

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IndiaMART InterMESH Limited

Opinion

We have audited the condensed consolidated interim financial statements of IndiaMART InterMESH Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the condensed consolidated interim balance sheet as at 31 December 2020, and the condensed consolidated interim statement of profit and loss (including other comprehensive income (loss)) for the quarter and year-to-date period then ended, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the year-to-date period then ended, and notes to the condensed consolidated interim financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the condensed consolidated interim financial statements") as required by Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed consolidated interim financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 December 2020, of consolidated profit and other comprehensive income (loss) for the quarter and year-to-date period then ended, consolidated changes in equity and its consolidated cash flows for the year-to-date period ended on that date.

Basis for Opinion

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

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

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

Registered Office:

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the condensed consolidated interim financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the condensed consolidated interim financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para 1(a) of the section titled 'Other Matters' in this audit report.

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

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

Other Matters

1. (a) We did not audit the financial statements of four subsidiaries, whose condensed interim financial statements, net of consolidation adjustments, reflect total assets of INR 71.56 Million as at 31 December 2020, total revenues of INR 8.15 Million for the quarter and INR 22.17 Million for the year-to-date period ended 31 December 2020 and net cash flows amounting to INR (18.40) Million for the year-to-date period ended on that date, as considered in the condensed consolidated interim financial statements. These condensed interim financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the condensed consolidated interim financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the audit reports of the other auditors.
- (b) The financial information of one subsidiary (till 01 September 2020) whose condensed interim financial information reflects total assets of INR Nil as at 1 September 2020, total revenues of INR 20.49 Million for the period 1 April 2020 to 1 September 2020 and net cash flows amounting to INR 27.97 Million for the period 1 April 2020 to 1 September 2020, as considered in the condensed interim consolidated financial statements, have not been audited either by us or by other auditors. The condensed consolidated interim financial statements also include the Group's share of net loss (and other comprehensive income (loss)) of INR 4.67 Million for the quarter and INR 10.81 Million for the year-to-date period ended 31 December 2020, as considered in the condensed consolidated interim financial statements, in respect of associates including a subsidiary which became an associate effective 1 September 2020, whose condensed interim financial information have not been audited by us or by other auditors. These unaudited condensed interim financial information have been furnished to us by the Management and our opinion on the condensed consolidated interim financial statements, in so far as it relates to the amounts and disclosures included in respect of a subsidiary (till 1 September 2020) and associates, is based solely on such unaudited condensed interim financial information. In our opinion and according to the information and explanations given to us by the Management, these condensed interim financial information are not material to the Group.

B S R & Co. LLP

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

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

Chartered Accountants

ICAI Firm registration No: 101248W/W-100022

Kanika Kohli

Partner

Membership No: 511565

ICAI UDIN: 21511565AAAAAB3096

Place: Gurugram

Date: 18 January 2021

IndiaMART InterMESH Limited
Condensed Consolidated Interim Balance Sheet as at 31 December 2020
(Amounts in INR million, unless otherwise stated)

	Notes	As at 31 December 2020	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	5A	28.78	51.76
Capital work in progress	5A	1.77	1.77
Right-of-use asset	5B	659.17	799.71
Intangible assets	6	3.22	4.83
Investment in associates	7	285.74	295.61
Financial assets			
(i) Investments	8	99.99	-
(ii) Loans	8	2.40	0.73
(iii) Others financial assets	8	40.47	400.83
Deferred tax assets (net)	26	-	245.70
Non-current tax assets (net)	18	213.87	211.60
Other non-current assets	9	17.20	17.22
Total Non-current assets		1,352.61	2,029.76
Current assets			
Financial assets			
(i) Investments	8	10,921.73	8,718.78
(ii) Trade receivables	10	16.19	16.82
(iii) Cash and cash equivalents	11	135.94	169.38
(iv) Bank balances other than (iii) above	11	370.24	69.26
(v) Loans	8	8.33	12.99
(vi) Others financial assets	8	52.55	79.83
Current tax assets (net)	18	78.76	79.34
Other current assets	9	45.24	53.13
Total current assets		11,628.98	9,199.53
Total assets		12,981.59	11,229.29
Equity and Liabilities			
Equity			
Share capital	12	290.72	288.77
Other equity	13	4,738.27	2,461.80
Equity attributable to equity holders of the parent		5,028.99	2,750.57
Non-controlling interests		-	-
Total Equity		5,028.99	2,750.57
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	15 (a)	545.24	612.49
Provisions	16	316.91	265.40
Deferred tax liabilities (net)	26	117.32	-
Contract liabilities	17	2,179.13	2,697.21
Total Non-current liabilities		3,158.60	3,575.10
Current liabilities			
Financial liabilities			
(i) Trade payables	14	-	-
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		153.07	179.42
(ii) Lease liabilities	15 (a)	116.02	152.61
(iii) Other financial liabilities	15 (b)	198.76	259.97
Provisions	16	45.01	40.47
Contract liabilities	17	4,155.47	4,155.58
Other current liabilities	17	125.67	115.57
Total Current liabilities		4,794.00	4,903.62
Total Liabilities		7,952.60	8,478.72
Total Equity and Liabilities		12,981.59	11,229.29
Summary of significant accounting policies	2		

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

As per our report of even date attached

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

Kanika Kohli
Partner
Membership No.: 511565
Place: Gurugram
Date: 18 January 2021

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

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: 18 January 2021

IndiaMART InterMESH Limited

Condensed Consolidated Interim Statement of Profit and Loss for the period ended 31 December 2020
(Amounts in INR million, unless otherwise stated)

