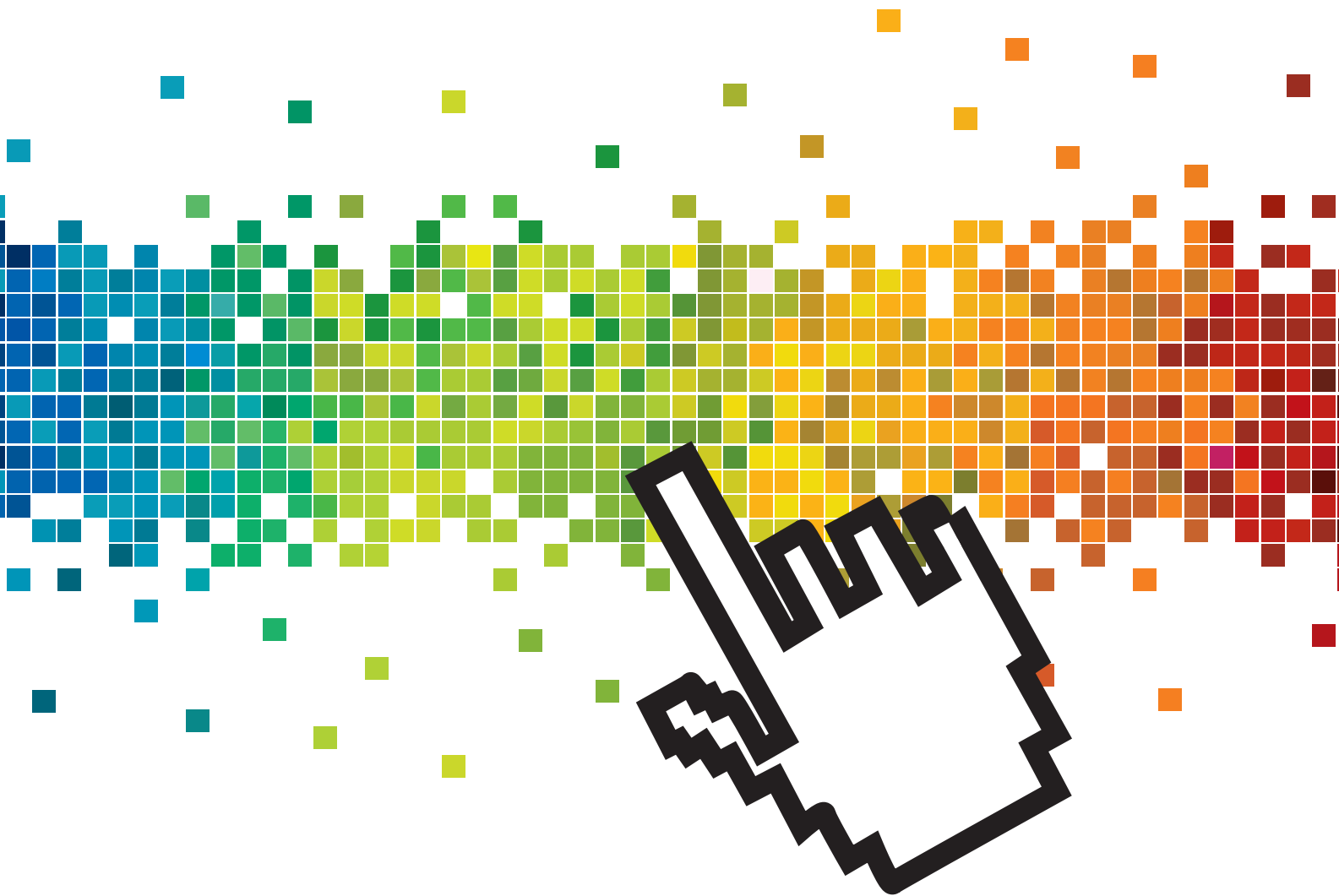


# Info Edge (India) Limited

*Annual Report 2007-08*



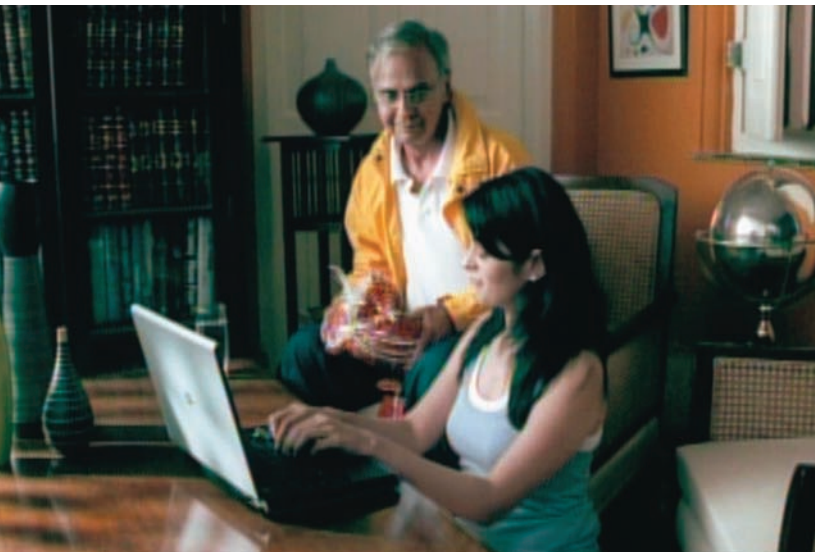
India's No.1 Online Classifieds Company



We provide recruitment classifieds and related services to job seekers, and Corporate Customers, (employers and recruitment consultants) through our website [www.naukri.com](http://www.naukri.com)



We provide a convenient online forum where lessors, lessees, buyers, sellers, and brokers of residential & commercial real estate in India can exchange information concerning real estate property with a view to entering into a transaction through our website [www.99acres.com](http://www.99acres.com)



We provide an online information exchange service to prospective brides, grooms and their relatives, in India and in certain other countries, through our website [www.jeevansathi.com](http://www.jeevansathi.com)

# Content & Company Information

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## Board of Directors

|                          |   |
|--------------------------|---|
| Mr. Kapil Kapoor         | Chairman                                    |
| Mr. Sanjeev Bikhchandani | Managing Director & Chief Executive Officer |
| Mr. Hitesh Oberoi        | Director & Chief Operating Officer          |
| Mr. Ambarish Raghuvanshi | Director & Chief Financial Officer          |
| Mr. Arun Duggal          | Independent Director                        |
| Mr. Saurabh Srivastava   | Independent Director                        |
| Ms. Bala Deshpande       | Independent Director                        |
| Mr. Ashish Gupta         | Independent Director                        |
| Mr. Sandeep Murthy       | Nominee Director                            |
| Mr. Naresh Gupta         | Independent Director                        |

## Company Secretary

Mr. Amit Gupta

## Auditors

Price Waterhouse, Chartered Accountants, Gurgaon - 122 002

## Bankers

ICICI Bank Limited, Preet Vihar, New Delhi - 110 092

## Registered Office:

GF-12A, 94, Meghdoot Building,  
Nehru Place, New Delhi-110 019  
India

## Corporate Office:

A-88, Sector-2, Noida - 201 301  
Uttar Pradesh, India



# C.E.O's Message



Dear Member,  
As I write this letter — my first to you — I am reminded of the days, a little over 11 years ago, when we started our flagship business, naukri.com. The Internet was then a novelty. And following the global dotcom bust a few years later, most people in India had written off web-based businesses as “flights of fantasy”.

