

## INDEPENDENT AUDITORS' REPORT

### To the Board of Directors of IndiaMART InterMESH Limited

#### Opinion

We have audited the interim consolidated financial statements of IndiaMART InterMESH Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which comprise the interim consolidated Balance Sheet as at 30 September 2019, the interim consolidated Statement of Profit and Loss (including other comprehensive income) for the quarter and six-months period then ended, the interim consolidated Statement of Changes in Equity and the interim consolidated Statement of Cash Flows for the six-months period then ended, and notes to the interim consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the interim consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid interim consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), of the consolidated state of affairs of the Group and its associate as at 30 September 2019, of its consolidated profit and other comprehensive income for the quarter and six-months period then ended, and consolidated changes in equity and consolidated cash flows for the six-months period then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

#### Description of the Key Audit Matter

Revenue Recognition (See note 2.3(c) and 19 to the interim consolidated financial statements)	
Key audit matter	How the matter was addressed in our audit
Total turnover of the Group for the quarter and six months period ended 30 September 2019	In view of the significance of the matter we applied the following audit procedures in this area, among

<p>amounted to INR 1,566.07 million and INR 3,039.10 million. The Group generates revenue primarily from web services and follows a prepaid model for its business.</p> <p>Revenue from web services is recognised based on the 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.</p> <p>These services are delivered using IT system which manages very high volume on daily basis and generates reports from which the Group recognises revenue, and hence there is inherent risk around the completeness and accuracy of revenue recognition.</p> <p>We have identified revenue recognition as a key audit matter because web service revenue is one of the key performance indicators for the Group, significance of web service revenue to the financial statements, underlying IT systems and given the involvement of high volume, and inherent risk involved as described above, we determined completeness and accuracy of revenue recognition as a key audit matter of the audit.</p>	<p>others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the revenue recognition accounting policies and its compliances with applicable accounting standards. We read the contracts with customers to determine appropriateness of revenue recognition.</li> <li>• We evaluated the design and implementation of key internal financial controls and operating effectiveness of the relevant key controls with respect to completeness and accuracy of revenue recognition on selected transactions.</li> <li>• We, with the involvement of IT specialists, evaluated the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Group's IT systems which govern revenue recognition, including access controls, controls over program changes and interfaces between different systems.</li> <li>• We selected a sample of transactions using statistical sampling and performed tests of details including reading the contract, identifying performance obligation etc, and assessed whether the criteria for revenue recognition is met.</li> <li>• We also obtained and tested the reconciliation of revenue and collection generated from IT system with accounting system.</li> <li>• We assessed the adequacy of disclosures made in the consolidated financial statements.</li> </ul>
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## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the interim consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

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

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

We communicate with those charged with governance of the Holding Company, 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 interim consolidated financial statements of the current period ended 30 September 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Other Matters**

- (a) (i) We did not audit the financial statements of five subsidiaries whose financial statements, net of consolidation adjustments, reflect total assets of INR 120.53 million as at 30 September 2019, total revenues of INR 38.10 million and INR 68.91 million for the quarter and six-months period then ended and net cash outflows amounting to INR 18.58 million for the six-months period then ended, as considered in the interim consolidated financial statements. These interim consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the interim consolidated financial statements, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.
- (a) (ii) The interim consolidated financial statements also include the Group's share of net loss (and other comprehensive income (loss)) of INR 2.11 million for the quarter and six-months period ended 30 September 2019 in respect of one associate, whose financial information has not been audited by us or by other auditors. This unaudited financial information has been furnished to us by the Management and our opinion on the interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

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

- (b) Attention is drawn to the fact that the corresponding figures for the quarter and six months period ended 30 September 2018, and for the year ended 31 March 2019 are based on the previously issued interim consolidated financial statements and annual consolidated financial statements of the Group that were audited by the predecessor auditor who expressed an unmodified opinion on those consolidated financial statements on 30 October 2018 and 11 May 2019, respectively.

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

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

Place: Gurugram  
Date: 22 October 2019

**Jiten Chopra**  
*Partner*  
Membership No: 092894  
ICAI UDIN: 19092894AAAACP4240

**IndiaMART InterMESH Limited**  
**Consolidated Interim Balance Sheet as at 30 September 2019**  
(Amounts in INR million, unless otherwise stated)

		As at	As at
	Notes	30 September 2019	31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5A	56.25	84.80
Capital work in progress	5A	1.77	1.77
Right-of-use asset	5B	243.11	-
Intangible assets	6	6.03	5.81
Investment in associates	7	309.91	-
Financial assets			
(i) Investments	7A	-	-
(ii) Loans	7A	1.08	1.22
(iii) Bank balances other than cash and cash equivalents	10	389.67	-
(iv) Others financial assets	7A	67.82	35.60
Deferred tax assets (net)	26	316.68	858.08
Non-current tax assets (net)	18	183.30	-
Other non-current assets	8	0.06	7.34
<b>Total Non-current assets</b>		<b>1,575.68</b>	<b>994.62</b>
<b>Current assets</b>			
Financial assets			
(i) Investments	7A	7,228.58	6,074.45
(ii) Trade receivables	9	16.02	5.71
(iii) Cash and cash equivalents	10	185.29	401.96
(iv) Bank balances other than (iii) above	10	-	375.48
(v) Loans	7A	17.11	16.77
(vi) Others financial assets	7A	82.26	157.80
Current tax assets (net)	18	75.94	105.54
Other current assets	8	82.77	75.22
<b>Total current assets</b>		<b>7,687.97</b>	<b>7,212.93</b>
<b>Total assets</b>		<b>9,263.65</b>	<b>8,207.55</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	287.75	285.92
Other equity	12	1,739.80	1,312.96
<b>Equity attributable to equity holders of the parent</b>		<b>2,027.55</b>	<b>1,598.88</b>
Non-controlling interests		-	-
<b>Total Equity</b>		<b>2,027.55</b>	<b>1,598.88</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Share buyback obligation	13	-	-
(ii) Lease and other financial liabilities	15	137.02	2.84
Provisions	16	209.61	96.00
Contract liabilities	17	2,447.60	2,297.91
<b>Total Non-current liabilities</b>		<b>2,794.23</b>	<b>2,396.75</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables	14	-	-
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		163.63	129.32
(ii) Lease and other financial liabilities	15	310.96	308.84
Provisions	16	42.01	68.66
Contract liabilities	17	3,857.86	3,561.91
Current tax liabilities (net)	18	0.59	-
Other current liabilities	17	66.82	143.19
<b>Total Current liabilities</b>		<b>4,441.87</b>	<b>4,211.92</b>
<b>Total Liabilities</b>		<b>7,236.10</b>	<b>6,608.67</b>
<b>Total Equity and Liabilities</b>		<b>9,263.65</b>	<b>8,207.55</b>
Summary of significant accounting policies	2		

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

As per our report of even date

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

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

**Jiten Chopra**  
Partner  
Membership No.: 092894  
UDIN:  
Place:  
Date : 22 October 2019

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

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

**Prateek Chandra**  
(Chief Financial Officer)

**Manoj Bhargava**  
(Company Secretary)

Place: Noida  
Date : 22 October 2019

**IndiaMART InterMESH Limited**  
**Consolidated Interim Statement of Profit and Loss for the period ended 30 September 2019**  
(Amounts in INR million, unless otherwise stated)

	Notes	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
<b>Income:</b>					
Revenue from operations	19	1,566.07	1,224.72	3,039.10	2,358.11
Other income	20	204.19	85.48	347.53	127.80
<b>Total income</b>		<b>1,770.26</b>	<b>1,310.20</b>	<b>3,386.63</b>	<b>2,485.91</b>
<b>Expenses:</b>					
Employee benefits expense	21	688.06	512.62	1,295.01	1,044.13
Finance costs	22	6.29	-	10.74	-
Depreciation and amortisation expense	23	50.42	10.12	94.44	17.22
Net loss on financial liability designated at FVTPL	13 & 29	-	-	-	652.63
Other expenses	24	514.93	486.70	1,013.70	966.54
<b>Total expenses</b>		<b>1,259.70</b>	<b>1,009.44</b>	<b>2,413.89</b>	<b>2,680.52</b>
<b>Net profit before share of profit/(loss) in associates and tax</b>		<b>510.56</b>	<b>300.76</b>	<b>972.74</b>	<b>(194.61)</b>
Share in net profit/ (loss) of associates		(2.11)	-	(2.11)	-
<b>Profit before tax</b>		<b>508.45</b>	<b>300.76</b>	<b>970.63</b>	<b>(194.61)</b>
<b>Income tax expense</b>					
Current tax expenses/(income)	26	(69.29)	1.76	(1.87)	1.92
Deferred tax expense	26	176.94	95.40	248.08	162.05
Tax Impact related to change in tax rate and law	26	314.08	-	314.08	-
<b>Total tax expense</b>		<b>421.73</b>	<b>97.16</b>	<b>560.29</b>	<b>163.97</b>
<b>Net profit/(loss) for the period</b>		<b>86.72</b>	<b>203.60</b>	<b>410.34</b>	<b>(358.58)</b>
<b>Attributable to:</b>					
Equity holders of the parent		86.72	203.60	410.34	(358.58)
Non-controlling interests		-	-	-	-
<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	(32.91)	(2.02)	(47.81)	(6.17)
Income tax effect	26	6.83	0.71	12.01	2.13
		(26.08)	(1.31)	(35.80)	(4.04)
<b>Other comprehensive income(loss) for the period, net of tax</b>		<b>(26.08)</b>	<b>(1.31)</b>	<b>(35.80)</b>	<b>(4.04)</b>
<b>Total comprehensive income(loss) for the period</b>		<b>60.64</b>	<b>202.29</b>	<b>374.54</b>	<b>(362.62)</b>
<b>Attributable to:</b>					
Equity holders of the parent		60.64	202.29	374.54	(362.62)
Non-controlling interests		-	-	-	-
<b>Earnings per equity share:</b>	25				
Basic earnings(loss) per equity share (INR) - face value of INR 10 each		3.01	8.11	14.29	(15.48)
Diluted earnings(loss) per equity share (INR) - face value of INR 10 each		2.95	7.07	13.98	(15.48)
<b>Summary of significant accounting policies</b>	2				

