29	0.29	-	2012-13	Commissioner of Income Tax Appeals
	Income Tax	3.34	3.34	-	2009-10	High court- Delhi

\*Adjusted with brought forward losses/unabsorbed depreciation.

- viii. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- ix. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements

and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the

Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E300004

**per Yogesh Midha**

Partner

Membership Number: 94951

Place of Signature: New Delhi

Date: May 11, 2019

## Annexure to the Independent Auditor's Report of even date on the Standalone Financial Statements of Indiamart Intermesh Limited

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of IndiaMART InterMESH Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these standalone financial statements was 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 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 internal financial controls over financial reporting with reference to these standalone financial statements.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS**

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone 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 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 financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting 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.

### **For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E300004

### **per Yogesh Midha**

Partner

Membership Number: 94951

Place of Signature: New Delhi

Date: May 11, 2019

# Balance Sheet

as at 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	82.74	71.79
Capital work in progress	5	1.77	1.77
Intangible assets	6	5.70	7.62
Investment in subsidiaries	7	4.10	71.62
<b>Financial assets</b>			
(i) Investments	8	90.39	65.34
(ii) Loans	8	1.22	0.92
(iii) Bank deposits	11	-	302.20
(iv) Others financial assets	8	33.22	35.03
Deferred tax assets (net)	27	858.06	1,155.58
Other non-current assets	9	7.33	6.78
<b>Total non-current assets</b>		<b>1,084.53</b>	<b>1,718.65</b>
<b>Current assets</b>			
<b>Financial assets</b>			
(i) Investments	8	6,042.99	3,087.70
(ii) Trade receivables	10	3.54	2.79
(iii) Cash and cash equivalents	11	359.13	452.48
(iv) Bank balances other than (iii) above	11	375.48	-
(v) Loans	8	16.19	63.20
(vi) Others financial assets	8	152.18	38.85
Current tax assets (net)	19	99.98	86.60
Other current assets	9	53.77	46.13
<b>Total current assets</b>		<b>7,103.26</b>	<b>3,777.75</b>
<b>Total assets</b>		<b>8,187.79</b>	<b>5,496.40</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	285.92	99.77
Other equity	13	1,320.90	(3,222.51)
<b>Total equity</b>		<b>1,606.82</b>	<b>(3,122.74)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Share buyback obligations	14	-	3,729.30
(ii) Other financial liabilities	16	2.84	2.62
Provisions	17	93.85	58.36
Contract liabilities (Previous year: Deferred revenue)	18	2,297.91	1,660.91
<b>Total non-current liabilities</b>		<b>2,394.60</b>	<b>5,451.19</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Trade payables	15	-	11.31
(a) total outstanding dues of micro enterprises and small enterprises		-	11.31
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		439.53	401.42
(ii) Other financial liabilities	16	0.48	0.18
Provisions	17	51.51	46.85
Contract liabilities (Previous year: Deferred revenue)	18	3,553.49	2,253.52
Other current liabilities	18	141.36	454.67
<b>Total current liabilities</b>		<b>4,186.37</b>	<b>3,167.95</b>
<b>Total liabilities</b>		<b>6,580.97</b>	<b>8,619.14</b>
<b>Total equity and liabilities</b>		<b>8,187.79</b>	<b>5,496.40</b>
Summary of significant accounting policies	2		

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

**per Yogesh Midha**

Partner

Membership No.: 94941

Place: New Delhi

Date: May 11, 2019

For and on behalf of the Board of Directors of

**Indiamart Intermesh Limited****Dinesh Chandra Agarwal**

(Managing Director)

DIN:00191800

**Brijesh Kumar Agrawal**

(Whole-time Director)

DIN:00191760

**Prateek Chandra**

(Chief Financial Officer)

**Manoj Bhargava**

(Company Secretary)

Place: Noida

Date: May 11, 2019

# Statement of Profit and Loss

for the year ended 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>INCOME:</b>			
Revenue from operations	20	4,972.75	4,035.48
Net gain/(loss) on financial assets measured at FVTPL	21	323.86	36.52
Other income	22	36.31	28.61
<b>Total income</b>		<b>5,332.92</b>	<b>4,100.61</b>
<b>EXPENSES:</b>			
Employee benefits expense	23	2,217.24	1,887.84
Depreciation and amortisation expense	24	39.98	27.97
Impairment of goodwill	6	-	1,175.55
Net loss on financial liability designated at FVTPL	14 & 30	652.63	1,228.62
Other expenses	25	1,959.78	1,655.45
<b>Total expenses</b>		<b>4,869.63</b>	<b>5,975.43</b>
<b>Profit/(loss) before tax</b>		<b>463.29</b>	<b>(1,874.82)</b>
<b>Income tax expense</b>			
Current tax expenses		-	-
Deferred tax expense/(income)	27	337.36	(1,150.41)
<b>Total tax expense/(credit)</b>		<b>337.36</b>	<b>(1,150.41)</b>
<b>Profit/(loss) for the year</b>		<b>125.93</b>	<b>(724.41)</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss in subsequent years</b>			
Re-measurement losses on defined benefit plans	28	(10.47)	(14.80)
Income tax effect	27	3.66	5.17
		<b>(6.81)</b>	<b>(9.63)</b>
<b>Other comprehensive loss for the period, net of tax</b>		<b>(6.81)</b>	<b>(9.63)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>119.12</b>	<b>(734.04)</b>
<b>Earnings per equity share:</b>			
Basic earnings per equity share (₹) - face value of ₹10 each	26	4.87	(37.83)
Diluted earnings per equity share (₹) - face value of ₹10 each		4.78	(37.83)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

**per Yogesh Midha**

Partner

Membership No.: 94941

Place: New Delhi

Date : May 11, 2019

For and on behalf of the Board of Directors of

**Indiamart Intermesh Limited****Dinesh Chandra Agarwal**

(Managing Director)

DIN:00191800

**Brijesh Kumar Agrawal**

(Whole-time Director)

DIN:00191760

**Prateek Chandra**

(Chief Financial Officer)

**Manoj Bhargava**

(Company Secretary)

Place: Noida

Date : May 11, 2019



# Statement of changes in equity

for the year ended 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

## (A) EQUITY SHARE CAPITAL (REFER NOTE 12)

Equity shares of ₹10 each issued, subscribed and fully paid up	Amount
<b>As at 1 April 2017</b>	<b>91.69</b>
Equity share capital issued on exercise of ESOP during the year	8.08
<b>As at 31 March 2018</b>	<b>99.77</b>
Bonus issue during the year*	99.77
Equity share capital issued on exercise of ESOP during the year	15.66
Equity share capital issued on conversion of convertible preference shares (Refer Note 14)	70.72
<b>As at 31 March 2019</b>	<b>285.92</b>

## (B) OTHER EQUITY (REFER NOTE 13)

Particulars	Reserve and surplus				Total other equity
	Securities premium	General reserve	Employee share based payment reserve (Refer Note 29)	Retained earnings	
<b>Balance as at 1 April 2017</b>	<b>153.05</b>	<b>8.45</b>	<b>46.12</b>	<b>(2,830.59)</b>	<b>(2,622.97)</b>
Profit/(loss) for the year	-	-	-	(724.41)	(724.41)
Other comprehensive loss for the year	-	-	-	(9.63)	(9.63)
<b>Total comprehensive loss</b>	-	-	-	(734.04)	(734.04)
Issue of equity shares on exercise of ESOP during the year	126.44	-	(21.81)	-	104.63
Employee share based payment expense	-	-	29.87	-	29.87
	126.44	-	8.06	-	134.50
<b>Balance as at 31 March 2018</b>	<b>279.49</b>	<b>8.45</b>	<b>54.18</b>	<b>(3,564.63)</b>	<b>(3,222.51)</b>
Profit for the year	-	-	-	125.93	125.93
Other comprehensive loss for the year	-	-	-	(6.81)	(6.81)
<b>Total comprehensive loss</b>	-	-	-	119.12	119.12
Bonus issue*	(99.77)	-	-	-	(99.77)
Issue of equity shares on exercise of ESOP during the year	195.61	-	(67.29)	-	128.32
Employee share based payment expense (Refer Note 23)	-	-	84.53	-	84.53
Issue of equity shares on conversion of convertible preference shares (Refer Note 14)	4,311.21	-	-	-	4,311.21
<b>Balance as at 31 March 2019</b>	<b>4,686.54</b>	<b>8.45</b>	<b>71.42</b>	<b>(3,445.51)</b>	<b>1,320.90</b>

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

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

As per our report of even date

### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

### per Yogesh Midha

Partner

Membership No.: 94941

Place: New Delhi

Date: May 11, 2019

For and on behalf of the Board of Directors of

**Indiamart Intermesh Limited**

### Dinesh Chandra Agarwal

(Managing Director)

DIN:00191800

### Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

### Prateek Chandra

(Chief Financial Officer)

### Manoj Bhargava

(Company Secretary)

Place: Noida

Date: May 11, 2019

# Statement of Cash Flows

for the year ended 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Profit/(loss) before tax</b>		463.29	(1,874.82)
<i>Adjustments to reconcile profit/(loss) before tax to net cash flows:</i>			
Depreciation of property, plant and equipment	24	36.45	23.15
Amortisation of intangible assets	24	3.53	4.82
Other income	22	(29.43)	(28.08)
Gain from business transfer arrangement (Refer Note 36)	22	(6.80)	
Fair value change in investment in debt instruments of subsidiaries	21	47.38	124.38
Fair value change in investment in mutual funds	21	(319.96)	(88.36)
Fair value change in share buyback obligations	14	652.63	1,228.62
Gain on disposal of property, plant and equipment	22	(0.08)	(0.53)
Share-based payment expense	23	84.53	29.87
Gain on disposal of mutual fund investments	21	(51.28)	(72.54)
Impairment of goodwill	6	-	1,175.55
Impairment allowance on investment in subsidiaries	25	70.12	-
<b>Operating profit/(loss) before working capital changes</b>		<b>950.38</b>	<b>522.06</b>
<b>Movement in working capital</b>			
(Increase)/decrease in trade receivables		(0.74)	2.80
(Increase)/decrease in other financial assets		7.88	(39.39)
(Increase)/decrease in other assets		(8.16)	102.53
Increase/(decrease) in other financial liabilities		0.52	(2.73)
Increase/(decrease) in trade payables		26.80	121.07
Increase/(decrease) in other liabilities		1,630.46	1,091.70
Increase/(decrease) in provisions		29.67	35.87
<b>Cash generated from operations</b>		<b>2,636.81</b>	<b>1,833.91</b>
Income tax paid (net)		(49.55)	(4.56)
<b>Net cash generated from operating activities</b>		<b>2,587.26</b>	<b>1,829.35</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		0.52	1.06
Purchase of property, plant and equipment and other intangible assets		(49.50)	(22.25)
Purchase of mutual fund investments		(5,189.60)	(3,229.70)
Investment in subsidiaries (net of cancellation)*		(75.02)	(56.70)
Proceeds from sale of mutual fund investments		2,605.56	1,655.25
Interest received		25.94	21.49
Advances recoverable from shareholders		(69.20)	-
Investments in bank deposits (having original maturity of more than three months)		(73.28)	(72.24)
<b>Net cash used in investing activities</b>		<b>(2,824.58)</b>	<b>(1,703.09)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of preference shares under share buyback obligation	14	-	39.78
Proceeds from issue of equity shares on exercise of ESOP		143.97	112.71
<b>Net cash generated from financing activities</b>		<b>143.97</b>	<b>152.49</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(93.35)</b>	<b>278.75</b>
Cash and cash equivalents at the beginning of the year	11	452.48	173.73
<b>Cash and cash equivalents at the end of the year</b>	11	<b>359.13</b>	<b>452.48</b>
<b>Non-cash investing activities</b>			
Transactions pursuant to the scheme			
- Cancellation of Investment*		-	34.80
<b>Non-cash financing activities</b>			
Fair value change in share buyback obligations	14	652.63	1,228.62
Conversion of preference shares into equity shares	14	4,381.93	
*Pertains to cancellation of investment in subsidiary "Tolexo Online Private Limited" during year ended 31 March 2018 on account of acquisition of its online business undertaking vide order dated 11 October 2017 of National Company Law Tribunal, New Delhi bench.			
Summary of significant accounting policies	2		

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

**per Yogesh Midha**

Partner

Membership No.: 94941

Place: New Delhi

Date : May 11, 2019

For and on behalf of the Board of Directors of

**Indiamart Intermesh Limited****Dinesh Chandra Agarwal**

(Managing Director)

DIN:00191800

**Brijesh Kumar Agrawal**

(Whole-time Director)

DIN:00191760

**Prateek Chandra**

(Chief Financial Officer)

**Manoj Bhargava**

(Company Secretary)

Place: Noida

Date : May 11, 2019

# Notes to Financial Statements

for the year ended March 31, 2019

## 1. CORPORATE INFORMATION

IndiaMART InterMesh Limited ("the 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 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-Daryaganj, Netaji Subash Marg New Delhi-110002, India.

The financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on May 11, 2019.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements for the year ended March 31, 2019 have been prepared in accordance with the Indian Accounting Standards 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). The financial statements for the year ended March 31, 2018 were the first the Company has prepared in accordance with Ind AS. The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('IGAAP'), which is considered as the previous GAAP, for purposes of Ind AS 101.

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

The 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 the Ind AS requires a different accounting treatment (refer accounting policy regarding financial instruments);
- share-based payments

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

### 2.2 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 financial statements except for the adoption of new standard Ind AS 115 Revenue from Contracts with Customers, effective as of April 1, 2018. The Company applies, for the first time, Ind AS 115 Revenue from Contracts with Customers. As required by the Ind AS 115, the nature and effect of these changes are disclosed in note 4 below.

### 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:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- 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:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- 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 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 mutual funds and share buyback obligation, 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:

- In the principal market for the asset or liability, or
- 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

# Notes to Financial Statements

for the year ended March 31, 2019

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 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 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 debt instruments and convertible preference shares issued with share buyback obligation measured at fair value.

External valuers are involved for valuation of significant assets, such as unquoted investments in debt instruments, and significant liabilities, such as convertible preference shares. 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 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 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 30)

## 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 are 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 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 are 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 are 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 are 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 apply 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

# Notes to Financial Statements

for the year ended March 31, 2019

consideration is due). Refer to accounting policies of financial assets in section n) 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 when the payment is made or the payment is due (whichever is earlier). The company 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 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 do 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*

Revenue 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 part 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 then 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.

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	25.89%

Leasehold improvements are depreciated on a straight line basis over the lease period or assessed useful life of three years, whichever is lower.

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.

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



# Notes to Financial Statements

for the year ended March 31, 2019

statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets (being Goodwill) 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 at 40% annually.

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

Advances paid towards the acquisition of intangible assets 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.

## f) Leases (as lessee)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are 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 are 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 are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

## g) Investment in subsidiaries

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

On disposal of investment in subsidiary, 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 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 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 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 such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. After impairment, depreciation is

# Notes to Financial Statements

for the year ended March 31, 2019

provided on the revised carrying amount of the asset over its remaining useful life.

For assets other than goodwill, 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.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## 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 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

### 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:

# Notes to Financial Statements

for the year ended March 31, 2019

- 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 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 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 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.

# Notes to Financial Statements

for the year ended March 31, 2019

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.

## l) Share-based payments

Employees of the Company also receive remuneration in the form of stock options (ESOP) and stock appreciation rights (SAR) as a share based payment transactions under 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 by 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 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
- 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

# Notes to Financial Statements

for the year ended March 31, 2019

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 30.

## *Debt instruments at FVTOCI*

A 'debt instrument' is classified as at the 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 the other comprehensive income (OCI). However, the Company 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 Company 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 recognition inconsistency (referred to as 'accounting mismatch'). The Company 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 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:

- Financial assets that are debt instruments, and 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



# Notes to Financial Statements

for the year ended March 31, 2019

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 the 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.

## 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, share buyback obligation, 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.

The company has designated convertible preference shares issued with share buyback obligation, to be measured at fair value through profit or loss. On conversion of the optionally convertible preference shares ("OCRPS") into equity shares, the Company derecognise the financial liability and recognise the same to equity.

### *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.

# Notes to Financial Statements

for the year ended March 31, 2019

## *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.

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 period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. 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 period. The weighted average number of equity shares outstanding during the period 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 equivalent 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.

## **q) 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 Company activities of providing e-marketplace for business goods 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) 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.

## **3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of 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 based its assumptions and estimates on parameters available when the 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

# Notes to Financial Statements

for the year ended March 31, 2019

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 unused tax losses and other 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.

The Company has tax capital losses carried forward amounting to ₹43.32 million as at March 31, 2019 (March 31, 2018: ₹74.77 million). The Company does not expect sufficient future taxable profit against which such tax losses can be utilised. On this basis, the Company has not recognised deferred tax assets on these carried forward tax losses. Refer Note 27 for further details.

## 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-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 29.

## 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 goodwill

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. 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. These estimates are most relevant to goodwill recognised by the Company. During the previous year ended March 31, 2018, the Company has recognised impairment allowance of goodwill amounting to ₹1,175.55 million. The key assumptions used to determine the recoverable amount for the Goodwill and estimates involved in recognition of impairment loss, are disclosed and further explained in Note 6.

## 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 for the specific countries. Those mortality tables tend to change only at interval 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 28.

## 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 30 and 32 for further disclosures.

# Notes to Financial Statements

for the year ended March 31, 2019

## 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.

## 4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### New and amended standard

The company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard is described below.

Several other amendments and interpretations apply for the first time which are effective as of April 1, 2018, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### Ind AS 115 Revenue from Contracts with customers

Ind AS 115 supersedes Ind AS 11 Construction contracts, Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring good or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method with the date of initial application as of April 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. Further, cumulative effect of applying the new standard is recognised at the date of initial application with no restatement of the comparative periods presented. Therefore, the comparative information has not been restated and continues to be reported under Ind AS 18. The Company elected to apply the standard to the contracts that are not completed as at April 1, 2018.

Apart from providing more extensive disclosures on the Company's revenue transactions, the application of Ind AS 115 has not had a material impact on the financial position and/or financial performance of the Company.

## Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax laws restrict the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments do not have any impact on the Company.

## Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are effective for annual periods beginning on or after April 1, 2018 on a retrospective basis.

Since, the Company has not classified its interest in subsidiaries as held for sale therefore, the amendment is not applicable to the Company.

## Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments are effective for annual periods beginning on or after April 1, 2018 on a prospective basis.

The Company does not have any investment property. Therefore, the amendment is not applicable to the Company.

## Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's

# Notes to Financial Statements

for the year ended March 31, 2019

interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments are effective from April 1, 2018 and should be applied on retrospective basis. Since the Company does not have any investment in associates and joint ventures therefore, these amendments are not applicable to the Company.

## **Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

The Appendix is effective for annual periods beginning on or after April 1, 2018 on a retrospective basis. However, since the Company's current practice is in line with the Interpretation, these do not have any effect on Company's financial statements.

## **Recently issued accounting pronouncements**

### **IND AS 116 Leases**

The Ministry of Corporate Affairs on March 30, 2019 notified the new leasing standard, viz., Ind AS 116 Leases. Ind AS 116 is applicable for the financial year beginning on or after April 1, 2019 for companies preparing their financial statements in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015.

The new standard will require lessees to recognize most leases on their balance sheets. Lessees will use a single accounting model for all leases, with limited exemptions.

An entity has an option to adopt Ind AS 116 using either the full retrospective method or the modified retrospective method. An entity that elects the modified retrospective method would apply Ind AS 116 retrospectively to only the current period by recognising the cumulative effect of initially applying Ind AS 116 as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application. Under the modified retrospective method, Ind AS 116 would be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. An entity would need to disclose how it applied the modified retrospective method.

The Company is under process to evaluate the impacts of the new standard on financial statements.



# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land (Refer Note 2 below)	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total Property, plant and equipment	Capital work in progress (refer note 1 below)
<b>Gross carrying amount</b>							
<b>As at 1 April 2017</b>	<b>37.12</b>	<b>49.82</b>	<b>18.88</b>	<b>4.17</b>	<b>1.01</b>	<b>111.00</b>	<b>1.77</b>
Additions	-	9.56	7.78	0.75	3.75	21.84	-
Disposals	-	(0.14)	-	-	(0.95)	(1.09)	-
<b>As at 31 March 2018</b>	<b>37.12</b>	<b>59.24</b>	<b>26.66</b>	<b>4.92</b>	<b>3.81</b>	<b>131.75</b>	<b>1.77</b>
Additions	-	36.74	10.00	1.07	-	47.81	-
Disposals	-	(0.71)	(0.25)	-	-	(0.96)	-
<b>As at 31 March 2019</b>	<b>37.12</b>	<b>95.27</b>	<b>36.41</b>	<b>5.99</b>	<b>3.81</b>	<b>178.60</b>	<b>1.77</b>
<b>Accumulated depreciation</b>							
<b>As at 1 April 2017</b>	<b>0.46</b>	<b>27.80</b>	<b>7.59</b>	<b>1.23</b>	<b>0.29</b>	<b>37.37</b>	-
Charge for the year	0.46	14.87	6.65	0.97	0.20	23.15	-
Disposals during the year	-	(0.10)	-	-	(0.46)	(0.56)	-
<b>As at 31 March 2018</b>	<b>0.92</b>	<b>42.57</b>	<b>14.24</b>	<b>2.20</b>	<b>0.03</b>	<b>59.96</b>	-
Charge for the year	0.46	25.37	8.70	0.94	0.98	36.45	-
Disposals during the year	-	(0.39)	(0.16)	-	-	(0.55)	-
<b>As at 31 March 2019</b>	<b>1.38</b>	<b>67.55</b>	<b>22.78</b>	<b>3.14</b>	<b>1.01</b>	<b>95.86</b>	-
<b>Net book value</b>							
<b>As at 1 April 2017</b>	<b>36.66</b>	<b>22.02</b>	<b>11.29</b>	<b>2.94</b>	<b>0.72</b>	<b>73.63</b>	<b>1.77</b>
<b>As at 31 March 2018</b>	<b>36.20</b>	<b>16.67</b>	<b>12.42</b>	<b>2.72</b>	<b>3.78</b>	<b>71.79</b>	<b>1.77</b>
<b>As at 31 March 2019</b>	<b>35.74</b>	<b>27.72</b>	<b>13.63</b>	<b>2.85</b>	<b>2.80</b>	<b>82.74</b>	<b>1.77</b>

Notes:

- Capital work in progress represent the amount incurred on construction of boundary wall for leasehold land.
- The Company has taken land under finance lease for the purpose of construction and setting up a software IT unit for a period of 90 years. As per the terms of the lease arrangement, the Company is required to complete the construction of building within 5 years from the date of handing over the possession. The Company has obtained extension for construction of building on the leasehold land till 5 October 2019.

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 6 INTANGIBLE ASSETS

	Goodwill (refer note 1 below)	Software	Unique telephone numbers	Total
<b>Gross carrying amount</b>				
<b>As at 1 April 2017</b>	<b>1,175.55</b>	<b>10.08</b>	<b>4.70</b>	<b>1,190.33</b>
Additions	-	0.41	-	0.41
Disposals	-	-	-	-
<b>As at 31 March 2018</b>	<b>1,175.55</b>	<b>10.49</b>	<b>4.70</b>	<b>1,190.74</b>
Additions	-	1.66	-	1.66
Disposals	-	(0.08)	-	(0.08)
<b>As at 31 March 2019</b>	<b>1,175.55</b>	<b>12.07</b>	<b>4.70</b>	<b>1,192.32</b>
<b>Accumulated amortisation</b>				
<b>As at 1 April 2017</b>	-	0.87	1.88	2.75
Amortisation for the year	-	<b>3.69</b>	<b>1.13</b>	<b>4.82</b>
Disposals	-	-	-	-
Impairment <sup>1</sup>	1,175.55	-	-	1,175.55
<b>As at 31 March 2018</b>	<b>1,175.55</b>	<b>4.56</b>	<b>3.01</b>	<b>1,183.12</b>
Amortisation for the year	-	2.85	0.68	3.53
Disposals for the year	-	(0.03)	-	(0.03)
<b>As at 31 March 2019</b>	<b>1,175.55</b>	<b>7.38</b>	<b>3.69</b>	<b>1,186.62</b>
<b>Net book value</b>				
<b>As at 1 April 2017</b>	<b>1,175.55</b>	<b>9.21</b>	<b>2.82</b>	<b>1,187.58</b>
<b>As at 31 March 2018</b>	-	<b>5.93</b>	<b>1.69</b>	<b>7.62</b>
<b>As at 31 March 2019</b>	-	<b>4.69</b>	<b>1.01</b>	<b>5.70</b>

Notes:

- The Company has acquired online business undertaking from its wholly owned subsidiary resulting into Goodwill of ₹1,175.55 million as excess of consideration over net asset acquired, during year ended 31 March 2017. During the year ended 31 March 2018, due to certain changes in business and economic conditions, management believes that the expected benefits will take much longer to accrue than anticipated as on 31 March 2017. Therefore, due to uncertainties involved in the market environment the company is not able to determine value of expected benefits with reasonable certainty over the foreseeable future as on 31 March 2018. Accordingly, based on the conservative view, the goodwill has been fully impaired by way of recognition of impairment loss amounting to ₹1,175.55 million during the year ended 31 March 2018. This loss has been disclosed as a separate line item in the statement of Profit and loss.

## 7 INVESTMENT IN SUBSIDIARIES

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Investment in equity instruments - Unquoted</b>				
<b>Fully paid up</b>				
Equity shares of ₹10 each in Tradezeal International Private Limited (Refer note 1)*	110,000	3.15	110,000	3.15
Equity shares of ₹10 each in Ten Times Online Private Limited	62,333	3.10	60,000	0.60
Equity shares of ₹10 each in Tolexo Online Private Limited (Refer note 2)*	7,001,800	70.02	7,001,800	70.02
Equity shares of ₹10 each in Pay With Indiamart Private Limited	100,000	1.00	100,000	1.00
Equity shares of ₹10 each in Hello Trade Online Private Limited*	30,000	0.30	20,000	0.20
		<b>77.57</b>		<b>74.97</b>
Less: Impairment allowance in value of investments*		(73.47)		(3.35)
Investment in equity instruments		<b>4.10</b>		<b>71.62</b>

Notes:

- The above equity investment in Tradezeal International Private Limited includes equity component of Investment in redeemable preference shares, known as deemed equity investment, amounting to ₹2.05 millions (31 March 2018: ₹2.05 millions)
- Management has estimated cash flows projections of benefits accruing over foreseeable future and discounted the same using an appropriate discount rate and determined that discounted value of such expected benefits were in excess of the carrying value of Investment in debt instruments of Tolexo Online Pvt. Ltd as on that date. As at 31 March 2019, due to certain changes in business and economic conditions, management believes that the expected benefits will take much longer to accrue than anticipated. Therefore, due to uncertainties involved in the market environment the company is not able to determine value of expected benefits with reasonable certainty over the foreseeable future as on 31 March 2019. Accordingly, based on the conservative view, the Investment in instruments of Tolexo Online Pvt Ltd has been fully impaired by way of recognition of losses in Profit and Loss account amounting to 70.02 millions during the year ended 31 March 2019. The loss has been disclosed as impairment loss for investment in subsidiaries under Other expenses in statement of Profit and Loss.