Naukri.com was one such flight — but not one of fantasy. It was deeply entrenched in ground realities. We had a definite business concept; we were determined to succeed; and we knew that the business model had to be flexible enough to adapt to the requirements of a changing environment.

We were in a business that had no precedence in India. The initial years were very challenging. But we learnt from every setback, tweaked the model when required, and resolutely pursued our objectives.

In the process of establishing naukri.com as one of India's leading web based businesses, we developed an expertise in creating communities, building brands, leveraging technology and servicing customers in the virtual space. It is this rich experience that has helped us embark on an accelerated growth path in an industry that is fairly nascent in India.

Info Edge had the benefit of an early mover advantage with naukri.com. And we continue to focus on businesses where we will have similar advantages and competitive strengths.

We have come a long way. What had started out with a tiny group of people operating out of a one-room office has today transformed into an organisation of over 1,650 colleagues who maintain a network of 67 offices in India across 41 cities. In addition, we have three international offices.

Info Edge is now firmly locked in to a long term growth path.

Consider the example of 2007-08 — the first full year of operations for Info Edge since going public in November 2006. Here is a snapshot of your Company's financial performance.

- As a consolidated entity, we generated a total income of Rs.2,396.6 million in 2007-08, up 63% from 2006-07
- Profit after tax increased by 105% to Rs.554.9 million in 2007-08

The individual businesses verticals, too, continued to grow at impressive rates:

- Naukri.com added around 4 million resumes, had 87,000 job listings in March 2008 and serviced 32,500 clients in 2007-08
- Jeevansathi.com, our successful marriage portal, added around 2,400 profiles per day in 2007-08
- 99acres.com emerged as the leader in the online real estate business with over 200,000 listings, more than a quarter of which were paid listings

In each of their domains, our businesses are amongst the top three. naukri.com is India's top job portal; jeevansathi.com is among the top three matrimonial websites; and 99acres.com is the leader in the online real estate classified market.

A detailed analysis of your Company's strategy, operations and development of the individual businesses has been presented in the chapter, Management Discussion and Analysis, which is annexed to the Directors' Report. So, I will refrain from repeating facts from that chapter to you.

Instead, let me highlight some of the underlying elements that knit together our different business verticals. These include the over-riding business theme and the corporate culture.

Yes, we are a technology-driven company that continuously utilises cutting edge IT infrastructure and software algorithms to provide users with the best online experience. But that is not at the heart of our business model. Technology and the world-wide web are critical business enablers — tools that help us create platforms.

The core focus and overriding business theme across all the Company's verticals is to get people online to meet each other and satisfy their specific needs. Naukri.com brings together job seekers and recruiters. Jeevansathi.com is a platform for people to meet and choose their marriage partners. And 99acres.com unites property seekers with property suppliers.

Thus, we are a people's company, driven by cutting edge technology. Our vision is to create world class platforms that help transform lives.

Much of the success of the different businesses lies in their ability to understand human behaviour — our customers' wants, cultural orientation and preferred forms of social

# C.E.O's Message

interaction. It needs deep insight. The right set of buttons attract, retain and grow customers; the wrong ones can be catastrophic.

Insight comes from analysing customer behaviour. So, in 2007-08, to further enhance our ability to understand human behaviour on the world-wide web, we have started a web analytics department. This department uses state-of-the-art statistical tools to map human behaviour on the internet. Over time it will provide critical inputs that will further assist us in improving user interfaces — and further differentiate our portals from those of our competitors.

Work culture is critical to a company's success. At Info Edge, we are very clear on the type of corporate culture that we want to establish and nurture.

We have a relatively young workforce. Consequently, we will always work at creating a non-hierarchical, young and vibrant internal environment that focuses on diversified ownership, calculated risk taking, empowerment of people and result based remuneration. We have managed to successfully inculcate most of the values and drivers within our organisation. We have created several leadership positions in the Company and established a performance-driving variable pay system. We have created ownership through stock options. Our vibrant work culture has helped Info Edge to continuously attract and retain talent. Our people like to work with us.

While as a Company, we continue to focus on people — our customers and our employees — there are some factors that are beyond our control. For instance, internet penetration has been well below expectations. Earlier projections of NASSCOM suggested a target of around 50 million internet users in March 2005. That has happened only in March 2007 — and much of the slow progress has been due to inadequate connectivity. Thankfully, things have begun to change in recent times. Rapid expansion of broadband has begun to improve connectivity; and reduced tariffs are helping to make the internet more affordable. The total internet population in India has increased to about 60 million in March 2008. Therefore, while the slow expansion of internet put a cap on the growth of web-based business in India, we expect this to be a thing of the past — and look forward to a period of faster growth.

The other important factor that determines the health of most of our businesses is the state of the economy. Here, the story is clearly positive with a large number of upsides. Although growth slowed down in the last quarter of 2007-08, India's GDP still grew by 9%. With that, India has had three consecutive years of over 9% GDP growth resulting in a CAGR of 8.8% for the period 2003-04 to 2007-08 — the highest growth rate among major economies of the world, barring China. Our business is

more dependent on the growth of industry and services. And these sectors have grown impressively over the last four years.

To be sure, India will achieve a somewhat lower GDP growth rate in 2008-09 — estimated at around 7%-8%. But this is expected to be a temporary downward blip. In any case, it will be an exceptionally good growth performance in a world where growth is slowing down considerably. The global slowdown and the sharp depreciation of the dollar continue to adversely impact the domestic IT industry that mainly services overseas clients. Jobs in IT account for a large proportion of our recruitment vertical and surely there has been a slowdown here. However, other sectors like domestic retail and infrastructure industries have started growing at a rapid pace. The magnitude and diversification of the industries serviced through our portal holds us in good stead. The dollar, too has started appreciating of late, helping export driven businesses.