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

As per our report of even date

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

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

**Jiten Chopra**  
Partner  
Membership No.: 092894  
UDIN:  
Place:  
Date : 22 October 2019

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

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

**Prateek Chandra**  
(Chief Financial Officer)

**Manoj Bhargava**  
(Company Secretary)

Place: Noida  
Date : 22 October 2019

**IndiaMART InterMESH Limited**  
**Consolidated Interim Statement of Cash Flows for the period ended 30 September 2019**  
(Amounts in INR million, unless otherwise stated)

Particulars	Notes	For the six months ended 30 September 2019	For the six months ended 30 September 2018
<b>Profit/ (Loss) before tax</b>		970.63	(194.61)
<i>Adjustments to reconcile profit/(loss) before tax to net cash flows:</i>			
Depreciation and amortization	23	94.44	17.22
Interest income	20	(28.50)	(13.04)
Gain from business transfer arrangement (Refer Note 36)	20	-	(6.80)
Fair value change on financial assets at FVTPL	20	(303.73)	(79.05)
Fair value change in share buyback obligations	13	-	652.63
Gain on disposal of property, plant and equipment	20	(0.65)	(0.01)
Finance costs	22	10.74	-
Allowances for doubtful debts	24	0.64	-
Share-based payment expense	21	52.17	31.33
Share of net loss of associates	40	2.11	-
Gain on disposal of current investments	20	(13.88)	(28.91)
<b>Operating profit before working capital changes</b>		<b>783.97</b>	<b>378.76</b>
<b>Movement in working capital</b>			
Increase in trade receivables		(10.96)	(1.29)
Decrease in other financial assets		5.58	54.23
Increase in other assets		(12.07)	(19.22)
Decrease in other financial liabilities		(94.31)	(80.92)
Increase in trade payables		34.31	6.15
Increase in other liabilities		369.27	635.77
Increase in provisions		39.15	15.10
<b>Cash generated from operations</b>		<b>1,114.94</b>	<b>988.58</b>
Income tax paid (net)		(151.22)	(19.88)
<b>Net cash generated from operating activities</b>		<b>963.72</b>	<b>968.70</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		0.16	0.33
Purchase of property, plant and equipment and other intangible assets		(26.36)	(33.37)
Purchase of current investments		(2,049.20)	(3,266.77)
Proceeds from sale of current investments		1,212.72	1,967.74
Interest received		19.78	19.84
Advances received from/(paid for) selling shareholders (net)		83.58	(55.48)
Payment of refundable security deposits for listing on stock exchange		(23.78)	-
Investments in bank deposits (having original maturity of more than three months)		(14.20)	(60.54)
Investment in associates		(312.02)	-
<b>Net cash used in investing activities</b>		<b>(1,109.32)</b>	<b>(1,428.25)</b>
<b>Cash flow from financing activities</b>			
Repayment of lease liabilities		(78.61)	-
Interest paid		(10.74)	-
Acquisition of non-controlling interest		-	(2.50)
Proceeds from issues of equity shares on exercise of ESOP		18.28	143.98
<b>Net cash generated from/(used in) financing activities</b>		<b>(71.07)</b>	<b>141.48</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(216.67)</b>	<b>(318.07)</b>
Cash and cash equivalents at the beginning of the period	10	<b>401.96</b>	<b>467.11</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>185.29</b>	<b>149.04</b>
<b>Non-cash financing activities</b>			
Fair value change in share buyback obligations	13	-	652.63
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 interim financial statements.

As per our report of even date

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

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

**Jiten Chopra**  
Partner  
Membership No.: 092894  
UDIN:  
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**Dinesh Chandra Agarwal**  
(Managing Director and CEO)  
DIN:00191800

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(Whole time director)  
DIN:00191760

**Prateek Chandra**  
(Chief Financial Officer)

**Manoj Bhargava**  
(Company Secretary)

Place: Noida  
Date : 22 October 2019



(a) Equity share capital (Refer Note 11)

Equity shares of INR 10 each issued, subscribed and fully paid up	Amount
<b>As at 1 April 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 13)	70.72
<b>As at 30 September 2018</b>	<b>285.92</b>
<b>As at 1 April 2019</b>	<b>285.92</b>
Equity share capital issued on exercise of ESOP during the period	1.83
Equity share capital issued during the period	1.45
Equity share capital held by Indiamart employee benefit trust	(1.45)
<b>As at 30 September 2019</b>	<b>287.75</b>

(b) Other equity (Refer Note 12)

Particulars	Attributable to the equity holders of parent						Non-controlling interests	Total other equity
	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 2018</b>	<b>279.49</b>	<b>8.45</b>	<b>61.15</b>	<b>-</b>	<b>(3,661.55)</b>	<b>(3,312.46)</b>	<b>0.46</b>	<b>(3,312.00)</b>
Loss for the period	-	-	-	-	(358.58)	(358.58)	-	(358.58)
Other comprehensive income for the period	-	-	-	-	(4.04)	(4.04)	-	(4.04)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(362.62)</b>	<b>(362.62)</b>	<b>-</b>	<b>(362.62)</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 37)	-	-	-	(2.04)	-	(2.04)	(0.46)	(2.50)
Employee share based payment expense (refer note 21)	-	-	31.33	-	-	31.33	-	31.33
<b>As at 30 September 2018</b>	<b>4,686.54</b>	<b>8.45</b>	<b>25.19</b>	<b>(2.04)</b>	<b>(4,024.17)</b>	<b>693.97</b>	<b>-</b>	<b>693.97</b>
<b>Balance as at 1 April 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>-</b>	<b>1,312.96</b>
Impact of adoption of Ind AS 116 (net of taxes)	-	-	-	-	(16.33)	(16.33)	-	(16.33)
Profit for the period	-	-	-	-	410.34	410.34	-	410.34
Other comprehensive income (loss) for the period	-	-	-	-	(35.80)	(35.80)	-	(35.80)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>358.21</b>	<b>358.21</b>	<b>-</b>	<b>358.21</b>
Issue of equity shares on exercise of ESOP during the period	25.22	-	(8.76)	-	-	16.46	-	16.46
Employee share based payment expense (refer note 21)	-	-	52.17	-	-	52.17	-	52.17
<b>Balance as at 30 September 2019</b>	<b>4,711.76</b>	<b>8.45</b>	<b>131.89</b>	<b>(2.04)</b>	<b>(3,110.26)</b>	<b>1,739.80</b>	<b>-</b>	<b>1,739.80</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 interim financial statements.

As per our report of even date

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

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

**Jiten Chopra**  
Partner  
Membership No.: 092894  
UDIN:  
Place:  
Date : 22 October 2019

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

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

**Prateek Chandra**  
(Chief Financial Officer)

Place: Noida

**Manoj Bhargava**  
(Company Secretary)

## **IndiaMART Intermesh Limited**

### **Notes to Consolidated financial statements for the period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

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#### **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 interim financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on 22 October, 2019.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation**

The consolidated interim financial statements for the period ended 30 September, 2019 have been prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) 34 Interim Financial Reporting and other Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act 2013 (“the Act”) (as amended from time to time).

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

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

- certain financial assets and liabilities measured at fair value where Ind AS requires a different accounting treatment (refer accounting policy regarding financial instruments);
- share-based payments

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

##### **2.2 Basis of consolidation**

The consolidated interim financial statements comprise the interim financial statements of the Company and its subsidiaries and associates as at 30 September, 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

**IndiaMART Intermesh Limited****Notes to Consolidated financial statements for the period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

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

S. No.	Name of subsidiaries and date of shareholding	Proportion of ownership interest as at 30 September, 2019	Proportion of ownership interest as at 31 March 2019
1	Tradezeal International Private Limited (from May 31,2005)	100.00%	100.00%
2	Hello Trade Online Private Limited (from July 03,2008)	100.00%	100.00%
3	Ten Times Online Private Limited (from February 26, 2014 and additional 3.74% interest acquired on 9 May 2018)	100.00%	100.00%
4	Tolexo Online Private Limited (from May 28, 2014)	100.00%	100.00%
5	Pay With IndiaMART Private Limited (from February 7, 2017)	100.00%	100.00%
6	Simply Vyapar Apps Private Limited (from September 3, 2019)	26.00% (on Fully diluted basis)	-

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

Consolidated interim 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 interim 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 30 September since the Group's subsidiaries and associate have the same reporting period end.

**IndiaMART Intermesh Limited****Notes to Consolidated financial statements for the period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

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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 interim 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 interim financial statements except for the adoption of the new standard Ind AS 116 Leases, effective as of 1 April 2019. As required by Ind AS 116, the nature and effect of these changes are disclosed in note 4.

#### **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.

**IndiaMART Intermesh Limited****Notes to Consolidated financial statements for the period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

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A liability is classified as current when:

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

The Group classifies all other liabilities as non-current.

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 interim financial statements are categorised within the fair value hierarchy, described as follows, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

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

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

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.

**IndiaMART Intermesh Limited****Notes to Consolidated financial statements for the period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

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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 is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services and excluding taxes or duties collected on behalf of 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 is recognised based on output method i.e. as and when leads are consumed by the customer or on the expiry of contract whichever is earlier. Activation revenue is amortised over the estimated customer relationship period.

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

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

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.

**IndiaMART Intermesh Limited****Notes to Consolidated financial statements for the period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

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*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 does not have any significant financing component as the difference between the promised consideration and the cash selling price of the service arises for reasons other than the provision of finance.

**Other income**Interest income

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

Dividends

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

**d) Property, plant and equipment**

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

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

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

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

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

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

**IndiaMART Intermesh Limited****Notes to Consolidated financial statements for the period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

<b>Asset</b>	<b>Annual rates</b>
Computers	63.16%
Furniture and fittings	26.89%
Office equipment	45.07%
Vehicles	31.23%

Leasehold improvements are depreciated on a straight-line basis over the lease period.

