

BSR & Co. LLP

Chartered Accountants

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IndiaMART InterMESH Limited

Opinion

We have audited the condensed standalone interim financial statements of IndiaMART InterMESH LIMITED ("the Company"), which comprise the condensed standalone balance sheet as at 30 June 2020, and the condensed standalone statement of profit and loss (including other comprehensive income), condensed standalone statement of changes in equity and condensed standalone statement of cash flows for the quarter then ended, and notes to the condensed standalone interim financial statements, including a summary of the significant accounting policies and other explanatory information, as required by Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed standalone interim financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 30 June 2020, and profit and other comprehensive income, changes in equity and its cash flows for the quarter ended on that date.

Basis for Opinion

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

Management's Responsibility for the Condensed Standalone Interim Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the condensed standalone interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

BS R & Co. LLP

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed standalone interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed standalone interim financial statements, including the disclosures, and whether the condensed standalone interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

Attention is drawn to the fact that the corresponding figures for the quarter ended 30 June 2019 are based on the previously issued standalone interim financial statements of the Company that were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on 31 July 2019.

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

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

Chartered Accountants

ICAI Firm registration No: 101248W/W-100022

KANIKA KOHLI

Digitally signed by KANIKA

KOHLI

Date: 2020.07.21 15:16:52

+05'30'

Kanika Kohli

Partner

Membership No:511565

ICAI UDIN: 20511565AAAAAT8462

Place: Gurugram

Date: 21 July 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Balance Sheet as at 30 June 2020
(Amount in INR million, unless otherwise stated)

	Notes	As at 30 June 2020	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	5A	41.84	47.94
Capital work in progress	5A	1.77	1.77
Right-of-use assets	5B	763.04	799.71
Intangible assets	6	4.12	4.58
Investment in subsidiaries and associates	7	316.12	316.12
Financial assets			
(i) Investments	8	189.59	89.60
(ii) Loans	8	1.98	0.73
(iii) Others financial assets	8	55.09	398.01
Deferred tax assets (net)	26	-	243.97
Non-current tax assets (net)	18	253.87	211.43
Other non-current assets	11	0.45	0.44
Total Non-current assets		1,627.87	2,114.30
Current assets			
Financial assets			
(i) Investments	8	8,961.88	8,655.45
(ii) Trade receivables	9	8.30	11.00
(iii) Cash and cash equivalents	10	75.12	129.04
(iv) Bank balances other than (iii) above	10	409.46	68.64
(v) Loans	8	5.51	11.53
(vi) Others financial assets	8	68.75	76.02
Current tax assets (net)	18	76.80	75.45
Other current assets	11	25.98	46.39
Total Current assets		9,631.80	9,073.52
Total assets		11,259.67	11,187.82
Equity and Liabilities			
Equity			
Share capital	12	288.77	288.77
Other equity	13	3,223.24	2,456.17
Total Equity		3,512.01	2,744.94
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	15	591.72	612.49
Provisions	16	282.05	258.28
Deferred tax liabilities (net)	26	11.68	-
Contract liabilities	17	2,374.80	2,697.13
Total Non-current liabilities		3,260.25	3,567.90
Current liabilities			
Financial liabilities			
(i) Trade payables	14	-	-
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		193.45	177.07
(ii) Lease liabilities	15	147.15	152.61
(iii) Other financial liabilities	15	148.23	254.12
Provisions	16	40.98	39.82
Contract liabilities	17	3,889.48	4,138.07
Other current liabilities	17	68.12	113.29
Total Current liabilities		4,487.41	4,874.98
Total Liabilities		7,747.66	8,442.88
Total Equity and Liabilities		11,259.67	11,187.82
Summary of significant accounting policies	2		

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

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

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

KANIKA KOHLI Digitally signed by KANIKA KOHLI
Date: 2020.07.21 15:20:59 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 21 July 2020

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

DINESH CHANDRA AGARWAL Digitally signed by DINESH CHANDRA AGARWAL
Date: 2020.07.21 13:51:37 +05'30'

Dinesh Chandra Agarwal

(Managing Director & CEO)

DIN:00191800

PRATEEK CHANDRA Digitally signed by PRATEEK CHANDRA
Date: 2020.07.21 13:36:23 +05'30'

Prateek Chandra

(Chief Financial Officer)

BRIJESH KUMAR AGRAWAL Digitally signed by BRIJESH KUMAR AGRAWAL
Date: 2020.07.21 13:54:50 +05'30'

Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

MANOJ BHARGAVA Digitally signed by MANOJ BHARGAVA
Date: 2020.07.21 14:01:17 +05'30'

Manoj Bhargava

(Company Secretary)

Place: Noida

Date: 21 July 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Statement of Profit and Loss for the period ended 30 June 2020
(Amount in INR million, unless otherwise stated)

	Notes	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Income:			
Revenue from operations	19	1,512.52	1,443.14
Other income	20	334.03	142.60
Total income		1,846.55	1,585.74
Expenses:			
Employee benefits expense	21	448.01	584.85
Finance costs	22	18.44	4.45
Depreciation and amortisation expense	23	43.43	43.77
Other expenses	24	311.71	482.71
Total expenses		821.59	1,115.78
Profit before tax		1,024.96	469.96
Income tax expense			
Current tax	26	-	67.40
Deferred tax	26	260.21	71.26
Total tax expense		260.21	138.66
Net profit for the period		764.75	331.30
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss and its related income tax effects			
Re-measurement losses on defined benefit plans		(18.10)	(14.70)
Income tax effect		4.56	5.14
Other comprehensive loss for the period, net of tax		(13.54)	(9.56)
Total comprehensive income for the period		751.21	321.74
Earnings per equity share:			
Basic earnings(loss) per equity share (INR) - face value of INR 10 each	25	26.44	11.56
Diluted earnings(loss) per equity share (INR) - face value of INR 10 each		26.01	11.36
Summary of significant accounting policies	2		

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

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

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

KANIKA KOHLI Digitally signed by KANIKA KOHLI
Date: 2020.07.21 15:22:51 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 21 July 2020