Also, with 68% of our GDP being driven by domestic consumption, we as a nation are more immune to the vicissitudes of global growth than many others. Therefore, I see huge growth opportunities. Consider this: 8% GDP growth overall translates to something like 11% to 12% growth in urban India and a 14% to 15% growth for India's 100 million to 120 million urban middle-and upper-middle class. This is Info Edge's core customer group.

Therefore, I believe that Info Edge will continue to benefit from greater economic and business opportunities. We are an almost debt free company. And, as we generate good cash flows on a sustained basis, we will continue to explore opportunities for green field expansions, value enhancing acquisitions and investing in start-ups.

It has been a good beginning as a listed entity and we are well positioned to grow rapidly. But, as we learnt from our early days, to be continuously successful, we have to constantly remain anchored to the ground realities. It is a long, winding road ahead — and we have miles to go before we sleep.

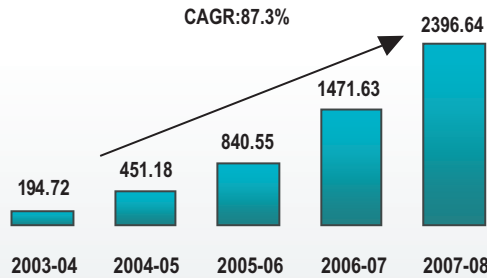
Thank you for your continued support. There are huge growth opportunities in India. With the dedication of our employees and your encouragement, I'm sure that Info Edge will grow even faster.

Regards

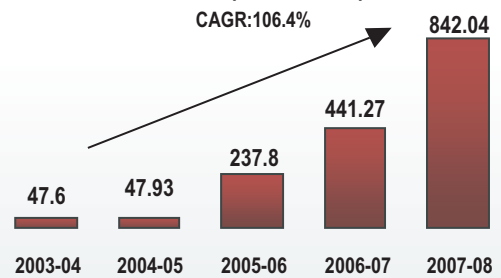
Sanjeev Bikhchandani  
CEO & Managing Director

# Highlights: On a High Growth Trajectory

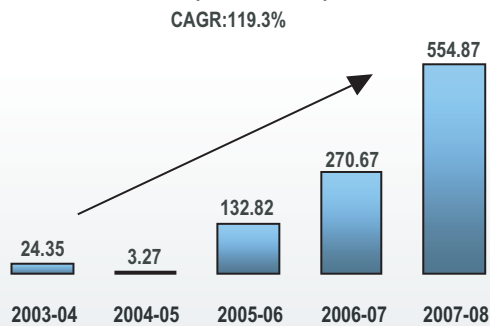
## Total Income (Rs.Million)



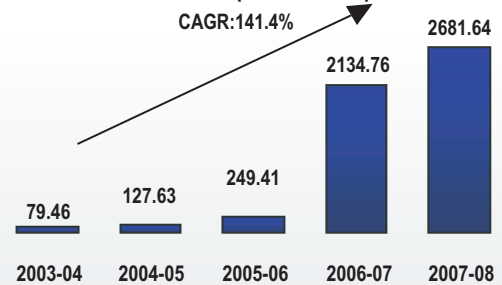
## EBIDTA (Rs.Million)



## PAT (Rs.Million)



## Net Worth\* (Rs.Million)



Note: CAGR has been computed for the period 2003-04 to 2007-08

Note:\* in 2006-07, Info Edge had an Initial Public Offer (IPO)

### Info Edge, Company Highlights, FY 08

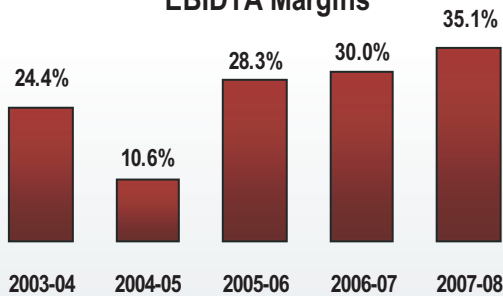
- **Rs.2189.39 million net sales**, up 57% from 2006-07
- **Rs.554.87 million net profits**, up 105% from 2006-07
- **20.7% Return on Net Worth**, up from 12.7% in 2006-07
- **Rs.20.33 Earnings per share**, up from Rs.11.31 in 2006-07
- **67 offices in 41 cities in India, 3 offices in 2 cities abroad**

### Recruitment Solutions including Naukri.Com, Business Highlights, FY08

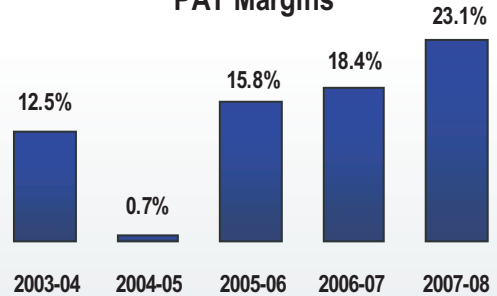
- **Rs.1964.26 million net sales** in 2007-08
- **No. 1 job portal** in India, about **50%** share of page views among top 3 job sites
- **Over 13 million resumes**
- **More than 10,000 resumes** added per day and over 30,000 edited every day in 2007-08
- **87,000 job listings**, and **32,500 clients** serviced during 2007-08