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 8 FINANCIAL ASSETS

### a) Investments

	As at 31 March 2019	As at 31 March 2018
<b>Non-current</b>		
Investment in subsidiaries at FVTPL	90.39	65.34
	<b>90.39</b>	<b>65.34</b>
<b>Current</b>		
Investment in mutual funds at FVTPL	6,042.99	3,087.70
	<b>6,042.99</b>	<b>3,087.70</b>

### Non-current investments

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

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Unquoted (measured at FVTPL)</b>				
Optionally Convertible Redeemable Preference Shares of ₹10 each in Tolexo Online Private Limited	7,989,275	39.95	3,739,275	37.39
Optionally Convertible Redeemable Preference Shares of ₹10 each (at premium of ₹90 each) in Tolexo Online Private Limited	1,298,050	6.49	1,298,050	12.98
Optionally Convertible Redeemable Preference Shares of ₹10 each (at premium of ₹40 each) in Tolexo Online Private Limited	189,000	0.95	189,000	1.89
Optionally Convertible Redeemable Preference Shares of ₹10 each in Tradezeal International Private Limited	1,370,000	-	1,370,000	-
Optionally Convertible Redeemable Preference Shares of ₹10 each (at premium of ₹10 each) in Pay With Indiamart Private Limited	2,150,000	43.00	650,000	13.08
		<b>90.39</b>		<b>65.34</b>
Less: Impairment allowance for investments		(0)		-
<b>Total</b>		<b>90.39</b>		<b>65.34</b>
<b>Unquoted (measured at amortised cost)</b>				
Redeemable Preference Shares of ₹10 each in Tradezeal International Private Limited	500,000	2.95	500,000	2.95
		<b>2.95</b>		<b>2.95</b>
Less: Impairment allowance for investments		(2.95)		(2.95)
<b>Total</b>		-		-
<b>Total non-current investments</b>		<b>90.39</b>		<b>65.34</b>

Notes:

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

	As at 31 March 2019		As at 31 March 2018	
	No. of units	Amount	No. of units	Amount
<b>Current investments</b>				
<b>Investment in mutual funds - Quoted (measured at FVTPL)</b>				
Aditya Birla Sunlife Frontline Equity Fund-Growth Regular Plan	-	-	75,282	15.75
Aditya Birla Sunlife Short Term Plan-Growth Regular Plan	2,599,874	80.37	3,360,316	96.96
Aditya Birla Sun Life Banking & PSU Debt Fund-Growth-Direct Plan	886,783	214.61	1,074,783	241.31
Aditya Birla Sun Life Cash Plus-Growth-Direct Plan	-	-	882,080	246.38
Aditya Birla Sunlife short term opportunities fund-Direct	21,181,794	679.17	-	-
Aditya Birla Sunlife Corporate Bond Fund - Regular	5,394,585	386.68	-	-
Aditya Birla Sun Life corporate Bond Fund-Growth-Direct	629,851	45.45	-	-
HDFC Prudence Fund - Growth	-	-	47,993	23.28
HDFC Top 200 Fund - Growth	-	-	30,646	13.15
HDFC Short Term Plan- Growth	-	-	3,315,675	114.17
HDFC Floating Rate Income Fund	-	-	7,229,251	218.64

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

	As at 31 March 2019		As at 31 March 2018	
	No. of units	Amount	No. of units	Amount
HDFC Short Term Debt Fund-Direct Growth Plan	26,794,545	558.15	10,359,979	200.19
HDFC Liquid Fund-Direct Plan Growth Option	-	-	69,517	238.02
HDFC Short Term Debt Fund - Regular Plan	8,380,984	172.98	1,560,259	29.92
HDFC Low Duration Fund Growth - Regular	3,797,410	148.58	-	-
HDFC Low Duration Fund Growth - Direct	2,128,314	86.97	-	-
HDFC Credit Risk Debt Fund - Regular Plan - Growth	7,019,394	107.08	-	-
ICICI Prudential Balanced Advantage Fund	-	-	258,974	8.57
ICICI Prudential Savings Fund -Growth	81,581	29.27	373,280	124.35
ICICI Prudential Value Discovery Fund-Growth	-	-	163,952	22.79
ICICI Prudential Savings Fund- Direct Plan-Growth	597,544	215.81	1,263,533	423.15
ICICI Prudential Short Term Fund - Direct	15,854,692	639.65	-	-
ICICI Prudential Short Term Fund - Growth Option	3,606,276	139.33	-	-
IDFC Premier Equity Fund -Growth	-	-	13,400	1.21
IDFC ultra short term fund	-	-	18,214,024	451.65
IDFC Bond Fund - Short Term Plan- DGP	5,468,770	216.27	5,468,770	199.92
IDFC Low Duration Fund-Growth (Regular Plan)	16,451,049	435.91	16,451,049	405.11
IDFC Bond Fund-STP-Regular Fund	408,840	15.57	372,699	13.18
Kotak Corporate Bond Fund - DGP	328,929	831.30	-	-
L&T Short term bond fund-DGP	37,122,589	681.67	-	-
L&T Short Term Bond Fund - Regular Growth	20,066,239	358.17	-	-
<b>Total current investments</b>		<b>6,042.99</b>		<b>3,087.70</b>

## b) Loans (measured at amortised cost)

	As at 31 March 2019	As at 31 March 2018
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Loan to employees	1.22	0.92
	<b>1.22</b>	<b>0.92</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Loan to employees	16.19	63.20
	<b>16.19</b>	<b>63.20</b>

Notes:

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

## c) Others (measured at amortised cost)

	As at 31 March 2019	As at 31 March 2018
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Security deposits	33.22	35.03
	<b>33.22</b>	<b>35.03</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Security deposits	25.90	1.50
Amount recoverable from payment gateway banks	57.08	37.35
Other recoverables	69.20	-
	<b>152.18</b>	<b>38.85</b>

Notes:

Security deposits are non-interest bearing and are generally on term of 3 to 9 years. For credit risk management, refer note 32.

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 9 OTHER ASSETS

	As at 31 March 2019	As at 31 March 2018
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Capital advance	0.03	-
Prepaid expenses	0.14	0.09
Deferred rent expense	7.16	6.69
<b>Total</b>	<b>7.33</b>	<b>6.78</b>

	As at 31 March 2019	As at 31 March 2018
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Advances recoverable	13.73	12.86
Indirect taxes recoverable	17.96	15.80
Prepaid expenses	18.93	15.11
Deferred rent expense	3.15	2.36
<b>Total</b>	<b>53.77</b>	<b>46.13</b>

## 10 TRADE RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
<b>Unsecured, considered good unless stated otherwise</b>		
Trade receivables	3.54	2.79
<b>Total</b>	<b>3.54</b>	<b>2.79</b>

Notes:

- No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
- For terms and conditions relating to related party receivables, Refer Note 34.

## 11 CASH AND CASH EQUIVALENTS

	As at 31 March 2019	As at 31 March 2018
Cash on hand	0.16	1.00
Cheques on hand	145.42	121.42
Balance with bank		
- On current accounts	213.55	330.06
<b>Total Cash and cash equivalents</b>	<b>359.13</b>	<b>452.48</b>

Note:

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

	As at 31 March 2019	As at 31 March 2018
<b>Bank balances other than cash and cash equivalents</b>		
Deposits with		
- remaining maturity upto twelve months	375.48	-
- remaining maturity for more than twelve months	-	302.20
	<b>375.48</b>	<b>302.20</b>
Less: amount disclosed under current bank deposits	(375.48)	-
Less: amount disclosed under non-current bank deposits	-	(302.20)
<b>Total</b>	<b>-</b>	<b>-</b>



# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 12 SHARE CAPITAL

Authorised equity share capital	Number of shares	Amount
<b>As at 1 April 2017</b>	18,277,930	182.78
Increase/(decrease) during the year	-	-
<b>As at 31 March 2018</b>	18,277,930	182.78
Increase/(decrease) during the year	11,722,070	117.22
<b>As at 31 March 2019</b>	<b>30,000,000</b>	<b>300.00</b>

Issued equity share capital (subscribed and fully paid up)	Number of shares	Amount
<b>As at 1 April 2017</b>	9,168,989	91.69
Equity share capital issued on exercise of ESOP during the year	807,816	8.08
<b>At 31 March 2018</b>	9,976,805	99.77
Bonus issue during the year <sup>1</sup>	9,976,805	99.77
Equity share capital issued on exercise of ESOP during the period (refer note 29)	1,566,630	15.66
Equity share capital issued on conversion of convertible preference shares <sup>2</sup>	7,071,766	70.72
<b>As at 31 March 2019</b>	<b>28,592,006</b>	<b>285.92</b>

Notes:

### 1 Bonus issue

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

### 2 Conversion of convertible preference shares

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

### a) Terms/ rights attached to equity shares:

- The Company has only one class of equity shares having a par value of ₹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 2019		As at 31 March 2018	
	Number	% Holding	Number	% Holding
<b>Equity shares of ₹10 each fully paid</b>				
Dinesh Chandra Agarwal	9,483,200	33%	4,741,600	48%
Brijesh Kumar Agrawal	6,426,200	22%	3,213,100	32%
Intel Capital (Mauritius) Limited	3,851,746	13%	100	0%
Westbridge Crossover Fund, LLC	1,544,154	5%	298,517	3%

### 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 period and options outstanding at the end of the reporting period, is set out in Note 29.

## 13 OTHER EQUITY

	As at 31 March 2019	As at 31 March 2018
Securities premium	4,686.54	279.49
General reserve	8.45	8.45
Employee share based payment reserve (Refer Note 29)	71.42	54.18
Retained earnings	(3,445.51)	(3,564.63)
<b>Total other equity</b>	<b>1,320.90</b>	<b>(3,222.51)</b>

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 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 grant date fair value of options issued to employees under Company's employee option plan (ESOP). Refer note 29 for further details.
- Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company, and re-measurement gains/losses on defined benefit plans.

## 14 SHARE BUYBACK OBLIGATIONS

Measured at fair value through profit or loss (FVTPL)	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Share buyback obligation of preference shares</b>				
<b>Non-current</b>				
0.01% Series A cumulative convertible preference shares (CCPS) of ₹328 each	-	-	1,493,903	1,630.00
0.01% Series B compulsory convertible preference shares (CCPS) of ₹100 each	-	-	1,722,047	1,971.30
0.01% Series B1 compulsory convertible preference shares (CCPS) of ₹100 each	-	-	146,375	128.00
<b>Total</b>		-		<b>3,729.30</b>

Notes:

The company has issued 1,493,903 Series A CCPS at price of ₹328 per share amounting to ₹490 million. The Company has further issued 1,722,047 and 146,375 Series B and Series B1 preference shares at price of ₹770 per share amounting to ₹1,325.98 million and ₹112.71 million respectively. As per the terms and conditions of issue of CCPS, Company has given right to the holders of CCPS to require the Company to buyback CCPS held by investors at reasonable approximation of fair market value in the event initial public offering (IPO) do not occur for specified period.

Based on these terms, CCPS has been classified as financial instrument in the nature of financial liability designated to be measured at fair value. Fair value of the instruments has been determined based on discounted cash flow valuation technique using cash flow projections and financial projections/budgets approved by the management. Gain/loss on subsequent re-measurement has been recognised through Statement of Profit and Loss and is disclosed under "Net loss on financial liability designated at FVTPL".

## Carrying amount of financial liability and gain/loss on subsequent re-measurement is set out below:

	As at 31 March 2019	As at 31 March 2018
<b>At the beginning of the year</b>	<b>3,729.30</b>	<b>2,460.90</b>
Preference share capital issued during the year	-	5.17
Security premium received on issue of preference shares	-	34.61
Loss on re-measurement for the year (recognised through Statement of Profit and Loss)	652.63	1,228.62
Conversion of preference shares into equity shares during the year (Refer Note 12(2))	(4,381.93)	-
<b>At the end of the year</b>	<b>0.00</b>	<b>3,729.30</b>

## Authorised preference share capital

	Series A (Face value ₹328 per share)		Series B (Face value ₹100 per share)		Series B1 (Face value ₹100 per share)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>As at 1 April 2017</b>	1,493,903	490.00	1,722,047	172.20	172,207	17.22
Increase/(decrease) during the year	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>1,493,903</b>	<b>490.00</b>	<b>1,722,047</b>	<b>172.20</b>	<b>172,207</b>	<b>17.22</b>
Increase/(decrease) during the year	-	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>1,493,903</b>	<b>490.00</b>	<b>1,722,047</b>	<b>172.20</b>	<b>172,207</b>	<b>17.22</b>

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## Issued preference share capital (subscribed and fully paid up)

	Series A (Face value ₹328 per share)		Series B (Face value ₹100 per share)		Series B1 (Face value ₹100 per share)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>As at 1 April 2017</b>	1,493,903	490.00	1,722,047	172.20	94,713	9.47
Issued during the year	-	-	-	-	51,662	5.17
<b>At 31 March 2018</b>	<b>1,493,903</b>	<b>490.00</b>	<b>1,722,047</b>	<b>172.20</b>	<b>146,375</b>	<b>14.64</b>
Shares converted to equity shares	(1,493,903)	(490.00)	(1,722,047)	(172.20)	(146,375)	(14.64)
<b>As at 31 March 2019</b>	-	-	-	-	-	-

## Details of shareholders holding more than 5% preference shares in the Company

	31 March 2019		31 March 2018	
	Number	% Holding	Number	% Holding
<b>CCPS of ₹328 each fully paid (Series A)</b>				
Intel Capital (Mauritius) Limited	-	-	1,493,903	100%
<b>CCPS of ₹100 each fully paid (Series B)</b>				
Amadeus IV DPF Limited	-	-	516,613	30%
Westbridge Crossover Fund LLC	-	-	430,509	25%
Accion Frontier Inclusion Mauritius	-	-	516,613	30%
Intel Capital (Mauritius) Limited	-	-	258,312	15%
<b>CCPS of ₹100 each fully paid (Series B1)</b>				
Amadeus IV DPF Limited	-	-	51,662	35%
Westbridge Crossover Fund LLC	-	-	43,051	29%
Accion Frontier Inclusion Mauritius	-	-	51,662	35%

## Terms/rights attached to Compulsorily Convertible Preference Shares (CCPS)

### Terms of conversion/ redemption of Series A -CCPS

- Each Series A CCPS holder is entitled to participate pari-passu in any dividends paid to the holders of the shares of any other class (including Equity Shares) or series on a pro-rata, as if converted basis.
- Each Series A CCPS may be converted into equity shares at any time at the option of the holder of the Series A preference share.
- Subject to compliance with applicable laws, each Series A Preference share shall automatically be converted at the Series A Conversion Price (₹293.86 subject to prescribed adjustments) into equity shares upon the earlier of (i) December 31, 2027; or (ii) immediately prior to the IPO for the purpose of enabling the listing of the shares in accordance with the requirement under the applicable law.
- In the event of liquidation, each holder of Series A Preference Shares shall be entitled to receive an amount, per Series A Preference Share equal to the Original Series A Share Issue Price plus any arrears of declared and accrued but unpaid dividends calculated to the date of such payment (the "Series A Preference Amount"), which shall rank pari passu with the Series B Preference Amount and upon receipt of such Series A Preference Amount by the holders of the Series A Preference Shares and upon receipt of the Series B Preference Amount by the holders of the Series B Preference Shares, any assets or funds remaining and distributable to the shareholders of the Company shall be distributed pari passu among the holders of the outstanding Series A Preference

Shares, Series B Preference Shares, and Equity Shares on a pro-rata, as if converted basis.

- Subject to Applicable Laws, the holders of the Series A Preference Shares shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the shareholders of the Company (including the holders of Equity Shares).
- In the event, the Company make or issue bonus shares or other non-cash dividends/distribution of equity shares to the holders of equity shares, the number of equity shares to be issued on any subsequent conversion of Series A preference shares shall be increased proportionately.

### Terms of conversion/ redemption of Series B -CCPS

- Each Series B CCPS holder is entitled to participate pari-passu in any dividends paid to the holders of the shares of any other class (including Equity Shares) or series on a pro-rata, as if converted basis.
- Each Series B CCPS may be converted into equity shares at any time at the option of the holder of the Series B preference share. Series B Conversion Price initially shall be equal to the Original Series B Share Issue Price (the "Initial Series B Conversion Price"), and shall be subject to adjustment from time to time on account of any anti-dilution shares issued, stock dividends, splits, combination and similar events.
- Subject to compliance with applicable laws, each Series B Preference share shall automatically be converted at a conversion price (then in effect) subject to prescribed adjustment, into Equity Shares upon the earlier of (i) 20 (twenty) years from the date of their issuance, or (ii)

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

- immediately prior to the IPO for the purpose of enabling the listing of the shares in accordance with the requirement under the applicable law.
- 4) In the event of liquidation, each holder of Series B Preference Shares shall be entitled to receive an amount per Series B Preference Share equal to the Original Series B Share Issue Price plus any arrears of accumulated but unpaid dividends calculated to the date of such payment (the "Series B Preference Amount"), which shall rank pari passu with the Series A Preference Amount and upon receipt of such Series B Preference Amount by the holders of the Series B Preference Shares and upon receipt of the Series A Preference Amount by the holders of the Series A Preference Shares, any assets or funds remaining and distributable to the shareholders of the Company shall be distributed pari passu among the holders of the outstanding Series A Preference Shares, Series B Preference Shares, Equity Shares on a pro-rata, as if converted basis. However the amount so payable shall not exceed an amount that is higher of 3 (Three) times the Original Series B Share Issue Price plus any arrears of declared & accrued but unpaid dividend calculated to the date of such payment or the percentage of the proceeds from such deemed liquidation that is equal to the percentage of the share capital of the company on a fully diluted basis represented by each Series B Preference Share plus any arrears of declared & accrued but unpaid dividend calculated to the date of such payment.
  - 5) Subject to Applicable Laws, the holders of the Series B Preference Shares shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the shareholders of the Company (including the holders of Equity Shares).
  - 6) In the event, the Company make or issue bonus shares or other non-cash dividends/distribution of equity shares to the holders of equity shares, the number of equity shares to be issued on any subsequent conversion of Series B preference shares shall be increased proportionately.
  - 2) Each Series B1 CCPS may be converted into equity shares at any time at the option of the holder of the Series B1 preference share. Series B1 Conversion Price initially shall be equal to the Original Series B Share Issue Price (the "Initial Series B Conversion Price"), and shall be subject to adjustment from time to time on account of any anti-dilution shares issued, stock dividends, splits, combination and similar events.
  - 3) Subject to compliance with applicable laws, each Series B1 Preference share shall automatically be converted at a conversion price (then in effect) subject to prescribed adjustment, into Equity Shares upon the earlier of (i) 20 (twenty) years from the date of their issuance, or (ii) immediately prior to the IPO for the purpose of enabling the listing of the shares in accordance with the requirement under the applicable law.
  - 4) In the event of liquidation and upon receipt of Series B Preference Amount by the holders of the Series B Preference Shares and upon receipt of the Series A Preference Amount by the holders of the Series A Preference Shares, any assets or funds remaining and distributable to the shareholders of the Company shall be distributed pari passu among the holders of the outstanding Series A Preference Shares, Series B Preference Shares, Series B1 Preference Shares and Equity Shares on a pro-rata, as if converted basis .
  - 5) Subject to Applicable Laws, the holders of the Series B1 Preference Shares shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the shareholders of the Company (including the holders of Equity Shares).
  - 6) In the event, the Company make or issue bonus shares or other non-cash dividends/distribution of equity shares to the holders of equity shares, the number of equity shares to be issued on any subsequent conversion of Series B1 preference shares shall be increased proportionately.

## Terms of conversion/ redemption of Series B1 -CCPS

- 1) Each Series B1 CCPS holder is entitled to participate pari-passu in any dividends paid to the holders of the shares of any other class (including Equity Shares) or series on a pro-rata, as if converted basis.

The above convertible preference shares contains the feature for the conversion ratio to be adjusted to the lower price of any later issue in the underlying shares.

## 15 TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018
Payable to micro, small and medium enterprises (Refer Note 38)	-	11.31
Other trade payables*	439.53	401.42
<b>Total</b>	<b>439.53</b>	<b>412.73</b>

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

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 16 OTHER FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>Non-current</b>		
Lease rent equalisation	2.84	2.62
<b>Total</b>	<b>2.84</b>	<b>2.62</b>
<b>Current</b>		
Payable to employees	0.34	0.04
Security deposits	0.14	0.14
<b>Total</b>	<b>0.48</b>	<b>0.18</b>

## 17 PROVISIONS

	As at 31 March 2019	As at 31 March 2018
<b>Non-current</b>		
Provision for employee benefits*		
Provision for gratuity	93.85	58.36
<b>Total</b>	<b>93.85</b>	<b>58.36</b>
<b>Current</b>		
Provision for employee benefits*		
Provision for gratuity	8.59	9.27
Provision for leave encashment	42.92	37.58
<b>Total</b>	<b>51.51</b>	<b>46.85</b>

\*For details of movement in provision for gratuity and leave encashment, Refer Note 28.

## 18 CONTRACT AND OTHER LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>Contract liabilities*</b>		
<b>Non-current</b>		
Deferred revenue	2,297.91	1,660.91
	<b>2,297.91</b>	<b>1,660.91</b>
<b>Current</b>		
Deferred revenue	3,237.29	2,253.52
Advances from customers	316.20	-
	<b>3,553.49</b>	<b>2,253.52</b>
<b>Total</b>	<b>5,851.40</b>	<b>3,914.43</b>
<b>Other liabilities</b>		
Advances from customers	-	320.20
Statutory dues		
Tax deducted at source payable	3.97	63.20
Contribution to provident fund payable	2.54	2.33
Contribution to ESI payable	0.10	0.22
GST payable	134.47	68.53
Professional tax payable	0.18	0.11
Payable for labour welfare fund	0.03	0.01
Others	0.07	0.07
<b>Total</b>	<b>141.36</b>	<b>454.67</b>

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



# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 19 CURRENT TAX ASSETS AND LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>Current tax assets (net of provisions)</b>		
Advance income tax	99.98	86.60
<b>Total</b>	<b>99.98</b>	<b>86.60</b>

## 20 REVENUE FROM OPERATIONS

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Sale of services</b>		
Income from web services	4,917.83	4,007.68
Advertisement and marketing services	54.92	27.80
<b>Total</b>	<b>4,972.75</b>	<b>4,035.48</b>

### Transaction price allocated to the remaining performance obligations

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

	31 March 2019	
	More than 12 months	Less than 12 months
Web services	2,296.25	3,549.32
Advertisement and marketing services	1.66	4.17
	<b>2,297.91</b>	<b>3,553.49</b>

No consideration from contracts with customers is excluded from the amounts presented above.

### Contract liabilities

	As at 31 March 2019
Web services	5,845.57
Advertisement and marketing services	5.83
	<b>5,851.40</b>
Non-current	2,297.91
Current	3,553.49
	<b>5,851.40</b>

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

	For the year ended 31 March 2019
Opening balance at the beginning of the year	4,234.63
Less: Revenue recognised from contract liability balance at the beginning of the year	(2,748.08)
Add: Amount received from customers during the year	6,610.33
Less: Transfer of contract liability pertaining to Hello travel business	(20.81)
Less: Revenue recognised from amount received during the year	(2,224.67)
Closing balance at the end of the year	<b>5,851.40</b>

## 21 NET GAIN/(LOSS) ON FINANCIAL ASSETS MEASURED AT FVTPL

	For the year ended 31 March 2019	For the year ended 31 March 2018
Net gain on disposal of current investments	51.28	72.54
Fair value gain/(loss) on financial assets measured at FVTPL		
- Investment in mutual funds	319.96	88.36
- Investment in debt instruments of subsidiaries	(47.38)	(124.38)
<b>Total</b>	<b>323.86</b>	<b>36.52</b>

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 22 OTHER INCOME

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income from financial assets measured at amortised cost		
- on bank deposits	25.87	16.43
- on security deposits	3.48	6.59
Other interest income	0.08	5.06
Gain from business transfer arrangement (Refer Note 36)	6.80	-
Net gain on disposal of property, plant and equipment	0.08	0.53
<b>Total</b>	<b>36.31</b>	<b>28.61</b>

## 23 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, allowance and bonus	1,996.14	1,732.31
Gratuity expense (Refer Note 28)	25.34	25.22
Leave encashment expense (Refer Note 28)	14.97	21.26
Contribution to provident and other funds	11.98	13.34
Employee share based payment expense (Refer Note 29)	84.53	29.87
Staff welfare expenses	84.28	65.84
<b>Total</b>	<b>2,217.24</b>	<b>1,887.84</b>

## 24 DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (Refer Note 5)	36.45	23.15
Amortisation of intangible assets (Refer Note 6)	3.53	4.82
<b>Total</b>	<b>39.98</b>	<b>27.97</b>

## 25 OTHER EXPENSES

	For the year ended 31 March 2019	For the year ended 31 March 2018
Content development expenses	229.64	233.21
Buyer Engagement Expenses	178.47	147.06
Customer Support Expenses	245.78	239.83
Outsourced sales cost	575.64	441.55
Internet and other online expenses	172.01	115.30
Rent	148.03	208.33
Rates and taxes	19.12	1.81
Communication costs	5.43	8.89
Outsourced support cost	18.06	13.17
Advertisement expenses	20.34	28.13
Power and fuel	29.23	28.61
Printing and stationery	8.27	8.83
Repair and maintenance:		
- Plant and machinery	13.43	11.72
- Others	72.54	64.73
Travelling and conveyance	43.88	30.90
Recruitment and training expenses	27.62	16.49
Legal and professional fees	32.38	16.17
Directors' sitting fees	2.93	1.67
Auditor's remuneration	4.78	3.70
Insurance expenses	22.94	22.04
Impairment loss for investment in subsidiary	70.12	-

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Collection charges	17.96	12.56
Miscellaneous expenses	1.18	0.75
<b>Total</b>	<b>1,959.78</b>	<b>1,655.45</b>

	For the year ended 31 March 2019	For the year ended 31 March 2018
Payment to Auditors		
<b>As auditor:</b>		
- Audit fee	4.11	3.50
Reimbursement of expenses	0.67	0.20
	<b>4.78</b>	<b>3.70</b>

## 26 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 year 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 2019	For the year ended 31 March 2018
<b>Basic</b>		
Earnings/(Loss) for the year	125.93	(724.41)
Weighted average number of equity shares in calculating basic EPS	25,868,950	19,148,007
Basic earnings/(loss) per equity share	4.87	(37.83)
<b>Diluted</b>		
Weighted average number of equity shares in calculating basic EPS	25,868,950	19,148,007
Potential equity shares in the form of Share based payment plans to employees	456,999	-
Total no. of shares outstanding (including dilution)	26,325,949	19,148,007
Diluted earnings/(loss) per equity share	4.78	(37.83)

There are potential equity shares as on 31 March 2018 in the form of CCPS and stock options granted to employees. As these are anti dilutive, they are ignored in the calculation of diluted earnings per share and accordingly the diluted earning/(loss) per share is the same as basic earnings per share.