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 basis at 40% annually.

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

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



**f) Leases (as lessee)**

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset. At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease. Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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

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

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

**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 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

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.

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(Amounts in INR millions, unless otherwise stated)

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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 Group 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 Group 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 Group 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.

Tax expenses for the quarter and six months ended 30th September, 2019 reflect changes made vide Taxation Laws Amendment Ordinance 2019 as applicable to the Company.

**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 interim 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.

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**Post-employment obligations**

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

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

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

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

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

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 Group's best estimate of the number of equity

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instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

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

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

**l) 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.

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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 derecognition 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 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:

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(Amounts in INR millions, unless otherwise stated)

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- 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.



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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 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.

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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.

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 interim financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. 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**

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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 interim 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 INR 355.55 million as at 30 September, 2019 (31 March 2019: INR 328.04 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

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are based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Further details about gratuity obligations are given in Note 27.

**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****Ind AS 116 Leases**

The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 37 for further details.

## 5A Property, plant and equipment

	Leasehold land (Refer Note 5B)	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total Property, plant and equipment	Capital work in progress (Refer Note 1 below)
<b>Gross carrying amount</b>							
As at 1 April 2018	37.12	64.41	28.60	4.92	3.80	138.85	1.77
Additions	-	38.89	10.04	1.09	-	50.02	-
Disposals	-	(0.71)	(0.25)	-	-	(0.96)	-
As at 31 March 2019	37.12	102.59	38.39	6.01	3.80	187.91	1.77
Transition impact of Ind AS 116	(37.12)	-	-	-	-	(37.12)	-
Additions	-	22.52	1.94	0.38	-	24.84	-
Disposals	-	(2.38)	(0.10)	(0.21)	-	(2.69)	-
As at 30 September 2019	-	122.73	40.23	6.18	3.80	172.94	1.77
<b>Accumulated depreciation</b>							
As at 1 April 2018	0.92	47.13	15.70	2.20	0.04	65.99	-
Charge for the year	0.46	26.37	8.92	0.94	0.98	37.67	-
Disposals during the year	-	(0.39)	(0.16)	-	-	(0.55)	-
As at 31 March 2019	1.38	73.11	24.46	3.14	1.02	103.11	-
Transition impact of Ind AS 116	(1.38)	-	-	-	-	(1.38)	-
Charge for the period	-	12.96	3.38	0.41	0.61	17.36	-
Disposals during the period	-	(2.22)	(0.08)	(0.10)	-	(2.40)	-
As at 30 September 2019	-	83.85	27.76	3.45	1.63	116.69	-
<b>Net book value</b>							
As at 1 April 2018	36.20	17.28	12.90	2.72	3.76	72.86	1.77
As at 31 March 2019	35.74	29.48	13.93	2.87	2.78	84.80	1.77
As at 30 September 2019	-	38.88	12.47	2.73	2.17	56.25	1.77

**Notes:**

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

**5B Right-of-use asset**

	Leasehold land (Refer Note 1 below)	Buildings	Total
<b>Gross carrying amount</b>			
<b>As at 1 April 2019</b>	-	-	-
Transition impact of Ind AS 116	37.12	204.39	241.51
Additions	-	81.61	81.61
Disposals	-	(3.43)	(3.43)
<b>As at 30 September 2019</b>	<b>37.12</b>	<b>282.57</b>	<b>319.69</b>
<b>Accumulated depreciation</b>			
<b>As at 1 April 2019</b>	-	-	-
Transition impact of Ind AS 116	1.38	-	1.38
Amortisation for the period	0.23	75.52	75.75
Disposals for the period	-	(0.55)	(0.55)
<b>As at 30 September 2019</b>	<b>1.61</b>	<b>74.97</b>	<b>76.58</b>
<b>Net book value</b>			
<b>As at 30 September 2019</b>	<b>35.51</b>	<b>207.60</b>	<b>243.11</b>

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

2. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has resulted in recognising a right-of-use asset(buildings) of INR 204.39 Million and a corresponding lease liability of INR 224 Million by adjusting retained earnings net of taxes of INR 16.33 Million [the impact of deferred tax created is INR 8.75 Million] as at April 1, 2019. (Refer Note 38 for further details)

**IndiaMART InterMESH Limited**
**Notes to Consolidated Interim Financial Statements for the period ended 30 September 2019**

(Amounts in INR million, unless otherwise stated)

**6 Intangible assets**

	Software	Unique telephone numbers	Total
<b>Gross carrying amount</b>			
<b>As at 1 April 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>
Additions	1.55	-	1.55
<b>As at 30 September 2019</b>	<b>14.81</b>	<b>4.70</b>	<b>19.51</b>
<b>Accumulated amortisation</b>			
<b>As at 1 April 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>
Amortisation for the period	1.13	0.20	1.33
<b>As at 30 September 2019</b>	<b>9.59</b>	<b>3.89</b>	<b>13.48</b>
<b>As at 1 April 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>
<b>As at 30 September 2019</b>	<b>5.22</b>	<b>0.81</b>	<b>6.03</b>

## 7 Investment in associates - Unquoted\*

	As at 30 September 2019		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
(Accounted under equity method)				
<i>Fully paid up - at cost</i>				
Compulsory convertible preference shares of INR 100 each(at premium of INR 52,217.90 each) in Simply Vyapar Apps Private Limited	5,954	311.50	-	-
Equity shares of INR 10 each(at premium of INR 52,307.90 each) in Simply Vyapar Apps Private Limited	10	0.52	-	-
Add: Share of loss of associate		(2.11)	-	-
*Also refer to note 40.				
		<b>309.91</b>		<b>-</b>

## 7A Financial assets

	As at 30 September 2019		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
a) Non-current investments				
Investment in others				
<i>Investment in debt instruments - Unquoted (measured at FVTPL)</i>				
0.001% Optionally convertible redeemable preference share of Rs. 10 each in Instant Procurement Services Private Limited	12,446	-	12,446	-
0.001% Compulsorily convertible preference share of Rs. 10 each in Instant Procurement Services Private Limited.	3,764	-	3,764	-
<b>Total</b>		<b>-</b>		<b>-</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 30 September 2019		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
<i>Investment in mutual funds - Quoted (measured at FVTPL)</i>				
HDFC Liquid fund - Growth	-	-	2,329	8.52
Aditya Birla Sunlife Short Term Plan-Growth Regular Plan	25,99,874	84.14	25,99,874	80.37
Aditya Birla Sunlife Corporate Bond Fund - Regular	66,49,553	499.24	53,94,585	386.68
Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct	20,13,531	152.29	6,29,851	45.45
Aditya Birla Sun Life Banking & PSU Debt Fund-Grow-Direct Plan	8,86,783	225.99	8,86,783	214.61
IDFC Bond Fund - Short Term Plan- DGP	54,68,770	226.62	54,68,770	216.27
HDFC Short Term Debt Fund-Direct Growth Plan	2,67,94,545	584.49	2,67,94,545	558.15
ICICI Prudential Savings Fund -Growth	1,11,839	41.82	81,581	29.27
Aditya Birla Sunlife short term opportunities fund-Direct	2,11,81,794	713.45	2,11,81,794	679.17
IDFC Low Duration Fund-Growth (Regular Plan)	1,64,51,049	453.89	1,64,51,049	435.91
HDFC Short Term Debt Fund - Regular Plan	83,80,984	181.00	83,80,984	172.98
IDFC Bond Fund-STP-Regular Fund	4,08,840	16.27	4,08,840	15.57
ICICI Prudential Savings Fund- Direct Plan-Growth	8,07,670	304.20	5,97,544	215.81
ICICI Prudential Short Term Fund - Growth Option	36,06,276	145.56	36,06,276	139.33
ICICI Prudential Short Term Fund - Direct	2,08,02,151	880.05	1,58,54,692	639.65
HDFC Low Duration Fund Growth - Regular	37,97,410	154.52	37,97,410	148.58
HDFC Low Duration Fund Growth - Direct	1,12,36,751	478.95	21,28,314	86.97
HDFC Credit Risk Debt Fund - Regular Plan - Growth	70,19,394	111.33	70,19,394	107.08
L&T Short term bond fund-DGP	3,71,22,589	713.43	3,71,22,589	681.67
Kotak Corporate Bond Fund - DGP	3,28,929	871.85	3,28,929	831.30
HDFC Equity saving fund-regular-growth	1,40,386	5.17	1,40,386	5.17
HDFC Cash management-retail-regular-growth	-	-	1,96,990	7.71
HDFC Short Term Debt Fund	3,78,460	8.17	3,78,460	7.81
L&T Short Term Bond Fund - Regular Growth	2,00,66,239	373.93	2,00,66,239	358.17
HDFC Hybrid Equity Fund-Regular-Growth	41,348	2.22	41,348	2.25
<b>Total current investments</b>		<b>7,228.58</b>		<b>6,074.45</b>

## c) Loans (measured at amortised cost)

	As at 30 September 2019	As at 31 March 2019
(i) Loans to employees		
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Considered good- Unsecured		
Loans to employees	1.08	1.22
	<b>1.08</b>	<b>1.22</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Considered good- Unsecured		
Loans to employees	17.11	16.77
	<b>17.11</b>	<b>16.77</b>
(ii) Inter corporate loan		
<b>Non-current (unsecured)</b>		
Loans credit-impaired	5.00	5.00
Less: Loss allowance	(5.00)	(5.00)
<b>Total loans</b>	<b>18.19</b>	<b>17.99</b>

## Notes:

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



## 7A Financial assets (Cont'd)

	As at 30 September 2019	As at 31 March 2019
<b>d) Others (measured at amortised cost)</b>		
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Security deposits	67.82	35.60
	<b>67.82</b>	<b>35.60</b>
<b>Total</b>		
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Security deposits-considered good	49.83	26.01
Security deposits-considered doubtful	0.12	-
Amount recoverable from payment gateway	32.42	62.59
Other recoverables*	-	69.20
	<b>82.38</b>	<b>157.80</b>
Less: Allowance for doubtful security deposits	(0.12)	-
<b>Total</b>	<b>82.26</b>	<b>157.80</b>
<b>Total other financial assets</b>	<b>150.08</b>	<b>193.40</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.