# Highlights: On a High Growth Trajectory

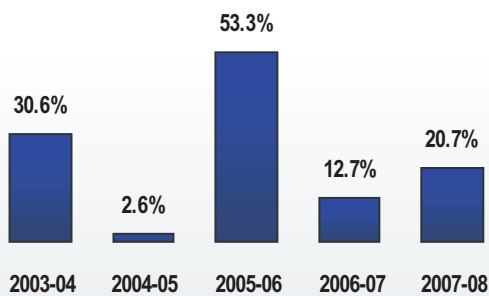
## EBIDTA Margins



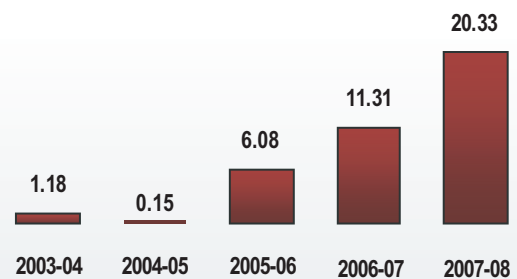
## PAT Margins



## RONW



## EPS



### Jeevansathi.com, Business Highlights, FY 08

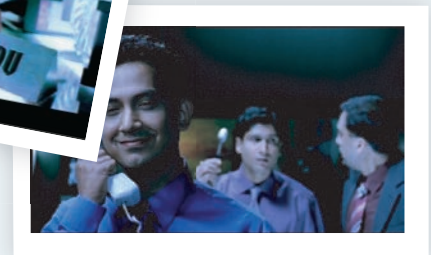
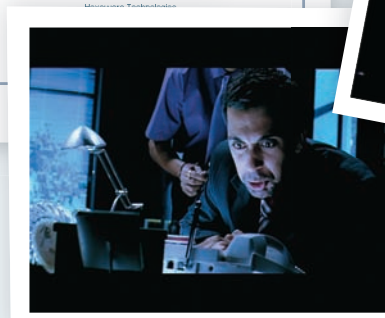
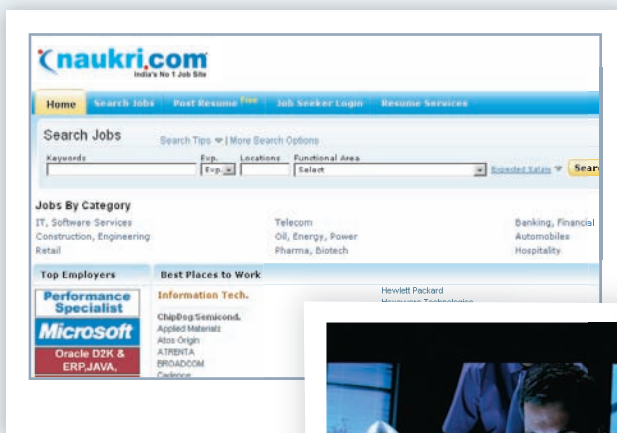
- **2004** year acquired by the Company
- **No.3** matrimony website in India
- **Strong player in its chosen geography and communities**
- **2.4 million profiles** ever registered
- **2,400 profiles** added daily in 2007-08

### 99Acres.com, Business Highlights, FY 08

- **2005**, year launched by the Company
- **Leader** in emerging online real estate market.
- **Over 2 lakh listings**, including 54,000 paid listings
- **Over 25** cities across India covered in listings

## Naukri.com

- ▶ Naukri.com was launched in March 1997.
- ▶ Today, it is India's leading online recruitment website enjoying more than 50% share of page views among the top 3 job sites.
- ▶ Naukri.com has continued to grow impressively and has cemented its leadership position.
  - In 2005-06, Naukri.com added over 8000 resumes daily and it possessed a client base of 20,000 corporate clients with over 82,000 job listings and a database of over 6 million resumes.
  - It's appetite for growth continued in 2007-08; as over 10,000 resumes were added daily leaving Naukri.com with a client base of 32,500 corporate clients and 87,000 job listings and an extensive database of over 13 million resumes.
- ▶ According to the India Online 2008 Survey by JuxtConsult:
  - Naukri.com has gained a 5% share of users to grow to 42% of all users.
  - It is the most popular job website across all age groups, socio economic classifications and regions.
  - Naukri.com is among the top 10 most popular online brands in India.
- ▶ Its ability to establish relationships with a large number of corporates and recruitment consultants has created a winning proposition in terms of its extensive database and client list.
- ▶ To augment its operations online, there are a wide network of offices located in over 41 cities in India along with offices in Dubai and Bahrain.
- ▶ With job search becoming an increasingly popular activity on the Internet, naukri.com is poised to capitalize on this development and continue its growth story.

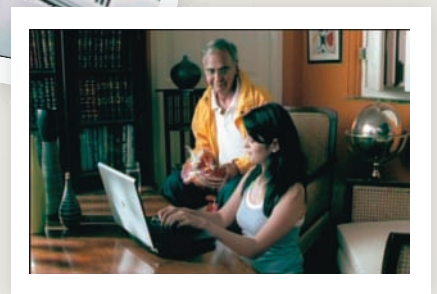
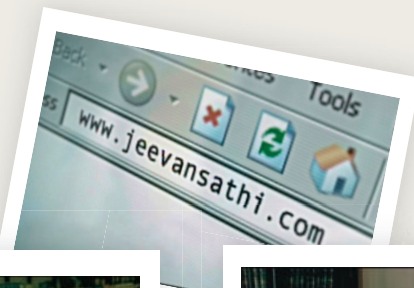




# Jeevansathi.com

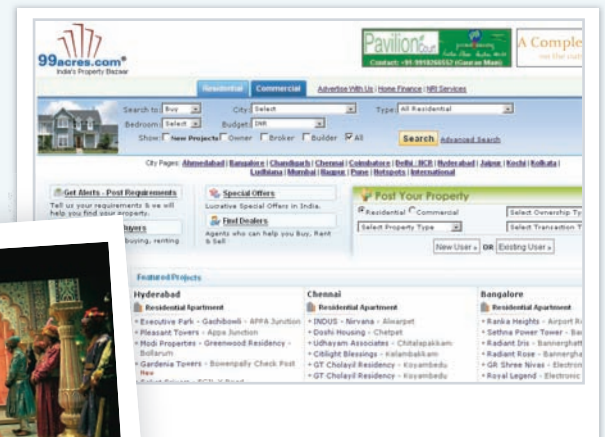
## Jeevansathi.com

- ▶ Jeevansathi.com was acquired in September 2004
- ▶ With focus on the north and western Indian market, it ranks third amongst matrimonial websites in the country
- ▶ With over 2.36 million profiles registered on the website, it continues to grow at a steady clip. It increased considerably from the 1.48 million profiles registered as of end 2006-07.
- ▶ On an average over 2400 profiles were added daily.
- ▶ According to the India Online 2008 Survey by JuxtConsult:
  - Jeevansathi.com gained 3% share of users to grow to 8% of the total market share.
- ▶ In 2007-08 we focused on laying the foundation for a major site revamp.
- ▶ In 2008-09 we are furthering our offline retail network through 'Jeevansathi.com Match Points' which will assist users avail of Jeevansathi services.
- ▶ It provides a fairly comprehensive listing of the potential grooms and brides available in the country seeking alliances.
- ▶ Jeevansathi.com continues to be in the investment phase with promotional activities and brand building being carried out to increase the visibility of the brand.
- ▶ With a sizeable number of people in the marriageable age group of 20-30 and an increasing reliance on the Internet to cement marriage alliances as opposed to traditional networks; there is tremendous scope for growth in the online matrimonials classified market.
- ▶ The non-resident Indian market is also being explored to further the reach of Jeevansathi.com.



## 99acres.com

- ▶ 99acres.com was launched in September 2005.
- ▶ It is one of India's first platforms to cater to the real estate market online. And, over the last few years, a real estate boom of sorts has occurred in India which 99acres.com proposes to capitalize on.
- ▶ It has a pan India listing of properties for sale, purchase and rent spanning 25 Indian cities.
- ▶ It is a service bringing together brokers, dealers and interested buyers or sellers and connecting them over an online medium.
- ▶ Property listings increased from around 65,000 in 2006-07 to over 200,000 in 2007-08.
- ▶ Out of the proportion of total property listings, paid listings increased from 15,000 in 2006-07 to 54,000 in 2007-08.
- ▶ According to the India Online 2008 Survey by JuxtConsult:
  - 99acres.com is the most popular real estate site and has 14% share of users.
  - It gained 4% of total users.
- ▶ In 2007-08, we also
  - expanded our office network to Tier II and Tier III cities across India.
  - revamped the user interface.
  - launched the 'Shahjahan – Taj Mahal' commercial which was a huge success.
- ▶ 99acres.com continues to be one of the leaders in the relatively nascent online real estate market with its offerings and is poised to cater to the increasing demand for real estate in India.