	Notes	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Income:					
Revenue from operations	19	1,735.40	1,648.70	4,898.96	4,687.80
Other income	20	246.17	166.06	761.91	513.60
Total income		1,981.57	1,814.76	5,660.87	5,201.40
Expenses:					
Employee benefits expense	21	516.80	707.75	1,481.15	2,002.77
Finance costs	22	16.28	5.61	51.85	16.35
Depreciation and amortisation expense	23	38.06	57.86	125.63	152.31
Other expenses	24	341.04	505.63	989.98	1,519.34
Total expenses		912.18	1,276.85	2,648.61	3,690.77
Net profit before share of profit/(loss) in associates and tax		1,069.39	537.91	3,012.26	1,510.63
Share in net profit/ (loss) of associates		(4.67)	(6.75)	(10.81)	(8.87)
Profit before tax		1,064.72	531.16	3,001.45	1,501.76
Income tax expense					
Current tax	26	218.58	2.37	393.43	0.50
Deferred tax	26	44.61	(91.55)	366.83	156.53
Tax Impact related to change in tax rate and law	26	-	-	-	314.08
Total tax expense		263.19	(89.18)	760.26	471.11
Net profit for the period		801.53	620.34	2,241.19	1,030.65
Attributable to:					
Equity holders of the parent		801.53	620.34	2,241.19	1,030.65
Non-controlling interests		-	-	-	-
Other comprehensive income/(loss) (OCI)					
Items that will not be reclassified to profit or loss and its related income tax effects					
Re-measurement gain/(losses) on defined benefit plans		(8.88)	(3.48)	(25.34)	(51.30)
Income tax effect		2.24	0.92	6.38	12.94
		(6.64)	(2.56)	(18.96)	(38.36)
Other comprehensive income/(loss) for the period, net of tax		(6.64)	(2.56)	(18.96)	(38.36)
Total comprehensive income for the period		794.89	617.78	2,222.23	992.29
Attributable to:					
Equity holders of the parent		794.89	617.78	2,222.23	992.29
Non-controlling interests		-	-	-	-
Earnings per equity share:	25				
Basic earnings per equity share (INR) - face value of INR 10 each		27.61	21.45	77.46	35.80
Diluted earnings per equity share (INR) - face value of INR 10 each		27.19	21.12	76.15	35.21

Summary of significant accounting policies

2

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 18 January 2021

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

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

Prateek Chandra
(Chief Financial Officer)

Place: Noida
Date: 18 January 2021

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

Manoj Bhargava
(Company Secretary)

(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
Equity share capital issued during the period	1.45
Equity share capital issued during the period and held by Indiamart Employee Benefit Trust as at period end	(0.43)
As at 31 December 2019	288.77
As at 1 April 2020	288.77
Equity share capital issued on exercise of ESOP during the period	0.67
Equity share capital issued during the period to Indiamart Employee Benefit Trust (refer note 12(a))	1.35
Equity share capital issued during the period and held by Indiamart Employee Benefit Trust as at period end (refer note 12(a))	(0.07)
As at 31 December 2020	290.72

(b) Other equity (Refer Note 13)

Particulars	Attributable to the equity holders of parent					Total other equity
	Securities premium	General reserve	Employee share based payment reserve	Capital reserve	Retained earnings	
Balance as at 1 April 2019	4,686.54	8.45	88.48	(2.04)	(3,468.47)	1,312.96
Impact of adoption of Ind AS 116 (net of taxes)	-	-	-	-	(16.33)	(16.33)
Profit for the period	-	-	-	-	1,030.65	1,030.65
Other comprehensive income (loss) for the period	-	-	-	-	(38.36)	(38.36)
Total comprehensive income	-	-	-	-	975.96	975.96
Issue of equity shares on exercise of ESOP during the period	67.36	-	(50.91)	-	-	16.45
Employee share based payment expense (refer note 21)	-	-	70.20	-	-	70.20
Balance as at 31 December 2019	4,753.90	8.45	107.77	(2.04)	(2,492.51)	2,375.57
Balance as at 1 April 2020	4,753.90	8.45	116.16	(2.04)	(2,414.67)	2,461.80
Profit for the period	-	-	-	-	2,241.19	2,241.19
Other comprehensive income (loss) for the period	-	-	-	-	(18.96)	(18.96)
Total comprehensive income/(loss)	-	-	-	-	2,222.23	2,222.23
Issue of equity shares on exercise of ESOP during the period	57.30	-	(51.30)	-	-	6.00
Employee share based payment expense	-	-	48.72	-	-	48.72
ESOP surrendered of subsidiary company	-	-	(25.83)	-	25.83	-
Adjustment for loss of control in Subsidiary (Refer Note 32)	-	-	(0.48)	2.04	(2.04)	(0.48)
Balance as at 31 December 2020	4,811.20	8.45	87.27	-	(168.65)	4,738.27

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

As per our report of even date attached

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

Kanika Kohli
Partner
Membership No.: 511565
Place: Gurugram
Date: 18 January 2021

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

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: 18 January 2021

IndiaMART InterMESH Limited
Condensed Consolidated Interim Statement of Cash Flows for the period ended 31 December 2020
(Amounts in INR million, unless otherwise stated)