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

DINESH
CHANDRA
AGARWAL Digitally signed by
DINESH CHANDRA
AGARWAL
Date: 2020.07.21 13:52:33
+05'30'

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

PRATEEK
CHANDRA Digitally signed by PRATEEK
CHANDRA
Date: 2020.07.21 13:37:17
+05'30'

Prateek Chandra
(Chief Financial Officer)

BRIJESH
KUMAR
AGRAWAL Digitally signed by
BRIJESH KUMAR
AGRAWAL
Date: 2020.07.21
13:55:37 +05'30'

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

MANOJ
BHARGAVA
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by MANOJ
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Date: 2020.07.21
14:02:05 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida

Date: 21 July 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Statement of changes in equity for the period ended 30 June 2020
(Amount in INR million, unless otherwise stated)

(a) Equity share capital (Refer Note 12)

Equity shares of INR 10 each issued, subscribed and fully paid up	Amount
As at 1 April 2019	285.92
Equity share capital issued on exercise of ESOP during the period	1.83
As at 30 June 2019	287.75
As at 1 April 2020	288.77
As at 30 June 2020	288.77

(b) Other equity (Refer Note 13)

Particulars	Reserves and surplus				Share application money pending allotment	Total other equity
	Securities premium	General reserve	Employee share based payment reserve	Retained earnings		
Balance as at 1 April 2019	4,686.54	8.45	71.42	(3,445.51)	-	1,320.90
Impact of adoption of Ind AS 116 (net of taxes) (Refer Note 5B)	-	-	-	(16.33)	-	(16.33)
Profit for the period	-	-	-	331.30	-	331.30
Other comprehensive income/ (loss) for the period	-	-	-	(9.56)	-	(9.56)
Total comprehensive income/ (loss)	-	-	-	305.41	-	305.41
Issue of equity shares on exercise of share based awards during the period	25.22	-	(8.76)	-	-	16.46
Employee share based payment expense (Refer Note 21)	-	-	20.69	-	-	20.69
Balance as at 30 June 2019	4,711.76	8.45	83.35	(3,140.10)	-	1,663.46
Balance as at 1 April 2020	4,753.90	8.45	95.97	(2,402.15)	-	2,456.17
Profit for the year	-	-	-	764.75	-	764.75
Other comprehensive income/ (loss) for the period	-	-	-	(13.54)	-	(13.54)
Total comprehensive income/ (loss)	-	-	-	751.21	-	751.21
Share application money pending allotment	-	-	-	-	0.85	0.85
Employee share based payment expense (Refer Note 21)	-	-	15.01	-	-	15.01
Balance as at 30 June 2020	4,753.90	8.45	110.98	(1,650.94)	0.85	3,223.24

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

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

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

KANIKA KOHLI Digitally signed by KANIKA KOHLI
Date: 2020.07.21 15:24:36 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 21 July 2020

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

DINESH CHANDRA AGARWAL Digitally signed by DINESH CHANDRA AGARWAL
Date: 2020.07.21 13:53:16 +05'30'

Dinesh Chandra Agarwal

(Managing Director & CEO)

DIN:00191800

PRATEEK CHANDRA Prateek Chandra Digitally signed by PRATEEK CHANDRA
Date: 2020.07.21 13:38:30 +05'30'

(Chief Financial Officer)

BRIJESH KUMAR AGRAWAL Digitally signed by BRIJESH KUMAR AGRAWAL
Date: 2020.07.21 13:56:21 +05'30'

Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

MANOJ BHARGAVA Digitally signed by MANOJ BHARGAVA
Date: 2020.07.21 14:02:56 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida

Date: 21 July 2020

IndiaMART InterMESH Limited
Condensed Standalone Interim Statement of Cash Flows for the period ended 30 June 2020
(Amount in INR million, unless otherwise stated)

Particulars	Notes	For the quarter ended	For the quarter ended
		30 June 2020	30 June 2019
Profit/(loss) before tax		1,024.96	469.96
<i>Adjustments to reconcile profit/(loss) before tax to net cash flows:</i>			
Depreciation and amortisation expense	23	43.43	43.77
Interest and other income	20	(8.41)	(11.35)
Fair value change on financial assets at FVTPL	20	(310.66)	(130.60)
Gain on disposal of property, plant and equipment	20	(0.03)	(0.65)
Share-based payment expense	21	15.01	20.69
Finance costs	22	18.44	4.45
Provisions and liabilities no longer required written back	20	(14.93)	-
Operating Profit before working capital changes		767.81	396.27
Movement in working capital			
(Increase)/decrease in trade receivables		2.70	0.02
(Increase)/decrease in other financial assets		(17.66)	31.03
(Increase)/decrease in other assets		20.43	20.68
Increase/(decrease) in other financial liabilities		(90.96)	(126.78)
Increase/(decrease) in trade payables		16.82	47.55
Increase/(decrease) in contract and other liabilities		(616.10)	189.60
Increase/(decrease) in provisions		6.83	16.53
Cash generated from operations		89.87	574.90
Income tax paid (net)		(43.79)	(16.51)
Net cash generated from operating activities		46.08	558.39
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		0.03	0.81
Purchase of property, plant and equipment and other intangible assets		(0.24)	(15.92)
Purchase of current investments		(370.00)	(859.99)
Investment in subsidiaries, associates and other entities		(99.99)	(5.00)
Proceeds from sale of current investments		374.25	300.00
Interest received		7.54	7.34
Advances received from /(paid for) selling shareholders (net)		-	(8.79)
Refund/(payment) of refundable security deposits for listing on stock exchange.		23.78	(24.76)
Investments/(redemption) in bank deposits (includes earmarked balances with bank)		8.89	(10.66)
Net cash used in investing activities		(55.74)	(616.97)
Cash flow from financing activities			
Share application money pending allotment		0.85	-
Repayment of lease liabilities		(11.74)	(40.36)
Interest paid on lease liabilities		(18.44)	(4.45)
Dividend paid (including Dividend Distribution Tax)		(14.93)	-
Proceeds from issue of equity shares on exercise of stock option plans		-	18.28
Net cash generated from (used in) financing activities		(44.26)	(26.53)
Net decrease in cash and cash equivalents		(53.92)	(85.11)
Cash and cash equivalents at the beginning of the period	10	129.04	359.13
Cash and cash equivalents at the end of the period	10	75.12	274.02
Summary of significant accounting policies	2		