# Management Discussion & Analysis

## Introduction

Info Edge (India) Limited ('Info Edge' or 'the Company') is India's premier on-line classifieds company. It focuses on creating specific domain based platforms for people to interact in virtual space. Starting out as pioneers in the on-line recruitment business in India, the Company today is active in two other business domains — matrimonial and real estate. In addition, Info Edge has also completed all the preliminary work needed for its foray into the online educational classifieds business.

2007-08 was another good year in the company's short but eventful history. It continued to record high levels of growth, both in sales and in profits. And, now with a top-line of about US\$60 million and a healthy cash-flow, Info Edge has attained a base scale of operations, which can be rapidly ramped up.

As of 31 March 2008, the Company had three subsidiaries, Naukri Internet Services Private Limited (NISPL), Jeevansathi Internet Services Private Limited (JISPL) and Info Edge (India) Mauritius Limited. NISPL and JISPL own internet domain names and related trademarks used in the business. These companies form a part of the consolidated accounts of Info Edge (India) Limited. Highlights of the Company's performance on a consolidated basis are given below:

### Info Edge: Consolidated Financial Highlights, 2007-08

- **Net sales increased by 56.87% from Rs. 1,395.69 million in 2006-07 to Rs. 2,189.39 million in 2007-08**
- **Earnings before interest, depreciation, tax and amortisation (EBIDTA) increased by 90.65% from Rs. 441.49 million in 2006-07 to Rs. 841.72 million in 2007-08**
- **Profit before tax increased 98.93% from Rs. 395.02 million in 2006-07 to Rs. 785.81 million in 2007-08.**
- **Profit after tax increased by 104.76% from Rs. 270.80 million in 2006-07 to Rs. 554.48 million in 2007-08**
- **Return on Net Worth (RONW) increased from 12.68% in 2006-07 to 20.68% in 2007-08**
- **Earning Per Share (EPS), increased from Rs.11.31 in 2006-07 to Rs.20.31 in 2007-08**

While on the delivery side, Info Edge mainly uses the global platform of the world-wide web, much of its success lies in its ability to understand local nuances. The virtual communities that it creates have strong regional and local preferences; and the Company continuously moulds its service offerings to meet these varying customer requirements. Thus, **Info Edge is a global technology-driven organisation whose roots lie**

## in understanding and meeting the needs of various segments of the Indian population.

Our success is best gauged by the way we established ourselves and grew over the last 13 years of our existence. In financial terms this growth has been meteoric, especially over the last four years.

- Total income. was Rs.194.72 million in 2003-04. Has increased at a compound annual growth rate (CAGR) of over 88% to Rs. 2,396.64 million in 2007-08.
- Profit after tax (PAT). Was Rs.24.35 million in 2003-04. Has risen at a CAGR of 119% to Rs.554.87 million in 2007-08.

While the growth numbers are impressive in themselves, more important is the potential that Info Edge holds for future growth.

**In more ways than one, Info Edge embodies all the opportunities, aspirations and characteristics of a 'new age' company.**

1. **We cater to the online media business segment in India, which is still at an embryonic stage in the country.** Given the direction of economic and demographic development, this sector has immense growth potential. Being an industry trendsetter, we are well positioned to leverage this growth. We have gained valuable experience across different segments of this industry and are leveraging our 'early bird' advantage in the online space.
2. **Our primary customer base is the rapidly growing, upwardly mobile younger population of India.** Through our job and matrimonial portals, we have established relationships with millions who represent young India. This segment has strong aspirations and capabilities, and provides us with excellent customer platforms to further widen our products and service offerings.
3. **We are strongly driven by innovation and technology.** Our primary service delivery platform remains the internet. To stay ahead of competition, we continuously create the best customer experience on the web. This involves understanding our customers' behavioural patterns and then translating high levels of technology and research on online behaviour to algorithms that drive optimised online interfaces, backed by a state-of-the-art IT infrastructure.
4. **We are driven by our young workforce.** Most of our employees are in the 20-40 year age bracket. The company has the energy of the young in its work ethos. Across all our functions, each of us believe in getting results, while strongly promoting the spirit of entrepreneurship, which includes empowerment, risk taking, innovation and ownership of shares.

We are a 'new age' company. But we aren't new. Info Edge is a 13-year old company, with its oldest and largest business Naukri.com being 11 years old, that has progressed along a structured path of evolution — one that has provided it with valuable insights and experience in its business domain. In the course of this journey of learning and evolution, Info Edge has established itself as one of the leading niche service-sector entities in India.

### **Info Edge: The Journey So Far**

Although incorporated in 1995, our primary business — online recruitment, or naukri.com — was launched in March 1997. After proving our business capabilities for the first three years, we got our first venture capital funding in 2000, when ICICI Information Technology Fund invested in the company.

Subsequently, in November 2000, we acquired the business of Quadrangle, an offline recruitment service provider. In September 2004, we widened the business by entering the matrimonial space when we acquired jeevansathi.com.

A year later, in September 2005, we launched our real estate website called 99Acres.com. In July 2006 we launched naukrigulf.com, a jobs site focussing on the gulf market, in July 2007 asknaukri.com, a career guidance and counselling site, in August 2007 brijj.com, a professional networking site and in November, 2007 allcheckdeals.com, a property broking business.

In 2006, private equity investors Kleiner Perkins Caufield & Byers and Sheralo LLC (an entity of Ram Shriram), both well known venture capital investors acquired through Murugan Capital and Sheralo Mauritius LLC, respectively, 5% of our pre-issue equity share capital by means of a secondary purchase.

**In November 2006, Info Edge had entered a new era through a successful IPO and on 21 November 2006 it listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).**

During this journey from a small start-up to a publicly listed enterprise, Info Edge has successfully overcome several challenges. Today, it is a well established company, whose achievements include:

- **Successful nurturing and development of brands and businesses** like naukri.com, jeevansathi.com and 99acres.com which are counted among the leaders in their respective domains.
- **The coming of age in financial terms.** In 2007-08, the Company recorded net sales in excess of Rs.2100 million and net profits in excess of Rs.550 million.
- **Establishing a wide physical network that supports and develops its businesses.** As of 31 March 2008, we maintain a network of 67 offices in India located in 41 cities, as well as three international offices (two in Dubai and one in Bahrain), which primarily engage in sales service and payment collection for the different business divisions.