Particulars	Notes	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Profit before tax		3,001.45	1,501.76
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation expense	23	125.63	152.31
Interest and other income	20	(35.14)	(37.31)
Provisions and liabilities no longer required written back		(22.65)	-
Fair value gain on measurement and income from sale of financial assets	20	(702.55)	(475.61)
- Investment in Mutual Funds measured at FVTPL			
Gain on disposal of property, plant and equipment	20	(1.57)	(0.67)
Finance costs	22	51.85	16.35
Allowances for doubtful debts	24	(1.56)	0.33
Share-based payment expense	21	48.72	70.20
Share of net loss of associates		10.81	8.87
Loss on change of control of a subsidiary converted into an associate (Refer Note 32)		2.04	-
		2,477.03	1,236.23
Change in:			
Trade receivables		0.47	(14.39)
Other financial assets		18.35	(19.22)
Other assets		5.26	11.35
Other financial liabilities		(44.92)	(49.88)
Trade payables		(21.87)	21.87
Contract and other liabilities		(499.83)	589.65
Provisions		36.05	59.51
Cash generated from operations		1,970.54	1,835.12
Income tax paid (net)		(392.00)	(165.33)
Net cash generated from operating activities		1,578.54	1,669.79
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		3.21	0.97
Purchase of property, plant and equipment and other intangible assets		(0.34)	(39.61)
Purchase of current investments		(2,490.42)	(3,453.20)
Proceeds from sale of current investments		974.72	1,992.68
Interest received		22.93	26.60
Advances received from/(paid for) selling shareholders (net)		-	80.21
Advance paid for leases		-	(18.04)
Refund/(payment) of refundable security deposits for listing on stock exchange.		23.78	(23.78)
Investment in bank deposits (includes earmarked balances with bank) (having original maturity of more than three months)		(6.27)	(370.56)
Redemption of bank deposits		54.59	349.73
Investment in associates and other entities		(99.99)	(312.01)
Proceeds from sale of dilution of Stake, net of cash paid (refer note 32)		0.90	-
Net cash used in investing activities		(1,516.89)	(1,767.01)
Cash flow from financing activities			
Repayment of lease liabilities		(36.40)	(120.74)
Interest paid on lease liabilities		(51.85)	(16.35)
Dividend paid		(14.79)	-
Proceeds from issue of equity shares on exercise of share based awards		7.95	19.31
Net cash used in financing activities		(95.09)	(117.78)
Net decrease in cash and cash equivalents		(33.44)	(215.00)
Cash and cash equivalents at the beginning of the period	11	169.38	401.96
Cash and cash equivalents at the end of the period	11	135.94	186.96

Summary of significant accounting policies

2

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

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Kanika Kohli

Partner

Membership No.: 511565

Place: Gurugram

Date: 18 January 2021

For and on behalf of the Board of Directors of
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(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: 18 January 2021

IndiaMART Intermesh Limited**Notes to condensed consolidated interim financial statements for the period ended 31 December 2020**

(Amounts in INR million, unless otherwise stated)

1. Corporate Information

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

The Company is a public company domiciled in India and was incorporated on 13 September 1999 under the provisions of the Companies Act applicable in India. The 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 consolidated interim financial statements were authorised for issue in accordance with a resolution passed by Board of Directors on 18 January 2021.

2. Summary of Significant Accounting Policies**(a) Statement of compliance**

The condensed consolidated interim financial statements for the period ended 31 December 2020 have been prepared in accordance with Indian Accounting Standard (referred to as "Ind AS") 34, Interim Financial Reporting and other Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act, 2013 ("the Act") (as amended from time to time). These condensed consolidated interim financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 March 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 Group's financial position and performance since the last annual consolidated financial statements.

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

(b) Basis of Preparation

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

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

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

(c) Basis of consolidation

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

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

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

3. Significant accounting estimates and assumptions

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

In view of the COVID-19 pandemic, the Group 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 associates & other entities, and other financial assets, for possible impact on the condensed consolidated interim financial statements. However, the actual impact of COVID-19 on the Group's condensed consolidated interim financial statements may differ from that estimated and the Group will continue to closely monitor any material changes to future economic conditions.

4. Measurement of fair values

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

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

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

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

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

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

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

5A Property, plant and equipment

	Leasehold land (Refer Note 5B)	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total Property, plant and equipment	Capital work in progress (Refer Note below)
Gross carrying amount							
As at 1 April 2019	37.12	102.59	38.39	6.01	3.80	187.91	1.77
Transition impact of Ind AS 116	(37.12)	-	-	-	-	(37.12)	-
Additions for the year	-	27.82	15.95	0.77	-	44.54	-
Disposals for the year	-	(2.54)	(1.71)	(1.03)	-	(5.28)	-
As at 31 March 2020	-	127.87	52.63	5.75	3.80	190.05	1.77
Additions for the period	-	0.11	0.23	-	-	0.34	-
Adjustment for loss of control in Subsidiary (Refer Note 32)	-	(3.81)	(0.24)	(0.03)	-	(4.08)	-
Disposals for the period	-	(9.80)	(2.64)	(1.63)	-	(14.07)	-
As at 31 December 2020	-	114.37	49.98	4.09	3.80	172.24	1.77
Accumulated depreciation							
As at 1 April 2019	1.38	73.11	24.46	3.14	1.02	103.11	-
Transition impact of Ind AS 116	(1.38)	-	-	-	-	(1.38)	-
Charge for the year	-	30.38	8.79	0.86	1.01	41.04	-
Disposals during the year	-	(2.42)	(1.51)	(0.55)	-	(4.48)	-
As at 31 March 2020	-	101.07	31.74	3.45	2.03	138.29	-
Charge for the period	-	12.37	7.09	0.42	0.42	20.30	-
Adjustment for loss of control in Subsidiary (Refer Note 32)	-	(2.53)	(0.16)	(0.01)	-	(2.70)	-
Disposals during the period	-	(9.66)	(1.81)	(0.96)	-	(12.43)	-
As at 31 December 2020	-	101.25	36.86	2.90	2.45	143.46	-
Net book value							
As at 1 April 2019	35.74	29.48	13.93	2.87	2.78	84.80	1.77
As at 31 March 2020	-	26.80	20.89	2.30	1.77	51.76	1.77
As at 31 December 2020	-	13.12	13.12	1.19	1.35	28.78	1.77

Note:

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

5B Right-of-use asset

	Leasehold land (Refer Note 1 below)	Buildings (Refer Note 2 below)	Total
Gross carrying amount			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	37.12	204.39	241.51
Additions for the year	-	736.52	736.52
Disposals for the year	-	(11.08)	(11.08)
As at 31 March 2020	<u>37.12</u>	<u>929.83</u>	<u>966.95</u>
Additions for the period	-	17.78	17.78
Disposals for the period	-	(100.52)	(100.52)
As at 31 December 2020	<u>37.12</u>	<u>847.09</u>	<u>884.21</u>
Accumulated depreciation			
As at 1 April 2019	-	-	-
Transition impact of Ind AS 116	1.38	-	1.38
Depreciation for the year	0.46	167.09	167.55
Disposals for the year	-	(1.69)	(1.69)
As at 31 March 2020	<u>1.84</u>	<u>165.40</u>	<u>167.24</u>
Depreciation for the period	0.35	103.43	103.78
Disposals for the period	-	(45.98)	(45.98)
As at 31 December 2020	<u>2.19</u>	<u>222.85</u>	<u>225.04</u>
Net book value			
As at 31 March 2020	<u>35.28</u>	<u>764.43</u>	<u>799.71</u>
As at 31 December 2020	<u>34.93</u>	<u>624.24</u>	<u>659.17</u>

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 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 had adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases using modified retrospective approach with the cumulative effect of initially applying the Standard (1 April 2019) resulting in recognition of right-of-use asset of INR 204.39 Million and a corresponding lease liability of INR 224.00 Million by adjusting retained earnings net of taxes by INR 16.33 Million [the impact of deferred tax created INR 8.77 Million] as at 1 April 2019.

6 Intangible assets

	Software	Unique telephone numbers	Total
Gross carrying amount			
As at 1 April 2019	13.26	4.70	17.96
Additions for the year	1.88	-	1.88
As at 31 March 2020	15.14	4.70	19.84
Adjustment for loss of control in Subsidiary (Refer Note 32)	(0.09)	-	(0.09)
As at 31 December 2020	15.05	4.70	19.75
Accumulated depreciation			
As at 1 April 2019	8.46	3.69	12.15
Amortisation for the year	2.45	0.41	2.86
As at 31 March 2020	10.91	4.10	15.01
Amortisation for the period	1.37	0.18	1.55
Adjustment for loss of control in Subsidiary (Refer Note 32)	(0.03)	-	(0.03)
As at 31 December 2020	12.25	4.28	16.53
As at 1 April 2019	4.80	1.01	5.81
As at 31 March 2020	4.23	0.60	4.83
As at 31 December 2020	2.80	0.42	3.22

7 Investment in associates- Unquoted

	As at 31 December 2020		As at 31 March 2020	
	No. of units	Amount	No. of units	Amount
(Accounted under equity method)				
Fully paid up - at cost (Refer note 32)				
Compulsory convertible preference shares of INR 100 each (at premium of INR 52,217.90 each) in Simply Vyapar Apps Private Limited	5,954	311.50	5,954	311.50
Equity shares of INR 10 each (at premium of INR 52,307.90 each) in Simply Vyapar Apps Private Limited	10	0.52	10	0.52
Add: Share of profit (loss) of associate		(27.33)		(16.41)
Equity shares of INR 10 each in Ten Times Online Private Limited (Refer note 32)		0.93		-
Add: Share of profit (loss) of associate		0.12		-
		<u>285.74</u>		<u>295.61</u>

Note:

The Group 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 associate is recoverable.

8 Financial assets

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

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 through profit-and-loss.
- During the period ended 31 December 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.

*During the period ended 31 December 2020, the loan given to Instant Procurement Services Private Limited was converted into equity shares of the Company.

b) Current investments

	As at 31 December 2020		As at 31 March 2020	
	No. of units	Amount	No. of units	Amount
Investment in mutual funds - Quoted (measured at FVTPL)				
Aditya Birla Sunlife Short-Term Fund-Growth Regular Plan	2,599,874	94.86	2,599,874	86.25
Aditya Birla Sunlife Corporate Bond Fund - Growth-Regular Plan	6,508,526	557.65	6,682,469	522.93
Aditya Birla Sun Life Corporate Bond Fund-Growth-Direct Plan	4,570,414	395.22	2,013,531	158.84
Bharat Bond ETF April-2023	400,000	444.36	400,000	408.08
Bharat Bond ETF April-2025	149,992	153.58	-	-
IDFC Low Duration Fund-Growth- Direct Plan	19,954,012	606.89	-	-
IDFC Bond Fund - Short-Term Plan- DGP	8,167,105	381.51	1,259,265	54.61
HDFC Short Term Debt Fund-Direct Growth Plan	19,720,994	490.88	19,720,994	451.38
ICICI Prudential Savings Fund -Growth	-	-	109,221	42.31
Aditya Birla Sunlife Short-Term Fund-Growth-Direct Plan	21,181,794	811.43	21,181,794	733.87
IDFC Low Duration Fund-Growth (Regular Plan)	9,777,893	293.53	16,451,049	469.96
HDFC Short Term Debt Fund - Regular Plan	8,380,984	205.70	8,380,984	189.74
IDFC Bond Fund-STP-Regular Fund	5,644,274	251.61	408,840	16.98
IDFC Banking & PSU Debt Fund - Direct - Growth	34,010,628	661.97	-	-
IDFC Corporate Bond Fund - Direct - Growth Plan	3,273,823	49.97	-	-
ICICI Prudential Savings Fund- Direct Plan-Growth	2,583,184	1,079.54	3,049,171	1,194.92
ICICI Prudential Short-Term Fund - Growth Option	3,606,276	164.83	3,606,276	152.07
ICICI Prudential Short-Term Fund - Direct	20,802,151	1,006.01	20,802,151	922.91
HDFC Low Duration Fund -Regular Plan-Growth	3,797,410	169.92	3,797,410	159.78
HDFC Low Duration Fund - Direct Plan-Growth	12,035,204	568.39	17,380,457	768.36
HDFC Credit Risk Debt Fund - Regular Plan - Growth	-	-	7,019,394	116.85
L&T Short term bond fund-DGP	37,122,589	803.35	37,122,589	747.51
Kotak Corporate Bond Fund - DGP	328,929	979.25	328,929	907.95
Kotak Liquid Fund - Direct Growth	37,217	153.59	24,984	100.31
Kotak Liquid Fund - Regular Growth	43,602	179.19	25,068	100.28
HDFC Equity saving fund-regular-growth	-	-	167,302	5.52
HDFC Short-Term Debt Fund	-	-	514,032	11.64
L&T Short-Term Bond Fund - Regular Growth	20,066,239	418.50	20,066,239	390.87
HDFC Hybrid Equity Fund-Regular-Growth	-	-	114,426	4.86
Total current investments		<u>10,921.73</u>		<u>8,718.78</u>
Aggregate book value of quoted investments		10,921.73		8,718.78
Aggregate market value of quoted investments		10,921.73		8,718.78
Aggregate carrying value of unquoted investments		99.99		-

c) Loans (measured at amortised cost)