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

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

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

KANIKA KOHLI Digitally signed by KANIKA KOHLI
Date: 2020.07.21 15:26:48 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 21 July 2020

For and on behalf of the Board of Directors of

IndiaMART InterMESH Limited

DINESH CHANDRA AGARWAL Digitally signed by DINESH CHANDRA AGARWAL
Date: 2020.07.21 13:58:00 +05'30'

Dinesh Chandra Agarwal

(Managing Director & CEO)

DIN:00191800

PRATEEK CHANDRA Digitally signed by PRATEEK CHANDRA
Date: 2020.07.21 13:39:40 +05'30'

Prateek Chandra

(Chief Financial Officer)

BRIJESH KUMAR AGRAWAL Digitally signed by BRIJESH KUMAR AGRAWAL
Date: 2020.07.21 13:57:10 +05'30'

Brijesh Kumar Agrawal

(Whole-time Director)

DIN:00191760

MANOJ BHARGAVA Digitally signed by MANOJ BHARGAVA
Date: 2020.07.21 14:03:47 +05'30'

Manoj Bhargava

(Company Secretary)

Place: Noida

Date: 21 July 2020

IndiaMART Intermesh Limited

Notes to condensed standalone interim financial statements for the period ended 30 June 2020

(Amounts in INR million, unless otherwise stated)

1. Corporate Information

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

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

2. Summary of Significant Accounting Policies

(a) Statement of compliance

The condensed standalone interim financial statements for the period ended 30 June 2020 have been prepared in accordance with Indian Accounting Standards (referred to as “Ind AS”) 34, Interim Financial Reporting and other Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act, 2013 (“the Act”) (as amended from time to time). These condensed standalone interim financial statements must be read in conjunction with the standalone annual financial statements for the year ended 31 March 2020. They do not include all the information required for a complete set of Ind AS financial statements. However, selected explanatory notes are included to explain events and transactions that management believes are significant to an understanding of the changes in the Company’s financial position and performance since the last annual standalone financial statements.

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

(b) Basis of Preparation

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

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

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

3. Significant accounting estimates and assumptions

The preparation of condensed standalone interim financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The significant judgements made by management in applying the Company’s accounting policies and key sources of estimation and uncertainty were the same as those described in the last standalone annual financial statements for the year ended 31 March 2020.

IndiaMART Intermesh Limited

Notes to condensed standalone interim financial statements for the period ended 30 June 2020

(Amounts in INR million, unless otherwise stated)

In view of the COVID-19 pandemic, the Company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, right-of-use assets, investment in subsidiaries and associate, Investment in other entities and other financial assets, for possible impact on the condensed standalone interim financial statements. However, the actual impact of COVID-19 on the Company's standalone interim financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

Measurement of fair values

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

The Company's management determines the policies and procedures for recurring fair value measurement, such as investment in debt instruments, equity instruments and preference instruments measured at fair value.

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

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

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

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

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

IndiaMART InterMESH Limited
Notes to Condensed Standalone Interim Financial Statements for the period ended 30 June 2020

(Amount in INR million, unless otherwise stated)

5A Property, plant and equipment

	Leasehold land (Refer Note 5B)	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total Property, plant and equipment	Capital work in progress (refer note 1 below)
Gross carrying amount							
As at 1 April 2019	37.12	95.27	36.41	5.99	3.81	178.60	1.77
Transition impact of Ind AS 116	(37.12)	-	-	-	-	(37.12)	-
Additions	-	24.03	15.82	0.75	-	40.60	-
Disposals	-	(2.38)	(1.71)	(1.03)	-	(5.12)	-
As at 31 March 2020	-	116.92	50.52	5.71	3.81	176.96	1.77
Additions	-	-	0.20	-	-	0.20	-
Disposals	-	-	-	-	-	-	-
As at 30 June 2020	-	116.92	50.72	5.71	3.81	177.16	1.77
Accumulated depreciation							
As at 1 April 2019	1.38	67.55	22.78	3.14	1.01	95.86	-
Transition impact of Ind AS 116	(1.38)	-	-	-	-	(1.38)	-
Charge for the year	-	28.32	8.64	0.85	1.01	38.82	-
Disposals during the year	-	(2.23)	(1.50)	(0.55)	-	(4.28)	-
As at 31 March 2020	-	93.64	29.92	3.44	2.02	129.02	-
Charge for the period	-	3.66	2.34	0.16	0.14	6.30	-
Disposals during the period	-	-	-	-	-	-	-
As at 30 June 2020	-	97.30	32.26	3.60	2.16	135.32	-
Net book value							
As at 1 April 2019	35.74	27.72	13.63	2.85	2.80	82.74	1.77
As at 31 March 2020	-	23.28	20.60	2.27	1.79	47.94	1.77
As at 30 June 2020	-	19.62	18.46	2.11	1.65	41.84	1.77

Notes:

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

5B Right-of-use assets

	Leasehold land (Refer Note 1 below)	Buildings (Refer Note 2 below)	Total
Gross carrying amount			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	37.12	204.39	241.51
Additions	-	736.52	736.52
Disposals	-	(11.08)	(11.08)
As at 31 March 2020	37.12	929.83	966.95
Additions	-	-	-
Disposals	-	-	-
As at 30 June 2020	37.12	929.83	966.95
Accumulated amortisation			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	1.38	-	1.38
Amortisation for the year	0.46	167.09	167.55
Disposals for the year	-	(1.69)	(1.69)
As at 31 March 2020	1.84	165.40	167.24
Amortisation for the period	0.12	36.55	36.67
As at 30 June 2020	1.96	201.95	203.91
Net book value			
As at 31 March 2020	35.28	764.43	799.71
As at 30 June 2020	35.16	727.88	763.04

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

2. The Company had 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 resulting in recognition of right-of-use asset of INR 204 Million and a corresponding lease liability of INR 224 Million by adjusting retained earnings net of taxes by INR 16 Million [the impact of deferred tax created INR 9 Million] as at April 1, 2019.