- **Managing employee growth.** Our workforce has grown to around 1,650 persons by the end of 2007-08.

Thus, the foundations have been laid for pursuing even more ambitious growth.

We believe that there are three broad factors which will continue to define Info Edge's progress as a business enterprise. These are:

1. Developments in the business environment at the macro-level.
2. Our strategic positioning.
3. Consistent and relentless execution.

Let us discuss these in some detail.

### **The Macro-Level Business Environment**

Our business is primarily dependent on the Indian market, and is defined by the number of people who demand services like recruitment and matrimonial support using the platform of the worldwide web.

Consequently, there are three critical factors that determine the macro-level business environment. These are:

- the overall economic climate,
- population demographics, and
- the telecommunication infrastructure, which is a pre-requisite for internet usage.

All these factors have witnessed rapid changes during the Company's brief history, especially in the last five years.

### **The Overall Economic Climate**

From 2003-04, the Indian economy has been growing at much higher rates than before, as Chart A shows. With real GDP growing at 9% in 2007-08, India has now had three consecutive years of over 9% GDP growth resulting in a CAGR of 8.8% for the period 2003-04 to 2007-08. Not surprisingly, it is precisely the same period when Info Edge has created its own growth story (Chart B). Clearly, the Company has benefitted significantly from the quantum and direction of this sustained economic growth.

Within the framework of higher GDP growth, our business is more dependent on the growth of industry and services. These segments comprise more people who use internet to fulfil their needs. Moreover, rapid growth in these sectors create greater demand for jobs and generate more business for naukri.com. As Chart C shows, both industry and services have grown very impressively over the last five years.

### **The Demographic Structure**

The demographic structure in India also augurs well for Info Edge's business. An online survey conducted in 2008 by JuxtConsult suggests that 77% of all internet users in India belong to the 19-35 age group. And, as Chart D shows, the proportion of younger people is increasing in India; and their share is further expected to rise in the next few years.

**Source:** *Census of India*

Chart A: Real GDP growth

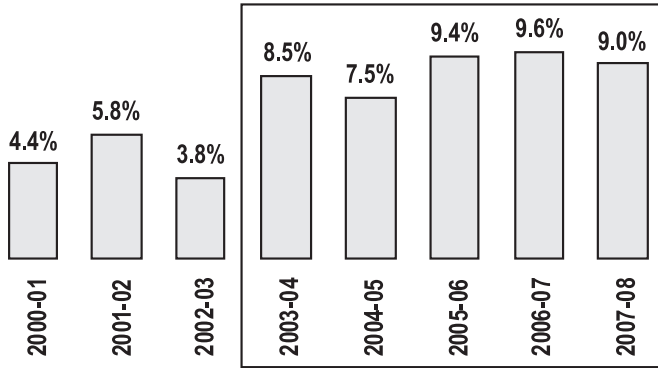


Chart B: Our Total Income (Rs. Million)

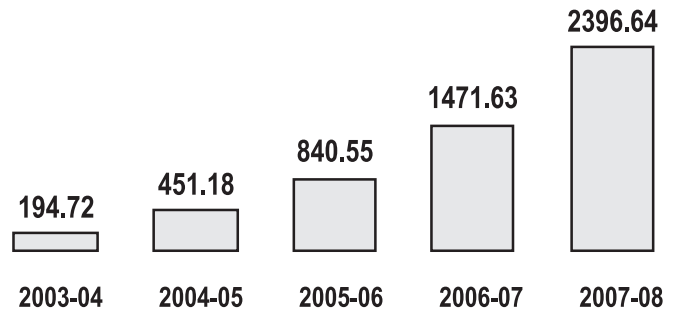


Chart C: Industry and Services Growth

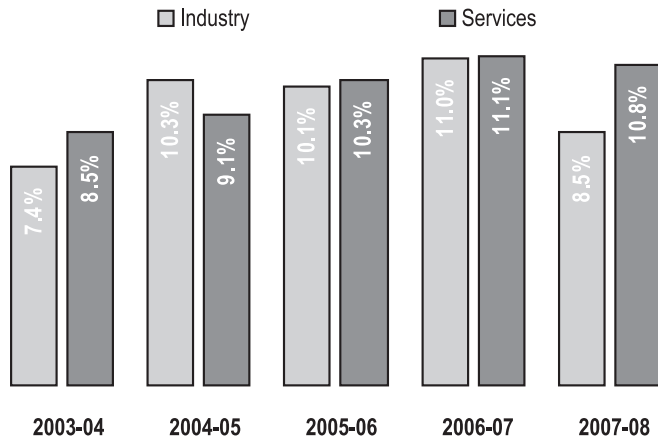
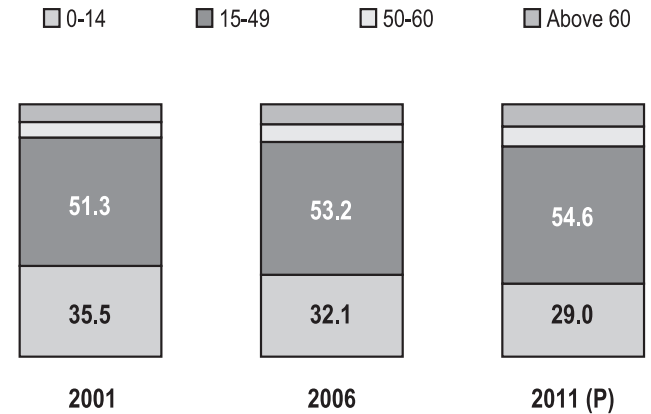


Chart D: Share of population, in age brackets



In 2001, 51% of the population was in the age bracket of 15-49. This had increased to over 53% in 2006; and is projected to reach 54.6% by 2011. In urban India, not only is this age group more tuned to using the internet, but they also constitute the target set for many of Info Edge's service verticals. jeevansathi.com caters to people in the marriageable age, i.e. primarily between 20 and 30 years of age; naukri.com caters largely to people between 25 and 45 years; and 99acres.com focuses on first or second time property buyers, who increasingly belong to the age group of 30-45 years.

**Communication Infrastructure and Internet Usage**

Economic development has a positive effect on internet usage. Cross-country data for 2007 shows a 0.89 correlation or R<sup>2</sup> between per capita income (measured in terms of purchasing power parity or PPP) and internet penetration. The data also shows that India is a negative outlier. It not only languishes at the bottom, but also has lower internet penetration conditional on its per capita income.