\*Represents amount recoverable for IPO expenses incurred in trust on behalf of selling shareholders in Offer for Sale (including the related parties as referred in Note 33)

## 8 Other assets

	As at 30 September 2019	As at 31 March 2019
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Capital advance	-	0.03
Prepaid expenses	0.06	0.14
Deferred rent expense (Refer note 38)	-	7.17
<b>Total</b>	<b>0.06</b>	<b>7.34</b>
<b>Current (Unsecured, considered good unless stated otherwise)</b>		
Advances recoverable	29.49	14.38
Indirect taxes recoverable	21.60	38.03
Prepaid expenses	31.68	19.66
Deferred rent expense (Refer note 38)	-	3.15
<b>Total</b>	<b>82.77</b>	<b>75.22</b>

## 9 Trade receivables

	As at 30 September 2019	As at 31 March 2019
<b>Unsecured, considered good unless stated otherwise</b>		
<i>Considered good- Unsecured</i>		
Trade receivables	16.02	5.71
<i>Considered doubtful- Unsecured</i>		
Trade Receivables credit- impaired	1.34	0.81
Less: Loss allowance	(1.34)	(0.81)
<b>Total</b>	<b>16.02</b>	<b>5.71</b>

**Notes:**

a) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

## 10 Cash and bank balances

	As at 30 September 2019	As at 31 March 2019
<b>a) Cash and cash equivalents</b>		
Cash on hand	0.17	0.19
Cheques on hand	52.14	145.42
Balance with bank		
- On current accounts	132.98	256.35
<b>Total Cash and cash equivalents</b>	<b>185.29</b>	<b>401.96</b>

**Note:**

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

Apart from the balance shown above, as on 30 September 2019, the Company has INR 41.78 millions in escrow accounts maintained with HDFC Bank on account of proceeds from IPO. This amount has not been included in the balance with banks shown above as the same has been held in trust on behalf of selling shareholders.

**b) Bank balances other than cash and cash equivalents**

Deposits with		
- remaining maturity upto twelve months	-	375.48
- remaining maturity for more than twelve months*	389.67	-
	<b>389.67</b>	<b>375.48</b>
Less: amount disclosed under current bank deposits	-	(375.48)
Less: amount disclosed under non-current bank deposits	(389.67)	-
<b>Total</b>	<b>-</b>	<b>-</b>

\*This includes margin money deposit of INR 23.78 millions

## 11 Share capital

### Authorised equity share capital

	Number of shares	Amount
As at 1 April 2018	1,82,77,930	182.78
Increase during the year	1,17,22,070	117.22
As at 31 March 2019	3,00,00,000	300.00
As at 30 September 2019	3,00,00,000	300.00

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

	Number of shares	Amount
As at 1 April 2018	99,76,805	99.77
Bonus issue during the period <sup>1</sup>	99,76,805	99.77
Equity share capital issued on exercise of ESOP during the period (Refer Note 28)	15,66,630	15.66
Equity share capital issued on conversion of convertible preference shares <sup>2</sup>	70,71,766	70.72
As at 31 March 2019	2,85,92,006	285.92
Equity share capital issued on exercise of ESOP during the period (Refer Note 28)	1,82,814	1.83
Equity share capital issued during the period	1,45,000	1.45
Equity share capital held by Indiamart employee benefit trust (Refer Note (d) below)	(1,45,000)	(1.45)
As at 30 September 2019	2,87,74,820	287.75

#### Notes:

##### 1 Bonus issue

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

##### 2 Conversion of convertible preference shares

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

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

- 1) The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity is entitled to one vote per share.
- 2) 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 30 September 2019		As at 31 March 2019	
	Number	% Holding	Number	% Holding
Equity shares of Rs. 10 each fully paid				
Dinesh Agarwal	86,30,747	30%	94,83,200	33%
Brijesh Agrawal	58,48,544	20%	64,26,200	22%
Westbridge Crossover Fund, LLC	15,44,154	5%	15,44,154	5%
Intel Capital (Mauritius) Limited	NA	NA	38,51,746	13%

\* Intel Capital (Mauritius) Limited ceases to be a shareholder more than 5% as on 30 September 2019

##### 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.

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

	As at 30 September 2019		As at 31 March 2019	
	Number	Amount	Number	Amount
Opening balance	-	-	-	-
Purchased during the period	1,45,000	1.45	-	-
Exercised during the period	-	-	-	-
Total	1,45,000	1.45	-	-

## 12 Other equity

	As at 30 September 2019	As at 31 March 2019
Securities premium	4,711.76	4,686.54
General reserve	8.45	8.45
Employee share based payment reserve (Refer Note 28)	131.89	88.48
Capital reserve	(2.04)	(2.04)
Retained earnings	(3,110.26)	(3,468.47)
Total other equity	1,739.80	1,312.96

#### 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.
- 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**

	As at 30 September 2019		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
<i>Measured at fair value through profit or loss (FVTPL)</i>				
<b>Share buyback obligation of preference shares</b>				
<b>Non-current</b>				
0.01% Series A cumulative convertible preference shares (CCPS) of INR 328 each	-	-	-	-
0.01% Series B compulsory convertible preference shares (CCPS) of INR 100 each	-	-	-	-
0.01% Series B1 compulsory convertible preference shares (CCPS) of INR 100 each	-	-	-	-
<b>Total</b>		-		-

**Notes:**

The company has issued 1,493,903 0.01% Series A cumulative convertible preference shares (CCPS) at price of INR 328 per share amounting to INR 490 million. The Company has further issued 1,722,047 and 146,375 0.01% Series B compulsory convertible preference shares (CCPS) and 0.01% Series B1 compulsory convertible preference shares (CCPS) at price of INR 770 per share amounting to INR 1,325.98 million and INR 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 30 September 2019	As at 31 March 2019
<b>At the beginning of the period/year</b>	-	3,729.30
Preference share capital issued during the period/year	-	-
Security premium received on issue of preference shares	-	-
Loss on re-measurement for the period/year (recognised through Statement of Profit and Loss)	-	652.63
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>	-	-

**Authorised preference share capital**

	Series A		Series B		Series B1	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>As at 1 April 2018</b>	14,93,903	490.00	17,22,047	172.20	1,72,207	17.22
Increase during the year	-	-	-	-	-	-
<b>As at 31 March 2019</b>	14,93,903	490.00	17,22,047	172.20	1,72,207	17.22
Increase/(decrease) during the period	-	-	-	-	-	-
<b>As at 30 September 2019</b>	14,93,903	490.00	17,22,047	172.20	1,72,207	17.22

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

	Series A		Series B		Series B1	
<b>As at 1 April 2018</b>	14,93,903	490.00	17,22,047	172.20	1,46,375	14.64
Shares converted to equity shares	(14,93,903)	(490.00)	(17,22,047)	(172.20)	(1,46,375)	(14.64)
<b>As at 31 March 2019</b>	-	-	-	-	-	-
Issued during the period	-	-	-	-	-	-
<b>As at 30 September 2019</b>	-	-	-	-	-	-

**14 Trade payables**

	As at 30 September 2019	As at 31 March 2019
<b>Current</b>		
Payable to micro, small and medium enterprises	-	-
Other trade payables*	163.63	129.32
<b>Total</b>	163.63	129.32

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

**15 Lease and other financial liabilities**

	As at 30 September 2019	As at 31 March 2019
<b>Non-current</b>		
Lease rent equalisation	-	2.84
Lease liabilities	137.02	-
<b>Total</b>	137.02	2.84
<b>Current</b>		
Payable to employees	211.69	305.67
Security deposits	0.14	0.14
Other payables*	14.38	-
Lease liabilities	84.02	-
Other advances	0.73	3.03
<b>Total</b>	310.96	308.84
<b>Total</b>	447.98	311.68

\* Other payables represent amount recovered from selling shareholders in IPO and payable for expenses incurred on Offer for sale.

**16 Provisions**

	As at 30 September 2019	As at 31 March 2019
<b>Non-current</b>		
Provision for employee benefits*		
Provision for gratuity	154.19	96.00
Provision for leave encashment	55.42	-
<b>Total</b>	<b>209.61</b>	<b>96.00</b>
<b>Current</b>		
Provision for employee benefits*		
Provision for gratuity	12.31	8.88
Provision for leave encashment	14.32	44.40
Provision-others**	15.38	15.38
<b>Total</b>	<b>42.01</b>	<b>68.66</b>

\*For details of movement in provision for gratuity and leave encashment, Refer note 27.

\*\* Contingency provision towards service tax show cause notice.

**17 Contract and other liabilities**

	As at 30 September 2019	As at 31 March 2019
<b>Contract liabilities*</b>		
<b>Non-current</b>		
Deferred revenue	2,447.60	2,297.91
<b>Total</b>	<b>2,447.60</b>	<b>2,297.91</b>
<b>Current</b>		
Deferred revenue	3,596.42	3,245.58
Advances from customers	261.44	316.33
<b>Total</b>	<b>3,857.86</b>	<b>3,561.91</b>
<b>Total</b>	<b>6,305.46</b>	<b>5,859.82</b>
<b>Other liabilities- current</b>		
Tax deducted at source payable	27.48	5.61
Contribution to provident fund payable	3.08	2.54
Contribution to ESI payable	0.08	0.11
Indirect tax payable	35.56	134.65
Professional tax payable	0.42	0.18
Payable for labour welfare fund	0.06	0.03
Others	0.14	0.07
<b>Total</b>	<b>66.82</b>	<b>143.19</b>

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

**18 Current tax assets and liabilities**

	As at 30 September 2019	As at 31 March 2019
<b>Current tax assets (net of provisions)</b>		
Current	75.94	105.54
Non Current	183.30	-
	<b>259.24</b>	<b>105.54</b>
<b>Current tax liabilities (net of advance tax)</b>		
Provision for taxation (current)	0.59	-
	<b>0.59</b>	<b>-</b>

## 19 Revenue from operations

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

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
<b>Sale of services</b>				
Income from web services	1,548.55	1,171.94	3,011.20	2,296.86
Advertisement and marketing services	17.52	52.78	27.90	61.25
<b>Total</b>	<b>1,566.07</b>	<b>1,224.72</b>	<b>3,039.10</b>	<b>2,358.11</b>

### Transaction price allocated to the remaining performance obligations

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

	As at 30 September 2019		As at 30 September 2018	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Web services	3,852.42	2,447.31	2,935.60	1,968.28
Advertisement and marketing services	5.44	0.29	13.31	5.98
	<b>3,857.86</b>	<b>2,447.60</b>	<b>2,948.91</b>	<b>1,974.26</b>

No single customer represents 10% or more of the Company's total revenue during the period ended 30 September 2019 and 30 September 2018.