6 Intangible assets

	Software	Unique telephone numbers	Total
Gross carrying amount			
As at 1 April 2019	12.07	4.70	16.77
Additions	1.66	-	1.66
As at 31 March 2020	<u>13.73</u>	<u>4.70</u>	<u>18.43</u>
Additions	-	-	-
As at 30 June 2020	<u>13.73</u>	<u>4.70</u>	<u>18.43</u>
Accumulated amortisation			
As at 1 April 2019	7.38	3.69	11.07
Amortisation for the year	2.37	0.41	2.78
As at 31 March 2020	<u>9.75</u>	<u>4.10</u>	<u>13.85</u>
Amortisation for the period	0.40	0.06	0.46
As at 30 June 2020	<u>10.15</u>	<u>4.16</u>	<u>14.31</u>
Net book value			
As at 1 April 2019	<u>4.69</u>	<u>1.01</u>	<u>5.70</u>
As at 31 March 2020	<u>3.98</u>	<u>0.60</u>	<u>4.58</u>
As at 30 June 2020	<u>3.58</u>	<u>0.54</u>	<u>4.12</u>

7 Investment in subsidiaries and associates

	As at 30 June 2020		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Investment in subsidiaries - Unquoted				
<i>Fully paid up - at cost</i>				
Equity shares of INR 10 each in Tradezeal International Private Limited	110,000	1.10	110,000	1.10
Equity shares of INR 10 each in Ten Times Online Private Limited	62,333	3.10	62,333	3.10
Equity shares of INR 10 each in Tolexo Online Private Limited	7,001,800	70.02	7,001,800	70.02
Equity shares of INR 10 each in Pay With Indiamart Private Limited	100,000	1.00	100,000	1.00
Equity shares of INR 10 each in Hello Trade Online Private Limited	30,000	0.30	30,000	0.30
		<u>75.52</u>		<u>75.52</u>
Less: Impairment allowance in value of investments		<u>(71.42)</u>		<u>(71.42)</u>
		<u>4.10</u>		<u>4.10</u>
Investment in associates - Unquoted				
<i>Fully paid up - at cost</i>				
Compulsory convertible preference shares of INR 100 each (at premium of INR 52,217.90 each) in Simply Vyapar Apps Private Limited	5,954	311.50	5,954	311.50
Equity shares of INR 10 each (at premium of INR 52,307.90 each) in Simply Vyapar Apps Private Limited	10	0.52	10	0.52
		<u>312.02</u>		<u>312.02</u>
Total Investment in subsidiaries and associates		<u>316.12</u>		<u>316.12</u>
Aggregate carrying value of unquoted investments		316.12		316.12
Aggregate impairment in value of investments		71.42		71.42

Note:

1. The Company performed an evaluation to test whether there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition considering the likely impact of COVID-19 on future cash flows and growth rates and believes that the carrying value of the investment in subsidiaries and associate is recoverable.

8 Financial assets

	As at 30 June 2020		As at 31 March 2020	
i) Investments				
Non-current				
a) Investment in subsidiaries at FVTPL		89.60		89.60
b) Investment in other entities at FVTPL		99.99		-
		<u>189.59</u>		<u>89.60</u>
Current				
Investment in mutual funds at FVTPL		8,961.88		8,655.45
		<u>8,961.88</u>		<u>8,655.45</u>

Non-current investments

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

	As at 30 June 2020		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
<i>Unquoted (measured at FVTPL)</i>				
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each in Tolexo Online Private Limited	13,789,275		13,789,275	
Opening balance		33.04		39.95
Add: Investment made during the period		-		58.00
Less: Fair value loss recognised through profit and loss during the period		-		(64.91)
		33.04		33.04
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 90 each) in Tolexo Online Private Limited	1,298,050		1,298,050	
Opening balance		3.11		6.49
Add: Investment made during the period		-		-
Less: Fair value loss recognised through profit and loss during the period		-		(3.38)
		3.11		3.11
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 40 each) in Tolexo Online Private Limited	189,000		189,000	
Opening balance		0.45		0.95
Less: Fair value loss recognised through profit and loss during the period		-		(0.50)
		0.45		0.45
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each in Tradezeal International Private Limited	1,870,000		1,870,000	
Optionally Convertible Cumulative Redeemable Preference Shares of INR 10 each (at premium of INR 10 each) in Pay With Indiamart Private Limited	2,650,000		2,650,000	
Opening balance		53.00		43.00
Add: Investment made during the period		-		10.00
		53.00		53.00
		<u>89.60</u>		<u>89.60</u>

b) Investment in other entities (fully paid up) (Refer Note 2 below)

	As at 30 June 2020		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
<i>Unquoted (measured at FVTPL)</i>				
Compulsory convertible preference shares of INR 1 each (at premium of INR 776 each) in Mobisy Technologies Private Limited	128,593	99.92	-	-
Equity shares of INR 1 each (at premium of INR 776 each) in Mobisy Technologies Private Limited	100	0.07	-	-
		<u>99.99</u>		<u>-</u>
Total non-current investments		<u>189.59</u>		<u>89.60</u>

Notes:

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

2. During the quarter ended June 30, 2020, the Company has acquired 8.98% interest on fully converted and diluted basis in Mobisy Technologies Private Limited at the aggregate consideration of INR 99.99 Million. This investment has been classified as "Investment at FVTPL" as per Ind AS 109.