	As at 31 December 2020	As at 31 March 2020
(i) Loans to employees		
Non-current (unsecured, considered good unless stated otherwise)		
Loans to employees	2.40	0.73
	<u>2.40</u>	<u>0.73</u>
Current (unsecured, considered good unless stated otherwise)		
Loans to employees	8.33	12.99
	<u>8.33</u>	<u>12.99</u>
Notes:		
The above loans represent interest free loans to employees, which are recoverable in maximum 24 monthly instalments.		
(ii) Inter corporate loan		
Non-current (unsecured)		
Loans credit-impaired*	-	5.00
Less: Loss allowance	-	(5.00)
	<u>-</u>	<u>-</u>
Total loans	<u>10.73</u>	<u>13.72</u>

*During the period ended 31 December 2020, The loan given to Instant Procurement Services Private Limited was converted into equity shares of the Company.

d) Others (measured at amortised cost)

	As at 31 December 2020	As at 31 March 2020
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	40.47	51.11
Bank deposits with remaining maturity for more than twelve months (Refer Note 11)	-	349.72
Total	<u>40.47</u>	<u>400.83</u>
Current (unsecured, considered good unless stated otherwise)		
Security deposits	5.98	52.86
Amount recoverable from payment gateway	46.36	26.97
Other recoverables	0.21	-
Total	<u>52.55</u>	<u>79.83</u>
Total other financial assets	<u>93.02</u>	<u>480.66</u>

Notes:

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

9 Other assets

	As at 31 December 2020	As at 31 March 2020
Non-current (unsecured, considered good unless stated otherwise)		
Prepaid expenses	0.38	0.44
Indirect taxes recoverable	16.82	16.78
Total	<u>17.20</u>	<u>17.22</u>
Current (Unsecured, considered good unless stated otherwise)		
Advances recoverable	22.10	16.66
Indirect taxes recoverable	9.06	10.57
Prepaid expenses	14.08	25.90
Total	<u>45.24</u>	<u>53.13</u>

10 Trade receivables

	As at 31 December 2020	As at 31 March 2020
Unsecured, considered good unless stated otherwise		
<u>Considered good</u>		
Trade receivables	16.19	16.82
<u>Considered doubtful</u>		
Trade Receivables credit- impaired	0.03	1.68
Less: Loss allowance	(0.03)	(1.68)
Total	<u>16.19</u>	<u>16.82</u>

Notes:

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

11 Cash and bank balances

	As at 31 December 2020	As at 31 March 2020
a) Cash and cash equivalents		
Cash on hand	-	0.17
Cheques on hand	-	-
Balance with bank	32.08	39.42
- On current accounts	-	-
Total Cash and cash equivalents	103.86	129.79
Note:	135.94	169.38

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*

- remaining maturity for more than twelve months*

	368.77	52.91
	-	349.72
	368.77	402.63

Less: Amount disclosed under Others financial assets non-current

	-	349.72
	368.77	52.91

(ii) Earmarked balances with banks**

	1.47	16.35
	370.24	69.26

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

** Earmarked balances includes unclaimed/unpaid dividends of INR 0.17 (31 March 2020: INR 14.97) and bank balance with Indiamart Employee Benefit Trust of INR 1.30 (31 March 2020: INR 1.37).

12 Share capital

Authorised equity share capital (INR 10 per share)

	Number of shares	Amount
As at 1 April 2019	30,000,000	300.00
As at 31 March 2020	30,000,000	300.00
As at 31 December 2020	30,000,000	300.00

Authorised 0.01% cumulative preference share capital (INR 328 per share)

	Number of shares	Amount
As at 1 April 2019	1,493,903	490.00
As at 31 March 2020	1,493,903	490.00
As at 31 December 2020	1,493,903	490.00

Authorised 0.01% compulsorily convertible cumulative preference share capital (INR 100 per share)

	Number of shares	Amount
As at 1 April 2019	1,894,254	189.43
As at 31 March 2020	1,894,254	189.43
As at 31 December 2020	1,894,254	189.43

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

	Number of shares	Amount
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 to Indiamart Employee Benefit Trust during the period (refer note (a) below)	145,000	1.45
Equity share capital issued during the period and held by Indiamart Employee Benefit Trust as at period end (refer note (a) below)	(42,573)	(0.43)
As at 31 March 2020	28,877,247	288.77
Equity share capital issued on exercise of ESOP during the period	66,696	0.67
Equity share capital issued to Indiamart Employee Benefit Trust during the period (refer note (a) below)	135,000	1.35
Equity share capital issued during the period and held by Indiamart Employee Benefit Trust as at period end (refer note (a) below)	(6,817)	(0.07)
As at 31 December 2020	29,072,126	290.72

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

	As at 31 December 2020		As at 31 March 2020	
	Number	Amount	Number	Amount
Opening balance	42,573	0.43	-	-
Purchased during the year/period	135,000	1.35	145,000	1.45
Transfer to employees pursuant to SAR exercised	(128,183)	(1.28)	(102,427)	(1.02)
Closing balance	49,390	0.50	42,573	0.43