### Contract liabilities

	As at 30 September 2019	As at 30 September 2018
Web services	6,299.73	4,903.88
Advertisement and marketing services	5.73	19.29
	<b>6,305.46</b>	<b>4,923.17</b>
Non-current	2,447.60	1,974.26
Current	3,857.86	2,948.91
	<b>6,305.46</b>	<b>4,923.17</b>

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

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Opening balance at the beginning of the period	6,099.10	4,613.23	5,859.82	4,244.45
Less: Revenue recognised from contract liability balance at the beginning of the period	(1,084.72)	(894.06)	(2,237.80)	(894.06)
Add: Amount received from customers during the period	1,772.43	1,555.47	3,484.74	3,057.64
Less: Transfer of contract liability pertaining to Hello travel business	-	(20.81)	-	(20.81)
Less: Revenue recognised from amount received during the period	(481.35)	(330.66)	(801.30)	(1,464.05)
Closing balance at the end of the period	<b>6,305.46</b>	<b>4,923.17</b>	<b>6,305.46</b>	<b>4,923.17</b>

## 20 Other income

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Net gain on disposal of current investments	10.64	24.70	13.88	28.91
Fair value gain on financial assets measured at FVTPL	-	-	-	-
- Investment in mutual funds	175.68	47.28	303.73	79.05
Interest income from financial assets measured at amortised cost				
- on bank deposits	8.26	5.79	15.65	11.47
- on security deposits	4.70	0.90	8.71	1.56
Other interest income	4.13	-	4.13	-
Gain from business transfer arrangement (Refer Note 36)	-	6.80	-	6.80
Gain on de-recognition of Right-of-use assets	0.78	-	0.78	-
Net gain on disposal of property, plant and equipment	-	0.01	0.65	0.01
<b>Total</b>	<b>204.19</b>	<b>85.48</b>	<b>347.53</b>	<b>127.80</b>

## 21 Employee benefits expense

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Salaries, allowance and bonus	601.72	476.65	1,140.63	944.16
Gratuity expense (Refer Note 27)	5.91	5.59	13.95	10.79
Leave encashment expense (Refer Note 27)	18.28	2.73	28.57	8.14
Contribution to provident and other funds	3.45	3.06	6.59	6.05
Employee share based payment expense (Refer Note 28)	30.72	3.60	52.17	31.33
Staff welfare expenses	27.98	20.99	53.10	43.66
<b>Total</b>	<b>688.06</b>	<b>512.62</b>	<b>1,295.01</b>	<b>1,044.13</b>

## 22 Finance costs

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Interest cost of lease liabilities	6.29	-	10.74	-
<b>Total</b>	<b>6.29</b>	<b>-</b>	<b>10.74</b>	<b>-</b>

**23 Depreciation and amortization expense**

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Depreciation of property, plant and equipment (Refer Note 5A)	10.20	9.20	17.36	15.46
Depreciation of Right-of-use assets (Refer Note 5B & 37)	39.51	-	75.75	-
Amortisation of intangible assets (Refer Note 6)	0.72	0.92	1.33	1.76
<b>Total</b>	<b>50.42</b>	<b>10.12</b>	<b>94.44</b>	<b>17.22</b>

**24 Other expenses**

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Content development expenses	61.96	64.08	126.98	126.43
Buyer engagement expenses	47.50	48.84	91.02	94.01
Customer support expenses	59.68	65.90	119.49	122.77
Outsourced sales cost	180.87	138.02	332.09	279.13
Internet and other online expenses	55.91	37.31	117.63	72.81
Rent	7.28	45.09	10.71	86.19
Rates and taxes	0.72	2.45	18.12	3.46
Communication costs	2.34	1.11	4.58	3.44
Outsourced support cost	4.61	0.55	10.90	7.71
Advertisement expenses	6.98	5.85	11.93	14.51
Power and fuel	7.76	8.19	16.32	16.75
Printing and stationery	2.43	1.70	4.63	4.36
Repair and maintenance:				
- Plant and machinery	3.42	3.87	7.33	7.31
- Others	18.91	20.20	37.29	36.44
Travelling and conveyance	14.31	12.14	30.74	23.30
Recruitment and training expenses	10.57	6.77	16.94	11.40
Legal and professional fees	8.52	8.06	19.22	24.89
Directors' sitting fees	3.12	1.31	3.78	2.24
Insurance expenses	7.45	5.81	13.85	11.93
Collection charges	9.79	8.96	19.10	16.67
Allowances for doubtful debts	0.61	-	0.64	-
Miscellaneous expenses	0.19	0.50	0.41	0.79
<b>Total</b>	<b>514.93</b>	<b>486.70</b>	<b>1,013.70</b>	<b>966.54</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 quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
<b>Basic</b>				
Earnings/(loss) for the period	86.72	203.60	410.34	(358.58)
Weighted average number of equity shares used in calculating basic EPS	2,87,76,396	2,50,96,493	2,87,19,669	2,31,60,774
Basic earnings/(loss) per equity share	3.01	8.11	14.29	(15.48)
<b>Diluted</b>				
Earnings/(loss) for the period	86.72	203.60	410.34	(358.58)
Adjustment on account of fair valuation of compulsory convertible preference shares	-	-	-	652.63
Adjusted earnings/(loss) for the period	<b>86.72</b>	<b>203.60</b>	<b>410.34</b>	<b>294.05</b>
Weighted average number of equity shares used in calculating basic EPS	2,87,76,396	2,50,96,493	2,87,19,669	2,31,60,774
Potential equity shares	5,82,532	36,88,133	6,35,784	54,40,012
Total no. of shares outstanding (including dilution)	2,93,58,928	2,87,84,626	2,93,55,453	2,86,00,786
Diluted earnings/(loss) per equity share	2.95	7.07	13.98	(15.48)

There are potential equity shares for the period 30 September 2019 in the form of stock options granted to employees and for the period ended 30 September 2018 in the form of CCPS and stock options granted to employees. As these are anti dilutive for the six month ended 30 September 2018, they are ignored in the calculation of diluted earnings per share and accordingly the diluted earning/(loss) per share is the same as basic earnings per share.

**26 Income tax**

The major components of income tax expense are:

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

Particulars	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
<b>Current tax expense (income)</b>				
Current tax for the period	(65.90)	1.76	1.52	1.92
Adjustments in respect of previous year	(3.39)	-	(3.39)	-
	<u>(69.29)</u>	<u>1.76</u>	<u>(1.87)</u>	<u>1.92</u>
<b>Deferred tax expense</b>				
Relating to origination and reversal of temporary differences	106.22	95.40	244.77	162.05
Relating to minimum alternate tax	<u>70.72</u>	<u>-</u>	<u>3.31</u>	<u>-</u>
	176.94	95.40	248.08	162.05
Tax expense /(income) related to change in tax rate/laws *				
- Deferred tax	314.08	-	314.08	-
	<u>314.08</u>	<u>-</u>	<u>314.08</u>	<u>-</u>
<b>Total income tax expense/(credit)</b>	<b>421.73</b>	<b>97.16</b>	<b>560.29</b>	<b>163.96</b>

\* Tax impact for the quarter and six months ended 30 September 2019 includes the impact of adoption of Taxation Laws Amendment Ordinance 2019 as applicable to the Group. The deferred tax charge due to change in applicable tax rate is INR 277.90 Million and due to reversal of MAT credit entitlement is INR 36.18 Million.

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

Deferred tax related to items recognised in OCI during the period

Particulars	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Net loss on remeasurements of defined benefit plans	(6.83)	(0.71)	(12.01)	(2.13)

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

Particulars	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Profit/(loss) before tax	508.45	300.76	970.63	(194.61)
<b>Accounting profit/(loss) before income tax</b>	<b>508.45</b>	<b>300.76</b>	<b>970.63</b>	<b>(194.61)</b>
Tax expense at the statutory income tax rate	132.04	93.84	244.31	(60.72)
Adjustments in respect of differences in current tax rates and deferred tax rates	-	10.65	-	17.29
Adjustments in respect of differences taxed at lower tax rates	(25.79)	(5.19)	(0.73)	(1.90)
Adjustments in respect of differences in deferred tax for prior years	0.46	-	0.32	-
Loss on fair valuation of Share buyback obligation	-	-	-	203.62
Income non-taxable for tax purposes	0.97	(0.26)	(2.40)	(0.49)
Other non-deductible expenses and non-taxable income	0.99	(5.97)	0.98	(2.25)
Tax expense related to change in tax rate/laws	314.08	-	314.08	-
Others	(3.72)	-	(3.72)	-
Temporary differences for which no deferred tax was recognised	2.70	4.09	7.45	8.41
<b>Tax expense/(income) at the effective income tax rate of 25.17% (30 September 2018: 31.20%)</b>	<b>421.73</b>	<b>97.16</b>	<b>560.29</b>	<b>163.96</b>