This creates a negative and a positive. The negative is that very low internet penetration — at about 5.3% of the population (source : www.internetworldstats.com) — limits

the size of internet-based businesses. It explains why, despite so many users and strong brand recognition for naukri.com and jeevansathi.com, a company such as ours has not yet attained scales in line with some of our peers in the international market. The positive is that there is considerable headroom for future growth.

Notwithstanding the recent growth, the fact is that India lacks sufficient communication infrastructure for supporting the internet. Projections of NASSCOM had suggested a target of around 50 million internet users in March 2005 which is estimated to have been achieved only in March 2007. It is estimated that there are about 60 million internet users as of March 2008.

There are many reasons for this. Primary among them is the slow progress of PC and broadband penetration in India. Over the last decade, India has had around 20%-25% growth in PC usage over a very small base. This is insufficient. China took just five years to reach the 10 million annual PC shipment mark in 1996. India hit the 2 million mark five years later in 2001; and may achieve the 10 million in 2009 — eight years behind China. Simply put, despite sales growth, there has been no inflexion point in the market for PCs.

Similarly, the current base of 2.4 million broadband subscribers is 70% below the government's own targets.

According to industry watchers, both these issues are likely to be resolved over the next three years. With PCs getting priced at around Rs.10,000/- and broadband plans now starting at Rs.199 per month, the affordability issue may be addressed. NASSCOM's revised estimates suggest that the internet user base should grow to 90-95 million by March 2010 and the broadband-subscriber base to around 7-8 million. In India, to overcome the price and connectivity issues, a large number of internet users rely on cyber-cafes and shared access.

There is some other good news as well. According to the JuxtConsult, *India Online Survey 2008*, we have started witnessing a degree of democratisation of the internet. Better off socio-economic segments like the SEC A and B now account for just over 50% of all users, their share having reduced by 6 percentage points from 2006-07. In contrast, the lower SECs (C, D and E) now account for around half of all users in urban areas. It is similar in rural areas too, with the top two rural SECs R1 and R2 accounting for 41% of rural internet use, with the rest coming in from consumers in SEC R3, R4 and R5. However, there still exists an income threshold below which people do not use the internet.

Info Edge has gone through all of this. **Today, economic growth, demography, changing behavioural patterns and improved communications infrastructure have started moving in synch in the right direction. We, therefore, expect a significant increase in our market potential.**

#### **Our Business Model and Strategy**

The recruitment vertical under naukri.com has been our primary business to date. In a sense, Info Edge derives much of its identity from naukri.com. And, it is naukri.com's journey from its early days to being India's top job portal that defines our business model and strategy. We are now well positioned to leverage the business learning over the years with naukri.com and extend it to other on-line verticals.

Being primarily an online media company, Info Edge has three broad revenue earning areas. These are:

- **Online advertising revenue from specific and relevant Verticals**, where the focus is on creating websites that generate enough traffic and quality or quantity of eyeballs to warrant a good price for companies or organisations to advertise in by providing data that is relevant and can be monetised.
- **Sharing of databases or protected information**. These are revenue streams that flow after the registration or subscription by online visitors.
- **Value added services provided on the basic platform**. Examples include the résumé development or CV push services offered by naukri.com. These services are pursued once a critical level of expertise is attained in a business space. For many of these services, a mix of online and

offline approaches is also pursued which lends itself to the Indian context. Our foray into providing offline recruitment services through Quadrangle is a point of reference for this kind of growth in a business vertical.

With these as primary revenue sources, we focus on some key issues that define the contours of our business strategy. These include:

- **Continuous emphasis on innovation and customisation of products and services**. We regularly enhance the utility and features of our existing products and services to meet the changing needs of customers to offer a superior user experience. We also develop suites of new products and services that better meet the requirements of our diverse users. Example: In jeevansathi.com, we have increased it's the database across all segments and tagged many fields to improve matching options for the users based on several criteria such as religion, caste, region and linguistic preference.
- **Focus on brand recall**. The strength and recall value of naukri.com has been critical to its success. We continuously focus on brand building activities. At one level, there is the "Hari Sadu" TV ad which has extremely high recall and association with naukri.com. At another, we use online advertising to promote brand awareness and drive traffic as also use innovative delivery mechanisms like job fairs and well targeted SMS for communicating with existing and prospective customers.
- **Leverage offline relationships and associations to develop the online business**. Example: in 99acres.com, we intend to build a client base of brokers who currently do not list their properties online — and then actively solicit them to list their databases on 99acres.com. This entails a high degree of evangelisation and customer education.
- **Enhance and diversify revenue streams**. We are looking at enhancing the attractiveness of our sites as locations for on-line advertisements; and diversifying the advertising revenue model to include sources like sponsored links.
- **Develop alternate delivery models for the services**. We focuses on developing multi-channel delivery models for its services — e.g. through mobile phones.
- **B2B sales team**. A dedicated and trained sales team in each of our businesses has been a key factor in our ability to reach out to a large number of clients, evangelise them and strengthen our relationship with customers. The sales team also provides a constant stream of feedback from customers which helps us improve our offerings.

As of today, the company has four business verticals: recruitment services, matrimonial services, real estate services and new businesses. As Table 1 shows, two of these verticals — recruitment and matrimonial — are part of the top 10 leading activities undertaken by internet users in India.

**Table 1: Top ten internet activities (Juxtconsult online survey 2008 results)**

| Activity                      | % of net users |
|-------------------------------|----------------|
| 1 Emailing                    | 91%            |
| <b>2 Job search</b>           | <b>72%</b>     |
| 3 Instant messaging/ chatting | 70%            |
| 4 Check news                  | 63%            |
| 5 Check sports                | 57%            |
| 6 Download music/ movies      | 54%            |
| 7 Check cricket score         | 50%            |
| 8 Dating/Friendship           | 50%            |
| <b>9 Matrimonial search</b>   | <b>49%</b>     |
| 10 English info search engine | 49%            |

### Our Business Verticals

While the recruitment business remains our primary service domain — accounting for 90% of the our business in 2007-08 — the other verticals including matrimonial and real estate are in a growth phase. Their share in Info Edge's total sales has increased from 8% in 2006-07 to 10% in 2007-08. Much of the preliminary work has been completed in the new businesses of providing an online forum for educational classifieds and professional networking, and revenue streams are expected to commence in the near future.

### Recruitment

**Info Edge is a leader in the online recruitment and careers markets in India. Naukri.com continues to be India's No.1 job site, enjoying a 50% share of page views across the top three job sites. Revenues from the recruitment services business increased by 54% — from Rs.1277.02 million in 2006-07 to Rs.1964.26 million in 2007-08.**

In this vertical, we continue to leverage our first mover advantage by building an extensive database of résumés and corporate clients (including recruitment consultants/ agencies) who are patrons of naukri.com. The large database and the comprehensive nature of our client list form a self-generating cycle that propels business growth on a sustainable basis.