13 Other equity

	As at 31 December 2020	As at 31 March 2020
Securities premium	4,811.20	4,753.90
General reserve	8.45	8.45
Employee share based payment reserve	87.27	116.16
Capital reserve	-	(2.04)
Retained earnings	(168.65)	(2,414.67)
Total other equity	4,738.27	2,461.80

Nature and purpose of reserves and surplus:

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

14 Trade payables

	As at 31 December 2020	As at 31 March 2020
Payable to micro, small and medium enterprises		
Other trade payables*		
Total	153.07	179.42
	153.07	179.42

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

15 Lease and other financial liabilities

	As at 31 December 2020	As at 31 March 2020
(a) Lease liabilities		
Current	116.02	152.61
Non-current	545.24	612.49
Total	661.26	765.10
	661.26	765.10
(b) Other financial liabilities		
Current		
Payable to employees	195.02	244.55
Security deposits	0.14	0.14
Unpaid / Unclaimed dividend*	0.17	14.97
Other advances	3.43	0.31
Total	198.76	259.97
	198.76	259.97

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

16 Provisions

	As at 31 December 2020	As at 31 March 2020
Non-current		
Provision for employee benefits*		
Provision for gratuity	251.24	199.61
Provision for leave encashment	65.67	65.79
Total	316.91	265.40
	316.91	265.40
Current		
Provision for employee benefits*		
Provision for gratuity	17.45	10.76
Provision for leave encashment	12.18	14.33
Provision-others**	15.38	15.38
Total	45.01	40.47
	45.01	40.47

* Refer Note 27

** Contingency provision towards indirect taxes. There is no movement in this provision in the period ended 31 December 2020

17 Contract and other liabilities

	As at 31 December 2020	As at 31 March 2020
Contract liabilities*		
Non-current		
Deferred revenue	2,179.13	2,697.21
Total	2,179.13	2,697.21
	2,179.13	2,697.21
Current		
Deferred revenue	3,948.24	4,013.44
Advances from customers	207.23	142.14
Total	4,155.47	4,155.58
	6,334.60	6,852.79
	6,334.60	6,852.79
Other liabilities- current		
Statutory dues		
Tax deducted at source payable	18.02	27.79
Indirect tax payable	102.57	82.78
Others	5.08	5.00
Total	125.67	115.57
	125.67	115.57

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

18 Income tax assets and liabilities

	As at 31 December 2020	As at 31 March 2020
Income tax assets (net of provisions)		
Non current		
Income tax assets	603.46	211.60
Less: Provision for income tax	(389.59)	-
Total	213.87	211.60
	213.87	211.60
Current		
Income tax assets	78.76	79.34
Total	78.76	79.34
	292.63	290.94
	292.63	290.94

19 Revenue from operations

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

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Sale of services				
Income from web services	1,702.67	1,628.74	4,828.70	4,639.94
Advertisement and marketing services	32.73	19.96	70.26	47.86
Total	1,735.40	1,648.70	4,898.96	4,687.80

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

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Opening balance at the beginning of the period	6,277.95	6,305.46	6,852.79	5,859.82
Less: Revenue recognised from contract liability balance at the beginning of the period	(1,299.11)	(1,150.05)	(3,234.00)	(3,387.85)
Add: Amount received from customers during the period	1,792.05	1,835.53	4,388.83	5,320.27
Less: Revenue recognised from amounts received during the period	(436.29)	(498.65)	(1,664.97)	(1,299.95)
Adjustment for dilution of stake in subsidiary (Refer note 32)	-	-	(8.05)	-
Closing balance at the end of the period	6,334.60	6,492.29	6,334.60	6,492.29

We earn revenue in the Group majorly 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 31 December 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.

20 Other income

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Fair value gain on measurement and income from sale of financial assets				
- Investment in Mutual Funds measured at FVTPL	229.20	158.00	702.55	475.61
Interest income from financial assets measured at amortised cost				
- on bank deposits	7.31	6.81	22.83	22.46
- on security deposits	1.45	0.72	3.92	9.44
Other interest income	-	0.01	0.09	4.14
Gain on de-recognition of Right-of-use assets	4.20	0.50	8.30	1.28
Provisions and liabilities no longer required written back	3.67	-	22.65	-
Net gain on disposal of property, plant and equipment	0.34	0.02	1.57	0.67
Total	246.17	166.06	761.91	513.60

21 Employee benefits expense

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Salaries, allowance and bonus	482.21	648.97	1,379.07	1,789.61
Gratuity expense	14.50	10.36	36.75	24.31
Leave encashment expense	3.08	11.50	3.43	40.07
Contribution to provident and other funds	4.21	3.90	12.36	10.49
Employee share based payment expense	12.59	18.03	48.72	70.20
Staff welfare expenses	0.21	14.99	0.82	68.09
Total	516.80	707.75	1,481.15	2,002.77

22 Finance costs

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Interest cost of lease liabilities	16.28	5.61	51.85	16.35
Total	16.28	5.61	51.85	16.35

23 Depreciation and amortization expense

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Depreciation of property, plant and equipment (Refer Note 5A)	6.48	11.19	20.30	28.55
Depreciation of Right-of-use assets (Refer Note 5B)	31.04	45.91	103.78	121.66
Amortisation of intangible assets (Refer Note 6)	0.54	0.76	1.55	2.10
Total	38.06	57.86	125.63	152.31