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

Particulars	As at 30 September 2019	As at 31 March 2019
<b>Deferred tax asset</b>		
Property, plant and equipment and other intangible assets	6.03	8.14
Provision for gratuity	41.58	36.14
Provision for compensated absences	17.34	15.08
Provision for diminution of investments in subsidiaries	22.68	31.49
Investment in subsidiaries measured at fair value	40.01	34.35
Deferred revenue	2.59	11.30
Tax losses	343.67	710.07
Unabsorbed depreciation	16.70	37.26
Ind AS 116 impact	3.38	-
Minimum alternate tax	-	36.18
Allowances for doubtful debts	0.33	0.21
Others	8.18	7.65
<b>Total deferred tax assets (A)</b>	<b>502.49</b>	<b>927.88</b>
<b>Deferred tax liabilities</b>		
Re-measurement of investment in mutual funds to fair value	(182.85)	(67.32)
Accelerated deduction for tax purposes	(1.79)	(2.50)
Others	(1.18)	0.02
<b>Total deferred tax liabilities (B)</b>	<b>(185.81)</b>	<b>(69.80)</b>
<b>Net deferred tax assets (C) = (A) - (B)</b>	<b>316.68</b>	<b>858.08</b>

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

Particulars	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
<b>Deferred tax expense/(income) relates to the following:</b>				
Provision for gratuity	2.55	(2.28)	(5.81)	(2.93)
Provision for compensated absences	0.96	(0.33)	(2.35)	(0.84)
Provision for bonus	-	-	-	(1.23)
Provision for diminution of investments in subsidiaries	8.81	-	8.81	-
Re-measurement of investment in debt instruments of subsidiary to fair value	(5.66)	-	(5.66)	-
Deferred revenue	4.16	9.29	8.71	19.99
Tax losses	246.94	87.73	366.40	125.36
Unabsorbed depreciation	14.68	(3.85)	20.56	15.78
Investment in mutual funds measured at fair value	97.17	4.63	116.16	1.64
Accelerated deduction for tax purposes	(0.71)	0.07	(0.71)	0.13
Property, plant and equipment and other intangible assets	1.80	(0.61)	2.02	1.36
Minimum Alternative Tax	103.58	-	36.18	-
Leases	3.95	-	5.39	-
Others	6.10	0.04	0.78	0.66
Allowances for doubtful debts	(0.13)	-	(0.33)	-
<b>Deferred tax expense/(income)</b>	<b>484.20</b>	<b>94.69</b>	<b>550.15</b>	<b>159.92</b>

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

Particulars	As at 30 September 2019	As at 31 March 2019
<b>Opening balance as of 1 April</b>	858.08	1,155.57
Tax (expense)/income during the period recognised in Statement of profit and loss	(248.08)	(337.47)
Tax expense related to change in tax rate/laws (including MAT amount lapsed)	(314.08)	-
Tax income during the period recognised in OCI	12.01	3.81
Deferred tax on Ind AS 116 impact on retained earning	8.75	-
MAT credit entitlement	-	36.17
<b>Closing balance at the end of the period/year</b>	<b>316.68</b>	<b>858.08</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 30 September 2019	As at 31 March 2019
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:		
- tax business losses	302.90	275.22
- unabsorbed depreciation	7.45	6.99
- tax capital losses*	43.32	43.32
- other deductible temporary differences	1.97	2.54
	<b>355.64</b>	<b>328.08</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 amount included in the balance sheet arising from the Group's obligation in respect of its gratuity plan and leave encashment is as follows:

**Gratuity - Defined benefit**

	As at 30 September 2019	As at 31 March 2019
Present value of funded defined benefit	184.60	126.34
Fair value of plan assets	(18.10)	(21.46)
<b>Net liability arising from defined benefit</b>	<b>166.50</b>	<b>104.88</b>

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

	As at 30 September 2019	As at 31 March 2019
Present value of other long term employee benefit plan	69.74	44.40
<b>Net liability arising from other long term employee benefit plan</b>	<b>69.74</b>	<b>44.40</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

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

	<b>Gratuity</b>	
	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period/year	126.34	93.15
Benefits paid	(4.37)	(5.19)
Employee benefit obligation pursuant to the sale of disposal group (refer note 36)	-	(0.99)
Current service cost	9.99	20.78
Interest cost	4.76	7.27
- changes in demographic assumptions	8.84	14.61
- changes in financial assumptions	24.85	(6.62)
- experience adjustments	14.19	3.33
<b>Balance at the end of the period/year</b>	<b>184.60</b>	<b>126.34</b>

	<b>Leave encashment</b>	
	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period/year	44.40	38.67
Benefits paid	(3.23)	(9.53)
Employee benefit obligation pursuant to the sale of disposal group (Refer Note 36)	-	0.04
Current service cost	15.10	12.27
Interest cost	1.67	3.02
Actuarial (gains)/losses		
- changes in demographic assumptions	(1.36)	7.19
- changes in financial assumptions	4.90	(5.60)
- experience adjustments	8.26	(1.66)
<b>Balance at the end of the period/year</b>	<b>69.74</b>	<b>44.40</b>

*Movement in fair value of plan assets*

	<b>Gratuity</b>	
	As at 30 September 2019	As at 31 March 2019
Opening fair value of plan assets	21.46	24.56
Interest income	0.81	1.93
Actuarial (gains)/losses	0.06	0.15
Benefits paid	(4.23)	(5.18)
<b>Closing fair value of plan assets</b>	<b>18.10</b>	<b>21.46</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 INR 31.67 million to gratuity in FY 2019-20 (March 31 2019: INR 35.56 million).

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

	As at 30 September 2019	As at 31 March 2019
Funds managed by insurer	100%	100%

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

## b) Expense recognised in profit or loss

## Gratuity

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Current service cost	3.96	4.02	9.99	7.88
Net interest expense	1.95	1.57	3.96	2.91
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>5.90</b>	<b>5.59</b>	<b>13.95</b>	<b>10.79</b>

Remeasurement of the net defined benefit liability:

Actuarial (gain)/loss on plan assets	0.12	0.29	(0.06)	0.32
Actuarial (gain)/loss on defined benefit obligation	32.79	1.73	47.87	5.85
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>32.91</b>	<b>2.02</b>	<b>47.81</b>	<b>6.17</b>

## Leave encashment

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Current service cost	11.59	3.36	15.10	6.66
Net interest expense	0.82	0.87	1.67	1.62
Actuarial (gain)/loss on other long term employee benefit plan	5.87	(1.50)	11.80	(0.14)
<b>Components of other long term employee benefit costs recognised in profit or loss</b>	<b>18.28</b>	<b>2.73</b>	<b>28.57</b>	<b>8.14</b>

## c) Actuarial assumptions

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

	As at 30 September 2019	As at 31 March 2019
Discount rate	6.30%	7.87%
Expected rate of return on assets	6.30%	0.28%

## Attrition rate:

	As at 30 September 2019		As at 31 March 2019	
	Upto 4 years of service	Above 4 years of service	Upto 4 years of service	Above 4 years of service
<b>Ages</b>				
Upto 30 years	25.19%	8.46%	56.82%	22.00%
From 31 to 44 years	15.10%	9.56%	43.19%	14.00%
Above 44 years	19.43%	5.88%	1.31%	8.00%
<b>Future salary growth</b>	7.25%	12.00%	12.86%	12.86%

Mortality table

India Assured Life Morality (2012-14)

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

## Gratuity

## For the six months ended 30 September 2019

	Increase	Decrease
Impact of change in discount rate by 0.50%	(12.76)	10.56
Impact of change in salary by 0.50%	9.55	(6.46)

## 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)

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 30 September 2019	As at 31 March 2019
Within one year	12.31	8.88
Within one - three years	24.30	21.09
Within three - five years	22.81	17.53
Above five years	125.18	78.84
<b>Total</b>	<b>184.60</b>	<b>126.34</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 30 June 2019, the following schemes were in operation:

	<b>ESOP 2010</b>	<b>ESOP 2012</b>	<b>ESOP 2015</b>	<b>ESOP 2016</b>	<b>ESOP 2017</b>
Date of grant	January 1, 2010	March 15, 2012	June 08, 2015	July 28, 2016	June 02, 2017
Date of Board Approval	November 24, 2009	January 25, 2012	June 08, 2015	July 28, 2016	May 04, 2017
Date Of Shareholder's approval	November 10, 2008	November 10, 2008	September 23, 2015	September 23, 2015	September 23, 2015
Number of options approved	4,53,420	6,45,560	5,39,000	2,76,980	2,00,730
Method of Settlement	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

The details of activity have been summarized below:

**ESOP 2010**

	<b>For the six months ended 30 September 2019</b>		<b>For the six months ended 30 September 2018</b>	
	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>
Outstanding at the beginning of the period	Nil	100	63,286	100
Granted during the period	Nil	100	Nil	100
Forfeited during the period	Nil	100	9,210	100
Exercised during the period	Nil	100	54,076	100
Expired during the period	Nil	100	Nil	100
Outstanding at the end of the period	Nil	100	Nil	100
Exercisable at the end of the period	Nil	100	Nil	100

**ESOP 2012**

	<b>For the six months ended 30 September 2019</b>		<b>For the six months ended 30 September 2018</b>	
	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>
Outstanding at the beginning of the period	Nil	150	1,50,136	150
Granted during the period	Nil	150	Nil	150
Forfeited/ expired during the period	Nil	150	4,603	150
Exercised during the period	Nil	150	1,45,533	150
Outstanding at the end of the period	Nil	150	Nil	150
Exercisable at the end of the period	Nil	150	Nil	150

**ESOP 2015**

	<b>For the six months ended 30 September 2019</b>		<b>For the six months ended 30 September 2018</b>	
	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>
Outstanding at the beginning of the period	62,100	200	3,54,100	200
Granted during the period	Nil	200	Nil	200
Forfeited/ expired during the period	-	200	3,600	200
Exercised during the period	62,100	200	2,88,400	200
Outstanding at the end of the period	-	200	62,100	200
Exercisable at the end of the period	Nil	200	Nil	200