## 27 INCOME TAX

The major components of income tax expense are:

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Current income tax</b>		
Current income tax for the period	-	-
	-	-
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	337.36	(1,150.41)
<b>Total income tax expense/(credit)</b>	<b>337.36</b>	<b>(1,150.41)</b>

### 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 2019	For the year ended 31 March 2018
Net loss on remeasurements of defined benefit plans	(3.66)	(5.17)

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit/(loss) before tax	463.29	(1,874.82)
<b>Accounting profit/(loss) before income tax</b>	<b>463.29</b>	<b>(1,874.82)</b>
Tax expense at the statutory income tax rate of 31.20% (31 March 2018: 30.90%)	144.55	(579.32)
Adjustments in respect of unrecognised deferred tax assets of previous years		
- tax business losses	-	(1,072.95)
- unabsorbed depreciation	-	(76.52)
- other deductible temporary differences	-	(167.28)
Adjustments in respect of differences in current tax rates and deferred tax rates	36.42	10.95
Adjustments in respect of differences taxed at lower tax rates	(34.73)	4.79
Utilisation of previously unrecognised tax losses	(9.81)	10.20
Non-deductible expenses for tax purposes:		
Impairment of goodwill	-	363.25
Loss on fair valuation of Share buyback obligation	203.62	379.64
Income non-taxable for tax purposes	(1.09)	(23.15)
Other non-deductible expenses	(1.60)	(0.02)
<b>Tax expense/(income) at the effective income tax rate of 31.20% (31 March 2018: 30.90%)</b>	<b>337.36</b>	<b>(1,150.41)</b>

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

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset</b>		
Property, plant and equipment and other intangible assets	8.14	7.43
Provision for gratuity	35.79	26.19
Provision for compensated absences	15.00	14.09
Provision for diminution of investments in subsidiaries	31.49	6.99
Re-measurement of investment in debt instruments of subsidiaries to fair value	34.35	24.88
Deferred revenue	11.30	44.91
Tax losses	710.07	1,003.01
Unabsorbed depreciation	37.26	58.24
Others	7.67	1.72
<b>Total deferred tax assets (A)</b>	<b>891.07</b>	<b>1,187.46</b>
<b>Deferred tax liabilities</b>		
Re-measurement of investment in mutual funds to fair value	(66.69)	(29.62)
Accelerated deduction for tax purposes	(2.50)	(2.26)
<b>Total deferred tax liabilities (B)</b>	<b>(69.19)</b>	<b>(31.89)</b>
<b>Net deferred tax assets (C) = (A) - (B)</b>	<b>821.88</b>	<b>1,155.58</b>
<b>MAT credit entitlement (D)</b>	<b>36.18</b>	<b>-</b>
<b>Total deferred tax Asset (C) + (D)</b>	<b>858.06</b>	<b>1,155.58</b>

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Deferred tax expense/(income) relates to the following:</b>		
Provision for gratuity	(9.60)	(26.19)
Provision for compensated absences	(0.90)	(14.09)
Provision for diminution of investments in subsidiaries	(24.50)	(6.99)
Re-measurement of investment in debt instruments of subsidiaries to fair value	(9.48)	(24.88)
Deferred revenue	33.62	(44.91)
Tax losses	292.94	(1,003.01)
Unabsorbed depreciation	20.98	(58.24)
Re-measurement of investment in mutual funds to fair value	37.07	29.62
Accelerated deduction for tax purposes	0.26	2.26
Property, plant and equipment and other intangible assets	(0.71)	(7.43)
Others	(5.99)	(1.72)
<b>Deferred tax expense/(income)</b>	<b>333.69</b>	<b>(1,155.58)</b>

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## f) Reconciliation of Deferred tax asset (Net):

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Opening balance as of 1 April</b>	1,155.58	-
Tax (expense)/income during the year recognised in Statement of profit and loss	(337.36)	1,150.41
Tax income during the year recognised in OCI	3.66	5.17
MAT credit entitlement	36.18	-
<b>Closing balance at the end of the year</b>	<b>858.06</b>	<b>1,155.58</b>

## 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 2019	As at 31 March 2018
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:		
- tax capital losses*	43.32	74.77
	<b>43.32</b>	<b>74.77</b>

\*The unused tax capital losses will expire upto FY 2019-20.

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

## 28 DEFINED BENEFIT PLAN AND OTHER LONG TERM EMPLOYEE BENEFIT PLAN

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with insurance company in form of qualifying insurance policy. This defined benefit plans expose 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

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of funded defined benefit obligation	123.90	92.20
Fair value of plan assets	(21.46)	(24.57)
Net liability arising from defined benefit obligation	102.44	67.63

### Leave encashment - other long term employee benefit plan

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of other long term employee benefit plan	42.92	37.58
Net liability arising from other long term employee benefit plan	42.92	37.58

## 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.



# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

Particulars	Gratuity	
	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	92.20	56.91
Employee benefit obligation pursuant to the disposal group held for sale	(0.99)	
Benefits paid	(5.18)	(6.72)
Current service cost	20.06	13.83
Interest cost	7.19	4.18
Past service cost	-	9.36
Actuarial (gains)/losses		
- changes in demographic assumptions	14.53	2.24
- changes in financial assumptions	(6.97)	12.60
- experience adjustments	3.06	(0.20)
<b>Balance at the end of the year</b>	<b>123.90</b>	<b>92.20</b>

Particulars	Leave encashment	
	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	37.58	26.93
Employee benefit obligation pursuant to the disposal group held for sale	(0.27)	-
Benefits paid	(9.36)	(10.61)
Current service cost	11.97	11.68
Interest cost	2.93	1.98
Actuarial (gains)/losses		
- changes in demographic assumptions	7.20	1.47
- changes in financial assumptions	(5.82)	4.44
- experience adjustments	(1.31)	1.69
<b>Balance at the end of the year</b>	<b>42.92</b>	<b>37.58</b>

## Movement in fair value of plan assets

Particulars	Gratuity	
	As at 31 March 2019	As at 31 March 2018
Opening fair value of plan assets	24.57	29.30
Interest income	1.92	2.15
Actuarial gains/(losses)	0.15	(0.16)
Benefits paid	(5.18)	(6.72)
<b>Closing fair value of plan assets</b>	<b>21.46</b>	<b>24.57</b>

Each year the management of the Company reviews the level of funding required as per its risk management strategy. The Company expects to contribute ₹30.88 million to gratuity in FY 2019-20 (31 March, 2019: ₹19.45 million).

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

Particulars	As at 31 March 2019	As at 31 March 2018
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.

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## b) Expense recognised in profit or loss

Particulars	Gratuity	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	20.06	13.83
Past service cost	-	9.36
Net interest expense	5.28	2.03
Components of defined benefit costs recognised in profit or loss	25.34	25.22
Remeasurement of the net defined benefit liability		
Actuarial (gain)/loss on plan assets	(0.15)	0.16
Actuarial (gain)/loss on defined benefit obligation	10.62	14.64
Components of defined benefit costs recognised in other comprehensive income	<b>10.47</b>	<b>14.80</b>

Particulars	Leave encashment	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	11.97	11.68
Net interest expense	2.93	1.98
Actuarial/(gain) loss on other long term employee benefit plan	0.07	7.60
Components of other long term employee benefit costs recognised in profit or loss	<b>14.97</b>	<b>21.26</b>

## c) Actuarial assumptions

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.66%	7.80%
Expected rate of return on assets	7.66%	7.80%

### Attrition rate:

Ages	Related to 2019		Related to 2018	
	Upto 4 years of service	Above 4 years of service	Upto 4 years of service	Above 4 years of service
Upto 30 years	34.54%	12.83%	57.00%	22.00%
From 31 to 44 years	30.85%	11.20%	43.00%	14.00%
Above 44 years	0.00%	0.00%	0.00%	8.00%
<b>Future salary growth</b>	7.00%	12.00%	13.00%	13.00%
Mortality table	India Assured Life Morality (2006-08)		India Assured Life Morality (2006-08)	

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

For the year ended 31 March 2019	Increase	Decrease
Impact of change in discount rate by 0.50%	(6.45)	7.12
Impact of change in salary by 0.50%	3.58	(3.81)

For the year ended 31 March 2018	Increase	Decrease
Impact of change in discount rate by 0.50%	(3.30)	3.55
Impact of change in salary by 0.50%	2.34	(2.34)

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.

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	8.59	9.27
Within one - three years	20.43	20.54
Within three - five years	17.05	15.25
Above five years	77.83	47.14
<b>Total</b>	<b>123.90</b>	<b>92.20</b>

## 29 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 2019, the following schemes were in operation:

	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Date of grant	January 1, 2010	March 15, 2012	June 30, 2013	June 08, 2015	July 28, 2016	June 02, 2017
Date of Board Approval	November 24, 2009	January 25, 2012	October 28, 2013	June 08, 2015	July 28, 2016	May 04, 2017
Date Of Shareholder's approval	November 10, 2008	November 10, 2008	October 27, 2012	September 23, 2015	September 23, 2015	September 23, 2015
Number of options approved	453,420	645,560	24,000	539,000	276,980	200,730
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year (in months)	0 to 48 Months	0 to 48 Months	0 to 48 Months	0 to 48 Months	0 to 48 Months	0 to 48 Months

The details of activity have been summarized below:

#### ESOP 2010

	31 March 2019		31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	63,286	100	364,967	100
Granted during the year	Nil	100	Nil	100
Forfeited during the year	9,210	100	Nil	100
Exercised during the year	54,076	100	301,681	100
Expired during the year	Nil	100	Nil	100
Outstanding at the end of the year	Nil	100	63,286	100
Exercisable at the end of the year	Nil	100	63,286	100

#### ESOP 2012

	31 March 2019		31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	150,136	150	499,859	150
Granted during the year	Nil	150	Nil	150
Forfeited/ expired during the year	4,603	150	Nil	150
Exercised during the year	145,533	150	349,723	150
Outstanding at the end of the year	Nil	150	150,136	150
Exercisable at the end of the year	Nil	150	150,136	150

#### ESOP 2013

	31 March 2019		31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	Nil	Nil	24,000	150
Granted during the year	Nil	Nil	Nil	150
Forfeited/ expired during the year	Nil	Nil	Nil	150
Exercised during the year	Nil	Nil	24,000	150
Outstanding at the end of the year	Nil	Nil	Nil	150
Exercisable at the end of the year	Nil	Nil	Nil	150

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## ESOP 2015

	31 March 2019		31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	354,100	200	472,000	200
Granted during the year	Nil	200	Nil	200
Forfeited/ expired during the year	3,600	200	12,000	200
Exercised during the year*	288,400	200	105,900	200
Outstanding at the end of the year	62,100	200	354,100	200
Exercisable at the end of the year	Nil	200	83,500	200

\*includes accelerated vesting of 69,600 options

## ESOP 2016

	31 March 2019		31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	194,268	200	253,980	200
Granted during the year	Nil	200	Nil	200
Forfeited/ expired during the year	16,200	200	33,200	200
Exercised during the year*	136,218	200	26,512	200
Outstanding at the end of the year	41,850	200	194,268	200
Exercisable at the end of the year	Nil	200	22,284	200

\*includes accelerated vesting of 70,938 options

## ESOP 2017

	31 March 2019		31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	197,800	200	Nil	200
Granted during the year	Nil	200	200,730	200
Forfeited/ expired during the year	824	200	2,930	200
Exercised during the year	159,088	200	Nil	200
Outstanding at the end of the year	37,888	200	197,800	200
Exercisable at the end of the year	Nil	200	Nil	200

\*includes accelerated vesting of 119,528 options

Figures for current year ended 31 March 2019 and previous year are as follows:

	As at 31 March 2019					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Range of exercise prices	100	150	150	200	200	200
Number of options outstanding	Nil	Nil	Nil	62,100	41,850	37,888
Weighted average remaining contractual life of options (in years)	NA	NA	NA	0.25	1.25	1.80
Weighted average exercise price	100	150	150	200	200	200
Weighted average share price for the options exercised during the year	NA	NA	NA	300	300	300

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

	As at 31 March 2018					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Range of exercise prices	100	150	150	200	200	200
Number of options outstanding	63,286	150,136	Nil	354,100	194,268	197,800
Weighted average remaining contractual life of options (in years)	1.00	1.00	NA	1.25	2.25	2.80
Weighted average exercise price	100	150	150	200	200	200
Weighted average share price for the options exercised during the year	300	300	300	300	300	NA

## 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 2019					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Weighted Avg share price	148.39	150	150	200	275.93	280.50
Exercise Price	100	150	150	200	200	200
Expected Volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Historical Volatility	0.00%	0.00%	0.10%	0.10%	0.10%	0.10%
Life of the options granted (Vesting and exercise year) in years	7.50	8.00	8.00	7.70	7.70	7.70
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	8.39%	8.39%	8.39%	7.77%	7.20%	7.20%

	As at 31 March 2018					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Weighted average share price	148.39	150	150	200	275.93	280.50
Exercise Price	100	150	150	200	200	200
Expected Volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Historical Volatility	0.00%	0.00%	0.10%	0.10%	0.10%	0.10%
Life of the options granted (Vesting and exercise year) in years	7.50	8.00	8.00	7.70	7.70	7.70
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	8.39%	8.39%	8.39%	7.77%	7.20%	7.20%

## b) Stock appreciation rights (SAR)

The Company has granted stock appreciation rights to its employees during the current financial year. 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:

	31 March 2019		31 March 2018	
	Number of SAR units	Weighted Average Exercise Price (₹)	Number of SAR units	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	NA	NA
Granted during the year	800,740	500	NA	NA
Forfeited during the year	21,000	500	NA	NA
Exercised during the year	Nil	Nil	NA	NA
Expired during the year	Nil	Nil	NA	NA
Outstanding at the end of the year	779,740	500	NA	NA
Exercisable at the end of the year	Nil	Nil	NA	NA

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

Figures for year ended 31 March 2019 are as follows:

	<b>SAR 2018</b>
Range of exercise prices	500
Number of options outstanding	779,740
Weighted average remaining contractual life of units (in years)	3.50
Weighted average exercise price	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:

	<b>SAR 2018</b>
Weighted average share price	597
Exercise Price	500
Expected Volatility	41%
Historical Volatility	41%
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 profit and loss account:

Particulars	<b>31 March 2019</b>	<b>31 March 2018</b>
Total Employee Compensation Cost pertaining to share-based payment plans	84.53	29.87
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	84.53	29.87

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

Particulars	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Total Liability for employee stock options outstanding as at year end	71.42	54.18

## 30 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	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
<b>Financial assets</b>			
a) Measured at fair value through profit or loss (FVTPL)			
- Investment in mutual funds	Level 1	6,042.99	3,087.70
- Investment in debt instruments of subsidiaries	Level 3	90.39	65.34
		<b>6,133.38</b>	<b>3,153.04</b>
b) Measured at amortised cost			
- Trade receivables	Level 2	3.54	2.79
- Cash and cash equivalents	Level 1	359.13	452.48
- Loans to employees	Level 2	17.41	64.12
- Security deposits	Level 2	59.12	36.53
- Bank deposits	Level 2	375.48	302.20
- Other financial assets	Level 2	126.27	37.35
		<b>940.95</b>	<b>895.47</b>
<b>Total financial assets</b>		<b>7,074.33</b>	<b>4,048.51</b>
<b>Financial liabilities</b>			
a) Measured at fair value through profit or loss (FVTPL)			
- Share buy back obligation (Refer Note 14)	Level 3	-	3,729.30
		-	3,729.30
b) Measured at amortised cost			
- Trade payables	Level 2	439.53	412.73
- Security deposits	Level 2	0.14	0.14
- Other financial liabilities	Level 2	3.32	2.66
		<b>442.99</b>	<b>415.53</b>
<b>Total financial liabilities</b>		<b>442.99</b>	<b>4,144.83</b>



## Notes to Financial Statements

for the year ended March 31, 2019

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

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

- i) The carrying value of bank deposits, trade receivables, cash and cash equivalents, trade payables, security deposits, bank deposits and other current financial assets and other current financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments.
- ii) 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

**c) Following table describes the valuation techniques used and key inputs thereto for the level 3 financial assets / liabilities as of 31 March 2019 and 31 March 2018:**

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

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

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

**d) Reconciliation of level 3 fair value measurements**

	Investment in debt instruments		Share buy back obligation	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	65.34	132.95	3,729.30	2,460.90
Loss recognised in profit or loss*	(47.38)	(124.38)	652.63	1,228.62
Additions	72.50	56.77	-	39.78
Disposals/Extinguishment	(0.07)	-	-	-
Conversion of preference shares into equity shares during the year	-	-	(4,381.93)	-
<b>Closing balance</b>	<b>90.39</b>	<b>65.34</b>	<b>0.00</b>	<b>3,729.30</b>

\* Also refer sub note 2 to Note 7

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

### 31 CAPITAL MANAGEMENT

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

(Amounts in ₹ million, unless otherwise stated)

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.

- iii) Fair value of quoted mutual funds is based on quoted market prices at the reporting date.
- iv) Fair value of debt instruments is estimated based on discounted cash flows valuation technique using the cash flow projections, discount rate and credit risk.
- v) Fair value of the share buy back obligation is estimated based on discounted cash flow valuation technique using cash flow projections and financial projections/ budgets approved by the management.

The capital structure of the company consists of net debt (Debts (note 14) offset by cash and bank balance (note 11)) and total 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.

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## Gearing ratio

The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total equity (as shown in the balance sheet).

The gearing ratio at end of the reporting period was as follows.

	As at 31 March 2019	As at 31 March 2018
Share buyback obligation	-	3,729.30
Less: Cash and cash equivalents	359.13	452.48
<b>Net debt</b>	<b>-</b>	<b>3,276.82</b>
<b>Total equity</b>	<b>1,606.82</b>	<b>(3,122.74)</b>
Net debt to equity ratio	-	-105%

## 32 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 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

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

### Cash and cash equivalents, bank deposits and investments in mutual funds

The Company maintains its cash and cash equivalents, bank 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

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, by 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 Company's financial liabilities based on contractual undiscounted payments:

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## Contractual maturities of financial liabilities

31 March 2019	Within 1 year	Between 1 and 5 years	Total
Share buyback obligation (Refer Note 14)	-	-	-
Trade payables	439.53	-	439.53
Other financial liabilities	0.48	2.84	3.32
	<b>440.01</b>	<b>2.84</b>	<b>442.85</b>

31 March 2018	Within 1 year	Between 1 and 5 years	Total
Share buyback obligation (Refer Note 14)	-	3,729.30	3,729.30
Trade payables	412.73	-	412.73
Other financial liabilities	0.18	2.62	2.80
	<b>412.91</b>	<b>3,731.92</b>	<b>4,144.83</b>

### 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.

#### 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 2019 and 31 March 2018 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 2019	As at 31 March 2018
Trade receivable	USD 0.03 (₹2.40)	USD 0.03 (₹2.21)

Sensitivity	Impact on profit/(loss) before tax	
	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>USD sensitivity</b>		
INR/USD - increase by 2%	0.05	0.04
INR/USD - decrease by 2%	(0.05)	(0.04)

#### Interest rate risk

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

Sensitivity	Impact on profit/(loss) before tax	
	For the year ended 31 March 2019	For the year ended 31 March 2018
+ 5% change in NAV of mutual funds	302.15	154.39
- 5% change in NAV of mutual funds	(302.15)	(154.39)

## 33 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".

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 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 2019	For the year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
India	4,940.25	4,011.83	101.64	159.58
Others	32.50	23.65	-	-
	<b>4,972.75</b>	<b>4,035.48</b>	<b>101.64</b>	<b>159.58</b>

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

## 34 RELATED PARTY TRANSACTIONS

### i) Names of related parties and related party relationship:

#### a) Entity's subsidiaries

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

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

Name	Designation
Dinesh Chandra Agarwal	Managing Director
Brijesh Kumar Agrawal	Whole time director
Prateek Chandra	Chief financial officer
Anil Dwivedi	Company Secretary (resigned w.e.f 30 April 2018)
Manoj Bhargava	Company Secretary (appointed w.e.f 04 June 2018)
Dhruv Prakash	Non-executive director
Mahendra Kumar Chauhan	Independent director (resigned w.e.f 30 April 2018)
Rajesh Sawhney	Independent director
Elizabeth Lucy Chapman	Independent director
Vivek Narayan Gour	Independent director (appointed w.e.f 30 April 2018)

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

Mansa Enterprises Private Limited

#### d) Other related parties

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

Refer Note 28 for information and transactions in post employment defined benefit plan

### ii) Key management personnel compensation

	For the year ended 31 March 2019	For the year ended 31 March 2018
Short-term employee benefits	102.79	83.24
Post-employment benefits	(0.57)	0.51
Other long-term employee benefits	0.47	0.08
Employee share based payment expense	4.85	1.14
	<b>107.54</b>	<b>84.97</b>

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Entities where KMP and Individuals exercise Significant influence</b>		
Expenses for rent		
Mansa Enterprises Private Limited	3.26	4.14
<b>Key management personnel</b>		
Recruitment and training expenses		
Dhruv Prakash	1.85	2.07
Director's sitting fees	2.93	1.67
<b>Subsidiary companies</b>		
Investment in subsidiaries		
Tolexo Online Pvt. Ltd	42.50	78.50
Tentimes Online Pvt. Ltd	2.50	-
Hello Trade Online Pvt. Ltd	0.10	-
Pay With Indiamart Pvt. Ltd	30.00	13.00
<b>Loans to subsidiaries</b>		
Tolexo Online Pvt. Ltd	2.50	4.00
Services provided to		
Pay With Indiamart Pvt. Ltd	1.09	0.31
Tentimes Online Pvt. Ltd	0.08	0.10
Services availed from		
Pay With Indiamart Pvt. Ltd	1.93	-
Interest received on Loan to subsidiaries		
Tolexo Online Pvt. Ltd	0.02	0.05
Cancellation of Investment in subsidiaries		
Tolexo Online Pvt. Ltd	-	34.80

## Terms and conditions of transactions with related parties

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Balance Outstanding at the year end</b>		
Subsidiary companies		
<b>Investment in subsidiaries</b>		
Tolexo Online Pvt. Ltd	117.40	122.28
Tradezeal International Pvt. Ltd	6.10	6.10
Hello Trade Online Pvt. Ltd	0.30	0.20
Pay With Indiamart Pvt. Ltd	44.00	14.08
Tentimes Online Pvt. Ltd	3.10	0.60
<b>Amount recoverable</b>		
Tolexo Online private limited	1.52	1.52

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 35 COMPANY HAS REPORTED FOLLOWING FUNCTION WISE RESULTS OF OPERATIONS AS A NON GAAP DISCLOSURE ON VOLUNTARY BASIS

	For the year ended 31 March 2019	For the year ended 31 March 2018
A Revenue from operations	4,972.75	4,035.48
B Customer service cost	(1,584.23)	(1,347.19)
<b>C Surplus over customer service cost (A-B)</b>	<b>3,388.52</b>	<b>2,688.29</b>
Selling & Distribution Expenses	1,004.44	899.98
Technology & Content Expenses	1,020.95	811.29
Marketing Expenses	47.77	52.02
Depreciation & Amortization	39.98	27.97
Other operating expenses	519.64	432.81
<b>D Total</b>	<b>2,632.78</b>	<b>2,224.07</b>
<b>E Operating profit (C-D)</b>	<b>755.74</b>	<b>464.22</b>
Net (loss)/gain on financial assets/liability measured at FVTPL	(328.76)	(1,192.10)
Impairment of goodwill	-	(1,175.55)
Other income	36.31	28.61
<b>F Total</b>	<b>(292.45)</b>	<b>(2,339.04)</b>
<b>G Profit/(loss) before tax</b>	<b>463.29</b>	<b>(1,874.82)</b>
Income tax expense/(credit)	(337.36)	1,150.41
<b>Profit/(loss) for the year</b>	<b>125.93</b>	<b>(724.41)</b>

### Below is the basis of classification of various function 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 25); PNS charges i.e. rental for premium number service provided to our paying suppliers (included in "Buyer Engagement Expenses" in Note 25); SMS & Email charges i.e. cost of notifications sent to paying suppliers through SMS or email (included in "Buyer Engagement Expenses" in Note 25); Buy Lead Verification & Enrichment-MP i.e. costs incurred in connection with the verification of RFQs posted by registered buyers on Indiamart and provided to our paying suppliers as a part of our subscription packages (included in "Customer Support Expenses" in Note 25); 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 25) for 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 25); PNS charges i.e. rental for premium number service provided to our free suppliers (included in "Buyer Engagement Expenses" in Note 25); 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 25); Buy Lead Verification & Enrichment-MP i.e. costs incurred in connection with the verification of RFQs posted by registered buyers on Indiamart and provided to our free suppliers (included in "Customer Support Expenses" in Note 25); 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 25); 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 25).

#### Marketing Expenses

While most of our branding and marketing is done by our field sales representatives though 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



# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

employees involved in marketing activities are also included in the marketing expenses.

## Other Operating Expenses

Other operating expenses primarily includes 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 25); telephone expenses-branch & employee (included in "Communication Costs" in Note 25); recruitment and training expenses; legal and professional fees and other miscellaneous operating expenses.

## 36 SALE OF DISPOSAL GROUP

The Company has transferred its travel marketplace related business, 'Hello Travel' to Hellotravel Online Private Limited ('HOPL'), as a going concern through a slump sale, through a business purchase agreement dated June 21, 2018 ('BPA'), and such business transfer was effective from the transfer date, i.e. 1 July 2018.

The consideration for the transfer of Hello Travel is ₹6.80 million, which has been recognized through Statement of profit and loss and disclosed under "Gain from business transfer arrangement". Management does not believe that the transfer will have a significant impact on its business or results of operations.

### The major classes of assets and liabilities of Hello travel as on the transfer date (i.e 1 July 2018) are as follows:

Assets	Amount
Property, plant and equipment (including software)	0.29
	0.29
Liabilities	
Trade payables	3.70
Provision for gratuity	1.01
Provision for leave encashment	0.27
Deferred revenue	14.64
	19.62
<b>Net liability payable</b>	<b>(19.33)</b>

## 37 CONTINGENT LIABILITIES AND COMMITMENTS

### a) Contingent liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Dividend on 0.01% Series A CCPS	-	0.46
Dividend on 0.01% Series B & B1 CCPS	-	0.04

- There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject."

### b) Capital and other commitments

- As at March 31, 2019, the company has estimated amount of contract remaining to be executed on capital account not provided for, net of advance is Nil (31 March 2018: Nil).

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

### c) Operating lease commitments

Office premises are obtained on operating lease. There are no contingent rents in the lease agreements. The lease term varies from 11 months to 9 years generally and are usually renewable by mutual consent. There are no restrictions imposed by lease agreements. There are no subleases.

Lease payments (for non cancellable lease) for year ended March 31, 2019 are ₹74.71 million (31 March 2018 are ₹77.54 million).

# Notes to Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	69.64	52.83
After one year but not more than five years	103.74	54.02
More than five years	0.81	-
	174.19	106.85

## 38 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT 2006:

Particulars	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	11.31
- Interest due on above	-	-
	-	11.31
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 year	-	-
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 year	-	-
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	-	-
	-	-

## 39 EVENTS AFTER THE REPORTING PERIOD

There have occurred no events or transactions since balance sheet date or are pending, that would have a material effect or require adjustment to the accounting estimates and disclosures included in the financials statements as at or for the year ended 31 March 2019.

### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

### per Yogesh Midha

Partner

Membership No.: 94941

Place: New Delhi

Date : May 11, 2019

For and on behalf of the Board of Directors of

### Indiamart InterMesh Limited

### Dinesh Chandra Agarwal

(Managing Director)

DIN:00191800

### Prateek Chandra

(Chief Financial Officer)

Place: Noida

Date : May 11, 2019

### Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

### Manoj Bhargava

(Company Secretary)

# Independent Auditor's Report

To  
The Members of  
**IndiaMART InterMESH Limited**

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying consolidated Ind AS financial statements of IndiaMART InterMESH Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance sheet as at March 31 2019, the consolidated Statement of Profit and Loss, including the Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity 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 Ind AS 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, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the 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 as at March 31, 2019, their consolidated profit/loss including other comprehensive income, their consolidated cash flows and their consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated 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 audit opinion on the consolidated Ind AS financial statements.

### OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report (with annexures – Annual Return extracts, Secretarial audit report, etc.), but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS 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.

### RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Holding Company has adequate internal financial controls system 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's 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 and other financial information, in respect of 5 subsidiaries, whose financial statements include total assets of ₹115.76 as at March 31, 2019, and total revenues of ₹104.51 and net cash outflows/(inflows) of ₹28.18 for the year ended on that date. These financial statements of the said subsidiaries and other financial information of the said subsidiaries have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the Management. 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 our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors. Our opinion is not modified in respect of this matter.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) The other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies,

- incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its subsidiaries incorporated in India, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 34 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2019.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E300004

**per Yogesh Midha**

Partner

Membership Number: 94951

Place of Signature: New Delhi

Date: May 11, 2019

## Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Indiamart Intermesh Limited

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of IndiaMART InterMESH Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of IndiaMART InterMESH Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these consolidated financial statements was 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 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 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 over financial reporting with reference to these consolidated financial statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS**

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these 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 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 financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding 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.