24 Other expenses	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Content development expenses	34.37	54.93	69.96	181.91
Buyer engagement expenses	43.45	42.51	132.48	133.53
Customer support expenses	40.96	56.84	111.66	176.34
Outsourced sales cost	122.94	195.19	372.56	527.28
Internet and other online expenses	51.04	55.64	139.92	173.27
Rent	2.11	7.34	13.51	18.06
Rates and taxes	0.43	0.95	3.97	19.07
Communication costs	0.04	2.39	1.67	6.96
Outsourced support cost	2.55	5.86	9.06	16.76
Advertisement expenses	1.99	5.19	5.65	17.12
Power and fuel	1.19	6.48	5.01	22.80
Printing and stationery	0.20	1.85	0.28	6.48
Repair and maintenance:				
- Plant and machinery	0.34	2.94	1.61	10.28
- Others	4.38	18.75	26.14	56.04
Travelling and conveyance	0.67	12.07	1.21	42.81
Recruitment and training expenses	1.23	7.12	4.77	24.06
Legal and professional fees	12.49	9.68	24.85	31.51
Directors' sitting fees	0.31	0.40	0.88	1.57
Insurance expenses	7.01	7.96	23.48	21.80
Foreign exchange fluctuation (net)	0.37	0.67	0.90	0.67
Loss on change of control of a subsidiary converted into an associate (Refer Note 32)	-	-	2.04	-
Collection charges	10.84	10.92	31.55	30.02
Corporate social responsibility activities expenses	2.08	-	8.26	-
Allowances for doubtful debts (including Bad debts)	0.04	(0.31)	(1.56)	0.33
Miscellaneous expenses	0.01	0.26	0.12	0.67
Total	341.04	505.63	989.98	1,519.34

25 Earnings per share (EPS)

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

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Basic				
Net profit for the period	801.53	620.34	2,241.19	1,030.65
Weighted average number of equity shares used in calculating basic EPS	29,027,333	28,919,820	28,934,897	28,786,628
Basic earnings per equity share	27.61	21.45	77.46	35.80
Diluted				
Weighted average number of equity shares used in calculating basic EPS	29,027,333	28,919,820	28,934,897	28,786,628
Potential equity shares	452,243	451,055	497,554	488,844
Total no. of shares outstanding (including dilution)	29,479,576	29,370,875	29,432,451	29,275,472
Diluted earnings per equity share	27.19	21.12	76.15	35.21

There are potential equity shares for the period ended 31 December 2020 and 31 December 2019 in the form of share based awards granted to employees which have been considered in the calculation of diluted earnings per share.

26 Income tax

The major components of income tax expense are:

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

Particulars	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Current tax expense/(income)				
Current tax for the period	218.58	2.37	393.43	3.89
Adjustments in respect of previous year	-	-	-	(3.39)
	218.58	2.37	393.43	0.50
Deferred tax expense/(income)				
Relating to origination and reversal of temporary differences	44.61	137.06	366.83	381.83
Relating to minimum alternate tax	-	-	-	3.31
Relating to earlier years	-	(228.61)	-	(228.61)
	44.61	(91.55)	366.83	156.53
Tax expense/(income) related to change in tax rate/laws *				
- Deferred tax	-	-	-	314.08
	-	-	-	314.08
Total income tax expense	263.19	(89.18)	760.26	471.10

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

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

Deferred tax related to items recognised in OCI during the period

Particulars	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Net loss on remeasurements of defined benefit plans	(2.24)	(6.83)	(6.38)	(12.01)

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

Particulars	As at 31 December 2020	As at 31 March 2020
Opening balance as of 1 April	245.70	858.08
Tax (expense)/income during the period recognised in Statement of profit and loss	(366.83)	(325.62)
Tax expense related to change in tax rate/law	-	(314.08)
Tax impact during the period recognised in OCI	6.38	18.55
Deferred tax on Ind AS 116 impact on retained earning	-	8.77
Adjustment for loss of control in Subsidiary (Refer Note 32)	(2.57)	-
Closing balance at the end of the period	(117.32)	245.70

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

27 Defined benefit plan and other long term employee benefit plan

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

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

Gratuity - Defined benefit

	As at 31 December 2020	As at 31 March 2020
Present value of defined benefit obligation	278.83	223.31
Fair value of plan assets	(10.15)	(12.94)
Net liability arising from defined benefit	268.68	210.37

Leave encashment - other long term employee benefit plan

	As at 31 December 2020	As at 31 March 2020
Present value of other long term employee benefit	77.85	80.12
Net liability arising from other long term employee benefit	77.85	80.12

28 Fair value measurements

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

	Level	As at 31 December 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	10,921.73	8,718.78
- Investment in equity/preference instruments of other entities (Refer Note b(iv) below)	Level 3	99.99	-
		<u>11,021.72</u>	<u>8,718.78</u>
b) Measured at amortised cost (refer note (b)(i) and (ii) below)			
- Trade receivables		16.19	16.82
- Cash and cash equivalents		135.94	169.38
- Loans		10.73	13.72
- Security deposits		46.45	103.97
- Bank deposits		370.24	418.97
- Other financial assets		46.57	26.98
		<u>626.12</u>	<u>749.84</u>
Total financial assets (a+b)		<u>11,647.84</u>	<u>9,468.62</u>
Financial liabilities			
a) Measured at amortised cost (refer note (b)(i) and (ii))			
- Trade payables		153.07	179.42
- Security deposits		0.14	0.14
- Other financial liabilities		198.62	259.83
- Lease liabilities		661.26	765.10
Total financial liabilities		<u>1,013.09</u>	<u>1,204.49</u>

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

- The carrying value of bank deposits, trade receivables, cash and cash equivalents, trade payables, security deposits, lease liabilities and other financial assets and other financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments. These have been assessed basis counterparty credit risk.
- The fair value of non-current financial assets and financial liabilities measured are determined by discounting future cash flows using current rates of instruments with similar terms and credit risk. The current rates used does not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortised cost approximate their fair value.
- Fair value of quoted mutual funds 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 equity/preference instruments of other entities is estimated based on discounted cash flows valuation technique using the cash flow projections, discount rate and credit risk, 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 31 December 2020 and 31 March 2020:

Financial assets	Valuation technique(s)	Key input(s)	Sensitivity
Investment in equity/preference instruments of other entities			
Mobisy Technologies Private Limited	Refer Note below*	i) Discount rate ii) Growth rate for long term cash flow projections. iii) Future cash flow projections based on budgets approved by the management.	Refer Note below**