**ESOP 2016**

	<b>For the six months ended 30 September 2019</b>		<b>For the six months ended 30 September 2018</b>	
	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>
Outstanding at the beginning of the period	41,850	200	1,94,268	200
Granted during the period	Nil	200	Nil	200
Forfeited/ expired during the period	1,800	200	14,400	200
Exercised during the period	20,025	200	1,36,218	200
Outstanding at the end of the period	20,025	200	43,650	200
Exercisable at the end of the period	Nil	200	Nil	200

**ESOP 2017**

	<b>For the six months ended 30 September 2019</b>		<b>For the six months ended 30 September 2018</b>	
	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>	<b>Number of options</b>	<b>Weighted Average Exercise Price (INR)</b>
Outstanding at the beginning of the period	37,888	200	1,97,800	200
Granted during the period	Nil	200	Nil	200
Forfeited/ expired during the period	760	200	Nil	200
Exercised during the period	9,282	200	1,59,088	200
Outstanding at the end of the period	27,846	200	38,712	200
Exercisable at the end of the period	Nil	200	Nil	200

Figures for current period ended 30 September 2019 and previous year are as follows:

<b>As at 30 September 2019</b>					
	<b>ESOP 2010</b>	<b>ESOP 2012</b>	<b>ESOP 2015</b>	<b>ESOP 2016</b>	<b>ESOP 2017</b>
Range of exercise prices	100	150	200	200	200
Number of options outstanding	-	-	-	20,025	27,846
Weighted average remaining contractual life of options (in years)	NA	NA	-	0.75	1.30
Weighted average exercise price	100	150	200	200	200
Weighted average share price for the options exercised during the period	NA	NA	300	300	300

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

#### Stock Options granted

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

As at 30 September 2019					
	ESOP 2010	ESOP 2012	ESOP 2015	ESOP 2016	ESOP 2017
Weighted average share price	148.39	150	200	275.93	280.50
Exercise Price	100	150	200	200	200
Expected Volatility	0.00%	0.00%	0.00%	0.00%	0.00%
Historical Volatility	0.00%	0.00%	0.10%	0.10%	0.10%
Life of the options granted (Vesting and exercise year) in years	7.50	8.00	7.70	7.70	7.70
Expected dividends	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	8.39%	8.39%	7.77%	7.20%	7.20%

As at 31 March 2019					
	ESOP 2010	ESOP 2012	ESOP 2015	ESOP 2016	ESOP 2017
Weighted average share price	148.39	150	200	275.93	280.50
Exercise Price	100	150	200	200	200
Expected Volatility	0.00%	0.00%	0.00%	0.00%	0.00%
Historical Volatility	0.00%	0.00%	0.10%	0.10%	0.10%
Life of the options granted (Vesting and exercise year) in years	7.50	8.00	7.70	7.70	7.70
Expected dividends	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	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	8,00,740
Method of Settlement	Equity
Vesting period (in months)	0 to 48 Months

The details of activity have been summarized below:

	For the six months ended 30 September 2019		For the six months ended 30 September 2018	
	Number of SAR units	Weighted Average Exercise Price (INR)	Number of SAR units	Weighted Average Exercise Price (INR)
Outstanding at the beginning of the period	7,79,740	500	NA	NA
Granted during the period	Nil	Nil	NA	NA
Forfeited during the period	29,980	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	7,49,760	500	NA	NA
Exercisable at the end of the period	Nil	Nil	NA	NA

Figures for period ended 30 September 2019 are as follows:

SAR 2018	
Range of exercise prices	500
Number of units outstanding	7,49,760
Weighted average remaining contractual life of units (in years)	3.00
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:

SAR 2018	
Weighted average share price	597
Exercise Price	500
Expected Volatility	41.00%
Historical Volatility	41.00%
Life of the options granted (Vesting and exercise year) in years	4.00
Expected dividends	Nil
Average risk-free interest rate	7.80%

#### Effect of the employee share-based payment plans on the statement of profit & loss:

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Total Employee Compensation Cost pertaining to share-based payment plans	30.72	3.60	52.17	31.33
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	30.72	3.60	52.17	31.33

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

	As at 30 September 2019	As at 31 March 2019
Total Liability for employee stock options outstanding as at period/year end	131.89	88.48

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

	Level	As at 30 September 2019	As at 31 March 2019
<b>Financial assets</b>			
a) Measured at fair value through profit or loss (FVTPL)			
- Investment in mutual funds	Level 1	7,228.58	6,074.45
<b>Total financial assets</b>		<b>7,228.58</b>	<b>6,074.45</b>

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

- i) The carrying value of 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. The financial assets and financial liabilities categorised in Level 3 of fair value measurement hierarchy.
- 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 30 September 2019 and 31 March 2019:**

	Valuation technique(s)	Key input(s)	Sensitivity
<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 liabilities included in level 3 have been determined in accordance with generally accepted pricing models based on a discounted cashflow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counter parties.

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

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

	Share buy back obligation			
	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Opening balance	-	2,727.59	-	3,729.30
Gains or loss recognised in profit or loss	-	-	-	652.63
Conversion of preference shares into equity shares during the period	-	(2,727.59)	-	(4,381.93)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**e) During the period ended 30 September 2019 and 30 September 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 it 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). As at 30 September 2019 and 31 March 2019, the outstanding debt was INR Nil.

**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.

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 primarily 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 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:

**Contractual maturities of financial liabilities****30 September 2019**

	Within 1 year	Between 1 and 5 years	Total
Trade payables	163.63	-	163.63
Lease and other financial liabilities	310.96	137.02	447.98
	474.59	137.02	611.61

**31 March 2019**

	Within 1 year	Between 1 and 5 years	Total
Trade payables	129.32	-	129.32
Lease and other financial liabilities	308.84	2.84	311.68
	438.16	2.84	441.00

**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 30 September 2019 and 31 March 2019 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**

	<b>As at 30 September 2019</b>	<b>As at 31 March 2019</b>
Trade receivable	USD 0.06 (INR 4.67)	USD 0.04 (INR 2.50)

**Sensitivity**

	<b>Impact on profit/loss before tax</b>			
	<b>For the quarter ended 30 September 2019</b>	<b>For the quarter ended 30 September 2018</b>	<b>For the six months ended 30 September 2019</b>	<b>For the six months ended 30 September 2018</b>
<b>USD sensitivity</b>				
INR/USD - increase by 2%	0.05	(0.03)	0.09	0.07
INR/USD - decrease by 2%	(0.05)	0.03	(0.09)	(0.07)

**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.

**Sensitivity**

	<b>Impact on profit/loss before tax</b>	
	<b>For the six months ended 30 September 2019</b>	<b>For the six months ended 30 September 2018</b>
+ 5% change in NAV of mutual funds	361.43	225.88
- 5% change in NAV of mutual funds	(361.43)	(225.88)

### 32 Segment information

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

#### Information about geographical areas:

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

	Revenue from external customers				Non-current assets*	
	For the quarter ended	For the quarter ended	For the six months ended	For the six months ended	As at	As at
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	31 March 2019
India	1,558.08	1,216.54	3,009.77	2,342.13	307.22	99.72
Others	7.99	8.18	29.33	15.98	-	-
	<b>1,566.07</b>	<b>1,224.72</b>	<b>3,039.10</b>	<b>2,358.11</b>	<b>307.22</b>	<b>99.72</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
Manoj Bhargava	Company Secretary
Dhruv Prakash	Non executive director
Rajesh Sawhney	Independent director
Elizabeth Lucy Chapman	Independent director
Vivek Narayan Gour	Independent director

#### b) Entities where Individuals and Key Management Personnel (KMP) as defined 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  
Simply Vyapar Apps Private Limited (Associate) (with effect from 3 September 2019)

Refer Note 27 for information and transactions in post employment defined benefit plan

#### ii) Key management personnel compensation

	For the quarter ended	For the quarter ended	For the six months ended	For the six months ended
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Short-term employee benefits	28.62	25.44	56.54	51.32
Post-employment benefits	0.84	0.07	0.98	0.08
Long-term employee benefits	3.66	(0.98)	4.76	(0.22)
Employee share based payment expense	2.31	0.16	3.93	0.41
	<b>35.43</b>	<b>24.69</b>	<b>66.21</b>	<b>51.59</b>



**33 Related party transactions (Cont'd)**

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

	For the quarter ended 30 September 2019	For the quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
<b>Entities where KMP and Individuals exercise Significant influence</b>				
<u>Expenses for rent</u>				
Mansa Enterprises Private Limited	0.74	0.74	1.48	1.78
<b>Key management personnel</b>				
<u>Recruitment and training expenses</u>				
Dhruv Prakash	0.70	0.30	1.30	0.70
Director's sitting fees	0.51	1.31	1.17	2.24
<b>Associates</b>				
<u>Investment in associates</u>				
Simply Vyapar Apps Private Limited	312.02	-	-	-
<u>Indiamart employee benefit trust</u>				
Interest free Loan given	1.50	-	1.50	-
Share capital issued	1.45	-	1.45	-

**Terms and conditions of transactions with related parties**

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

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

	As at 30 September 2019	As at 31 March 2019
<b>Balance Outstanding at the year end</b>		
<b>Associates</b>		
<u>Investment in associates</u>		
Simply Vyapar Apps Private Limited	312.02	-
<u>Loan given</u>		
Indiamart employee benefit trust	1.50	-

The Group has incurred IPO related expenses, in trust on behalf of related parties (Managing Director and Whole time Director) as selling shareholders in Offer for Sale. The amount recoverable in NIL as on 30 September 2019 (also refer Note 7A)).