#### **OTHER MATTERS**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these 5 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 S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E300004

#### **per Yogesh Midha**

Partner

Membership Number: 94951

Place of Signature: New Delhi

Date: May 11, 2019



# Consolidated Balance Sheet

as at 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	84.80	72.86
Capital work in progress	5	1.77	1.77
Intangible assets	6	5.81	7.80
Financial assets			
(i) Loans	7	1.22	0.92
(ii) Bank deposits	10	-	302.20
(iii) Others financial assets	7	35.60	35.27
Deferred tax assets (net)	26	858.08	1,155.57
Other non-current assets	8	7.34	6.78
<b>Total Non-current assets</b>		<b>994.62</b>	<b>1,583.17</b>
<b>Current assets</b>			
Financial assets			
(i) Investments	7	6,074.45	3,110.70
(ii) Trade receivables	9	5.71	6.79
(iii) Cash and cash equivalents	10	401.96	467.11
(iv) Bank balances other than (iii) above	10	375.48	-
(v) Loans	7	16.77	63.20
(vi) Others financial assets	7	157.80	41.44
Current tax assets (net)	18	105.54	91.15
Other current assets	8	75.22	63.57
<b>Total current assets</b>		<b>7,212.93</b>	<b>3,843.96</b>
<b>Total assets</b>		<b>8,207.55</b>	<b>5,427.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	285.92	99.77
Other equity	12	1,312.96	(3,312.46)
<b>Equity attributable to equity holders of the parent</b>		<b>1,598.88</b>	<b>(3,212.69)</b>
Non-controlling interests		-	0.46
<b>Total Equity</b>		<b>1,598.88</b>	<b>(3,212.23)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Share buyback obligation	13	-	3,729.30
(ii) Other financial liabilities	15	2.84	2.62
Provisions	16	96.00	59.31
Contract liabilities (Previous year: Deferred revenue)	17	2,297.91	1,660.91
<b>Total Non-current liabilities</b>		<b>2,396.75</b>	<b>5,452.14</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables	14	-	11.31
(a) total outstanding dues of micro enterprises and small enterprises		-	11.31
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		450.03	407.61
(ii) Other financial liabilities	15	0.48	0.18
Provisions	16	53.28	47.94
Contract liabilities (Previous year: Deferred revenue)	17	3,561.91	2,259.23
Other current liabilities	17	146.22	460.95
<b>Total Current liabilities</b>		<b>4,211.92</b>	<b>3,187.22</b>
<b>Total Liabilities</b>		<b>6,608.67</b>	<b>8,639.36</b>
<b>Total Equity and Liabilities</b>		<b>8,207.55</b>	<b>5,427.13</b>
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

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

**per Yogesh Midha**

Partner

Membership No.: 94941

Place: New Delhi

Date: May 11, 2019

For and on behalf of the Board of Directors of

**Indiamart InterMesh Limited****Dinesh Chandra Agarwal**

(Managing Director)

DIN:00191800

**Brijesh Kumar Agrawal**

(Whole-time Director)

DIN:00191760

**Prateek Chandra**

(Chief Financial Officer)

**Manoj Bhargava**

(Company Secretary)

Place: Noida

Date: May 11, 2019

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>INCOME:</b>			
Revenue from operations	19	5,074.17	4,105.08
Net gain on financial assets measured at FVTPL	20	373.20	161.63
Other income	21	36.52	28.55
<b>Total income</b>		<b>5,483.89</b>	<b>4,295.26</b>
<b>EXPENSES:</b>			
Employee benefits expense	22	2,299.83	1,948.57
Depreciation and amortisation expense	23	41.27	28.85
Net loss on financial liability designated at FVTPL	13 & 29	652.63	1,228.62
Other expenses	24	1,950.93	1,690.19
<b>Total expenses</b>		<b>4,944.66</b>	<b>4,896.23</b>
<b>Profit/(Loss) before tax</b>		<b>539.23</b>	<b>(600.97)</b>
<b>Income tax expense</b>	26		
Current tax		1.32	1.81
Deferred tax		337.47	(1,150.37)
<b>Total tax expense/(income)</b>		<b>338.79</b>	<b>(1,148.56)</b>
<b>Profit/(Loss) for the period</b>		<b>200.44</b>	<b>547.59</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>			
Re-measurement losses on defined benefit plans	27	(11.17)	(14.36)
Income tax effect	26	3.81	5.20
		(7.36)	(9.16)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>(7.36)</b>	<b>(9.16)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>193.08</b>	<b>538.43</b>
<b>Attributable to:</b>			
Equity holders of the parent		193.08	538.24
Non-controlling interests		-	0.19
<b>Earnings per equity share:</b>	25		
Basic earnings per equity share (₹) - face value of ₹10 each		7.75	28.60
Diluted earnings per equity share (₹) - face value of ₹10 each		7.61	20.22
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

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

**per Yogesh Midha**

Partner

Membership No.: 94941

Place: New Delhi

Date : May 11, 2019

For and on behalf of the Board of Directors of

**Indiamart InterMesh Limited****Dinesh Chandra Agarwal**

(Managing Director)

DIN:00191800

**Prateek Chandra**

(Chief Financial Officer)

Place: Noida

Date : May 11, 2019

**Brijesh Kumar Agrawal**

(Whole-time Director)

DIN:00191760

**Manoj Bhargava**

(Company Secretary)

# Consolidated Statement of changes in equity

for the year ended 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

## (A) EQUITY SHARE CAPITAL (REFER NOTE 11)

Equity shares of ₹10 each issued, subscribed and fully paid up	Amount
<b>As at 1 April 2017</b>	<b>91.69</b>
Changes during the period	8.08
<b>As at 31 March 2018</b>	<b>99.77</b>
Bonus issue during the period*	99.77
Equity share capital issued on exercise of ESOP during the period	15.66
Equity share capital issued on conversion of convertible preference shares (Refer Note 28)	70.72
<b>As at 31 March 2019</b>	<b>285.92</b>

## (B) OTHER EQUITY (REFER NOTE 12)

Particulars	Attributable to the equity holders of parent						Non-controlling interests	Total other equity
	Reserves and surplus							
	Securities premium	General reserve	Employee share based payment reserve (Refer Note 28)	Capital reserve	Retained earnings	Total reserve and surplus		
<b>Balance as at 1 April 2017</b>	<b>153.05</b>	<b>8.45</b>	<b>46.14</b>	-	<b>(4,199.79)</b>	<b>(3,992.15)</b>	<b>0.27</b>	<b>(3,991.88)</b>
Loss for the period	-	-	-	-	547.40	547.40	0.19	547.59
Other comprehensive loss for the period	-	-	-	-	(9.16)	(9.16)	-	(9.16)
<b>Total comprehensive loss</b>	-	-	-	-	<b>538.24</b>	<b>538.24</b>	<b>0.19</b>	<b>538.43</b>
<b>Transactions with owners in their capacity as owners:</b>								
Issue of equity shares on exercise of ESOP during the period	126.44	-	(21.81)	-	-	104.63	-	104.63
Employee share based payment expense	-	-	36.82	-	-	36.82	-	36.82
<b>Balance as at 31 March 2018</b>	<b>279.49</b>	<b>8.45</b>	<b>61.15</b>	-	<b>(3,661.55)</b>	<b>(3,312.46)</b>	<b>0.46</b>	<b>(3,312.00)</b>
Loss for the period	-	-	-	-	200.44	200.44	-	200.44
Other comprehensive loss for the period	-	-	-	-	(7.36)	(7.36)	-	(7.36)
<b>Total comprehensive loss</b>	-	-	-	-	<b>193.08</b>	<b>193.08</b>	-	<b>193.08</b>
<b>Transactions with owners in their capacity as owners:</b>								
Bonus issue*	(99.77)	-	-	-	-	(99.77)	-	(99.77)
Issue of equity shares on exercise of ESOP during the period	195.61	-	(67.29)	-	-	128.32	-	128.32
Issue of equity shares on conversion of convertible preference shares (Refer Note 13)	4,311.21	-	-	-	-	4,311.21	-	4,311.21
Acquisition of non-controlling interests (Refer Note 38)	-	-	-	(2.04)	-	(2.04)	(0.46)	(2.50)
Employee share based payment expense	-	-	94.62	-	-	94.62	-	94.62
<b>Balance as at 31 March 2019</b>	<b>4,686.54</b>	<b>8.45</b>	<b>88.48</b>	<b>(2.04)</b>	<b>(3,468.47)</b>	<b>1,312.96</b>	-	<b>1,312.96</b>

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

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

As per our report of even date

### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

### per Yogesh Midha

Partner

Membership No.: 94941

Place: New Delhi

Date: May 11, 2019

For and on behalf of the Board of Directors of

**Indiamart Intermesh Limited**

### Dinesh Chandra Agarwal

(Managing Director)

DIN:00191800

### Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

### Prateek Chandra

(Chief Financial Officer)

### Manoj Bhargava

(Company Secretary)

Place: Noida

Date: May 11, 2019

# Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(Amounts in ₹ million, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Profit/ (Loss) before tax</b>		539.23	(600.97)
<i>Adjustments to reconcile profit/(loss) before tax to net cash flows:</i>			
Depreciation of property, plant and equipment	23	37.67	23.91
Amortisation of Intangible assets	23	3.60	4.94
Interest income	21	(29.65)	(28.02)
Gain from business transfer arrangement (Refer Note 36)	21	(6.80)	-
Fair value change in investment in mutual funds	20	(321.86)	(89.09)
Fair value change in share buyback obligations	13	652.63	1,228.62
Gain on disposal of property, plant and equipment	21	(0.08)	(0.53)
Allowances for doubtful debts	24	0.81	-
Share-based payment expense	22	94.62	36.82
Gain on disposal of mutual fund investments	20	(51.34)	(72.54)
<b>Operating profit before working capital changes</b>		<b>918.83</b>	<b>503.14</b>
<b>Movement in working capital</b>			
(Increase)/decrease in trade receivables		0.27	(1.48)
(Increase)/decrease in other financial assets		2.14	(48.38)
(Increase)/decrease in other assets		(12.18)	99.83
Increase/(decrease) in other financial liabilities		0.53	(2.73)
Increase/(decrease) in trade payables		31.12	116.52
Increase/(decrease) in other liabilities		1,631.75	1,097.54
Increase/(decrease) in provisions		30.85	36.02
<b>Cash generated from operations</b>		<b>2,603.31</b>	<b>1,800.46</b>
Income tax paid (net)		(51.90)	(9.90)
<b>Net cash generated in operating activities</b>		<b>2,551.41</b>	<b>1,790.56</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		0.53	1.06
Purchase of property, plant and equipment and other intangible assets		(51.70)	(22.92)
Purchase of mutual fund investments		(5,199.11)	(3,241.70)
Proceeds from sale of mutual fund investments		2,608.56	1,655.25
Interest received		26.16	28.02
Advances recoverable from shareholders		(69.20)	-
Investments in bank deposits (having original maturity of more than three months)		(73.28)	(72.24)
<b>Net cash used in investing activities</b>		<b>(2,758.04)</b>	<b>(1,652.53)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of preference shares under share buyback obligation		-	39.78
Acquisition of non-controlling interest		(2.50)	-
Proceeds from issues of equity shares on exercise of ESOP		143.98	112.71
<b>Net cash generated from financing activities</b>		<b>141.48</b>	<b>152.49</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(65.15)</b>	<b>290.52</b>
Cash and cash equivalents at the beginning of the period	10	467.11	176.59
<b>Cash and cash equivalents at the end of the period</b>	10	<b>401.96</b>	<b>467.11</b>
<b>Non-cash financing activities</b>			
Fair value change in share buyback obligations	13	652.63	1,228.62
Conversion of preference shares into equity shares	13	4,381.93	
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

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No. 101049W/E300004

**per Yogesh Midha**  
Partner  
Membership No.: 94941  
Place: New Delhi  
Date : May 11, 2019

For and on behalf of the Board of Directors of  
**Indiamart Intermesh Limited**

**Dinesh Chandra Agarwal**  
(Managing Director)  
DIN:00191800

**Prateek Chandra**  
(Chief Financial Officer)

Place: Noida  
Date: May 11, 2019

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

**Manoj Bhargava**  
(Company Secretary)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 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 May 11, 2019.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements for the period ended March 31, 2019 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).

The consolidated financial statements for the year ended March 31, 2018 were the first the Group has prepared in accordance with Ind AS. The transition to Ind AS had been carried out from accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('IGAAP'), which is considered as the previous GAAP, for purposes of Ind AS 101.

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

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 the Ind AS requires a different accounting treatment (refer accounting policy regarding financial instruments);

The Group had the following subsidiaries (The Parent Company together with its subsidiaries are hereinafter collectively referred as the 'Group'):

S. No.	Name of subsidiaries and date of shareholding	Proportion of ownership interest as at March 31, 2019	Proportion of ownership interest as at March 31, 2018
1	Tradezeal International Private Limited (from May 31, 2005)	100.00%	100.00%
2	Hello Trade Online Private Limited (from July 3, 2008)	100.00%	100.00%
3	Ten Times Online Private Limited (from February 26, 2014 and additional 3.74% interest acquired on May 9, 2018)	100.00%	96.26%
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%

- share-based payments

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 as at March 31, 2019. 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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 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., period ended on 31 March since the Group's subsidiaries have the same reporting period end.

Consolidation procedure:

- a) 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.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- c) 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.

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.

The Group applies, for the first time, Ind AS 115 Revenue from Contracts with Customers. As required by the Ind AS 115; the nature and effect of these changes are disclosed in note 4 below.

### a) 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) 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.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

The Group 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 and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

## b) Fair value measurement

The Group measures financial instruments, such as Investment in optionally convertible preference shares (OCRPS), Investment in mutual funds and share buyback obligation, 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 debt instruments and convertible preference shares issued with share buyback obligation measured at fair value.

External valuers are involved for valuation of significant assets, such as unquoted investments in debt instruments, and significant liabilities, such as convertible preference shares. 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.

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)

## c) 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 are transferred to the customer at an amount that reflects the consideration to which the Group expects to be

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

entitled in exchange for those services and excluding taxes or duties collected on behalf of 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 are 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 are 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 are 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 apply the practical expedient to recognize advertising revenue in the amount to which the Group has a right to invoice.

The Group also provides services of online marketing of exhibitions, trade shows and concerts for the clients. Revenue is recognized as and when the Group satisfies performance obligations by transferring the promised services to its customers.

## **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 when the payment is made or the payment is due (whichever is earlier). 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 do 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 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*

Revenue is recognised when the Group'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 part 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 then 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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	25.89%

Leasehold improvements are depreciated on a straight-line basis over the lease period or assessed useful life of three years, whichever is lower.

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.

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 at 40% annually.

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

## f) Leases (as lessee)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are 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 are 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 are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

## g) 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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 such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. 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.

## h) 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 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.
- 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

## 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.

## i) 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 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.

## j) 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



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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

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.

## k) 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 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 by 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 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 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



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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.

## I) 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 the 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 the 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 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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 debt instruments, and 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:

- 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 the 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, share buyback obligation, 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

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. The Group has designated convertible preference shares issued with share buyback obligation, to be measured at fair value through profit or loss.

On conversion of the optionally convertible preference shares ("OCRPS") into equity shares, the Group derecognise the financial liability and recognise the same to equity.

## *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.

## **m) 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).

## **n) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. 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 period. The weighted average number of equity shares outstanding during the period 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.

## **o) Cash and cash equivalents**

Cash and cash equivalent 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.

## **p) 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 activities of providing e-marketplace for business goods is considered to be a single business segment. The analysis of geographical segments is based on the areas in which customers are based.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 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.

### q) 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.

## 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.

### 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 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 unused tax losses and other 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.

The Group has tax business and capital losses carried forward amounting to ₹328.04 million (March 31, 2018: ₹318.72 million). The Group does not expect sufficient future taxable profit against which such tax losses can be utilised. On this basis, the Group has not recognised deferred tax assets on these carried forward tax losses. Refer Note 26 for further details.

### 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, 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) 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 for the specific countries. Those mortality tables tend to change only at interval 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

Further details about gratuity obligations are given in Note 27.

**e) 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.

**f) 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.

## 4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### New and amended standard

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard is described below.

Several other amendments and interpretations apply for the first time which are effective as of April 1, 2018, but do not have an impact on the consolidated financial statements of the Group. The Group had not early adopted any standards, interpretations or amendments that had been issued but are not yet effective on that date.

### Ind AS 115 Revenue from Contracts with customers

Ind AS 115 supersedes Ind AS 11 Construction contracts, Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring good or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the

costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method with the date of initial application as of April 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. Further, cumulative effect of applying the new standard is recognised at the date of initial application with no restatement of the comparative periods presented. Therefore, the comparative information had not been restated and continues to be reported under Ind AS 18. The Group elected to apply the standard to the contracts that are not completed as at April 1, 2018.

Apart from providing more extensive disclosures on the Group's revenue transactions, the application of Ind AS 115 has not had a material impact on the financial position and/or financial performance of the Group.

### Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Group.

### Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are effective for annual periods beginning on or after April 1, 2018.

Since, the Group has not classified its interest in subsidiaries as held for sale therefore, the amendment is not applicable to the Group.

### Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments are effective for annual periods beginning on or after April 1, 2018 on a prospective basis.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

The Group does not have any investment property. Therefore, the amendment is not applicable to the Group.

## **Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments are effective from April 1, 2018 and should be applied retrospectively. Since the Group does not have any investment in associates and joint ventures therefore, these amendments are not applicable to the Group.

## **Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date

on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Group's current practice is in line with the Interpretation, these do not have any effect on Group's financial statements.

## **Recently issued accounting pronouncements**

### **IND AS 116 Leases**

The Ministry of Corporate Affairs on March 30, 2019 notified the new leasing standard, viz., Ind AS 116 Leases. Ind AS 116 is applicable for the financial year beginning on or after April 1, 2019 for companies preparing their financial statements in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015.

The new standard will require lessees to recognize most leases on their balance sheets. Lessees will use a single accounting model for all leases, with limited exemptions.

An entity has an option to adopt Ind AS 116 using either the full retrospective method or the modified retrospective method. An entity that elects the modified retrospective method would apply Ind AS 116 retrospectively to only the current period by recognising the cumulative effect of initially applying Ind AS 116 as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application. Under the modified retrospective method, Ind AS 116 would be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. An entity would need to disclose how it applied the modified retrospective method.

The Group is under process to evaluate the impacts of the new standard on financial statements.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land (Refer Note 2 below)	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total Property, plant and equipment	Capital work in progress (Refer Note 1 below)
<b>Gross carrying amount</b>							
<b>As at 1 April 2017</b>	<b>37.13</b>	<b>54.43</b>	<b>20.71</b>	<b>4.17</b>	<b>1.00</b>	<b>117.44</b>	<b>1.77</b>
Additions	-	10.11	7.89	0.75	3.75	22.50	-
Disposals	-	(0.14)	-	-	(0.95)	(1.09)	-
<b>As at 31 March 2018</b>	<b>37.13</b>	<b>64.40</b>	<b>28.60</b>	<b>4.92</b>	<b>3.80</b>	<b>138.85</b>	<b>1.77</b>
Additions	-	38.89	10.04	1.09	-	50.02	-
Disposals	-	(0.71)	(0.25)	-	-	(0.96)	-
<b>As at 31 March 2019</b>	<b>37.13</b>	<b>102.58</b>	<b>38.39</b>	<b>6.01</b>	<b>3.80</b>	<b>187.91</b>	<b>1.77</b>
<b>Accumulated depreciation</b>							
<b>As at 1 April 2017</b>	<b>0.46</b>	<b>31.95</b>	<b>8.71</b>	<b>1.23</b>	<b>0.29</b>	<b>42.64</b>	-
Charge for the period	0.46	15.28	6.99	0.97	0.21	23.91	-
Disposals during the period	-	(0.10)	-	-	(0.46)	(0.56)	-
<b>As at 31 March 2018</b>	<b>0.92</b>	<b>47.13</b>	<b>15.70</b>	<b>2.20</b>	<b>0.04</b>	<b>65.99</b>	-
Charge for the period	0.46	26.37	8.92	0.94	0.98	37.67	-
Disposals during the period	-	(0.39)	(0.16)	-	-	(0.55)	-
<b>As at 31 March 2019</b>	<b>1.38</b>	<b>73.11</b>	<b>24.46</b>	<b>3.14</b>	<b>1.02</b>	<b>103.11</b>	-
<b>Net book value</b>							
<b>As at 31 March 2018</b>	<b>36.21</b>	<b>17.27</b>	<b>12.90</b>	<b>2.72</b>	<b>3.76</b>	<b>72.86</b>	<b>1.77</b>
<b>As at 31 March 2019</b>	<b>35.75</b>	<b>29.47</b>	<b>13.93</b>	<b>2.87</b>	<b>2.78</b>	<b>84.80</b>	<b>1.77</b>

Notes:

- Capital work in progress represent the amount incurred on construction of boundary wall for leasehold land.
- The Group has taken land under finance lease for the purpose of construction and setting up a software IT unit for a period of 90 years. As per the terms of the lease arrangement, the Group is required to complete the construction of building within 5 years from the date of handing over the possession. The Group has obtained extension for construction of building on the leasehold land till 5 October 2019.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 6 INTANGIBLE ASSETS

	Software	Unique telephone numbers	Total
<b>Gross carrying amount</b>			
<b>As at 1 April 2017</b>	<b>11.27</b>	<b>4.70</b>	<b>15.97</b>
Additions	0.41	-	0.41
Disposals	-	-	-
<b>As at 31 March 2018</b>	<b>11.68</b>	<b>4.70</b>	<b>16.38</b>
Additions	1.66	-	1.66
Disposals	(0.08)	-	(0.08)
<b>As at 31 March 2019</b>	<b>13.26</b>	<b>4.70</b>	<b>17.96</b>
<b>Accumulated amortisation</b>			
<b>As at 1 April 2017</b>	1.76	1.88	3.64
Amortisation for the period	3.81	1.13	4.94
Disposals during the period	-	-	-
<b>As at 31 March 2018</b>	<b>5.57</b>	<b>3.01</b>	<b>8.58</b>
Amortisation for the period	2.92	0.68	3.60
Disposals during the period	(0.03)	-	(0.03)
<b>As at 31 March 2019</b>	<b>8.46</b>	<b>3.69</b>	<b>12.15</b>
<b>As at 31 March 2018</b>	<b>6.11</b>	<b>1.69</b>	<b>7.80</b>
<b>As at 31 March 2019</b>	<b>4.80</b>	<b>1.01</b>	<b>5.81</b>

## 7 FINANCIAL ASSETS

### a) Non-current investments

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Investment in others</b>				
Investment in debt instruments - Unquoted (measured at FVTPL)				
0.001% Optionally convertible redeemable preference share of ₹10 each in Instant Procurement Services Private Limited	12,446	-	12,446	-
0.001% Compulsorily convertible preference share of ₹10 each in Instant Procurement Services Private Limited.	3,764	-	3,764	-
<b>Total</b>		-		-

Notes:

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

### b) Current investments

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Investment in mutual funds - Quoted (measured at FVTPL)</b>				
HDFC Prudence Fund - Growth	-	-	47,993	23.28
HDFC Top 200 Fund - Growth	-	-	30,646	13.15
HDFC Liquid fund - Growth	2,329	8.52	3,208	10.94
IDFC Premier Equity Fund -Growth	-	-	13,400	1.21
Aditya Birla Sunlife Frontline Equity Fund-Growth Regular Plan	-	-	75,282	15.75
Aditya Birla Sunlife Short Term Plan-Growth Regular Plan	2,599,874	80.37	3,360,316	96.96
Aditya Birla Sunlife Corporate Bond Fund - Regular	5,394,585	386.68	-	-
Aditya Birla Sun Life corporate Bond Fund-Growth-Direct	629,851	45.45	-	-
HDFC Short Term Plan- Growth	-	-	3,315,675	114.17
HDFC Floating Rate Income Fund	-	-	7,229,251	218.64
Aditya Birla Sun Life Banking & PSU Debt Fund-Grow-Direct Plan	886,783	214.61	1,074,783	241.31
IDFC ultra short term fund	-	-	18,214,024	451.65
IDFC Bond Fund - Short Term Plan- DGP	5,468,770	216.27	5,468,770	199.92
HDFC Short Term Debt Fund-Direct Growth Plan	26,794,545	558.15	10,359,979	200.19
ICICI Prudential Balanced Advantage Fund	-	-	258,974	8.57

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
ICICI Prudential Savings Fund -Growth	81,581	29.27	373,280	124.35
HDFC Liquid Fund-Direct Plan Growth Option	-	-	69,517	238.02
ICICI Prudential Value Discovery Fund-Growth	-	-	163,952	22.79
Aditya Birla Sun Life Cash Plus-Growth-Direct Plan	-	-	882,080	246.38
Aditya Birla Sunlife short term opportunities fund-Direct	21,181,794	679.17	-	-
IDFC Low Duration Fund-Growth (Regular Plan)	16,451,049	435.91	16,451,049	405.11
HDFC Short Term Debt Fund - Regular Plan	8,380,984	172.98	1,560,259	29.92
IDFC Bond Fund-STP-Regular Fund	408,840	15.57	372,699	13.18
ICICI Prudential Savings Fund- Direct Plan-Growth	597,544	215.81	-	-
ICICI Prudential Short Term Fund - Growth Option	3,606,276	139.33	-	-
ICICI Prudential Short Term Fund - Direct	15,854,692	639.65	1,263,533	423.15
HDFC Low Duration Fund Growth - Regular	3,797,410	148.58	-	-
HDFC Low Duration Fund Growth - Direct	2,128,314	86.97	-	-
HDFC Credit Risk Debt Fund - Regular Plan - Growth	7,019,394	107.08	-	-
L&T Short term bond fund-DGP	37,122,589	681.67	-	-
Kotak Corporate Bond Fund - DGP	328,929	831.30	-	-
HDFC Equity saving fund-regular-growth	140,386	5.17	140,386	4.85
HDFC Cash management-retail-regular-growth	196,990	7.71	196,990	7.21
HDFC Short Term Debt Fund	378,460	7.81	-	-
L&T Short Term Bond Fund - Regular Growth	20,066,239	358.17	-	-
HDFC Hybrid Equity Fund-Regular-Growth	41,348	2.25	-	-
<b>Total current investments</b>		<b>6,074.45</b>		<b>3,110.70</b>

## c) Loans (measured at amortised cost)

	As at 31 March 2019	As at 31 March 2018
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Loan to employees	1.22	0.92
	<b>1.22</b>	<b>0.92</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Loan to employees	16.77	63.20
	16.77	63.20
<b>Total loans</b>	<b>17.99</b>	<b>64.12</b>

Notes:

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

## d) Others (measured at amortised cost)

	As at 31 March 2019	As at 31 March 2018
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Security deposits	35.60	35.27
	<b>35.60</b>	<b>35.27</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Security deposits	26.01	1.62
Amount recoverable from payment gateway	62.59	39.82
Other recoverables	69.20	-
	<b>157.80</b>	<b>41.44</b>
<b>Unsecured and considered doubtful</b>		
Security deposits	-	-
Less: Allowance for doubtful security deposits	-	-
	-	-
<b>Total</b>	<b>157.80</b>	<b>41.44</b>
<b>Total other financial assets</b>	<b>193.40</b>	<b>76.71</b>

Notes:

Security deposits are non-interest bearing and are generally on term of 3 to 9 years. For credit risk management, Refer Note 31.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 8 OTHER ASSETS

	As at 31 March 2019	As at 31 March 2018
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Capital advance	0.03	-
Prepaid expenses	0.14	0.09
Deferred rent expense	7.17	6.69
<b>Total</b>	<b>7.34</b>	<b>6.78</b>

	As at 31 March 2019	As at 31 March 2018
<b>Current (Unsecured, considered good unless stated otherwise)</b>		
Advances recoverable	14.38	13.16
Indirect taxes recoverable	38.03	32.46
Prepaid expenses	19.66	15.59
Deferred rent expense	3.15	2.36
<b>Total</b>	<b>75.22</b>	<b>63.57</b>

## 9 TRADE RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
<b>Unsecured, considered good unless stated otherwise</b>		
Trade receivables	6.52	6.79
	6.52	6.79
Less: Allowances for doubtful debts	(0.81)	-
<b>Total</b>	<b>5.71</b>	<b>6.79</b>

Notes:

- No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
- For terms and conditions relating to related party receivables, Refer Note 33.