	As at 30 June 2020		As at 31 March 2020	
	No. of units	Amount	No. of units	Amount
Current investments				
<i>Investment in mutual funds - Quoted (measured at FVTPL)</i>				
Aditya Birla Sun Life Short Term Fund-Growth-Regular Plan	2,599,874	89.69	2,599,874	86.25
Aditya Birla Sunlife short term fund-Growth-Direct Plan	21,181,794	764.48	21,181,794	733.87
Aditya Birla Sunlife Corporate Bond Fund -Growth- Regular Plan	6,508,526	534.55	6,508,526	509.32
Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct plan	2,013,531	166.77	2,013,531	158.84
Bharat Bond ETF	400,000	427.30	400,000	408.08
HDFC Short Term Debt Fund-Direct Growth Plan	19,720,994	468.15	19,720,994	451.38
HDFC Short Term Debt Fund - Regular Plan	8,380,984	196.68	8,380,984	189.74
HDFC Low Duration Fund - Regular Plan-Growth	3,797,410	163.68	3,797,410	159.78
HDFC Low Duration Fund-Direct Plan-Growth	12,902,843	585.21	17,380,457	768.36
HDFC Credit Risk Debt Fund - Regular Plan - Growth	-	-	7,019,394	116.85
ICICI Prudential Savings Fund -Growth	81,581	32.55	81,581	31.60
ICICI Prudential Savings Fund- Direct Plan-Growth	2,868,191	1,153.50	3,017,480	1,177.93
ICICI Prudential Short Term Fund - Direct	20,802,151	960.56	20,802,151	922.91
ICICI Prudential Short Term Fund - Growth Option	3,606,276	157.98	3,606,276	152.07
IDFC Bond Fund - Short Term Plan- DGP	4,620,202	208.49	1,259,265	54.61
IDFC Low Duration Fund-Growth (Regular Plan)	16,451,049	482.28	16,451,049	469.96
IDFC Bond Fund-STP-Regular Fund	5,644,274	243.70	408,840	16.98
Kotak Corporate Bond Fund - DGP	328,929	940.06	328,929	907.95
Kotak Liquid Fund - Direct Growth	24,984	101.46	24,984	100.31
Kotak Liquid Fund - Regular Growth	25,068	101.42	25,068	100.28
L&T Short Term Bond Fund-DGP	37,122,589	777.39	37,122,589	747.51
L&T Short Term Bond Fund - Regular Growth	20,066,239	405.98	20,066,239	390.87
Total current investments		8,961.88		8,655.45
Aggregate book value of quoted investments		8,961.88		8,655.45
Aggregate market value of quoted investments		8,961.88		8,655.45
Aggregate carrying value of unquoted investments		189.59		89.60

ii) Loans (measured at amortised cost)

	As at 30 June 2020	As at 31 March 2020
Non current		
Considered good- Unsecured		
Loans to employees	1.98	0.73
	<u>1.98</u>	<u>0.73</u>
Current		
Considered good- Unsecured		
Loans to employees	5.51	11.53
	<u>5.51</u>	<u>11.53</u>

Notes:

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

iii) Others (measured at amortised cost)

	As at 30 June 2020	As at 31 March 2020
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	55.09	48.30
Bank deposits with remaining maturity for more than twelve months (refer note 10)	-	349.71
	<u>55.09</u>	<u>398.01</u>
Current (unsecured, considered good unless stated otherwise)		
Security deposits	26.00	52.86
Amount recoverable from payment gateway banks	42.75	23.16
	<u>68.75</u>	<u>76.02</u>

Notes:

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

9 Trade receivables

	As at 30 June 2020	As at 31 March 2020
Unsecured, considered good unless stated otherwise		
Trade receivables	8.30	11.00
Total	8.30	11.00

Notes:

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

10 Cash and bank balances

	As at 30 June 2020	As at 31 March 2020
a) Cash and cash equivalents		
Cash on hand	0.15	0.15
Cheques on hand	12.74	39.42
Balance with bank		
- On current accounts	62.23	89.47
Total Cash and cash equivalents	75.12	129.04

Note:

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

b) Bank balances other than cash and cash equivalents

(i) Deposits with banks		
- remaining maturity upto twelve months*	409.25	52.30
- remaining maturity for more than twelve months*	-	349.71
	409.25	402.01
Less: Amount disclosed under Others financial assets- non current	-	(349.71)
	409.25	52.30
ii) Earmarked balances with banks**	0.21	16.34
Amount disclosed under current bank deposits	409.46	68.64

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

** Earmarked balances includes unclaimed/unpaid dividends of INR 0.04 (31 March 2020: INR 14.97) and bank balance with Indiamart Employee Benefit Trust of INR 0.17 (31 March 2020: INR 1.37).

11 Other assets

	As at 30 June 2020	As at 31 March 2020
Non-current (unsecured, considered good unless stated otherwise)		
Capital advance	0.04	-
Prepaid expenses	0.41	0.44
Total	0.45	0.44
	As at	As at
	30 June 2020	31 March 2020
Current (unsecured, considered good unless stated otherwise)		
Advances recoverable	12.88	16.01
Indirect taxes recoverable	4.26	6.09
Prepaid expenses	8.84	24.29
Total	25.98	46.39

12 Share capital

<u>Authorised equity share capital (INR 10 per share)</u>	<u>Number of shares</u>	<u>Amount</u>
As at 1 April 2019	30,000,000	300.00
As at 31 March 2020	30,000,000	300.00
As at 30 June 2020	30,000,000	300.00
<u>Authorised 0.01% cumulative preference share capital (INR 328 per share)</u>	<u>Number of shares</u>	<u>Amount</u>
As at 1 April 2019	1,493,903	490.00
As at 31 March 2020	1,493,903	490.00
As at 30 June 2020	1,493,903	490.00
<u>Authorised 0.01% compulsorily convertible cumulative preference share capital (INR 100 per share)</u>	<u>Number of shares</u>	<u>Amount</u>
As at 1 April 2019	1,894,254	189.43
As at 31 March 2020	1,894,254	189.43
As at 30 June 2020	1,894,254	189.43
<u>Issued equity share capital (subscribed and fully paid up) (INR 10 per share)</u>	<u>Number of shares</u>	<u>Amount</u>
As at 1 April 2019	28,592,006	285.92
Equity share capital issued on exercise of ESOP during the period	182,814	1.83
Equity share capital issued during the period to Indiamart Employee Benefit Trust (refer note (d) below)	145,000	1.45
Equity share capital held by Indiamart Indiamart Employee Benefit Trust (refer note (d) below)	(42,573)	(0.43)
As at 31 March 2020	28,877,247	288.77
As at 30 June 2020	28,877,247	288.77