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

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

d) Reconciliation of level 3 fair value measurements

	Investment in equity/preference instruments of other entities			
	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Opening balance	99.99	-	-	-
Additions	-	-	99.99	-
Closing balance	<u>99.99</u>	<u>-</u>	<u>99.99</u>	<u>-</u>

e) During the period ended 31 December 2020 and 31 December 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 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 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019	As at 31 December 2020	As at 31 March 2020
India	1,709.28	1,581.86	4,824.47	4,591.63	710.14	875.29
Others	26.12	66.84	74.49	96.17	-	-
	1,735.40	1,648.70	4,898.96	4,687.80	710.14	875.29

* Non-current assets exclude financial assets, investment in 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) Individuals owning directly or indirectly, an interest in the voting power of the Group that gives them Significant Influence over the Group and Key Management Personnel (KMP)

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

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

Mansa Enterprises Private Limited

c) Other related parties

Indiamart Employee Benefit Trust (separately administered Trust to manage employees share based payment plans of the company)
Indiamart Intermesh Employees Group Gratuity Assurance Scheme (separately administered Trust to manage post-employment defined benefits of employees of the company)
Simply Vyapar Apps Private Limited (Associate)
Ten Times Online Private Limited (Associate) (with effect from 1 September 2020, Also refer to Note 32)

ii) Key management personnel compensation

	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Short-term employee benefits	28.57	28.57	82.35	85.11
Post-employment benefits	-	0.25	0.28	1.23
Other long-term employee benefits	-	1.38	-	6.14
Employee share based payment	1.03	1.27	3.55	5.20
	29.60	31.47	86.18	97.68

30 Related party transactions (Cont'd)

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

Particulars	For the quarter ended 31 December 2020	For the quarter ended 31 December 2019	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Entities where KMP and Individuals exercise Significant influence				
<u>Expenses for rent</u>				
Mansa Enterprises Private Limited	0.40	0.79	1.20	2.28
Key management personnel				
<u>Recruitment and training expenses</u>				
Dhruv Prakash	-	0.85	0.44	2.15
Director's sitting fees	0.31	0.40	0.88	1.57
Associates				
<u>Investment in associates</u>				
Simply Vyapar Apps Private Limited	-	-	-	312.02
<u>Web services provided to</u>				
Simply Vyapar Apps Private Limited	0.01	-	0.03	-
<u>Internet and online services availed</u>				
Ten Times Online Pvt. Ltd	-	-	0.03	-
Indiamart Employee Benefit Trust				
Interest free Loan given	-	-	1.20	1.50
Repayment of loan given	-	-	1.20	-
Share capital issued	-	-	1.35	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.

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

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 31 December 2020	As at 31 March 2020
Key management personnel		
<u>Recruitment and training expenses payable</u>		
Dhruv Prakash	-	0.13
<u>Investment in associates</u>		
Simply Vyapar Apps Private Limited	312.02	312.02
Ten Times Online Pvt. Ltd	0.93	-
<u>Deferred Revenue</u>		
Simply Vyapar Apps Private Limited	-	0.02
<u>Loan given</u>		
Indiamart Employee Benefit Trust	1.50	1.50

31 Contingent liabilities and commitments

a) Contingent liabilities

(i) Income-tax demand (refer notes (a) and (b) below)

As at	As at
31 December 2020	31 March 2020
302.68	302.68

(a) In respect of Assessment year 2016-17, a demand was raised on Tolexo Online Private limited due to addition of income relating to receipts of securities premium against share allotment made to IndiaMART InterMESH Limited and accordingly the losses to be carried forward by the Company have been reduced from INR 719.22 million to INR 482.07 million (Tax impact @25.17% INR 59.69 Million). The matter is pending with CIT(Appeals). The Company is contesting the demand and the management believe that its position is possible to be upheld in the appellate process. No tax expense has been accrued in the financial statements for tax demand raised.

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

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

(iii) The Group is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Group records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Management reviews these provisions and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Management believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results or cash flows of the Group, with respect to loss contingencies for legal and other contingencies as at 31 December 2020.

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

b) Capital and other commitments

- As at 31 December 2020, the Group has estimated amount of contracts remaining to be executed on capital account not provided for, net of advance amounting to Nil (31 March 2020: Nil).

32 The Company diluted its stake in Ten Times Online Private Limited which was a wholly owned subsidiary on September 1, 2020, by selling its equity stake to the tune of 70% for a consideration of INR 2.12 millions. Post this transaction, the Company still holds 30% stake in Ten Times Online Private Limited and the fair value the remaining stake amounted to INR 0.93 millions and the same was classified as 'Investment in Associate' in these condensed consolidated interim financial statements. The book value of assets and liabilities sold is as follows:

Particulars	Amount
Net Working Capital (including cash of INR 1.63 millions)	7.14
Deferred and current tax	(0.57)
Property, plant and equipment	1.38
Intangible assets	0.06
Other non-current liabilities	(2.92)
Total Net Assets (A)	5.09
Consideration received for 70% Stake (B)	2.12
Fair Value of remaining 30% Stake (C)	0.93
Loss on change of control of a subsidiary converted into an associate (A-B-C)	(2.04)

33 Investment in associates

The group has no material associate as on 31 December 2020, The aggregate summarised financial information in respect of the Group's immaterial associates accounted for using the equity method is as below:

	31 December 2020	31 March 2020
Carrying value of the Group's interest in associates	285.74	295.61
The Group's share in profit/(loss) for the period in associates	(10.81)	(16.41)

34 Events after the reporting period

The Group has evaluated all the subsequent events through 18 January 2021, which is the date on which these condensed consolidated 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 consolidated interim financial statements.

As per our report of even date attached

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

Kanika Kohli
Partner
Membership No.: 511565
Place: Gurugram
Date: 18 January 2021

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

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

Prateek Chandra
(Chief Financial Officer)

Place: Noida
Date: 18 January 2021

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

Manoj Bhargava
(Company Secretary)