## 10 CASH AND CASH EQUIVALENTS

	As at 31 March 2019	As at 31 March 2018
Cash on hand	0.19	1.03
Cheques on hand	145.42	121.42
Balance with bank		
- On current accounts	256.35	344.66
<b>Total Cash and cash equivalents</b>	<b>401.96</b>	<b>467.11</b>

Note:

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

	As at 31 March 2019	As at 31 March 2018
<b>Bank balances other than cash and cash equivalents</b>		
Deposits with		
- remaining maturity upto twelve months	375.48	-
- remaining maturity for more than twelve months	-	302.20
	<b>375.48</b>	<b>302.20</b>
Less: amount disclosed under current bank deposits	(375.48)	-
Less: amount disclosed under non-current bank deposits	-	(302.20)
<b>Total</b>	<b>-</b>	<b>-</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 11 SHARE CAPITAL

Authorised equity share capital	Number of shares	Amount
<b>As at 1 April 2017</b>	18,277,930	182.78
Increase/(decrease) during the year	-	-
<b>As at 31 March 2018</b>	18,277,930	182.78
Increase/(decrease) during the period	11,722,070	117.22
<b>As at 31 March 2019</b>	<b>30,000,000</b>	<b>300.00</b>

Issued equity share capital (subscribed and fully paid up)	Number of shares	Amount
<b>As at 1 April 2017</b>	<b>9,168,989</b>	<b>91.69</b>
Equity share capital issued on exercise of ESOP during the year	807,816	8.08
<b>As at 31 March 2018</b>	<b>9,976,805</b>	<b>99.77</b>
Bonus issue during the period <sup>1</sup>	9,976,805	99.77
Equity share capital issued on exercise of ESOP during the period (Refer Note 28)	1,566,630	15.66
Equity share capital issued on conversion of convertible preference shares <sup>2</sup>	7,071,766	70.72
<b>As at 31 March 2019</b>	<b>28,592,006</b>	<b>285.92</b>

Notes:

### 1 Bonus issue

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

### 2 Conversion of convertible preference shares

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

### a) Terms/ rights attached to equity shares:

- The Company has only one class of equity shares having a par value of ₹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 2019		As at 31 March 2018	
	Number	% Holding	Number	% Holding
<b>Equity shares of ₹10 each fully paid</b>				
Dinesh Agarwal	9,483,200	33%	4,741,600	48%
Brijesh Agrawal	6,426,200	22%	3,213,100	32%
Intel Capital (Mauritius) Limited	3,851,746	13%	100	0%
Westbridge Crossover Fund, LLC	1,544,154	5%	298,517	3%

### 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 or lapsed during the financial period and outstanding at the end of the reporting period, is set out in Note 28.

## 12 OTHER EQUITY

	As at 31 March 2019	As at 31 March 2018
Securities premium	4,686.54	279.49
General reserve	8.45	8.45
Employee share based payment reserve (Refer Note 28)	88.48	61.15
Capital reserve	(2.04)	-
Retained earnings	(3,468.47)	(3,661.55)
<b>Total other equity</b>	<b>1,312.96</b>	<b>(3,312.46)</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## Nature and purpose of reserves and surplus:

- Share 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 grant date fair value of options issued to employees under Group's employee option plan (ESOP). Refer Note 28 for further details.
- 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. For further details Refer Note 38.
- Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Group, and re-measurement gains/losses on defined benefit plans.

## 13 SHARE BUYBACK OBLIGATION

Measured at fair value through profit or loss (FVTPL)	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Share buyback obligation of preference shares</b>				
<b>Non-current</b>				
0.01% Series A cumulative convertible preference shares (CCPS) of ₹328 each	-	-	1,493,903	1,630.00
0.01% Series B compulsory convertible preference shares (CCPS) of ₹100 each	-	-	1,722,047	1,971.30
0.01% Series B1 compulsory convertible preference shares (CCPS) of ₹100 each	-	-	146,375	128.00
<b>Total</b>		-		<b>3,729.30</b>

Notes:

The Company has issued 1,493,903 Series A CCPS at price of ₹328 per share amounting to ₹490 million. Company has further issued 1,722,047 and 146,375 Series B and Series B1 preference shares at price of ₹770 per share amounting to ₹1,325.98 million and ₹112.71 million respectively. As per the terms and conditions of issue of CCPS, Company has given right to the holders of CCPS to require the Company to buyback CCPS held by investors at reasonable approximation of fair market value in the event initial public offering (IPO) do not occur for specified period.

Based on these terms, CCPS has been classified as financial instrument in the nature of financial liability designated to be measured at fair value. Fair value of the instruments has been determined based on discounted cash flow valuation technique using cash flow projections and financial projections/budgets approved by the management. Gain/loss on subsequent re-measurement has been recognised through Statement of Profit and Loss and is disclosed under "Net loss on financial liability designated at FVTPL"

## Carrying amount of financial liability and gain/loss on subsequent re-measurement is set out below:

	As at 31 March 2019	As at 31 March 2018
<b>At the beginning of the period/year</b>	<b>3,729.30</b>	<b>2,460.90</b>
Preference share capital issued during the period/year	-	5.17
Security premium received on issue of preference shares	-	34.61
Loss on re-measurement for the period/year (recognised through Statement of Profit and Loss)	652.63	1,228.62
Conversion of preference shares into equity shares during the period (Refer Note 11(2))	(4,381.93)	-
<b>At the end of the period/year</b>	<b>-</b>	<b>3,729.30</b>

## Authorised preference share capital

	Series A (Face value ₹328 per share)		Series B (Face value ₹100 per share)		Series B1 (Face value ₹100 per share)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>As at 1 April 2017</b>	1,493,903	490.00	1,722,047	172.20	172,207	17.22
Increase/(decrease) during the year	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>1,493,903</b>	<b>490.00</b>	<b>1,722,047</b>	<b>172.20</b>	<b>172,207</b>	<b>17.22</b>
Increase/(decrease) during the period	-	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>1,493,903</b>	<b>490.00</b>	<b>1,722,047</b>	<b>172.20</b>	<b>172,207</b>	<b>17.22</b>



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## Issued preference share capital (subscribed and fully paid up)

	Series A (Face value ₹328 per share)		Series B (Face value ₹100 per share)		Series B1 (Face value ₹100 per share)	
<b>As at 1 April 2017</b>	1,493,903	490.00	1,722,047	172.20	94,713	9.47
Shares issued during the year	-	-	-	-	51,662	5.17
<b>As at 31 March 2018</b>	<b>1,493,903</b>	<b>490.00</b>	<b>1,722,047</b>	<b>172.20</b>	<b>146,375</b>	<b>14.64</b>
Shares converted to equity shares	(1,493,903)	(490.00)	(1,722,047)	(172.20)	(146,375)	(14.64)
<b>As at 31 March 2019</b>	-	-	-	-	-	<b>0.00</b>

## Details of shareholders holding more than 5% preference shares in the Company

	31 March 2019		31 March 2018	
	Number	% Holding	Number	% Holding
<b>CCPS of ₹328 each fully paid (Series A)</b>				
Intel Capital (Mauritius) Limited	-	-	1,493,903	100.00%
<b>CCPS of ₹100 each fully paid (Series B)</b>				
Amadeus IV DPF Limited	-	-	516,613	30.00%
Westbridge Crossover Fund LLC	-	-	430,509	25.00%
Accion Frontier Inclusion Mauritius	-	-	516,613	30.00%
Intel Capital (Mauritius) Limited	-	-	258,312	15.00%
<b>CCPS of ₹100 each fully paid (Series B1)</b>				
Amadeus IV DPF Limited	-	-	51,662	35.29%
Westbridge Crossover Fund LLC	-	-	43,051	29.41%
Accion Frontier Inclusion Mauritius	-	-	51,662	35.29%

### d) Terms/rights attached to Compulsorily Convertible Preference Shares (CCPS)

#### Terms of conversion/ redemption of Series A -CCPS

- Each Series A CCPS holder is entitled to participate pari-passu in any dividends paid to the holders of the shares of any other class (including Equity Shares) or series on a pro-rata, as if converted basis.
- Each Series A CCPS may be converted into equity shares at any time at the option of the holder of the Series A preference share.
- Subject to compliance with applicable laws, each Series A Preference share shall automatically be converted at the Series A Conversion Price (₹293.86 subject to prescribed adjustments) into equity shares upon the earlier of (i) December 31, 2027; or (ii) immediately prior to the IPO for the purpose of enabling the listing of the shares in accordance with the requirement under the applicable law.
- In the event of liquidation, each holder of Series A Preference Shares shall be entitled to receive an amount, per Series A Preference Share equal to the Original Series A Share Issue Price plus any arrears of declared and accrued but unpaid dividends calculated to the date of such payment (the "Series A Preference Amount"), which shall rank pari passu with the Series B Preference Amount and upon receipt of such Series A Preference Amount by the holders of the Series A Preference Shares and upon receipt of the Series B Preference Amount by the holders of the Series B Preference Shares, any assets or funds remaining and distributable to the shareholders of the Company shall be distributed pari passu among the holders of the outstanding Series A Preference Shares, Series B

Preference Shares, and Equity Shares on a pro-rata, as if converted basis.

- Subject to Applicable Laws, the holders of the Series A Preference Shares shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the shareholders of the Company (including the holders of Equity Shares).
- In the event, the Company make or issue bonus shares or other non-cash dividends/distribution of equity shares to the holders of equity shares, the number of equity shares to be issued on any subsequent conversion of Series A preference shares shall be increased proportionately.

#### Terms of conversion/ redemption of Series B -CCPS

- Each Series B CCPS holder is entitled to participate pari-passu in any dividends paid to the holders of the shares of any other class (including Equity Shares) or series on a pro-rata, as if converted basis.
- Each Series B CCPS may be converted into equity shares at any time at the option of the holder of the Series B preference share. Series B Conversion Price initially shall be equal to the Original Series B Share Issue Price (the "Initial Series B Conversion Price"), and shall be subject to adjustment from time to time on account of any anti-dilution shares issued, stock dividends, splits, combinations and similar events.
- Subject to compliance with applicable laws, each Series B Preference share shall automatically be converted at a conversion price (then in effect) subject to prescribed adjustment, into Equity Shares upon the earlier of (i) 20 (twenty) years from the date of their issuance, or (ii) immediately prior to the IPO for the purpose of

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

enabling the listing of the shares in accordance with the requirement under the applicable law.

- 4) In the event of liquidation, each holder of Series B Preference Shares shall be entitled to receive an amount per Series B Preference Share equal to the Original Series B Share Issue Price plus any arrears of accumulated but unpaid dividends calculated to the date of such payment (the "Series B Preference Amount"), which shall rank pari passu with the Series A Preference Amount and upon receipt of such Series B Preference Amount by the holders of the Series B Preference Shares and upon receipt of the Series A Preference Amount by the holders of the Series A Preference Shares, any assets or funds remaining and distributable to the shareholders of the Company shall be distributed pari passu among the holders of the outstanding Series A Preference Shares, Series B Preference Shares, Equity Shares on a pro-rata, as if converted basis. However the amount so payable shall not exceed an amount that is higher of 3 (Three) times the Original Series B Share Issue Price plus any arrears of declared & accrued but unpaid dividend calculated to the date of such payment or the percentage of the proceeds from such deemed liquidation that is equal to the percentage of the share capital of the company on a fully diluted basis represented by each Series B Preference Share plus any arrears of declared & accrued but unpaid dividend calculated to the date of such payment.
- 5) Subject to Applicable Laws, the holders of the Series B Preference Shares shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the shareholders of the Company (including the holders of Equity Shares).
- 6) In the event, the Company make or issue bonus shares or other non-cash dividends/distribution of equity shares to the holders of equity shares, the number of equity shares to be issued on any subsequent conversion of Series B preference shares shall be increased proportionately.

## Terms of conversion/ redemption of Series B1 -CCPS

- 1) Each Series B1 CCPS holder is entitled to participate pari-passu in any dividends paid to the holders of the

(Amounts in ₹ million, unless otherwise stated)

shares of any other class (including Equity Shares) or series on a pro-rata, as if converted basis.

- 2) Each Series B1 CCPS may be converted into equity shares at any time at the option of the holder of the Series B1 preference share. Series B1 Conversion Price initially shall be equal to the Original Series B Share Issue Price (the "Initial Series B Conversion Price"), and shall be subject to adjustment from time to time on account of any anti-dilution shares issued, stock dividends, splits, combinations and similar events.
- 3) Subject to compliance with applicable laws, each Series B1 Preference share shall automatically be converted at a conversion price (then in effect) subject to prescribed adjustment, into Equity Shares upon the earlier of (i) 20 (twenty) years from the date of their issuance, or (ii) immediately prior to the IPO for the purpose of enabling the listing of the shares in accordance with the requirement under the applicable law.
- 4) In the event of liquidation and upon receipt of Series B Preference Amount by the holders of the Series B Preference Shares and upon receipt of the Series A Preference Amount by the holders of the Series A Preference Shares, any assets or funds remaining and distributable to the shareholders of the Company shall be distributed pari passu among the holders of the outstanding Series A Preference Shares, Series B Preference Shares, Series B1 Preference Shares and Equity Shares on a pro-rata, as if converted basis.
- 5) Subject to Applicable Laws, the holders of the Series B1 Preference Shares shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the shareholders of the Company (including the holders of Equity Shares).
- 6) In the event, the Company make or issue bonus shares or other non-cash dividends/distribution of equity shares to the holders of equity shares, the number of equity shares to be issued on any subsequent conversion of Series B1 preference shares shall be increased proportionately.

The above convertible preference shares contains the feature for the conversion ratio to be adjusted to the lower price of any later issue in the underlying shares

## 14 TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018
<b>Current</b>		
Payable to micro, small and medium enterprises	-	11.31
Other trade payables*	450.03	407.61
<b>Total</b>	<b>450.03</b>	<b>418.92</b>

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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 15 OTHER FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>Non-current</b>		
Lease rent equalisation	2.84	2.62
<b>Total</b>	<b>2.84</b>	<b>2.62</b>
<b>Current</b>		
Payable to employees	0.34	0.04
Security deposits	0.14	0.14
<b>Total</b>	<b>0.48</b>	<b>0.18</b>
<b>Total</b>	<b>3.32</b>	<b>2.80</b>

## 16 PROVISIONS

	As at 31 March 2019	As at 31 March 2018
<b>Non-current</b>		
Provision for employee benefits*		
Provision for gratuity	96.00	59.31
<b>Total</b>	<b>96.00</b>	<b>59.31</b>
<b>Current</b>		
Provision for employee benefits*		
Provision for gratuity	8.88	9.27
Provision for leave encashment	44.40	38.67
<b>Total</b>	<b>53.28</b>	<b>47.94</b>

\*For details of movement in provision for gratuity and leave encashment, Refer note 27.

## 17 CONTRACT AND OTHER LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>Contract liabilities*</b>		
<b>Non-current</b>		
Deferred revenue	2,297.91	1,660.91
<b>Total</b>	<b>2,297.91</b>	<b>1,660.91</b>
<b>Current</b>		
Deferred revenue	3,245.58	2,259.23
Advances from customers	316.33	-
<b>Total</b>	<b>3,561.91</b>	<b>2,259.23</b>
<b>Total</b>	<b>5,859.82</b>	<b>3,920.14</b>
<b>Other liabilities</b>		
Advances from customers	-	324.30
Tax deducted at source payable	5.61	64.99
Contribution to provident fund payable	2.54	2.36
Contribution to ESI payable	0.11	0.23
Indirect tax payable	134.65	68.88
Professional tax payable	0.18	0.11
Payable for labour welfare fund	0.03	0.01
Others	3.10	0.07
<b>Total</b>	<b>146.22</b>	<b>460.95</b>

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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 18 CURRENT TAX ASSETS AND LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>Current tax assets (net of provisions)</b>		
Advance income tax	108.73	94.98
Less: Provision for income tax	3.19	3.83
<b>Total</b>	<b>105.54</b>	<b>91.15</b>

## 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 2019	For the year ended 31 March 2018
<b>Sale of services</b>		
Income from web services	5,019.25	4,076.94
Advertisement and marketing services	54.92	28.14
<b>Total</b>	<b>5,074.17</b>	<b>4,105.08</b>

### Transaction price allocated to the remaining performance obligations

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

	31 March 2019	
	Less than 12 months	More than 12 months
Web services	3,557.74	2,296.25
Advertisement and marketing services	4.17	1.66
	<b>3,561.91</b>	<b>2,297.91</b>

No consideration from contracts with customers is excluded from the amounts presented above.

### Contract liabilities

	As at 31 March 2019
Web services	5,853.99
Advertisement and marketing services	5.83
	<b>5,859.82</b>
Non-current	2,297.91
Current	3,561.91
	<b>5,859.82</b>

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

	For the year ended 31 March 2019
Opening balance at the beginning of the year	4,240.68
Less: Revenue recognised from contract liability balance at the beginning of the year	(2,754.14)
Add: Amount received from customers during the year	6,714.12
Less: Transfer of contract liability pertaining to Hello travel business	(20.81)
Less: Revenue recognised from amount received during the year	(2,320.03)
Closing balance at the end of the year	<b>5,859.82</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 20 NET GAIN ON FINANCIAL ASSETS MEASURED AT FVTPL

	For the year ended 31 March 2019	For the year ended 31 March 2018
Net gain on disposal of current investments	51.34	72.54
Fair value gain on financial assets measured at FVTPL		
- Investment in mutual funds	321.86	89.09
- Investment in debt instruments	-	-
<b>Total</b>	<b>373.20</b>	<b>161.63</b>

## 21 OTHER INCOME

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income from financial assets measured at amortised cost		
- on bank deposits	26.00	16.50
- on security deposits	3.48	6.50
Other interest income	0.16	5.02
Gain from business transfer arrangement (Refer Note 36)	6.80	-
Net gain on disposal of property, plant and equipment	0.08	0.53
<b>Total</b>	<b>36.52</b>	<b>28.55</b>

## 22 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, allowance and bonus	2,065.56	1,783.72
Gratuity expense (Refer Note 27)	26.13	25.62
Leave Encashment Expense (Refer Note 27)	15.52	21.82
Contribution to provident and other funds	12.18	13.50
Employee share based payment expense (Refer Note 28)	94.62	36.82
Staff welfare expenses	85.82	67.09
<b>Total</b>	<b>2,299.83</b>	<b>1,948.57</b>

## 23 DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (Refer Note 5)	37.67	23.91
Amortisation of intangible assets (Refer Note 6)	3.60	4.94
<b>Total</b>	<b>41.27</b>	<b>28.85</b>

## 24 OTHER EXPENSES

	For the year ended 31 March 2019	For the year ended 31 March 2018
Content development expenses	235.48	233.23
Buyer Engagement Expenses	185.99	147.06
Customer Support Expenses	245.89	240.14
Outsourced sales cost	575.58	441.55
Internet and other online expenses	177.11	119.56
Rent	154.03	210.71
Rates and taxes	19.63	2.36
Communication costs	6.31	9.33
Outsourced support cost	18.06	27.16
Advertisement expenses	20.99	31.09
Power and fuel	29.23	28.63
Printing and stationery	8.44	8.92

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Repair and maintenance:		
- Plant and machinery	13.59	11.89
- Others	72.77	65.04
Travelling and conveyance	45.42	32.61
Recruitment and training expenses	28.00	16.76
Legal and professional fees	42.34	21.61
Directors' sitting fees	2.95	1.79
Insurance expenses	23.73	22.74
Collection charges	41.43	16.84
Allowances for doubtful debts	0.81	-
Packaging charges	-	0.00
Freight, cartage and payment collection charges	-	0.37
Miscellaneous expenses	3.15	0.80
<b>Total</b>	<b>1,950.93</b>	<b>1,690.19</b>

## 25 EARNINGS PER SHARE (EPS)

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

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Basic</b>		
Earnings/(loss) for the period	200.44	547.59
Weighted average number of equity shares in calculating basic EPS	25,868,950	19,148,007
Basic earnings/(loss) per equity share	7.75	28.60
<b>Diluted</b>		
Earnings/(loss) for the period	200.44	547.59
Weighted average number of equity shares in calculating basic EPS	25,868,950	19,148,007
Potential equity shares in the form of CCPS and stock options granted to employees	456,999	7,935,167
Total no. of shares outstanding (including dilution)	26,325,949	27,083,174
Diluted earnings/(loss) per equity share	7.61	20.22

## 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 2019	For the year ended 31 March 2018
<b>Current income tax</b>		
Current income tax for the period	1.32	1.81
	<b>1.32</b>	<b>1.81</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	337.47	(1,150.37)
	<b>337.47</b>	<b>(1,150.37)</b>
<b>Total income tax expense/(credit)</b>	<b>338.79</b>	<b>(1,148.56)</b>



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

### Deferred tax related to items recognised in OCI during the period

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net loss on remeasurements of defined benefit plans	(3.81)	(5.20)

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit/(loss) before tax	539.23	(600.97)
<b>Accounting profit/(loss) before income tax</b>	539.23	(600.97)
Tax expense at the statutory income tax rate of 31.20% (31 March 2018: 30.90%)	168.24	(185.70)
Adjustments in respect of unrecognised deferred tax assets of previous years		
- tax business losses	-	(1,072.95)
- unabsorbed depreciation	-	(76.52)
- other deductible temporary differences	-	(167.24)
Adjustments in respect of differences in current tax rates and deferred tax rates	39.05	10.95
Adjustments in respect of differences taxed at lower tax rates	(34.74)	(33.74)
Utilisation of previously recognised tax losses	(9.81)	10.20
Non-deductible expenses for tax purposes:		
Loss on fair valuation of Share buyback obligation	203.62	379.64
Income non-taxable for tax purposes	(42.44)	(23.15)
Other non-deductible expenses	(2.22)	(0.23)
Temporary differences for which no deferred tax was recognised	17.09	10.18
<b>Tax expense/(income) at the effective income tax rate of 31.20% (31 March 2018: 34.94%)</b>	<b>338.79</b>	<b>(1,148.56)</b>

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

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset</b>		
Property, plant and equipment and other intangible assets	8.42	7.50
Provision for gratuity	36.36	36.36
Provision for compensated absences	15.24	24.36
Provision for diminution of investments in subsidiaries	31.49	6.99
Re-measurement of investment in debt instruments of subsidiaries to fair value	34.35	24.88
Deferred revenue	11.30	44.91
Tax losses	776.56	1,074.00
Unabsorbed depreciation	39.08	60.34
Allowances for doubtful debts	0.21	-
Others	7.65	2.94
<b>Total deferred tax assets</b>	<b>960.66</b>	<b>1,282.28</b>
<b>Total deferred tax assets recognised (A)</b>	<b>891.70</b>	<b>1,206.90</b>
<b>Deferred tax liabilities</b>		
Re-measurement of investment in mutual funds to fair value	(67.32)	(29.77)
Accelerated deduction for tax purposes	(2.50)	(21.56)
Accelerated depreciation for tax purposes	0.02	(0.00)
<b>Total deferred tax liabilities (B)</b>	<b>(69.80)</b>	<b>(51.33)</b>
<b>Net deferred tax assets (C) = (A) - (B)</b>	<b>821.90</b>	<b>1,155.57</b>
<b>MAT credit entitlement (D)</b>	<b>36.18</b>	
<b>Total deferred tax Asset (C) + (D)</b>	<b>858.08</b>	<b>1,155.57</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Deferred tax expense/(income) relates to the following:</b>		
Provision for gratuity	(9.87)	(35.89)
Provision for compensated absences	(0.94)	(22.61)
Provision for diminution of investments in subsidiaries	(24.50)	-
Re-measurement of investment in debt instruments of subsidiary to fair value	(9.48)	(24.88)
Deferred revenue	33.62	(44.91)
Tax losses	292.96	(1,003.01)
Unabsorbed depreciation	20.98	(58.24)
Re-measurement of investment in mutual funds to fair value	37.57	29.77
Accelerated deduction for tax purposes	0.26	21.56
Property, plant and equipment and other intangible assets	(0.73)	(7.43)
Others	(5.99)	(9.93)
Allowances for doubtful debts	(0.21)	-
<b>Deferred tax expense/(income)</b>	<b>333.67</b>	<b>(1,155.57)</b>

## f) Reconciliation of Deferred tax asset (Net):

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Opening balance as of 1 April</b>	1,155.57	-
Tax (expense)/income during the period recognised in Statement of profit and loss	(337.47)	1,150.37
Tax income during the period recognised in OCI	3.81	5.20
MAT credit entitlement	36.17	-
<b>Closing balance at the end of the period/year</b>	<b>858.08</b>	<b>1,155.57</b>

## 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 2019	As at 31 March 2018
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:		
- tax business losses	275.22	229.73
- unabsorbed depreciation	6.99	6.80
- tax capital losses*	43.32	74.77
- other deductible temporary differences	2.54	7.42
	<b>328.07</b>	<b>318.72</b>

\*The unused tax capital losses will expire upto FY 2019-20.

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

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

### Gratuity - Defined benefit

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of funded defined benefit obligation	126.34	93.14
Fair value of plan assets	(21.46)	(24.56)
<b>Net liability arising from defined benefit obligation</b>	<b>104.88</b>	<b>68.58</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## Leave encashment - other long term employee benefit plan

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of other long term employee benefit plan	44.40	38.67
<b>Net liability arising from other long term employee benefit plan</b>	<b>44.40</b>	<b>38.67</b>

### 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

Particulars	Gratuity	
	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the period/year	93.15	57.89
Benefits paid	(5.19)	(6.72)
Employee benefit obligation pursuant to the sale of disposal group (refer note 36)	(0.99)	-
Current service cost	20.78	14.16
Interest cost	7.27	4.25
Past service cost	-	9.36
Actuarial (gains)/losses		
- changes in demographic assumptions	14.61	2.24
- changes in financial assumptions	(6.62)	12.58
- experience adjustments	3.33	(0.62)
<b>Balance at the end of the period/year</b>	<b>126.34</b>	<b>93.14</b>

Particulars	Leave encashment	
	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the period/year	38.67	28.28
Benefits paid	(9.53)	(11.43)
Employee benefit obligation pursuant to the sale of disposal group (Refer Note 36)	0.04	-
Current service cost	12.27	12.18
Interest cost	3.02	2.08
Actuarial (gains)/losses		
- changes in demographic assumptions	7.19	1.47
- changes in financial assumptions	(5.60)	4.42
- experience adjustments	(1.66)	1.67
<b>Balance at the end of the period/year</b>	<b>44.40</b>	<b>38.67</b>

#### Movement in fair value of plan assets

Particulars	Gratuity	
	As at 31 March 2019	As at 31 March 2018
Opening fair value of plan assets	24.56	29.29
Interest income	1.93	2.15
Actuarial (gains)/losses	0.15	(0.16)
Benefits paid	(5.18)	(6.72)
<b>Closing fair value of plan assets</b>	<b>21.46</b>	<b>24.56</b>

Each year the management of the Group reviews the level of funding required as per its risk management strategy. The Group expects to contribute ₹25.80 million to gratuity in FY 2018-19 (31 March, 2018: ₹19.45 million).