13 Other equity

	<u>As at 30 June 2020</u>	<u>As at 31 March 2020</u>
Securities premium	4,753.90	4,753.90
General reserve	8.45	8.45
Employee share based payment reserve	110.98	95.97
Share application money pending allotment	0.85	-
Retained earnings	(1,650.94)	(2,402.15)
Total other equity	3,223.24	2,456.17

Nature and purpose of reserves and surplus:

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

14 Trade payables

	As at 30 June 2020	As at 31 March 2020
Payable to micro, small and medium enterprises	-	-
Other trade payables*		
- outstanding dues to related parties	0.14	-
- outstanding dues to others	193.31	177.07
Total	193.45	177.07

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

15 Lease and other financial liabilities

	As at 30 June 2020	As at 31 March 2020
Lease liabilities		
Current	147.15	152.61
Non current	591.72	612.49
Total	738.87	765.10
Other financial liabilities		
Current		
Payable to employees	148.05	239.01
Security deposits	0.14	0.14
Unclaimed/Unpaid dividend*	0.04	14.97
Total	148.23	254.12

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

16 Provisions

	As at 30 June 2020	As at 31 March 2020
Non-current		
Provision for employee benefits*		
Provision for gratuity	219.23	194.82
Provision for Leave encashment	62.82	63.46
Total	282.05	258.28
Current		
Provision for employee benefits*		
Provision for gratuity	11.83	10.52
Provision for leave encashment	13.77	13.92
Provision-others**	15.38	15.38
Total	40.98	39.82

*Refer Note 27.

** Contingency provision towards indirect taxes.

17 Contract and other liabilities

	As at 30 June 2020	As at 31 March 2020
Contract liabilities*		
Non-current		
Deferred revenue	2,374.80	2,697.13
Total	2,374.80	2,697.13
Current		
Deferred revenue	3,710.22	3,996.30
Advances from customers	179.26	141.77
Total	3,889.48	4,138.07
Total	6,264.28	6,835.20
Other liabilities-Current		
Statutory dues		
Tax deducted at source payable	9.28	25.69
Contribution to provident fund payable	3.30	4.34
Contribution to ESI payable	0.07	0.09
GST payable	54.79	82.69
Professional tax payable	0.38	0.24
Payable for labour welfare fund	0.09	0.05
Others	0.21	0.19
Total	68.12	113.29

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

18 Income tax assets (net)

	As at 30 June 2020	As at 31 March 2020
Income tax assets (net of provisions)		
Current	76.80	75.45
Non current	253.87	211.43
Total	330.67	286.88

19 Revenue from operations

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

	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Sale of services		
Income from web services	1,497.34	1,432.76
Advertisement and marketing services	15.18	10.38
Total	1,512.52	1,443.14

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

	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Opening balance at the beginning of the period	6,835.20	5,851.40
Less: Revenue recognised from contract liability balance at the beginning of the period	(1,262.61)	(1,147.22)
Add: Amount received from customers during the period	941.60	1,681.78
Less: Revenue recognised from amounts received during the period	(249.91)	(295.92)
Closing balance at the end of the period	6,264.28	6,090.04

We earn revenue in Indiamart through sale of subscription packages (available on a monthly, annual and multi-year basis) to suppliers. We foresee that our revenue and deferred revenue would be impacted due to COVID-19 as the customers may not opt for renewals or for more premium packages in short term due to COVID-19, particularly in case of monthly packages. As of 30 June 2020, the Company has not changed the terms/period over which services are to be provided to its customers for the contracted business.

The impact assessment of COVID-19 is an ongoing process due to the high degree of uncertainty associated and our assertions might change in future due to this.

IndiaMART InterMESH Limited
Notes to Condensed Standalone Interim Financial Statements for the period ended 30 June 2020

(Amount in INR million, unless otherwise stated)

	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
20 Other income		
Fair value gain/(loss) on financial assets measured at FVTPL		
- Investment in mutual funds	310.66	130.60
Interest income from financial assets measured at amortised cost		
- on bank deposits	7.54	7.34
- on security deposits	0.87	4.01
Provisions no longer required written back	0.45	-
Liabilities no longer required written back	14.48	-
Net gain on disposal of property, plant and equipment	0.03	0.65
Total	334.03	142.60
21 Employee benefits expense		
Salaries, allowance and bonus	421.13	518.57
Gratuity expense (Refer Note 27)	7.63	7.79
Leave encashment expense (Refer Note 27)	-	10.06
Contribution to provident and other funds	3.88	3.09
Employee share based payment expense	15.01	20.69
Staff welfare expenses	0.36	24.65
Total	448.01	584.85
22 Finance costs		
Interest cost of lease liabilities	18.44	4.45
Total	18.44	4.45
23 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (Refer Note 5A)	6.30	6.81
Amortisation of Right-of-use assets (Refer Note 5B)	36.67	36.36
Amortisation of intangible assets (Refer Note 6)	0.46	0.60
Total	43.43	43.77
24 Other expenses		
Content development expenses	22.69	63.45
Buyer Engagement Expenses	41.62	42.33
Customer Support Expenses	32.33	59.52
Outsourced sales cost	121.82	151.21
Internet and other online expenses	43.46	60.47
Rent	3.95	0.59
Rates and taxes	0.54	17.34
Communication costs	0.83	1.75
Outsourced support cost	3.52	6.29
Advertisement expenses	1.58	4.95
Power and fuel	2.98	8.56
Printing and stationery	0.02	2.18
Repair and maintenance:		
- Plant and machinery	0.64	3.81
- Others	11.78	18.38
Travelling and conveyance	0.33	15.83
Recruitment and training expenses	1.46	6.08
Legal and professional fees	3.99	7.67
Directors' sitting fees	0.33	0.66
Auditor's remuneration	1.12	1.13
Insurance expenses	8.06	6.11
Collection charges	4.06	4.35
Corporate social responsibility activities expenses	4.49	-
Miscellaneous expenses	0.11	0.05
Total	311.71	482.71