**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 30 September 2019	As at 31 March 2019
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	100.00
Tolexo Online Private Ltd	Cloud based solution for SMEs	India	100.00	100.00
Pay With Indiamart Private Limited	Payment facilitation and consultancy services	India	100.00	100.00

Information about associate

Simply Vyapar Apps Private Limited	Software and apps service providing company	India	26.00	-
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**35 Additional information**

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	INR million	As % of consolidated profit and loss	INR million	As % of consolidated other comprehensive income	INR million	As % of total comprehensive income	INR million
<b>Parent</b>								
<b>Indiamart Intermesh Limited</b>								
Balance as at 30 September 2019	104.92%	2,050.93						
Balance as at 31 March 2019	104.76%	1,606.82						
For the quarter ended 30 September 2019			117.99%	95.75	99.39%	(25.92)	126.80%	69.81
For the quarter ended 30 September 2018			105.02%	210.19	95.36%	(1.26)	105.08%	208.93
For the six months ended 30 September 2019			106.99%	427.00	99.15%	(35.49)	107.76%	391.51
For the six months ended 30 September 2018			93.56%	(341.91)	94.94%	(3.84)	93.58%	(345.75)
<b>Subsidiaries</b>								
<b>Tolexo Online Private Limited</b>								
Balance as at 30 September 2019	-6.07%	(118.75)						
Balance as at 31 March 2019	-5.93%	(90.94)						
For the quarter ended 30 September 2019			-18.19%	(14.76)	0.26%	(0.07)	-26.94%	(14.83)
For the quarter ended 30 September 2018			-5.33%	(10.66)	1.10%	(0.01)	-5.37%	(10.68)
For the six months ended 30 September 2019			-6.68%	(26.67)	0.25%	(0.09)	-7.36%	(26.75)
For the six months ended 30 September 2018			5.81%	(21.22)	1.64%	(0.07)	5.76%	(21.29)
<b>Ten Times Online Private Limited</b>								
Balance as at 30 September 2019	1.95%	38.18						
Balance as at 31 March 2019	2.16%	33.06						
For the quarter ended 30 September 2019			4.33%	3.51	0.34%	(0.09)	6.22%	3.42
For the quarter ended 30 September 2018			2.32%	4.65	4.30%	(0.06)	2.31%	4.60
For the six months ended 30 September 2019			0.95%	3.81	0.63%	(0.23)	0.99%	3.58
For the six months ended 30 September 2018			-1.39%	5.07	3.45%	(0.14)	-1.34%	4.94
<b>Hello Trade Online Pvt Ltd</b>								
Balance as at 30 September 2019	0.00%	0.09						
Balance as at 31 March 2019	0.01%	0.11						
For the quarter ended 30 September 2019			0.00%	(0.00)	0.00%	-	-0.01%	(0.00)
For the quarter ended 30 September 2018			0.00%	(0.01)	0.00%	-	0.00%	(0.01)
For the six months ended 30 September 2019			0.00%	(0.01)	0.00%	-	0.00%	(0.01)
For the six months ended 30 September 2018			0.00%	(0.01)	0.00%	-	0.00%	-
<b>Tradezeal International Pvt Ltd</b>								
Balance as at 30 September 2019	-1.09%	(21.29)						
Balance as at 31 March 2019	-1.28%	(19.63)						
For the quarter ended 30 September 2019			-0.98%	(0.79)	0.00%	-	-1.44%	(0.79)
For the quarter ended 30 September 2018			-0.05%	(0.10)	0.00%	-	-0.05%	(0.10)
For the six months ended 30 September 2019			-0.42%	(1.66)	0.00%	-	-0.46%	(1.66)
For the six months ended 30 September 2018			0.05%	(0.20)	0.00%	-	0.05%	(0.20)
<b>Pay with Indiamart Private Limited</b>								
Balance as at 30 September 2019	0.29%	5.69						
Balance as at 31 March 2019	0.28%	4.33						
For the quarter ended 30 September 2019			-0.55%	(0.44)	0.00%	-	-0.80%	(0.44)
For the quarter ended 30 September 2018			-1.97%	(3.92)	0.00%	-	-1.97%	(3.92)
For the six months ended 30 September 2019			-0.31%	(1.24)	0.00%	-	-0.34%	(1.24)
For the six months ended 30 September 2018			1.96%	(7.18)	0.00%	-	1.94%	(7.18)
<b>Associate (accounting as per equity method)</b>								
<b>Simply Vyapar Apps Private Limited</b>								
Balance as at 30 September 2019	20.21%	309.91						
Balance as at 31 March 2019								
For the quarter ended 30 September 2019			-2.60%	(2.11)	0.00%	-	-3.84%	(2.11)
For the quarter ended 30 September 2018			0.00%	-	0.00%	-	0.00%	-
For the six months ended 30 September 2019			-0.53%	(2.11)	0.00%	-	-0.58%	(2.11)
For the six months ended 30 September 2018			0.00%	-	0.00%	-	0.00%	-
<b>Sub-Total</b>								
Balance as at 30 September 2019	100.00%	1,954.84						
Balance as at 31 March 2019	100.00%	1,533.75						
For the quarter ended 30 September 2019			100.00%	81.15	100.00%	(26.08)	100.00%	55.06
For the quarter ended 30 September 2018			100.00%	200.15	100.00%	(1.32)	100.00%	198.82
For the six months ended 30 September 2019			100.00%	399.12	100.00%	(35.79)	100.00%	363.32
For the six months ended 30 September 2018			100.00%	(365.44)	100.00%	(4.04)	100.00%	(369.47)
<b>Adjustment arising out of consolidation</b>								
Balance as at 30 September 2019		72.70						
Balance as at 31 March 2019		65.12						
For the quarter ended 30 September 2019				5.57		-		5.58
For the quarter ended 30 September 2018				3.45		0.01		3.47
For the six months ended 30 September 2019				11.22		(0.00)		11.22
For the six months ended 30 September 2018				6.86		(0.00)		6.85
<b>Total</b>								
Balance as at 30 September 2019		2,027.55						
Balance as at 31 March 2019		1,598.87						
For the quarter ended 30 September 2019				86.72		(26.08)		60.64
For the quarter ended 30 September 2018				203.60		(1.31)		202.29
For the six months ended 30 September 2019				410.34		(35.80)		374.54
For the six months ended 30 September 2018				(358.58)		(4.04)		(362.62)

### 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 INR 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 results of Hello travel for the period upto transfer date (i.e. 1 July 2018) are presented below:**

	<b>Amount</b>
<b>Revenue</b>	<b>8.72</b>
<b>Expenses:</b>	
<b>Manpower expenses:</b>	
Salaries, allowance and bonus	3.19
Staff welfare expenses	0.22
<b>Total</b>	<b>3.41</b>
<b>Other expenses:</b>	
Content development expenses	2.94
Buyer Engagement Expenses	3.81
Internet and other online expenses	0.44
Outsourced sales cost	1.51
Other expenses	0.20
<b>Total</b>	<b>8.90</b>
<b>Total expenses</b>	<b>12.31</b>
<b>Loss for the period from disposal group</b>	<b>(3.59)</b>

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

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

### 37 Contingent liabilities and commitments

#### a) Contingent liabilities

	<b>As at 30 September 2019</b>	<b>As at 31 March 2019</b>
(i) Income-tax demand*	59.69	61.66

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

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

**38** The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has resulted in recognising a right-of-use asset of INR 204.39 Million and a corresponding lease liability of INR 224 Million by adjusting retained earnings net of taxes of INR 16.33 Million [the impact of deferred tax created 8.75 Million] as at April 1, 2019. In the statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent (in other expenses) into depreciation cost against the right-of-use asset and finance cost against interest accrued on lease liability.

The impact on the statement of Profit and Loss for the quarter and six months ended 30 September 2019 is as below:

	<b>For the quarter ended 30 September 2019</b>	<b>For the six months ended 30 September 2019</b>
<b>Particulars</b>		
Rent, rates & taxes expenses are lower by	48.25	93.06
Depreciation is higher by	(39.27)	(75.51)
Finance Cost is higher by	(6.29)	(10.74)
Other Income higher by	0.78	0.78
<b>Profit Before tax is higher/ (Lower) by</b>	<b>3.47</b>	<b>7.59</b>

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

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

**40 Investment in associate**

The group has no material associate as on 30 September 2019, The aggregate summarised financial information in respect of the Group's immaterial associate accounted for using the equity method is as below:

	<b>30 September 2019</b>	<b>31 March 2019</b>
Carrying value of the Group's interest in associates	309.91	-
Group's share in profit/(loss) for the period in associate	(2.11)	-

- 41** a) During the period ended 30 September 2019, the Group modified the classification of amount payable to employees from 'Trade payable' to 'Payable to employees' classified in 'other financial liabilities' to reflect more appropriately the nature of such amounts payable. Comparative amounts in the notes to the interim standalone financial statements were reclassified for consistency. As a result INR 305.34 millions as at 31 March 2019 was reclassified from 'Trade payable' to 'Payable to employees'.
- b) During the period ended 30 September 2019, the Group modified the classification of provision for service tax from 'Trade payable' to 'Provision-others' classified in 'Provisions' to reflect more appropriately the nature of such amounts provided in books of account. Comparative amounts in the notes to the interim standalone financial statements were reclassified for consistency. As a result INR 15.38 millions as at 31 March 2019 was reclassified from 'Trade payable' to 'Provision-others'.
- c) During the period ended 30 September 2019, the Company modified the classification of 'Net gain on disposal of current investments, and Fair value gain/(loss) on financial assets measured at FVTPL' from 'Net gain/(loss) on financial assets measured at FVTPL' to 'Other income' to reflect more appropriately the nature of such amounts. Comparative amounts in the notes to the interim standalone financial statements were reclassified for consistency. As a result INR 71.98 millions and INR 107.96 millions for the quarter and six months ended 30 September 2018 were reclassified from 'Net gain/(loss) on financial assets measured at FVTPL' to 'Other income'.

**As per our report of even date**

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

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

**Jiten Chopra**  
Partner  
Membership No.: 092894  
UDIN:  
Place:  
Date : 22 October 2019

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

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

**Prateek Chandra**  
(Chief Financial Officer)

**Manoj Bhargava**  
(Company Secretary)

**Place: Noida**  
Date : 22 October 2019