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

Particulars	As at 31 March 2019	As at 31 March 2018
Funds managed by insurer	100%	100%

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

Particulars	Gratuity	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	20.78	14.16
Past service cost	-	9.36
Net interest expense	5.35	2.10
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>26.13</b>	<b>25.62</b>
Remeasurement of the net defined benefit liability:		
Actuarial (gain)/loss on plan assets	(0.15)	0.16
Actuarial (gain)/loss on defined benefit obligation	11.32	14.20
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>11.17</b>	<b>14.36</b>

Particulars	Leave encashment	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	12.57	12.18
Net interest expense	3.02	2.08
Actuarial (gain)/loss on other long term employee benefit plan	(0.07)	7.56
<b>Components of other long term employee benefit costs recognised in profit or loss</b>	<b>15.52</b>	<b>21.82</b>

## c) Actuarial assumptions

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

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.66%	7.70%
Expected rate of return on assets	7.45%	7.70%

### Attrition rate:

Ages	Related to 2019		Related to 2018	
	Upto 4 years of service	Above 4 years of service	Upto 4 years of service	Above 4 years of service
Upto 30 years	34.32%	12.83%	56.75%	22.00%
From 31 to 44 years	30.77%	11.20%	43.25%	14.00%
Above 44 years	1.05%	0.00%	1.76%	8.00%
<b>Future salary growth</b>	<b>7.18%</b>	<b>12.00%</b>	<b>12.81%</b>	<b>13.00%</b>
Mortality table	India Assured Life Morality (2006-08)		India Assured Life Morality (2006-08)	

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 shown below:

### Gratuity

For the year ended 31 March 2019	Increase	Decrease
Impact of change in discount rate by 0.50%	(6.50)	7.17
Impact of change in salary by 0.50%	3.62	(3.85)

For the year ended 31 March 2018	Increase	Decrease
Impact of change in discount rate by 0.50%	(3.32)	3.57
Impact of change in salary by 0.50%	2.36	(2.36)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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 2019	As at 31 March 2018
Within one year	8.88	9.27
Within one - three years	21.09	20.86
Within three - five years	17.53	15.46
Above five years	78.84	47.55
<b>Total</b>	<b>126.34</b>	<b>93.14</b>

## 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 period ended 31 March 2019, the following schemes were in operation:

	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Date of grant	January 1, 2010	March 15, 2012	June 30, 2013	June 08, 2015	July 28, 2016	June 02, 2017
Date of Board Approval	November 24, 2009	January 25, 2012	October 28, 2013	June 08, 2015	July 28, 2016	May 04, 2017
Date Of Shareholder's approval	November 10, 2008	November 10, 2008	October 27, 2012	September 23, 2015	September 23, 2015	September 23, 2015
Number of options approved	453,420	645,560	24,000	539,000	276,980	200,730
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period (in months)	0 to 48 Months	0 to 48 Months	0 to 48 Months	0 to 48 Months	0 to 48 Months	0 to 48 Months

The details of activity have been summarized below:

#### ESOP 2010

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the period	63,286	100	364,967	100
Granted during the period	Nil	Nil	Nil	Nil
Forfeited during the period	9,210	100	Nil	Nil
Exercised during the period	54,076	100	301,681	100
Expired during the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	Nil	Nil	63,286	100
Exercisable at the end of the period	Nil	Nil	63,286	100

#### ESOP 2012

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the period	150,136	150	499,859	150
Granted during the period	Nil	Nil	Nil	Nil
Forfeited/ expired during the period	4,603	150	Nil	Nil
Exercised during the period	145,533	150	349,723	150
Outstanding at the end of the period	Nil	Nil	150,136	150
Exercisable at the end of the period	Nil	Nil	150,136	150

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## ESOP 2013

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the period	Nil	Nil	24,000	150
Granted during the period	Nil	Nil	Nil	Nil
Forfeited/ expired during the period	Nil	Nil	Nil	Nil
Exercised during the period	Nil	Nil	24,000	150
Outstanding at the end of the period	Nil	Nil	Nil	Nil
Exercisable at the end of the period	Nil	Nil	Nil	Nil

## ESOP 2015

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the period	354,100	200	472,000	200
Granted during the period	Nil	Nil	Nil	Nil
Forfeited/ expired during the period	3,600	200	12,000	200
Exercised during the period*	288,400	200	105,900	200
Outstanding at the end of the period	62,100	200	354,100	200
Exercisable at the end of the period	Nil	Nil	83,500	200

\*includes accelerated vesting of 69,600 options

## ESOP 2016

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the period	194,268	200	253,980	200
Granted during the period	Nil	Nil	Nil	Nil
Forfeited/ expired during the period	16,200	200	33,200	200
Exercised during the period*	136,218	200	26,512	200
Outstanding at the end of the period	41,850	200	194,268	200
Exercisable at the end of the period	Nil	Nil	22,284	200

\*includes accelerated vesting of 70,938 options

## ESOP 2017

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the period	197,800	200	Nil	Nil
Granted during the period	Nil	Nil	200,730	200
Forfeited/ expired during the period	824	200	2,930	200
Exercised during the period	159,088	200	Nil	Nil
Outstanding at the end of the period	37,888	200	197,800	200
Exercisable at the end of the period	Nil	Nil	Nil	Nil

\*includes accelerated vesting of 119,528 options

Figures for year ended 31 March 2019 and previous year are as follows:

	As at 31 March 2019					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Range of exercise prices	100	150	150	200	200	200
Number of options outstanding	Nil	Nil	Nil	62,100	41,850	37,888
Weighted average remaining contractual life of options (in years)	NA	NA	NA	0.25	1.25	1.80
Weighted average exercise price	100	150	150	200	200	200
Weighted average share price for the options exercised during the period	300	300	NA	300	300	300



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

	As at 31 March 2018					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Range of exercise prices	100	150	150	200	200	200
Number of options outstanding	63,286	150,136	Nil	354,100	194,268	197,800
Weighted average remaining contractual life of options (in years)	1.00	1.00	NA	1.25	2.25	2.80
Weighted average exercise price	100	150	150	200	200	200
Weighted average share price for the options exercised during the period	300	300	300	300	300	NA

## 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 2019					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Weighted average share price	148.39	150	150	200	275.93	280.50
Exercise Price	100	150	150	200	200	200
Expected Volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Historical Volatility	0.00%	0.00%	0.10%	0.00%	0.10%	0.10%
Life of the options granted (Vesting and exercise year) in years	7.50	8.00	8.00	7.70	7.70	7.70
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	8.39%	8.39%	8.39%	7.77%	7.20%	7.20%

	As at 31 March 2018					
	ESOP 2010	ESOP 2012	ESOP 2013	ESOP 2015	ESOP 2016	ESOP 2017
Weighted average share price	148.39	150	150	200	275.93	280.50
Exercise Price	100	150	150	200	200	200
Expected Volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Historical Volatility	0.00%	0.10%	0.10%	0.10%	0.10%	0.10%
Life of the options granted (Vesting and exercise year) in years	7.50	8.00	8.00	7.70	7.70	7.70
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	8.39%	8.39%	8.39%	7.77%	7.20%	7.20%

## b) Stock appreciation rights (SAR)

The Company has granted stock appreciation rights to its employees during the current financial year. 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:

	31 March 2019		31 March 2018	
	Number of SAR units	Weighted Average Exercise Price (₹)	Number of SAR units	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the period	-	-	NA	NA
Granted during the period	800,740	500	NA	NA
Forfeited during the period	21,000	500	NA	NA
Exercised during the period	Nil	Nil	NA	NA
Expired during the period	Nil	Nil	NA	NA
Outstanding at the end of the period	779,740	500	NA	NA
Exercisable at the end of the period	Nil	Nil	NA	NA

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

Figures for year ended 31 March 2019 are as follows:

	<b>SAR 2018</b>
Range of exercise prices	500
Number of options outstanding	779,740
Weighted average remaining contractual life of units (in years)	3.50
Weighted average exercise price	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:

	<b>SAR 2018</b>
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:

Particulars	<b>31 March 2019</b>	<b>31 March 2018</b>
Total Employee Compensation Cost pertaining to share-based payment plans	94.62	36.82
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	94.62	36.82

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

Particulars	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Total Liability for employee stock options outstanding as at period/year end	88.48	61.15

## 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	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
<b>Financial assets</b>			
a) Measured at fair value through profit or loss (FVTPL)			
- Investment in mutual funds	Level 1	6,074.45	3,110.70
		6,074.45	3,110.70
b) Measured at amortised cost			
- Trade receivables	Level 2	5.71	6.79
- Cash and cash equivalents	Level 1	401.96	467.11
- Loans	Level 2	17.99	64.12
- Security deposits	Level 2	61.61	36.89
- Bank deposits	Level 2	375.48	302.20
- Other financial assets	Level 2	131.79	39.82
		994.54	916.93
<b>Total financial assets</b>		<b>7,068.99</b>	<b>4,027.63</b>
<b>Financial liabilities</b>			
a) Measured at fair value through profit or loss (FVTPL)			
- Share buy back obligation (Refer Note 13)	Level 3	-	3,729.30
		-	3,729.30
b) Measured at amortised cost			
- Trade payables	Level 2	450.03	418.92
- Security deposits	Level 2	0.14	0.14
- Other financial liabilities	Level 2	3.18	2.66
		453.35	421.72
<b>Total financial liabilities</b>		<b>453.35</b>	<b>4,151.02</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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

- i) The carrying value of bank deposits, trade receivables, cash and cash equivalents, trade payables, security deposits, bank deposits and other current financial assets and other current financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments.
- ii) 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.

- iii) Fair value of quoted mutual funds is based on quoted market prices at the reporting date.
- iv) Fair value of debt instruments is estimated based on discounted cash flows valuation technique using the cash flow projections, discount rate and credit risk.
- v) Fair value of the share buy back obligation is estimated based on discounted cash flow valuation technique using cash flow projections and financial projections/ budgets approved by the management.

## c) Following table describes the valuation techniques used and key inputs thereto for the level 3 financial liabilities as of 31 March 2019 and 31 March 2018:

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

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

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

## d) Reconciliation of level 3 fair value measurements

	Share buy back obligation	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	3,729.30	2,460.90
Gains or loss recognised in profit or loss	652.63	1,228.62
Additions	-	39.78
Conversion of preference shares into equity shares during the period	(4,381.93)	-
<b>Closing balance</b>	<b>-</b>	<b>3,729.30</b>

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

## 30 CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (Refer Note 13) offset by cash and bank balance (Refer Note 10) and total equity of the Group.

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.

### Gearing ratio

The Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total equity (as shown in the balance sheet).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

The gearing ratio at end of the reporting period was as follows.

	As at 31 March 2019	As at 31 March 2018
Share buyback obligation	-	3,729.30
Cash and cash equivalents	(401.96)	(467.11)
<b>Net debt</b>	<b>(401.96)</b>	<b>3,262.19</b>
<b>Total equity</b>	<b>1,598.88</b>	<b>(3,212.69)</b>
Net debt to equity ratio	0%	-102%

## 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 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)

#### Trade receivables

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

#### Cash and cash equivalents, bank deposits and

#### Contractual maturities of financial liabilities

31 March 2019	Within 1 year	Between 1 and 5 years	Total
Share buyback obligation (Refer Note 13)	-	-	-
Trade payables	-	-	-
Other financial liabilities	0.48	2.84	3.32
	<b>0.48</b>	<b>2.84</b>	<b>3.32</b>

#### investments in mutual funds

The Group maintains its cash and cash equivalents, bank 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

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 Group'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, by 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:

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

31 March 2018	Within 1 year	Between 1 and 5 years	Total
Share buyback obligation (Refer Note 13)	-	3,729.30	3,729.30
Trade payables	-	-	-
Other financial liabilities	0.18	2.62	2.80
	<b>0.18</b>	<b>3,731.92</b>	<b>3,732.10</b>

### 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.

### 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 2019 and 31 March 2018 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 2019	As at 31 March 2018
Trade receivable	USD 0.04 (₹2.50)	USD 0.04 (₹2.51)
	<b>Impact on profit/(loss) before tax</b>	
Sensitivity	<b>For the year ended 31 March 2019</b>	<b>For the year ended 31 March 2018</b>
<b>USD sensitivity</b>		
INR/USD - increase by 2%	0.05	0.05
INR/USD - decrease by 2%	(0.05)	(0.05)

### Interest rate risk

Investment of short-term surplus funds of the Group in liquid schemes of mutual funds 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.

	Impact on profit/(loss) before tax	
Sensitivity	For the year ended 31 March 2019	For the year ended 31 March 2018
+ 5% change in NAV of mutual funds	303.72	155.54
- 5% change in NAV of mutual funds	(303.72)	(155.54)

## 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".

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## 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 2019	For the year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
India	4,978.78	4,043.05	99.72	89.21
Others	95.39	62.03	-	-
	<b>5,074.17</b>	<b>4,105.08</b>	<b>99.72</b>	<b>89.21</b>

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

## 33 RELATED PARTY TRANSACTIONS

### i) Names of related parties and related party relationship:

Note 34 provides the information about the Group's structure including the details of the subsidiaries and the holding company.

### 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 Agarwal	Managing director
Brijesh Agrawal	Whole time director
Prateek Chandra	Chief financial officer
Anil Dwivedi	Company Secretary (resigned w.e.f 30 April 2018)
Manoj Bhargava	Company Secretary (appointed w.e.f 04 June 2018)
Dhruv Prakash	Non executive director
Mahendra Kumar Chouhan	Independent director (resigned w.e.f 30 April 2018)
Rajesh Sawhney	Independent director
Elizabeth Lucy Chapman	Independent director
Vivek Narayan Gour	Independent director (appointed w.e.f 30 April 2018)

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

Mansa Enterprises Private Limited

### c) Other related parties

Indiamart Intermesh Employees Group Gratuity Assurance Scheme - post employee defined benefit plan

Refer Note 27 for information and transactions in post employment defined benefit plan

### ii) Key management personnel compensation

	For the year ended 31 March 2019	For the year ended 31 March 2018
Short-term employee benefits	102.79	83.24
Post-employment benefits	(0.57)	0.51
Long-term employee benefits	0.47	0.08
Employee share based payment expense	4.85	1.14
	<b>107.54</b>	<b>84.97</b>

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Entities where KMP and Individuals exercise Significant influence</b>		
Expenses for rent		
Mansa Enterprises Private Limited	4.18	5.52
<b>Key management personnel</b>		
Recruitment and training expenses		
Dhruv Prakash	1.85	2.07
Director's sitting fees	2.93	1.67



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

## Terms and conditions of transactions with related parties

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

## 34 GROUP INFORMATION

### Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Country of incorporation	% equity interest	
			As at 31 March 2019	As at 31 March 2018
Hello Trade Online Private Limited	Business facilitation services	India	100.00	100.00
Tradezeal International Private Limited	Business facilitation services	India	100.00	100.00
Ten Times Online Private Limited	Business facilitation services	India	100.00	96.25
Tolexo Online Private Ltd	Ecommerce services	India	100.00	100.00
Pay With Indiamart Private Limited	Payment facilitation and consultancy services	India	100.00	100.00

## 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	₹ million	As % of consolidated profit and loss	₹ million	As % of consolidated other comprehensive income	₹ million	As % of total comprehensive income	₹ million
<b>Parent</b>								
<b>Indiamart Intermesh Limited</b>								
Balance as at 31 March 2019	104.76%	1,606.82						
Balance as at 31 March 2018	95.52%	(3,122.74)						
For the year ended 31 March 2019			185.46%	125.93	92.49%	(6.81)	196.76%	119.12
For the year ended 31 March 2018			98.79%	(724.41)	105.09%	(9.63)	98.87%	(734.04)
<b>Subsidiaries</b>								
<b>Tolexo Online Private Limited</b>								
Balance as at 31 March 2019	-5.93%	(90.94)						
Balance as at 31 March 2018	4.49%	(146.65)						
For the year ended 31 March 2019			-66.31%	(45.02)	1.75%	(0.13)	-74.59%	(45.15)
For the year ended 31 March 2018			1.41%	(10.33)	-5.67%	0.52	1.32%	(9.81)
<b>Ten Times Online Private Limited</b>								
Balance as at 31 March 2019	2.16%	33.06						
Balance as at 31 March 2018	-0.59%	19.14						
For the year ended 31 March 2019			6.27%	4.26	5.76%	(0.42)	6.33%	3.83
For the year ended 31 March 2018			-0.70%	5.12	0.58%	(0.05)	-0.68%	5.07
<b>Hello Trade Online Pvt Ltd</b>								
Balance as at 31 March 2019	0.01%	0.11						
Balance as at 31 March 2018	0.00%	0.03						
For the year ended 31 March 2019			-0.04%	(0.03)	0.00%	-	-0.04%	(0.03)
For the year ended 31 March 2018			0.00%	(0.02)	0.00%	-	0.00%	(0.02)
<b>Tradezeal International Pvt Ltd</b>								
Balance as at 31 March 2019	-1.28%	(19.63)						
Balance as at 31 March 2018	0.52%	(16.89)						
For the year ended 31 March 2019			-1.05%	(0.72)	0.00%	-	-1.18%	(0.72)
For the year ended 31 March 2018			0.06%	(0.43)	0.00%	-	0.06%	(0.43)
<b>Pay with Indiamart Private Limited</b>								
Balance as at 31 March 2019	0.28%	4.33						
Balance as at 31 March 2018	0.06%	(2.22)						
For the year ended 31 March 2019			-24.33%	(16.52)	0.00%	-	-27.28%	(16.51)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

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	₹ million	As % of consolidated profit and loss	₹ million	As % of consolidated other comprehensive income	₹ million	As % of total comprehensive income	₹ million
For the year ended 31 March 2018			0.44%	(3.19)	0.00%	-	0.43%	(3.19)
<b>Sub-Total</b>								
Balance as at 31 March 2019	100.00%	1,533.75						
Balance as at 31 March 2018	100.00%	(3,269.33)						
For the year ended 31 March 2019			100.00%	67.90	100.00%	(7.36)	100.00%	60.54
For the year ended 31 March 2018			100.00%	(733.26)	100.00%	(9.16)	100.00%	(742.42)
<b>Adjustment arising out of consolidation</b>								
Balance as at 31 March 2019		65.13						
Balance as at 31 March 2018		57.10						
For the year ended 31 March 2019				132.54		0.00		132.54
For the year ended 31 March 2018				1,280.85		0.00		1,280.85
<b>Total</b>								
Balance as at 31 March 2019		1,598.88						
Balance as at 31 March 2018		(3,212.23)						
For the year ended 31 March 2019				200.44		(7.36)		193.08
For the year ended 31 March 2018				547.59		(9.16)		538.43

## 36 SALE OF DISPOSAL GROUP

The Group has transferred its travel marketplace related business, 'Hello Travel' to Hellotravel Online Private Limited ('HOPL'), as a going concern through a slump sale, through a business purchase agreement dated June 21, 2018 ('BPA'), and such business transfer was effective from the transfer date, i.e. 1 July 2018.

The consideration for the transfer of Hello Travel is ₹6.80 million, which has been recognized through Statement of profit and loss and disclosed under "Gain from business transfer arrangement". Management does not believe that the transfer will have a significant impact on its business or results of operations."

**The major classes of assets and liabilities of Hello travels as on the transfer date (i.e 1 July 2018) are as follows:**

Assets	Amount
Property, plant and equipment (including software)	0.29
	<b>0.29</b>
Liabilities	
Trade payables	3.70
Provision for gratuity	1.01
Provision for leave encashment	0.27
Contract liabilities	14.64
	19.62
<b>Net liability payable</b>	<b>(19.33)</b>

## 37 CONTINGENT LIABILITIES AND COMMITMENTS

### a) Contingent liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Dividend on 0.01% Series A CCPS	-	0.46
Dividend on 0.01% Series B & B1 CCPS	-	0.04
Income-tax demand*	73.28	-

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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(Amounts in ₹ million, unless otherwise stated)

The company has received a show cause notice from Service tax department in the course of service tax audit for the period from F.Y 2013-14 till 30th June 2018 showing tax liability of 15.38 millions, the same has been provided for in the books by the company

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject."

## b) Capital and other commitments

- As at 31 March 2019, the Group has estimated amount of contract remaining to be executed on capital account not provided for, net of advance is Nil (31 March 2018: Nil).

## c) Operating lease commitments

Office premises are obtained on operating lease. There are no contingent rents in the lease agreements. The lease term varies from 11 months to 9 years generally and are usually renewable by mutual consent. There are no restrictions imposed by lease agreements. There are no subleases.

Lease payments (for non cancellable lease) for year ended 31 March 2019 are ₹74.71 million (31 March 2018 are ₹77.54 million).

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	As at	As at
	31 March 2019	31 March 2018
Within one year	69.64	52.83
After one year but not more than five years	103.74	54.02
	<b>173.38</b>	<b>106.85</b>

## 38 ACQUISITION OF NON-CONTROLLING INTERESTS

### Acquisition of additional interest in Ten Times Online Private Limited

On 9 May 2018, the Group acquired an additional 3.75% interest in the voting shares of Ten Times Online Private Limited, increasing its ownership interest to 100%. Cash consideration of ₹2.50 million was paid to the non-controlling shareholders. The carrying value of the additional interest acquired at the date of acquisition was ₹0.46 million. Following is a schedule of additional interest acquired in Ten Times Online Private Limited:

	Amount
Cash consideration paid to non-controlling shareholders	2.50
Carrying value of the additional interest in Ten Times Online Private Limited	(0.46)
<b>Difference recognised in capital reserve within equity</b>	<b>2.04</b>

## 39 EVENTS AFTER THE REPORTING PERIOD

There have occurred no events or transactions since balance sheet date or are pending, that would have a material effect or require adjustment to the accounting estimates and disclosures included in the financials statements as at or for the period ended 31 March 2019.

### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/E300004

### per Yogesh Midha

Partner

Membership No.: 94941

Place: New Delhi

Date: May 11, 2019

For and on behalf of the Board of Directors of

### Indiamart Intermesh Limited

### Dinesh Chandra Agarwal

(Managing Director)

DIN:00191800

### Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

### Prateek Chandra

(Chief Financial Officer)

Place: Noida

Date: May 11, 2019

### Manoj Bhargava

(Company Secretary)











**IndiaMART InterMESH Limited.**

CIN No.: U74899DL1999PLC101534

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**NOTICE OF THE 20TH ANNUAL GENERAL MEETING  
INDIAMART INTERMESH LIMITED**

**Regd Office: 1st Floor, 29- Daryaganj, Netaji Subhash Marg, New Delhi- 110002**

**CIN: U74899DL1999PLC101534. Website: www.indiamart.com**

**Ph. No: 011-30272100, Fax No. 011-43509807**

**NOTICE** is hereby given that the 20th Annual General Meeting ("AGM") of the members of **IndiaMART InterMESH Limited** (hereinafter referred as "the Company") will be held on Wednesday, September 25, 2019 at The Executive Club Resort, 439, Kharak Road, Shahoorpur Extension, Sat Bari, New Delhi -110074 at 9:00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

- To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements of the Company for the year ended March 31, 2019 together with the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Dhruv Prakash (DIN: 05124958) who retires by rotation and being eligible, offers himself for re-appointment.

- To appoint and if thought fit to pass, with or without modifications, pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, B S R & Co. LLP, Chartered Accountants, (Firm Registration No: 101248W/W-100022) be and are hereby appointed as the Statutory Auditors of the Company, in place of the outgoing Statutory Auditors i.e. S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No: 101049W), for a term of 5 (Five) consecutive years, i.e. to hold office from the conclusion of the 20th Annual General Meeting till the conclusion of the 25th Annual General Meeting of the Company, at such professional fees and re-imburement of out of pocket expenses, if any, in each financial year, as recommended by the Audit Committee and mutually agreed to between the Board of Directors and the Statutory Auditors of the Company."

**SPECIAL BUSINESS:**

- Approval of payment of professional fees to Mr. Dhruv Prakash, Non-Executive Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Regulation 17(6) and other applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, read with the applicable provisions of the Companies Act, 2013 and the rules made thereunder, the consent of the Members of the Company be and is hereby accorded for payment of fees, for availing professional services, to Mr. Dhruv Prakash (DIN: 05124958), Non-Executive Director of the Company, over and above the remuneration and the sitting fees to which he is entitled as a Director, from the financial year 2019-20 onwards till the time he acts as a Director of the Company.

**RESOLVED FURTHER THAT** the Board (including any Committee thereof), be and is hereby authorised to determine the payment of such fees or any other form of compensation, if any, to Mr. Dhruv Prakash (DIN: 05124958), Non-Executive Director on such terms and conditions, including, but not

limited to the existing Service Agreement dated December 10, 2016, for providing professional services to the Company during his tenure as Director."

- Re-appointment of Mr. Dinesh Chandra Agarwal as Managing Director and Chief Executive Officer of the Company w.e.f. January 08, 2020**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, the approval of the Members be and is hereby accorded for the re-appointment of Mr. Dinesh Chandra Agarwal (DIN: 00191800), as Managing Director and Chief Executive Officer of the Company for a period of 5 (five) consecutive years as per the following terms:

- 1. Term of Appointment:** With effect from January 08, 2020 till January 07, 2025.

- 2. Total Compensation:** Rs. 4,89,03,755/- (Rupees Four Crore Eighty Nine Lakh Three Thousand Seven Hundred and Fifty Five Only), for the financial year 2019-20 which may vary by the change in PLVC as may be decided by the Board. The Total Compensation payable to him is divided into the following heads:

- a) Fixed Compensation:** Rs. 2,83,42,255/- (Rupees Two Crore Eighty Three Lakh Forty Two Thousand Two Hundred and Fifty Five Only) per annum which includes:

(i) Basic Salary: 50% of Fixed Compensation

(ii) Allowances: Costs of allowances includes:

House Rent Allowance: 20% of the Fixed Compensation

Executive Allowance: 20% of the Fixed Compensation

Travelling Allowance: 10% of the Fixed Compensation

- b) Performance Linked Variable Compensation (PLVC):** Rs. 1,95,61,500/- (Rupees One Crore Ninety Five Lakh Sixty One Thousand Five Hundred Only) per annum.

The "PLVC" amount shall be measured and decided by the Board within the parameters and on the basis of his Annual Balance Score Card (BSC) upto 150 per cent of the PLVC mentioned above.

- c) Flexible Compensation:** In addition to the Fixed Compensation and PLVC, he shall be entitled to the following perquisites, benefits, facilities and amenities as per rules of the Company upto Rs. 10,00,000/- (Rupees Ten Lakh Only) per annum, in case it exceeds Rs. 10,00,000/- (Rupees Ten Lakhs Only), such excess will be reduced from the fixed compensation:

**Perquisites/ Benefits/Facilities and Amenities:**

Mr. Dinesh Chandra Agarwal shall continue to be eligible for perquisites (evaluated as per Income-tax rules wherever applicable and otherwise at actual cost to the Company) such as the benefit of the Company's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave travel concession, education benefits, provident fund and gratuity, in accordance with the scheme(s) and rule(s) applicable from time to time and in accordance with Company Policies.

"Fixed Compensation" and "PLVC" and Flexible Compensation will be subject to revision by the Board annually.

The amount forming a part of Fixed and Flexible compensation payable to Mr. Dinesh Chandra Agarwal may be inter changed, in whole or in part, within the overall limits of such compensations as approved above.

- 3. Commission:** In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Sections 197, 198 read with Schedule V of the Companies Act, 2013 (including any subsequent amendment/ modification in the Rules, Act and/or applicable laws in this regard) may also be paid to him.

**RESOLVED FURTHER THAT** consent is also accorded for an annual increment of upto 20% in every financial year over his last drawn remuneration during the period of 5 years of his tenure as stated above.

**FURTHER RESOLVED THAT** the Board (including any Committee thereof), be and is hereby authorized to alter/ vary the amount of Compensation including the type and amount of perquisites, bonus and other benefits payable from time to time, in such manner as may be agreed between the Company and Mr. Dinesh Chandra Agarwal, within the total compensation and overall limits thereof as approved by the Members and to the extent the Board may consider appropriate and to do all such acts, deeds, matters and things including execution of a contract or written memorandum with the Mr. Dinesh Chandra Agarwal, Managing Director & CEO of the Company."

**6. Re-appointment of Mr. Brijesh Kumar Agrawal as Whole-Time Director of the Company w.e.f. January 08, 2020**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, the approval of the Members be and is hereby accorded for the re-appointment of Mr. Brijesh Kumar Agrawal (DIN: 00191760), as Whole-Time Director of the Company for a period of 5 (five) consecutive years as per the following terms

- 1. Term of Appointment:** The term of Appointment of Mr. Brijesh Kumar Agrawal as Whole-Time Director shall be

for a period of 5 years i.e. with effect from January 08, 2020 till January 07, 2025. Though he shall be liable to retire by rotation whilst he continues to hold office of Whole-Time Director; however, his re-appointment on retirement by rotation will not break his length of service as Whole-Time Director.

- 2. Total Compensation:** Rs. 3,57,21,005/- (Rupees Three Crore Fifty Seven Lakh Twenty One Thousand and Five Only), for the financial year 2019-20 which may vary by the change in PLVC as may be decided by the Board. The Total Compensation payable to him is divided into the following heads:

- a) Fixed Compensation:** Rs. 2,04,32,605/- (Rupees Two Crore Four Lakh Thirty Two Thousand Six Hundred and Five Only) per annum which includes:

(i) Basic Salary: 50% of Fixed Compensation

(ii) Allowances: Costs of allowances includes:

House Rent Allowance: 20% of the Fixed Compensation

Executive Allowance: 20% of the Fixed Compensation

Travelling Allowance: 10% of the Fixed Compensation

- b) Performance Linked Variable Compensation (PLVC):** Rs. 1,42,88,400 /- (Rupees One Crore Forty Two Lakh Eighty Eight Thousand Four Hundred Only) per annum.