25 Earnings per share (EPS)

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

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

	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Basic		
Earnings for the period	764.75	331.30
Weighted average number of equity shares used in calculating basic EPS	28,919,820	28,662,319
Basic earnings per equity share	26.44	11.56
Diluted		
Weighted average number of equity shares used in calculating basic EPS	28,919,820	28,662,319
Potential equity shares	487,344	505,055
Total no. of shares outstanding (including dilution)	29,407,164	29,167,374
Diluted earnings per equity share	26.01	11.36

There are potential equity shares for the period ended 30 June 2020 and 30 June 2019 in the form of stock options granted to employees which have been considered in the calculation of diluted earning per share.

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

Particulars	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Current tax expense/(income)		
Current tax for the period	-	67.40
	-	67.40
Deferred tax expense/(income)		
Relating to origination and reversal of temporary differences	260.21	138.66
Relating to minimum alternate tax	-	(67.40)
	260.21	71.26
Total income tax expense/(credit)	260.21	138.66

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 June 2020	For the quarter ended 30 June 2019
Net loss on remeasurements of defined benefit plans	(4.56)	(5.14)

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

Particulars	As at 30 June 2020	As at 31 March 2020
Opening balance as of 1 April	243.97	858.06
Tax (expense)/income during the period recognised in Statement of profit and loss	(260.21)	(327.00)
Tax impact related to change in tax rate/laws	-	(314.08)
Tax impact during the period recognised in OCI	4.56	18.22
Deferred tax on Ind AS 116 impact on retained earning	-	8.77
Closing balance at the end of the period	(11.68)	243.97

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

The Company has performed an assessment of COVID-19 pandemic's impact to evaluate recoverability of its net deferred tax assets within the available time period as per tax laws and based on current expectation and projections, believes that there is no impact on recoverability of deferred tax assets as of 30 June 2020.

27 Defined benefit plan and other long term employee benefit plan

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

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

Gratuity - defined benefit plan

	As at 30 June 2020	As at 31 March 2020
Present value of defined benefit obligation	244.38	218.28
Fair value of plan assets	(13.32)	(12.94)
Net liability arising from defined benefit obligation	231.06	205.34

Leave encashment - other long term employee benefit plan

	As at 30 June 2020	As at 31 March 2020
Present value of other long term employee benefit plan	76.59	77.38
Net liability arising from other long term employee benefit plan	76.59	77.38

28 Fair value measurements

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

	Level	As at 30 June 2020	As at 31 March 2020
Financial assets			
a) Measured at fair value through profit or loss (FVTPL)			
- Investment in mutual funds (Refer Note b(iii) below)	Level 1	8,961.88	8,655.45
- Investment in debt instruments of subsidiaries and equity/preference instruments of other entities (Refer Note b(iv) below)	Level 3	189.59	89.60
		9,151.47	8,745.05
b) Measured at amortised cost (Refer Note b(i) and (ii) below)			
- Trade receivables		8.30	11.00
- Cash and cash equivalents		75.12	129.04
- Loans to employees		7.49	12.26
- Security deposits		81.09	101.16
- Bank deposits		409.46	418.35
- Other financial assets		42.76	23.17
		624.22	694.98
Total		9,775.69	9,440.03
Financial liabilities			
a) Measured at amortised cost (Refer Note b(i) and (ii) below)			
- Trade payables		193.45	177.07
- Security deposits		0.14	0.14
- Other financial liabilities		148.09	253.99
- Lease liabilities		738.87	765.09
		1,080.55	1,196.29
Total		1,080.55	1,196.29

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

- The carrying value of bank deposits, trade receivables, cash and cash equivalents, trade payables, security deposits, lease liabilities and other financial assets and other financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments. These have been assessed basis counterparty credit risk.
- The fair value of non-current financial assets and financial liabilities are determined by discounting future cash flows using current rates of instruments with similar terms and credit risk. The current rates used do not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortised cost approximate their fair value.
- Fair value of quoted mutual funds is based on quoted market prices at the reporting date, which factors the impact of COVID-19. We do not expect material volatility in these financial assets.
- Fair value of debt instruments of subsidiaries and equity/preference instruments of other entities is estimated based on replacement cost method / discounted cash flows valuation technique using the cash flow projections, discount rate and credit risk, considering the impact of COVID-19.

c) Following table describes the valuation techniques used and key inputs thereto for the level 3 financial assets / liabilities as of 30 June 2020 and 31 March 2020:

Financial assets	Valuation technique(s)	Key input(s)	Sensitivity
Investment in debt instruments of subsidiaries and equity/preference instruments of other entities			
-Pay With Indiamart Private Limited, Mobisy Technologies Private Limited	Refer Note below*	i) Discount rate ii) Growth rate for long term cash flow projections iii) Future cash flow projections based on budgets approved by the management.	Refer note below**
-Tolexo Online Private Limited	Replacement cost method	Replacement cost	NA

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

** Sensitivity to changes in unobservable inputs: The fair value of the financial assets is directly proportional to the estimated future cash flow projections based on the budgets approved by the management. Change in significant unobservable input of discount rate by 100 bps and growth rate by 100 bps in the valuation does not have a significant impact on the carrying value of the assets in the financial statements.

d) Reconciliation of level 3 fair value measurements

	Investment in equity/preference instruments of other entities		Investment in Optionally Convertible Cumulative Redeemable Preference instruments of subsidiaries	
	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Opening balance	-	-	89.60	90.39
Additions	99.99	-	-	5.00
Closing balance	99.99	-	89.60	95.39

e) During the period ended 30 June 2020 and 30 June 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

29 Segment information

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

Information about geographical areas:

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

	Revenue from external customers		Non-current assets*	
	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019	As at 30 June 2020	As at 31 March 2020
India	1,500.96	1,436.42	811.23	854.44
Others	11.56	6.72	-	-
	1,512.52	1,443.14	811.23	854.44

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

30 Related party transactions**i) Names of related parties and related party relationship:**

a) Entity's subsidiaries & associates	Subsidiaries	
		Hello Trade Online Private Limited
		Tradezeal International Private Limited
		Ten Times Online Private Limited
		Tolexo Online Private Ltd
		Pay With Indiamart Private Limited
	Associates	Simply Vyapar Apps Private Limited

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

Name	Designation
Dinesh Chandra Agarwal	Managing Director & CEO
Brijesh Kumar Agrawal	Whole time director
Prateek Chandra	Chief financial officer
Manoj Bhargava	Company Secretary
Dhruv Prakash	Non-executive director
Rajesh Sawhney	Independent director
Elizabeth Lucy Chapman	Independent director
Vivek Narayan Gour	Independent director

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

Mansa Enterprises Private Limited

d) Other related parties

Indiamart Employee Benefit Trust (separately administered Trust to manage employees share based payment plans of the company)

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

ii) Key management personnel compensation

	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Short-term employee benefits	25.38	27.92
Post-employment benefits	0.28	0.14
Other long-term employee benefits	-	1.10
Employee share based payment expense	0.42	1.63
	26.08	30.79

30 Related party transactions (Cont'd)

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

Particulars	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
Entities where KMP and Individuals exercise Significant influence		
<u>Expenses for rent</u>		
Mansa Enterprises Private Limited	0.40	0.74
Key management personnel		
<u>Recruitment and training expenses</u>		
Dhruv Prakash	0.20	0.60
Director's sitting fees	0.33	0.66
Subsidiary companies		
<u>Investment in subsidiaries</u>		
Pay With Indiamart Pvt. Ltd	-	5.00
<u>Web services provided to</u>		
Pay With Indiamart Pvt. Ltd	0.82	0.92
Simply Vyapar Apps Private Limited	0.01	-
<u>Customer support services availed from</u>		
Pay With Indiamart Pvt. Ltd	0.39	0.37
<u>Indiamart Employee Benefit Trust</u>		
Repayment of loan given	1.20	-

Terms and conditions of transactions with related parties

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

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

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

Balance Outstanding at the period end	As at 30 June 2020	As at 31 March 2020
Subsidiary companies		
<u>Investment in debt instruments of subsidiaries</u> (Measured at FVTPL)		
Tolexo Online Pvt. Ltd	36.60	36.60
Tradezeal International Pvt. Ltd	-	-
Pay With Indiamart Pvt. Ltd	53.00	53.00
<u>Investment in equity instruments of subsidiaries</u> (At cost)*		
Tolexo Online Pvt. Ltd	70.02	70.02
Tradezeal International Pvt. Ltd	1.10	1.10
Hello Trade Online Pvt. Ltd	0.30	0.30
Pay With Indiamart Pvt. Ltd	1.00	1.00
Tentimes Online Pvt. Ltd	3.10	3.10
<u>Amount payable</u>		
Pay With Indiamart Pvt. Ltd	0.06	-
Key management personnel		
<u>Recruitment and training expenses payable</u>		
Dhruv Prakash	0.08	0.13
Associates		
<u>Investment in associates</u>		
Simply Vyapar Apps Private Limited	312.02	312.02
<u>Deferred Revenue</u>		
Simply Vyapar Apps Private Limited	0.02	0.02
<u>Loan given</u>		
Indiamart Employee Benefit Trust	0.30	1.50

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

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

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

	For the quarter ended 30 June 2020	For the quarter ended 30 June 2019
A Revenue from operations	1,512.52	1,443.14
B Customer service cost	(271.45)	(402.74)
C Surplus over customer service cost (A-B)	1,241.07	1,040.40
Selling & Distribution Expenses	187.15	246.99
Technology & Content Expenses	196.64	267.56
Marketing Expenses	6.15	11.56
Depreciation and amortisation	43.43	43.77
Other Operating Expenses	98.33	138.71
D Total	531.70	708.59
E Operating profit (C-D)	709.37	331.81
Finance costs	(18.44)	(4.45)
Other income	334.03	142.60
F Total	315.59	138.15
G Profit/(Loss) before tax	1,024.96	469.95
Tax expense/(credit)	260.21	138.66
Profit/(loss) for the period	764.75	331.30

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

Customer service cost

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

Selling & Distribution Expenses

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

Technology & Content Expenses

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

Marketing Expenses

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

Other Operating Expenses

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

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

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

2. The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at 30 June 2020.

b) Capital and other commitments

- As at 30 June 2020, the company has estimated amount of contracts remaining to be executed on capital account not provided for, net of advance is Nil (31 March 2020: Nil).
- The company will provide financial support to its wholly owned subsidiaries, so as to meet their liabilities as and when the same is required.

33 Events after the reporting period

The Company has evaluated all the subsequent events through 21 July 2020, which is the date on which these condensed standalone interim financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the condensed standalone interim financial statements.

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

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

KANIKA KOHLI Digitally signed by KANIKA KOHLI
Date: 2020.07.21 15:29:10 +05'30'

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 21 July 2020

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

DINESH CHANDRA AGARWAL
Digitally signed by DINESH CHANDRA AGARWAL
Date: 2020.07.21 13:54:06 +05'30'

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

PRATEEK CHANDRA
Digitally signed by PRATEEK CHANDRA
Date: 2020.07.21 13:40:58 +05'30'

Prateek Chandra
(Chief Financial Officer)

BRIJESH KUMAR AGRAWAL
Digitally signed by BRIJESH KUMAR AGRAWAL
Date: 2020.07.21 13:59:13 +05'30'

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

MANOJ BHARGAVA
Digitally signed by MANOJ BHARGAVA
Date: 2020.07.21 14:00:05 +05'30'

Manoj Bhargava
(Company Secretary)

Place: Noida

Date: 21 July 2020