The "PLVC" amount shall be measured and decided by the Board within the parameters and on the basis of his Annual Balance Score Card (BSC) upto 150 per cent of the PLVC mentioned above.

- c) Flexible Compensation:** In addition to the Fixed Compensation and PLVC, he shall be entitled to the following perquisites, benefits, facilities and amenities as per rules of the Company upto Rs. 10,00,000/- (Rupees Ten Lakh Only) per annum, in case it exceeds Rs. 10,00,000/- (Rupees Ten Lakhs Only), such excess will be reduced from the fixed compensation:

**Perquisites/ Benefits/Facilities and Amenities:**

Mr. Brijesh Kumar Agrawal shall continue to be eligible for perquisites (evaluated as per Income-tax rules wherever applicable and otherwise at actual cost to the Company) such as the benefit of the Company's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave travel concession, education benefits, provident fund and gratuity, in accordance with the scheme(s) and rule(s) applicable from time to time and in accordance with Company Policies.

"Fixed Compensation" and "PLVC" and Flexible Compensation will be subject to revision by the Board annually.

The amount forming a part of Fixed and Flexible compensation payable to Mr. Brijesh Kumar Agrawal may be inter changed, in whole or in part, within the overall limits of such compensations as approved above.

- 3. Commission:** In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Sections 197, 198 read with Schedule V of the Companies Act, 2013 (including any subsequent amendment/modification in the Rules, Act and/or applicable laws in this regard) may also be paid to him.

**RESOLVED FURTHER THAT** consent is also accorded for an annual increment of upto 20% in every financial year over his last drawn remuneration during the period of 5 years of his tenure as stated above.

**FURTHER RESOLVED THAT** the Board (including any Committee thereof), be and is hereby authorized to alter/vary the amount of Compensation including the type and amount of perquisites, bonus and other benefits payable from time to time, in such manner as may be agreed between the Company and Mr. Brijesh Kumar Agrawal, within the total compensation and overall limits thereof as approved by the Members and to the extent the Board may consider appropriate and to do all such acts, deeds, matters and things including execution of a contract or written memorandum with Mr. Brijesh Kumar Agrawal, Whole-Time Director of the Company."

**7. Ratification of the Approval and Implementation of the Indiamart Employee Stock Benefit Scheme – 2018 through Trust Route**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

**"RESOLVED THAT** in furtherance of shareholders' resolutions dated May 07, 2018 and June 11, 2018, in accordance with the provisions contained in Regulation 12 and other relevant provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, other applicable provisions, if any, including any statutory amendment thereto or re-enactment thereof, the enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s) as may be required from appropriate regulatory authorities/institutions, the members of the Company hereby ratify Indiamart Employee Stock Benefit Scheme – 2018 (hereinafter referred to as "the Scheme") to be implemented through Trust Route and authorize the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof, constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer, issue and allot under the Scheme 45,492 (Forty Five Thousand Four Hundred Ninety Two Only) Employee Stock Options, exercisable into equivalent number of Equity Shares of Rs. 10/- each and 14,00,000 (Fourteen Lakh Only) Stock Appreciation Rights (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable for time to time), exercisable into 7,00,000 (Seven Lakh Only) Equity Shares of Rs. 10/- each aggregating to 7,45,492 (Seven Lakh Forty Five Thousand Four Hundred Ninety Two Only) of Equity Shares of Rs. 10/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable for time to time) to or for the benefit of persons who are permanent

employees, whether working in India or outside India and Directors whether a Whole-Time Director or not (other than Promoters of the Company, Independent Directors and other Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), of the company and such other employees as may be permitted under the applicable laws (hereafter collectively referred as "Eligible Employees"), on such terms and conditions as contained in the scheme and summarized in the Explanatory Statement and to provide for grant and subsequent vesting and exercise of options by eligible employees in the manner and method contained in the Scheme and Explanatory Statement and as the Board may decide in accordance with the provisions of the applicable laws and the provisions of the scheme.

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted under the scheme shall rank pari-passu with the existing Equity Shares of the Company for all purposes.

**FURTHER RESOLVED THAT** the Board (including any Committee thereof), be and is hereby authorized to take requisite steps for listing of the Equity Shares allotted under the Scheme, from time to time, on the Stock Exchanges where the Equity Shares of the Company are listed.

**RESOLVED FURTHER THAT** the Company shall confirm to the accounting and other policies prescribed, from time to time, under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any other applicable laws and regulations to the extent relevant and applicable to the Scheme.

**FURTHER RESOLVED THAT** the Board (including any Committee thereof), be and is hereby authorized to appoint Advisors, Consultants or Representatives, for effective implementation and administration of the scheme and to modify, change, vary, alter, amend, suspend or terminate the Scheme not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to the resolution."

**8. Ratification of the Approval for Grant of Employee Stock Options and Stock Appreciation Right to the Employees of Present and Future Subsidiary Company (ies) under Indiamart Employee Stock Benefit Scheme – 2018**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

**"RESOLVED THAT** in furtherance of shareholders' resolutions dated May 07, 2018 and June 11, 2018, in accordance with the provisions contained in Regulation 12 and other relevant provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and other applicable provisions, if any, including any statutory amendment thereto or re-enactment thereof, the enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s) as may be required from appropriate regulatory authorities/institutions, the members of the Company hereby ratify the Grant of Employee Stock Option (ESOP) and Stock Appreciation Right

(SAR) Units to the employees of present and future subsidiary company(ies) of the Company, under Indiamart Employee Stock Benefit Scheme – 2018 (hereinafter referred to as “the Scheme”) and authorize the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee thereof, constituted to exercise its powers, including the powers, conferred by this resolution) to extend the benefits of the Indiamart Employee Stock Benefit Scheme – 2018 (“the scheme”), including the issuance of Employee Stock Options and/or SAR Units and/or shares there under, to or for the benefit of permanent employees whether working in India or outside India and Directors whether a Whole-Time Director or not (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) of the present and future subsidiary company(ies) of the Company, and such other employees as may be permitted under the applicable laws (hereafter collectively referred as “Identified Employees”) and as may be approved by the Board, from time to time, on such terms and conditions, as contained in the Scheme and summarized in the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted under the scheme shall rank pari-passu with the existing Equity Shares of the Company for all purposes.

**FURTHER RESOLVED THAT** the Board (including any Committee thereof), subject to compliance with the applicable laws and regulations, be and is hereby authorized to modify, change, vary, alter, amend, suspend or terminate the Scheme not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Scheme and do all other things incidental to and ancillary thereof.”

#### 9. Variation in the terms of Indiamart Employee Stock Benefit Scheme – 2018

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in accordance with the provisions contained in Section 62(1)(b) of the Companies Act, 2013 (“Act”) and rules framed there under, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,

2014 and other applicable provisions, if any, including any statutory amendment thereto or re-enactment thereof, the enabling provisions of the Memorandum of Association and Articles of Association of the Company and such other rules, regulations and guidelines as may be applicable from time to time including all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable and other prevailing statutory guidelines in that behalf (hereinafter together referred to as “the Extant Guidelines”), and subject to such approval(s), consent(s), permission(s) and/or sanction(s) as may be required from appropriate regulatory authorities/institutions, the consent of the members of be and is hereby accorded for variation in the terms and conditions of the Indiamart Employee Stock Benefit Scheme – 2018 (“Scheme”), with respect to the calculation of the Appreciation of SAR unit, to reduce the risk of uncertainty in the appreciation on SAR units to be received by the Employee, whereby the Appreciation will now be calculated as the difference between the Vesting Date Price and the SAR price instead of earlier provision of calculation of Appreciation as the difference between the Exercise Date Price and the SAR Price.

**RESOLVED FURTHER THAT** the Board (including any Committee thereof), be and is hereby authorized to take such steps as may be necessary and to settle all matters arising out of and incidental thereto and sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the resolution.”

By Order of the Board of  
**For IndiaMART InterMESH Limited**

**Manoj Bhargava**  
**Senior Vice President (Legal & Secretarial)**  
**Company Secretary & Compliance Officer**  
**Membership No.- F 5164**

Date: July 31, 2019

Place: Noida

**CIN: U74899DL1999PLC101534**

**Registered Office:** 1st Floor, 29-  
Daryaganj, Netaji Subhash Marg,

New Delhi- 110002, India

Phone no. 011-30272100

Website: www.indiamart.com



**NOTES:**

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 with respect to the business set out under Item Nos. 3 to 9 of the Notice, is annexed hereto and forms part of the notice.
2. The relevant details, as required under Secretarial Standard-2 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors at the Annual General Meeting ('AGM') are furnished herewith and forms part of the Notice.

**3. A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent (10%) of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.

The instrument appointing proxies, in order to be effective, should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable. A Proxy Form is annexed to this Notice.

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send, to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in and signed, for attending the meeting.
6. A brief resume of each of the Directors proposed to be re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership /chairmanships of Board Committees, shareholding and relationship between directors inter se as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standards-2 on General Meetings, are provided in **Annexure 1**.
7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Registered Office and Corporate Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the conclusion of this AGM and also at the AGM.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the RTA 'Link Intime India Private Limited' (LIPL).

9. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, LIPL for assistance in this regard.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to LIPL, for consolidation into a single folio.
11. To support the 'Green Initiative', the Members are requested to register/update their e-mail id's, contact details and addresses with the RTA LIPL/Depositories for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company electronically.
12. The Notice of the 20th AGM, along with the Annual Report 2018-19, is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
13. Members may also note that the Notice of 20th AGM and the Annual Report 2018-19 will be available on Company's website: [www.indiamart.com](http://www.indiamart.com). The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who have any queries may write to us at [cs@indiamart.com](mailto:cs@indiamart.com).
14. The Auditors Report pursuant to Section 145 of the Companies Act, 2013, Register of Directors & Key Managerial Personnel and their Shareholdings pursuant to Section 170, Register of Contracts or Arrangements in which Directors are interested pursuant to Section 189 and the Register of Proxies, will be available for inspection by the members at the AGM.
15. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM is September 18, 2019. Please note that Members can opt for only one mode of voting i.e., either by voting at the meeting or remote e-voting. If Members opt for remote e-voting, then they should not vote at the Meeting and vice versa. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the date of the Meeting can attend the Meeting and participate in the Meeting but shall not be entitled to cast their vote again.
16. All correspondence including share transfer documents should be addressed to the RTA of the Company viz. Link Intime India Private Limited, Noble Heights, 1st Floor, Plot No NH-2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi - 110058, Tel: 011 - 49411000, e-mail: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in).
17. In case of joint holders attending the Meeting, the joint holder who is highest in the order of names will be entitled to vote at the Meeting.



18. Route Map showing directions to reach the venue of 20th AGM is given at the end of this Notice.

### 19. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015'), Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Link Intime India Private Limited (LIPL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

#### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 21, 2019 at 09.00 A.M and ends on September 24, 2019 at 05.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, September 18, 2019 may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website of Link Intime India Private Limited (LIPL)
  1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
  2. Click on "Login" tab, available under 'Shareholders' section.
  3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
  4. Your User ID details are given below:
    - a) **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
    - b) **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
    - c) Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No+ Folio Number registered with the Company

5. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alphanumeric <b>PAN</b> issued by Income Tax Department applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI (Date of Incorporation) as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number (Last 4 digit) as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none"> <li>• Please enter the DOB/DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (4- c).</li> </ul>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

#### **If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

**Cast your vote electronically:**

- 1) After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
- 2) On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/ Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

- 3) If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- 4) After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- 5) Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- 6) You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

**General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian/ Mutual Fund/ Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian I Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or call us:- Tel : 022-4918600.

20. The Company has appointed Mr. Lalit Chaudhary, Practicing Company Secretary (Membership No. ACS 21095 & C.P. No. 15889) as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

21. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiner, by use of 'Ballot Paper' for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
22. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
23. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company <https://corporate.indiamart.com/> under the head of 'Investor Relations' and on the website of Link Intime India Private Limited after the declaration of result by the Chairman or a person authorized by him in writing. The results shall, simultaneously, be forwarded to National Stock Exchange of India Limited and BSE Limited which shall place the results on their website.

**IndiaMART InterMESH Limited**

**Manoj Bhargava**  
**Senior Vice President (Legal & Secretarial)**  
**Company Secretary & Compliance Officer**  
**Membership No.- F 5164**

Date: July 31, 2019  
 Place: Noida

**CIN: U74899DL1999PLC101534**

**Registered Office:** 1st Floor, 29-  
 Daryaganj, Netaji Subhash Marg,  
 New Delhi- 110002, India  
 Phone no. 011-30272100  
 Website: [www.indiamart.com](http://www.indiamart.com)

**EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 3**

The following disclosure is made further to the requirement of sub-regulation (5) of Regulation 36 of the SEBI (LODR), 2015 read with Section 102 of Companies Act, 2013:

S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No: 101049W), were appointed as the Statutory Auditors of the Company at the 15th Annual General Meeting (AGM) of the Company held on September 05, 2014 for a second term of five years to hold the office till the conclusion of this AGM, having completed their term as prescribed under Section 139 of the Companies Act, 2013.

The Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on July 31, 2019, proposed the appointment of B S R & Co. LLP Chartered Accountants, (Firm Registration No: 101248W/W-100022) (one among the big four audit firms) as the Statutory Audits of the company for a term of 5 consecutive years, to hold the office from the conclusion of this 20th AGM till the conclusion of the 25th AGM.

B S R & Co. LLP Chartered Accountants, (Firm Registration No: 101248W/W-100022) have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The Board of Directors of the Company, based on the fee proposal received and on the recommendation of the Audit Committee, has proposed a professional fee of Rs. 47,00,000/- plus applicable taxes and reimbursement of out of pocket Expenses at the actuals, if any, to B S R & Co., LLP, Chartered Accountants, (Firm Registration No: 101248W/W-100022) for the Financial Year 2019-20, towards carrying out the Statutory Audit of the Company. The Board may revise the fee payable to the Statutory Auditors, as per the recommendation of the Audit Committee, as may be mutually agreed with the Statutory Auditors of the Company.

The Company had paid a professional fee of Rs. 41,10,363/- to the outgoing Statutory Auditors i.e. S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No: 101049W) for the financial year 2018-19. In the opinion of the Audit Committee and the Board of Directors of the Company, the fees payable to S.R. Batliboi & Associates LLP, Chartered Accountants, is based on the fee proposal received at the time of selection of the Statutory Auditors by the Audit Committee.

None of the Directors, Manager, Key Managerial Personnel of the Company and/or any relatives of such Director, Manager, Key Managerial Personnel are in anyway concerned or interested in the resolution set out as Item No. 3 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the notice for approval by the Members.

#### Item No. 4

Mr. Dhruv Prakash (DIN: 05124958) is associated with the Company in the Capacity of Non-Executive Director since 2011. He holds a Master's degree in science (Chemistry) from Meerut University and a Post Graduate Diploma in Business Management from Indian Institute of Management, Ahmedabad. He has experience in the field of management consulting, finance, manufacturing and chemicals. He has previously worked at Korn/Ferry International Private Limited, Helion Ventures Private Limited, Hewitt Associates (India) Private Limited, Amar Dye-Chem Limited, DCM Toyota Limited, Hindustan Reprint Limited and Escorts Limited.

He is presently engaged in independent professional practice for rendering management consultancy, leadership development services including coaching of senior management, etc. for various companies. He had been rendering such services to various companies including Space Matrix Design Consultants, Ashok Leyland Ltd., Reliance Industries, Gulf Oil, Make My Trip, Helion Advisors, Jungle Ventures (Singapore), Blink Design Group (Singapore) etc. He is also rendering similar services to Senior Management Personnel of the Company in his professional capacity.

The Company had entered into a Service Agreement with Mr. Dhruv Prakash on December 01, 2011 for a tenure of 5 years which was further renewed on December 10, 2016 for a tenure of 3 years, for availing professional services including but not limited to a) Executive Coaching; b) Assessment and development of Senior Management; c) Advice on Business Strategy and Management, wherein it was agreed to pay Rs. 1,00,000/- (Rupees One Lakh Only) to him towards each day of coaching and Rs. 12,500/- per hour for any other consultancy services. During the current financial year 2019-20 (till June 30, 2019) the Company has paid Rs. 6,00,000/- (Rupees Six lakh Only) towards the aforesaid services.

Post listing of the Company on the Stock Exchanges on July 04, 2019, the SEBI (Listing Obligations & Disclosure Requirements)

Regulations, 2015 have become applicable to the Company therefore the approval of members is sought pursuant to Regulation 17(6) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for payment of professional fees to Mr. Dhruv Prakash from the Financial Year 2019-20 onwards on such terms and conditions as may be determined by the Board from time to time, including the existing Service Agreement, till the time he acts as a Director of the Company.

None of the Directors, Manager, Key Managerial Personnel of the Company and/or any relatives of such Director, Manager, Key Managerial Personnel, except Mr. Dhruv Prakash and his relatives, are in anyway concerned or interested in the resolution set out as Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.4 of the notice for approval by the Members.

#### Item No. 5

The members of the Company had appointed Mr. Dinesh Chandra Agarwal as the Managing Director of the Company for a period of 5 (five) consecutive years with effect from January 8, 2015 and the present term of his appointment would lapse on January 07, 2020.

The Board of Directors ('the Board'), on July 31, 2019, re-designated Mr. Dinesh Chandra Agarwal as the Chief Executive Officer and Managing Director of the Company.

The Board has, based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, approved the re-appointment of Mr. Dinesh Chandra Agarwal as the Managing Director & Chief Executive Officer post completion of his present term, for a further period of 5 (five) consecutive years.

Mr. Dinesh Chandra Agarwal is not disqualified from being re-appointed as Director in terms of Section 164 of the Companies Act, 2013 (the Act) and has given his consent to act as Managing Director & CEO of the Company. Mr. Dinesh Chandra Agarwal satisfies all the conditions as set out in the Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible for his appointment.

The broad terms and conditions of the proposed re-appointment and remuneration to Mr. Dinesh Chandra Agarwal are mentioned below:

#### A. REMUNERATION (Effective from January 08, 2020 to January 07, 2025)

1. **Total Compensation:** Rs. 4,89,03,755/- (Rupees Four Crore Eighty Nine Lakh Three Thousand Seven Hundred and Fifty Five Only), for the financial year 2019-20 which may vary by the change in PLVC as may be decided by the Board. The Total Compensation payable to him is divided into the following heads:

- a) **Fixed Compensation:** Rs. 2,83,42,255/- (Rupees Two Crore Eighty Three Lakh Forty Two Thousand Two Hundred and Fifty Five Only) per annum which includes:

- i. Basic Salary: 50% of Fixed Compensation
- ii. Allowances: Costs of allowances includes:
  - House Rent Allowance: 20% of the Fixed Compensation
  - Executive Allowance: 20% of the Fixed Compensation
  - Travelling Allowance: 10% of the Fixed Compensation

- b) Performance Linked Variable Compensation (PLVC):** Rs. 1,95,61,500/- (Rupees One Crore Ninety Five Lakh Sixty One Thousand Five Hundred Only) per annum.

The "PLVC" amount shall be measured and decided by the Board within the parameters and on the basis of his Annual Balance Score Card (BSC) upto 150 per cent of the PLVC mentioned above.

- c) Flexible Compensation:** In addition to the Fixed Compensation and PLVC, he shall be entitled to the following perquisites, benefits, facilities and amenities as per rules of the Company upto Rs. 10,00,000/- (Rupees Ten Lakh Only) per annum, in case it exceeds Rs. 10,00,000/- (Rupees Ten Lakhs Only), such excess will be reduced from the fixed compensation:

**Perquisites/ Benefits/Facilities and Amenities:**

Mr. Dinesh Chandra Agarwal shall continue to be eligible for perquisites (evaluated as per Income-tax rules wherever applicable and otherwise at actual cost to the Company) such as the benefit of the Company's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave travel concession, education benefits, provident fund and gratuity, in accordance with the scheme(s) and rule(s) applicable from time to time and in accordance with Company Policies.

"Fixed Compensation" and "PLVC" and Flexible Compensation will be subject to revision by the Board annually.

The amount forming a part of Fixed and Flexible compensation payable to Mr. Dinesh Chandra Agarwal may be inter changed, in whole or in part, within the overall limits of such compensations as approved above.

- 2. Commission:** In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Sections 197, 198 read with Schedule V of the Companies Act, 2013 (including any subsequent amendment / modification in the Rules, Act and/or applicable laws in this regard) may also be paid to him.
- 3. Annual Increments:** Annual Increment shall not exceed 20% of his last drawn remuneration during the period of 5 years of his tenure as stated above.

**B. MINIMUM REMUNERATION:**

At present the Company achieves adequate profits in terms of Section 198 of Companies Act, 2013 (the Act), i.e. The total managerial remuneration payable by a public company, to its directors, including managing director, whole time director and its manager in respect of any financial year shall not exceed eleven percent of the net profit of that Company for that financial year computed in the manner laid down in Section 198 of the Act except that the remuneration of the Directors shall not be deducted from the gross profits.

Provided that the Company in general meeting may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V of the Act.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of Mr. Dinesh Chandra Agarwal, the Company has no profits, or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites and other allowances as specified above, subject to further approvals if required under Schedule V of the Act, or any medication(s) thereto.

The brief profile, nature of his experience and expertise, is given in Annexure-I to this notice, as per Secretarial Standard on General Meeting (SS-2) and SEBI LODR Regulations are forming part of Explanatory Statement.

In accordance with the provisions of Section 196, 197 and other applicable provisions of the Act, read with Schedule V of the said Act, the proposed re-appointment and the terms of remuneration to Mr. Dinesh Chandra Agarwal requires approval of members by way of Special Resolution.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

None of the Directors, Manager, Key Managerial Personnel of the Company and/or any relatives of such Director, Manager, Key Managerial Personnel, except Mr. Dinesh Chandra Agarwal and his relatives including Mr. Brijesh Kumar Agrawal, are in anyway concerned or interested in the resolution set out as Item No. 5 of the Notice.

The Board recommends the Special Resolution set out at Item No. 5 of the notice for approval by the Members.

**Item No. 6**

The members of the Company had appointed Mr. Brijesh Kumar Agrawal as the Whole Time Director of the Company for a period of 5 (five) consecutive years with effect from January 8, 2015 and the present term of his appointment would lapse on January 07, 2020.

The Board has, based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, approved the re-appointment of Mr. Brijesh Kumar Agrawal as the Whole Time Director of the Company, post completion of his present term, for a further period of 5 (five) consecutive years i.e. with effect from January 08, 2020 till January 07, 2025. Though he shall be liable to retire by rotation whilst he continues to hold office of Whole-Time Director; however, his re-appointment on retirement by rotation will not break his length of service as Whole-Time Director.

Mr. Brijesh Kumar Agrawal is not disqualified from being reappointed as Director in terms of Section 164 of the Companies Act, 2013 (the Act) and has given his consent to act as Whole-Time Director of the Company. Mr. Brijesh Kumar Agrawal satisfies all the conditions as set out in the Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible for his appointment.

The broad terms and conditions of the proposed re-appointment and remuneration to Mr. Brijesh Kumar Agrawal are mentioned below:

**A. REMUNERATION (Effective from January 08, 2020 to January 07, 2025)**

- 1. Total Compensation:** Rs. 3,57,21,005/- (Rupees Three Crore Fifty Seven Lakh Twenty One Thousand and Five



Only), for the financial year 2019-20 which may vary by the change in PLVC as may be decided by the Board. The Total Compensation payable to him is divided into the following heads:

**a) Fixed Compensation:** Rs. 2,04,32,605/- (Rupees Two Crore Four Lakh Thirty Two Thousand Six Hundred and Five Only) per annum which includes:

- ii. Basic Salary: 50% of Fixed Compensation
- ii. Allowances: Costs of allowances includes:
  - House Rent Allowance: 20% of the Fixed Compensation
  - Executive Allowance: 20% of the Fixed Compensation
  - Travelling Allowance: 10% of the Fixed Compensation

**b) Performance Linked Variable Compensation (PLVC):** Rs. 1,42,88,400 /- (Rupees One Crore Forty Two Lakh Eighty Eight Thousand Four Hundred Only) per annum.

The "PLVC" amount shall be measured and decided by the Board within the parameters and on the basis of his Annual Balance Score Card (BSC) upto 150 per cent of the PLVC mentioned above.

**c) Flexible Compensation:** In addition to the Fixed Compensation and PLVC, he shall be entitled to the following perquisites, benefits, facilities and amenities as per rules of the Company upto Rs. 10,00,000/- (Rupees Ten Lakh Only) per annum, in case it exceeds Rs. 10,00,000/- (Rupees Ten Lakhs Only), such excess will be reduced from the fixed compensation:

**Perquisites/ Benefits/Facilities and Amenities:**

Mr. Brijesh Kumar Agrawal shall continue to be eligible for perquisites (evaluated as per Income-tax rules wherever applicable and otherwise at actual cost to the Company) such as the benefit of the Company's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave travel concession, education benefits, provident fund and gratuity, in accordance with the scheme(s) and rule(s) applicable from time to time and in accordance with Company Policies.

"Fixed Compensation" and "PLVC" and Flexible Compensation will be subject to revision by the Board annually.

The amount forming a part of Fixed and Flexible compensation payable to Mr. Dinesh Chandra Agarwal may be inter changed, in whole or in part, within the overall limits of such compensations as approved above.

**2. Commission:** In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the

Company, subject to the overall ceiling stipulated in Sections 197, 198 read with Schedule V of the Companies Act, 2013 (including any subsequent amendment / modification in the Rules, Act and/or applicable laws in this regard) may also be paid to him.

**3. Annual Increments:** Annual Increment shall not exceed 20% of his last drawn remuneration during the period of 5 years of his tenure as stated above.

**B. MINIMUM REMUNERATION:**

At present the Company achieves adequate profits in terms of Section 198 of Companies Act, 2013 (the Act), i.e. The total managerial remuneration payable by a public company, to its directors, including managing director, whole time director and its manager in respect of any financial year shall not exceed eleven percent of the net profit of that Company for that financial year computed in the manner laid down in Section 198 of the Act except that the remuneration of the Directors shall not be deducted from the gross profits.

Provided that the Company in general meeting may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V of the Act.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of Mr. Brijesh Kumar Agrawal, the Company has no profits, or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites and other allowances as specified above, subject to further approvals if required under Schedule V of the Act, or any medication(s) thereto.

The brief profile, nature of his experience and expertise, is given in Annexure-1 to this notice, as per Secretarial Standard on General Meeting (SS-2) and SEBI LODR Regulations are forming part of Explanatory Statement.

In accordance with the provisions of Section 196, 197 and other applicable provisions of the Act, read with Schedule V of the said Act, the proposed re-appointment and the terms of remuneration to Mr. Brijesh Kumar Agrawal requires approval of members by way of Special Resolution.

None of the Directors, Manager, Key Managerial Personnel of the Company and/or any relatives of such Director, Manager, Key Managerial Personnel, except Mr. Brijesh Kumar Agrawal and his relatives including Mr. Dinesh Chandra Agarwal, are in anyway concerned or interested in the resolution set out as Item No. 6 of the Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the notice for approval by the Members.

**Item No. 7, 8 & 9**

Pursuant to the Shareholders' resolution dated May 07, 2018, and June 11, 2019 the Company had established the Indiamart Employee Stock Benefit Scheme – 2018 (hereinafter referred to as "**the Scheme**") to grant Employee Stock Options ("Options") and Stock Appreciation Rights ("SAR's") to the permanent employees of the company and to the employees of its present and future subsidiaries identified as eligible employees.

The aggregate number of Employee Stock Options ("**Options**") and Stock Appreciation Rights ("**SAR's**") that can be granted

under the Scheme is 45,492 (Forty Five Thousand Four Hundred Ninety Two Only) and 14,00,000 (Fourteen Lakh Only) , exercisable into 45,492 (Forty Five Thousand Four Hundred Ninety Two Only) Equity Shares of Rs. 10/- each and 7,00,000 (Seven Lakh Only) Equity Shares of Rs. 10/- each, respectively.

Details of grants, exercise and lapsing of Options and SAR's as at July 31, 2019 on a cumulative basis are as follows:

Particulars	Options	SAR's
Number of Units Granted	Nil	8,00,740
Units lapsed/expired	Nil	41,540
Units Exercised	Nil	Nil
Units Outstanding	Nil	7,59,200

**Reason for Ratification under Item 7 & 8:**

In terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI (SBEB) Regulations"), **no company shall make any fresh grant** which involves allotment or transfer of shares to its employees under any schemes formulated prior to its Initial Public Offering ("IPO") and prior to the listing of its Equity Shares ("Pre-IPO Scheme") unless:

- (i) **such Pre-IPO Scheme is in conformity with the SEBI (ESBS) Regulations; and**
- (ii) **such Pre-IPO Scheme is ratified by its Shareholders subsequent to the IPO. Further, as per proviso to Regulation 12(1) of the SEBI (ESBS) Regulations, the ratification under clause (ii) may be done any time prior to grant of new options under such Pre-IPO Scheme.**

Since the Scheme is in confirmation with the SEBI (ESBS) Regulations, ratification in terms of Regulation 12(1) of the said regulations is sought from the shareholders before issuance of a any further grants.

The salient features of the ESOP Scheme of the Company are given in the table herein below:

**1. Brief description of the Scheme:**

The Scheme shall be called as Indiamart Employee Stock Benefit Scheme – 2018 and shall extend its benefits to such persons who are in the permanent employment of the Company whether working in India or outside India; Directors of the Company, whether a Whole-time Director or not but not an Independent Director; whether working in India or outside India; and such other employees and persons as may be permitted under the applicable laws and as may be approved by the Board, from time to time, ("**Eligible Employees**").

The Company proposes to implement the scheme through Trust Route for extending benefits to the Grantees wherein the Trust will distribute:

In case of Options- Equity Shares of the Company upon valid exercise of Options, and in case of SAR- the appreciation in the form of Equity Shares.

**2. The total number of options and SARs, as the case may be, to be granted;**

The maximum number of Options and SAR Units that are available in pool and may be granted under this Scheme is 45,492 (Forty Five Thousand Four Hundred and Ninety Two

Only) and 14,00,000 (Fourteen Lakh Only) respectively. The Committee reserves the right to increase or reduce such number of Options / SAR units as it deems fit, in accordance with the Applicable Laws.

The maximum number of Equity Shares that may be issued and allotted pursuant to the exercise of options shall not be more than 45,492 (Forty Five Thousand Four Hundred and Ninety Two Only) Equity Shares of Face Value of Rs. 10/- each and pursuant to the exercise of SAR to the Grantees under this scheme shall not be more than 7,00,000 (Seven Lakh Only) Equity Shares of Face Value of Rs. 10/- each.

**3. Identification of classes of employees entitled to participate and be beneficiaries in the scheme(s);**

- a permanent Employee of the Company who has been working in India or outside India; or
- a director of the Company, whether a whole time director or not but excluding an independent director; or
- any other Employees and persons as may be permitted under the applicable laws and as may be approved by the Board from time to time; or
- an Employee as defined in (i) to (ii) of a present or future Subsidiary, in India or outside India.  
but does not include: -
- an Employee who is a promoter or a person belonging to the promoter group;
- a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding Equity Shares of the company;

**4. Requirements of vesting and period of vesting;**

The vesting period shall never be less than 1 year from the date of grant. Under this scheme, Vesting period of options / SAR Units granted would be fixed at time of grant in such a way that options / SAR Units would vest in annual instalments over a period not exceeding 4 (four) years from the date of grant.

**5. Maximum period within which the options / SARs shall be vested;**

The options / SARs granted under the Scheme shall have a vesting period as may be decided by the Nomination and Remuneration Committee ("Committee") subject to a maximum period of 4 (four) years from the date of grant.

**6. Exercise price, SAR price, or pricing formula;**

**In case of Options:** The Option Exercise price will be based on the Market Price on the stock exchange of the Shares one day before the date of the meeting of the Committee wherein the grants of options will be approved.

If the Company are listed on more than one Stock Exchange, the price of the Stock Exchange where there is highest trading volume shall be considered as the market price.

The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the Exercise price shall not go below the par value of Equity Share of the Company which is Rs. 10/- per share.



<p><b>AS PER ORIGINAL CLAUSES IN SCHEME</b></p>	<p><b>In case of SAR's:</b> Upon duly Exercise of SAR units, the Committee shall calculate the appreciation occurred on such units. The Appreciation value will be based on the difference between the <b>Exercise Date Price and SAR Price</b>.</p> <p>The Appreciation in Equity shall be paid by allotting of Equity Shares of the Company. <b>The number of Equity Shares will be determined by dividing the Appreciation in Equity Shares by the Exercise Date Price.</b></p> <p><b>SAR Price</b></p> <p><u>If shares of the Company are unlisted:</u> The SAR Price shall be calculated on the basis of value determined by an Independent Valuer calculated on the basis of last Audited Results / Provisional Results of the Company as on date of grant of SAR Units.</p> <p><u>If shares of the Company are listed:</u> The SAR Price shall be calculated on the basis of latest available closing price of the of the shares of the Company on recognized Stock Exchange on which the shares of the company are listed on the date immediately prior to the grant date.</p> <p>The Exercise Date Price shall be calculated based on latest available closing price of the of the shares of the Company on recognised Stock Exchange on which the shares of the company are listed on the date immediately prior to the exercise date</p>
<p><b>AS PER AMENDED CLAUSES IN SCHEME</b></p>	<p><b>In case of SAR's:</b> Upon duly Exercise of SAR units, the Committee shall calculate the appreciation occurred on such units. The Appreciation value will be based on the difference between the <b>Vesting Date Price and SAR Price</b>.</p> <p>The Appreciation in Equity shall be paid by allotting of Equity Shares of the Company. <b>The number of Equity Shares will be determined by dividing the Appreciation in Equity Shares by the Exercise Date Price.</b></p> <p><b>SAR Price</b></p> <p><u>If shares of the Company are unlisted:</u> The SAR Price shall be calculated on the basis of value determined by an Independent Valuer calculated on the basis of last Audited Results / Provisional Results of the Company as on date of grant of SAR Units.</p> <p><u>If shares of the Company are listed:</u> The SAR Price shall be calculated on the basis of latest available closing price of the of the shares of the Company on recognized Stock Exchange on which the shares of the company are listed on the date immediately prior to the grant date.</p> <p>The Vesting Date Price shall be calculated based on latest available closing price of the of the shares of the Company on recognized Stock Exchange on which the shares of the company are listed on the date immediately prior to the Vesting Date.</p> <p>The Exercise Date Price shall be calculated based on latest available closing price of the of the shares of the Company on recognized Stock Exchange on which the shares of the company are listed on the date immediately prior to the exercise date.</p>

**7. Exercise period and process of exercise;**

The vested Options / SAR units may be exercised by Grantees during the exercise windows/period as may be decided by the Committee and intimated to the Grantee. Maximum time

period of Exercise will be 10 years from the date of grant unless otherwise extended by the Committee.

The vested employee stock Options / SAR units shall be exercisable either wholly or in part, according to the terms and conditions as determined and mentioned under the vesting letter. However, no fraction of a vested Option / SAR Unit shall be exercisable.

The Grantee shall make and application along with aggregate exercise price to the Indiamart Employees Stock Benefit Trust for the purpose of exercising the Options and/or SAR Units.

**8. The appraisal process for determining the eligibility of employees for the scheme(s);**

The Committee shall on the basis of the following criteria, including but not limited to, decide on the Grantees who are eligible for the grant / vesting of Options / SAR units under the Scheme and the terms and conditions thereof.

- i. Loyalty: It will be determined on the basis of tenure of employment of a Grantee in the Company or its Holding company or Subsidiary Companies.
- ii. Performance: Grantee's performance during the immediately preceding financial year on the basis of the parameters decided by the management.
- iii. Designation: Grantee's designation in the Company or Holding Company or Subsidiary Companies as per the HR Policy of the Company.
- iv. The present and/or potential contribution of the Grantee to the success of the Company and its Holding or Subsidiary Companies.
- v. High market value/difficulty in replacing the Grantee,
- vi. High risk of losing the Grantee to competition.

**9. Maximum number of options, SARs, as the case may be, to be issued per employee and in aggregate;**

The maximum number of Options and/SAR units that can be granted to any eligible employee during any one-year shall not be equal or exceeding 1% of the issued capital of the Company at the time of grant of options unless otherwise approved by the shareholders, subject to availability of such number of employee stock options or SAR units for grant.

The aggregate number of Options and SAR units available in the existing pool and can be issued under the scheme shall not exceed 45,492 (Forty Five Thousand Four Hundred and Ninety Two Only) and 14,00,000 (Fourteen Lakh Only) respectively.

**10. Maximum quantum of benefits to be provided per employee under a scheme(s);**

**In case of Option:** The maximum quantum of benefit that will be provided to every Eligible Employee under the Scheme will be the difference between the Market value of Company's Share on the Stock Exchange as on the date of exercise of options and the Exercise Price paid by the employee to the Company.

**In case of SAR:** The maximum quantum of benefit that will be provided to every Eligible Employee under the Scheme will be the difference between the Vesting Date Price of Company's Share on the Stock Exchange and the Exercise Price paid by the employee to the Company.

**11. Whether the scheme(s) is to be implemented and administered directly by the company or through a trust;**

The scheme will be implemented by Trust Route wherein

an irrevocable Trust will be formed for the said purpose of implementation of scheme. Further the scheme will be administered by Nomination and Remuneration Committee ("NRC") wherein the NRC shall delegate its power to the **Indiamart Employees Stock Benefit Trust** to the extent as applicable in the scheme.

**12. Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both;**

The Scheme will be implemented via Trust Route wherein the Company will make **new issue of Equity Shares to the Indiamart Employees Stock Benefit Trust** which will be subsequently transferred to the employees on valid exercise of Employee Stock Options and/or Stock Appreciation Right Units.

**13. The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.;**

- **Amount of loan:** Shall not exceed 5% of the paid up equity capital and free reserves as provided in Companies Act, 2013.
- **Tenure:** Till the objects of the Trust are accomplished or the repayment of loan is made, whichever is earlier.
- **Utilization:** For the objects of the Trust as mentioned in the Trust Deed including the implementation of the Indiamart Employee Stock Benefit Scheme – 2018 wherein it will purchase the Equity Shares of the company through fresh subscription from the company.
- **Repayment Terms:** The Trust shall repay the loan to the company by utilising the proceeds realised from exercise of Employee Stock Options and/or Stock Appreciation Right Units by the Employees.

**14. The Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the Scheme: Not Applicable.**

**15. Disclosure and accounting policies:**

The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 or as may be prescribed by regulatory authorities from time to time.

Also, the Company confirms to comply with the disclosures and the accounting policies as prescribed under the Ind-AS issued by ICAI and other requirements as may be prescribed by regulatory authorities from time to time.

**16. The method which the Company shall use to value its Options**

Fair Value Method

**17. Statement with regard to Disclosure in Director's Report**

As the company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' Report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' Report.'

**Reason for Variation under Item 9:**

Under the Stock Appreciation Right the grantees upon vesting are eligible to receive Appreciation in the shares of the company by allotment of shares equivalent to the Appreciation. The Appreciation herein is the difference between Exercise Date Price and the SAR Price. Since the vesting period is 4 years and the exercise period subsequent to vesting is 10 years the determination of the value to be received by employees upon exercise remains unascertained for an extended period of time. Such a lengthy period increases the risk of the return to be received based on equity shares due to various market factors and the unascertained benefit makes the rights less attractive to the employees.

Thus, to extend the benefit that they have discovered based on the price of equity shares of the company in a more favourable & less risky manner, to reduce the uncertainty of return due to market factors and to increase the attractiveness of the rights it is proposed to calculate the Appreciation in favour of the employees (grantees) on the Vesting Date instead of Exercise Date. Accordingly, the changes are proposed to be made in the Indiamart Employee Stock Benefit Scheme – 2018.

As per SEBI (SBEB) Regulations, the necessary amendments and variations to the Scheme need to be approved by the shareholders of the Company by way of a special resolution and accordingly the same is being placed before the shareholders for their approval. The amended Scheme shall be applicable from the date of passing of this resolution. The Board of Directors vide resolution passed on July 31, 2019 have approved the amendments proposed in the Scheme.

**DETAILS OF VARIATIONS IN THE SCHEME**

The details of the variations in the Scheme are as under:

Article No.	New Provision	Existing Provision
	<b>Definitions</b>	
4.2	"Appreciation" means the difference between the <b>Vesting Date Price and SAR Price</b> , to be payable in terms of Cash and Equity Shares of the Company in specified percentage as defined in Article 15 of the scheme.	"Appreciation" means the difference between the <b>Existing Date Price and SAR Price</b> , to be payable in terms of Cash and Equity Shares of the Company in specified percentage as defined in Article 15 of the scheme.
4.11	"Exercise Date Price" means the price which is calculated in terms of Article 16 of the scheme.	"Exercise Date Price" means the price which is calculated by the Committee at the time of exercise of SAR units by the Grantees. The Exercise Date Price shall be calculated in terms of Article 15 of the scheme.
4.33	"Vesting Date Price" means the price which is calculated in terms of Article 15 of the scheme.	<b>No such provision in original scheme</b>

	<b>Exercise</b>	
<b>13.4</b>	<b>In case of SAR units:</b> Receive such number of Equity Shares the value of which is equivalent to the amount of Appreciation which shall be calculated on the difference between <b>SAR Price and Vesting Date Price</b> . The SAR Price and Vesting Date Price shall be calculated in accordance with Article 10 and Article 15 of the scheme respectively.	<b>In case of SAR units:</b> Receive such number of Equity Shares the value of which is equivalent to the amount of Appreciation which shall be calculated on the difference between <b>SAR Price and Exercise Date Price</b> . The SAR Price and Exercise Date Price shall be calculated in accordance with Article 10 and Article 15 of the scheme respectively.
<b>15.1</b>	Upon duly Exercise of SAR units, the Committee shall calculate the Appreciation occurred on such units. The Appreciation value will be based on the <b>difference between the Vesting Date Price and SAR Price</b> .	Upon duly Exercise of SAR units, the Committee shall calculate the Appreciation occurred on such units. The Appreciation value will be based on the <b>difference between the Exercise Date Price and SAR Price</b> .
<b>15.3</b>	The Vesting Date Price shall be calculated as follow:  The Vesting Date Price shall be calculated on the basis of latest available closing price of the of the shares of the Company on recognised Stock Exchange on which the shares of the company are listed on the date immediately prior to the Vesting Date.  If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered for the purpose of calculation of SAR Price.	The Exercise date Price shall be calculated as follow:  • <b>If shares of the Company are unlisted:</b> The Exercise Date Price shall be calculated on the basis of value determined by an Independent Valuer calculated on the basis of last Audited Results / Provisional Results of the Company as on date of exercise of SAR Units.  • <b>If shares of the Company are listed:</b> The Exercise Date Price shall be calculated on the basis of latest available closing price of the of the shares of the Company on recognised Stock Exchange on which the shares of the company are listed on the date immediately prior to the exercise date.  If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered for the purpose of calculation of SAR Price.

<b>16.2</b>	<b><u>Payment of Appreciation in Equity:</u></b>  The Appreciation in Equity shall be paid by the Trust to the Grantee in terms of Equity Shares of the Company. The number of Equity Shares will be determined by dividing the Appreciation in Equity Shares by the Exercise Date Price.  The Exercise Date Price shall be calculated on the basis of latest available closing price of the of the shares of the Company on recognised Stock Exchange on which the shares of the company are listed on the date immediately prior to the exercise date.	<b><u>Payment of Appreciation in Equity:</u></b>  The Appreciation in Equity shall be paid by the Trust to the Grantee in terms of Equity Shares of the Company. The number of Equity Shares will be determined by dividing the Appreciation in Equity Shares by the Exercise Date Price.
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In conformity with the provisions of Section 102 of the Companies Act, 2013, the Explanatory Statement sets out all material facts relating to the business under Item No. 7, 8 and 9 mentioned in the accompanying Notice.

In terms of Section 62 of the Companies Act, 2013 and Regulation 6(1) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the approval of the Shareholders is sought by way of Special Resolution for the approval of the "Indiamart Employee Stock Benefit Scheme – 2018" and issuance of shares under this Scheme.

None of the Directors, Manager, Key Managerial Personnel of the Company and/or any relatives of such Director, Manager, Key Managerial Personnel are in anyway concerned or interested in the resolution set out as Item No. 7, 8 and 9 of the Notice.

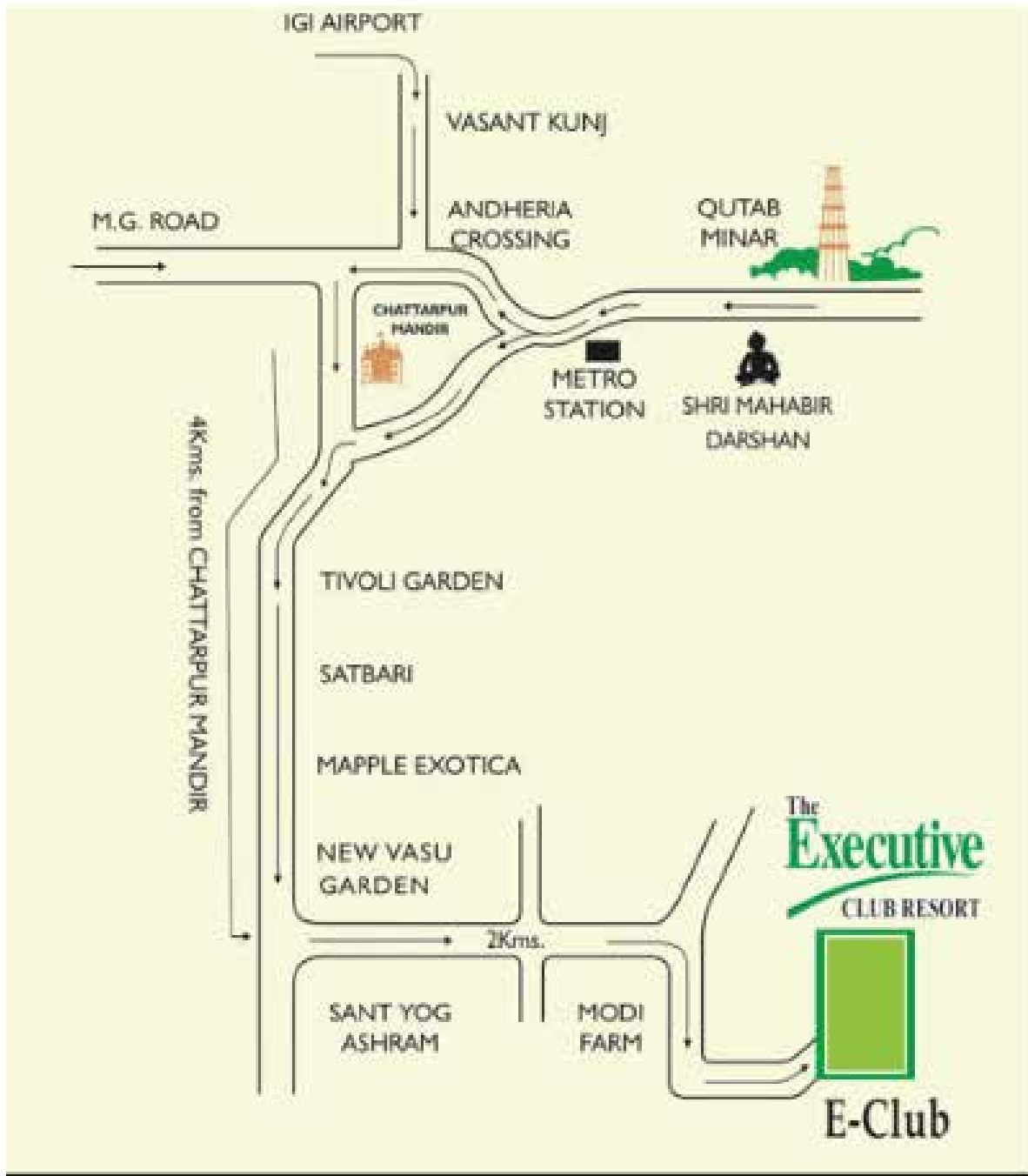
The Board recommends the Special Resolution set out at Item No. 7, 8 and 9 of the notice for approval by the Members.

## ANNEXURE-1

## DETAILS OF THE DIRECTORS SEEKING RE- APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name of the Director	Mr. Dhurv Prakash	Mr. Dinesh Chandra Agarwal	Mr. Brijesh Kumar Agrawal
<b>Date of Birth &amp; Age</b>	November 13, 1951 67 Years	February 19, 1969 50 years	September 16, 1976 42 Years
<b>Qualification</b>	He holds a bachelor's degree in science from Meerut University, a master's degree in Science (Chemistry) from Meerut University and a Post-graduate Diploma in business administration from the Indian Institute of Management Ahmedabad.	He holds a bachelor's degree in Technology (Computer Science and Engineering) from Harcourt Butler Technological Institute, Kanpur University.	He holds a master's degree in management Science from University of Lucknow and a Post-graduate Diploma in business management from Northern Institute for Integrated Learning in Management, New Delhi.
<b>Terms and Conditions of appointment/re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person</b>	Non-Executive Director, liable to retire by rotation.  Sitting Fee to be paid, as director, for attending the Meetings of Board and Committees Meetings.	Managing Director and Chief Executive Officer, not liable to retire by rotation.  The details of remuneration sought to be paid is given in the explanatory statement annexed to this Notice.  Rs. 41.00 Million in the Financial Year 2018-19.	Whole-Time Director, liable to retire by rotation.  The details of remuneration sought to be paid is given in the explanatory statement annexed to this Notice.  Rs. 29.80 Million in the Financial Year 2018-19.
<b>Experience &amp; Expertise</b>	41 years of Industry experience, currently he is engaged in his independent professional practice for rendering management consultancy and leadership development services.	28 years of experience in the field of Industry, Business and Corporate Management.	24 years of experience in the field of Industry, Business and Corporate Management.
<b>Date of first appointment on the Board</b>	May 11, 2012	September 13, 1999	September 13, 1999
<b>Shareholding in the Company</b>	40,056 Equity Shares as on July 31, 2019	86,30,747 Equity Shares as on July 31, 2019	58,48,544 Equity Shares as on July 31, 2019
<b>Relationship with other Directors, Manager and other Key Managerial Personnel of the company</b>	No Relation	Mr. Dinesh Chandra Agarwal and Mr. Brijesh Kumar Agrawal are cousin brothers.	Mr. Dinesh Chandra Agarwal and Mr. Brijesh Kumar Agrawal are cousin brothers.
<b>Number of Board Meetings attended during the year</b>	9(Nine)	9(Nine)	8(Eight)
<b>Other Directorships, Membership/ Chairmanship of Committees of other Boards</b>	Currently Mr. Dhurv Prakash hold Director in the following Companies <ul style="list-style-type: none"> <li>• Bharat Hotels Limited</li> <li>• SBI Mutual Fund Trustee Company Private Limited</li> <li>• Chairman of Nomination &amp; Remuneration Committee at Bharat Hotels Limited</li> <li>• Member of Audit Committee at Bharat Hotels Limited</li> </ul>	Currently Mr. Dinesh Chandra Agarwal is not on Board of any other Company.	Currently Mr. Brijesh Kumar Agrawal is Director in the following Companies <ul style="list-style-type: none"> <li>• Tolexo Online Private Limited</li> <li>• Member in the Allotment Committee of Tolexo Online Private Limited</li> </ul>

ROUTE MAP TO THE AGM VENUE



# INDIAMART INTERMESH LIMITED

Regd. Office: 1st Floor, 29- Daryaganj, Netaji Subhash Marg, New Delhi- 110002

CIN: U74899DL1999PLC101534. Website: www.indiamart.com

Ph. No: 011-30272100, Fax No. 011-43509807

Form No. MGT – 11

## PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s)	
Registered Address	
Email Id.	
Folio No. / DP ID – Client ID	

I/We, being the member (s) of the above named company holding \_\_\_\_\_ shares of Rs. \_\_\_ each, hereby appoint

1) Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him/her

2) Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held at "The Executive Club Resort", 439, Kharak Road, Shahoorpur Extension, Sat Bari, New Delhi-110074 on Wednesday, September 25, 2019 at 9:00 AM or at any adjournment thereof in respect of such resolutions as are indicated below:

ITEM NO.	RESOLUTIONS ORDINARY BUSINESS	FOR	AGAINST
1.	Receive, Consider and adopt the Audited (Standalone and Consolidated) Financial Statements for the Financial Year ended March 31, 2019 alongwith reports thereon.		
2.	Appointment of a Director in place of Mr. Dhruv Prakash, who retires by rotation and being eligible offers himself for re-appointment.		
3.	Appointment of Statutory Auditors of the Company and to fix their remuneration.		
4.	Approval of payment of professional fees to Mr. Dhruv Prakash, Non-Executive Director of the Company.		
5.	Re-Appointment of Mr. Dinesh Chandra Agarwal as Managing Director and CEO of the Company.		
6.	Re-Appointment of Mr. Brijesh Kumar Agrawal as Whole-Time Director of the Company.		
7.	Ratification of the Approval and Implementation of the Indiamart Employee Stock Benefit Scheme – 2018 through Trust Route.		
8.	Ratification of the Approval for Grant of Employee Stock Options and Stock Appreciation Right to the Employees of Present and Future Subsidiary Company (ies) under Indiamart Employee Stock Benefit Scheme – 2018.		
9.	Variation in the terms of Indiamart Employee Stock Benefit Scheme – 2018.		

Signed this..... day of..... 2019

Affix  
Revenue  
Stamp

Signature of the Member

Signature of the Proxy Holder

### NOTES:

- 1) Please put a 'X' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 2) Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent (10%), of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.
- 3) This form of Proxy in order to be effective should be duly completed, stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.



## INDIAMART INTERMESH LIMITED

Regd. Office: 1st Floor, 29- Daryaganj, Netaji Subhash Marg, New Delhi- 110002

CIN: U74899DL1999PLC101534. Website: [www.indiamart.com](http://www.indiamart.com)

Ph. No: 011-30272100, Fax No. 011-43509807

### E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

You are aware that the provisions of Companies Act, 2013 have been made effective from April 1, 2014. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued thereunder, Companies can serve Annual Reports, Notices and other communications through electronic mode to those shareholders who have registered their email address either with the Company/ RTA or with the Depository.

It is a welcome move that would be benefit the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This provides a golden opportunity to every shareholder of IndiaMART InterMESH Limited to contribute to the cause of 'Green Initiative' by giving their consent to receive various communications from the Company through electronic mode.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the appended registration form from the website of the Company [www.indiamart.com](http://www.indiamart.com)

[Please note that as a Member of the Company, you will be entitled to receive all such communication in physical form, upon request.]

Best Regards,

Sd/-

**Manoj Bhargava**

**Senior Vice President (Legal & Secretarial)**

**Company Secretary & Compliance Officer**

### E-COMMUNICATION REGISTRATION FORM

Folio No. / DP ID & Client ID: \_\_\_\_\_

Name of the Registered Holder \_\_\_\_\_

Name of the Joint Holder[s]:(1) \_\_\_\_\_ (2) \_\_\_\_\_

Registered Address \_\_\_\_\_

E-mail ID (to be registered): \_\_\_\_\_ Mob./Tel. No; \_\_\_\_\_

I/We shareholder(s) of Indiamart Intermesh Limited hereby agree to receive communications from the Company in electronic mode. Please register my above E-mail ID in your records for sending communications in electronic form.

Date: \_\_\_\_\_ Signature \_\_\_\_\_

**Note:** Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.