It is a virtuous cycle. A large corporate clientele ensures that a large number of prospective job seekers look for jobs at naukri.com. We ensure that the applicants come in contact with the appropriate recruiters, and increase the probability of a successful fitment. Equally, the presence of a large number of job seekers ensures that companies continue to use naukri.com as a source of tapping talent. This model also allows us to consolidate our operations through a large number of repeat transactions and referrals from our comprehensive database. Here are some facts:

- **Number of résumés in naukri.com's database increased from around 9 million at the end of 2006-07 to around 13 million at the end of 2007-08.**
- **Number of corporate clients increased from around**

**27,500 at the end of 2006-07 to approximately 32,500 at the end of 2007-08.**

To make inroads into the Gulf job market, we launched naukrigulf.com in July 2006. We have continued to consolidate this business by setting up a new office in Bahrain in addition to the two offices located in Dubai. In order to serve prospective job seekers better and to offer them career guidance services, a specialised service called asknaukri.com was launched in July 2007.

To complement our growing online recruitment business, we also have Quadrangle, an offline recruitment solutions company. Quadrangle aims at offering offline placement services to middle and senior management, with revenues based on a success based fee model.

There are also a number of offline sales and service centres of naukri.com as well to complement the online services operations.

Recruitment continues to be an active opportunity in India. Economic growth is opening up several opportunities across various sectors, especially in services. On the supply side, **India has over 330 universities and 17,600 colleges that churn out over three million graduates annually. Most of them are active job seekers; and naukri.com provides the appropriate hub.** Further, as Indians continue to look at enhanced career opportunities, it leads to churn & attrition levels in organisation. Thus there is growth led hiring as also attrition based hiring across various sectors of the economy.

We believe that as companies continue to expand aggressively in India, online recruitment markets will continue to provide opportunities and increasingly drive job growth in the future. Thus, naukri.com is operating in a healthy and profitable growth segment — for today and the foreseeable future.

### Matrimonials

Increasingly, Indians are seeking their own partners for marriage. And internet is fast becoming the vehicle for this search. It is a fast growing market; it is also highly segmented — relying heavily on local, religious, regional, linguistic and caste-based factors. Winning here requires not only scale, but also a focused approach that is discovery-led, preference mapped and data constantly updated.

To take advantage of this opportunity, we acquired jeevansathi.com in 2004. Since then, we have nurtured jeevansathi.com as a focused service provider primarily addressing north and west India. Today, it is among India's top three matrimonial websites.

**Jeevansathi.com continues to grow at a fast pace. The number of profiles listed increased from 1.36 million in 2006-07 to 2.36 million in 2007-08.** As of now, the business is at the investment phase — and we are continuing to spend on advertisements and brand building. A new offline centre has been established in Lucknow and some more are in the process of being set up. We are also exploring the non-resident Indian market to grow this business.

## Real Estate

Over the last few years, India has witnessed a real estate boom. There has been a rise in the number of people in the middle class in India. With higher incomes and increased access to finance, more and more people have started to invest in property.

To cater to this demand and expand its footprint in the online real estate market, in September 2005 we launched 99acres.com, a property website to aid in the sale, purchase and renting of property. The site generates revenues from property listings, builders / brokers branding and visibility (micro sites, home page links, banners), other services like buyer database access and international listings.

**Today, 99acres.com is the leader in the online real estate classifieds market. We have ensured that our operations have a pan-India presence, with property listings on the website covering over 25 Indian cities.** And, the business has extended its reach during 2007-08 in terms of users.

- Property listings increased from around 60000 in 2006-07 to over 200,000 in 2007-08.
- Of these, paid listings increased from 15,000 in 2006-07 to 55,000 in 2007-08

The fragmented nature of the Indian real estate market ensures that a large number of developers, brokers and builders are part of the clientele of 99acres.com's operations. While the online real estate market continues to be relatively nascent, Info Edge is looking to consolidate its position by linking its operations on the internet with other conventional measures of communication in order to ensure additional business and transactions. For instance, prospective buyers can use 99acres.com and communicate with brokers and builders by telephone or SMS to further their interest, apart from email and the internet.

Transactions involving either sale or purchase of real estate sometimes involve unfair practises. To encourage transparency and fair practises, we have created a website called allcheckdeals.com in November 2007 to ensure that there was fair dealing between parties involved in real estate transactions.

## New Businesses

**In August 2007, we launched brijj.com, a professional networking site.** In order to further cement its standing in the online recruitment market, brijj.com has been envisaged by us as an adjunct to our recruitment brands — naukri.com and Quadrangle. **brijj.com allows for professional networking between individuals; it also aims to link prospective job seekers with potential employers.**

We have forayed into the potentially large online educational classifieds business through shiksha.com, which was launched on May 19, 2008

## Managing People, Managing Technology, Managing Brands

While the business model and the innovative spaces where it

operates are key to the growth of Info Edge, much of the Company's success is attributable to efficiencies of its support systems as well as a highly skilled and motivated workforce.

## Human Resources (HR)

Our people are our principal assets. Consequently, HR is conceptualised as a key strategic function and is actively involved in all decision making within the Company. As stated earlier, Info Edge is a 'new age' company with a young workforce that needs continuous nurturing. And we play a very proactive role in acquisition, talent growth and retention of our workforce.

Our accelerated growth necessitated a rapid growth in our employees. Our workforce has increased by around 32% from 1,250 people in 2006-07 to around 1,650 people in 2007-08. This acquisition has been necessitated by growth in existing businesses as well as for developing the newer ventures like 99acres.com, allcheckdeals.com shiksha.com and brijj.com. Each domain requires specialised skill sets; and we give primacy to finding the right skill-job profile fit.

During 2007-08, we added the strategic function of web analytics, which requires a highly skilled team to study web user behaviour and provide key inputs to the product development teams. The corporate product development team has also been strengthened with high-end technical people.

**We continue to recruit from leading business schools like the Indian School of Business (ISB) and premier technology institutes like the Indian Institute of Technology (IIT), Delhi College of Engineering etc. In addition, we also hire laterally from leading global companies.**

**A key factor in the talent acquisition process has been the development of Info Edge as an employer brand. We actively promote this by providing a work atmosphere that thrives on empowerment and entrepreneurship.** We also highlight the unique opportunities the Company provides as a leader in the web space in India.

Info Edge has a remuneration system that is totally aligned to the principles of empowerment and entrepreneurship. Performance-based variable pay comprises a large component of the pay packet. In addition, there is an attractive Employee Stock Option Plan (ESOP) for key associates which helps align individual goals with the long term growth of the Company.

To grow talent, we have invested heavily in various training programmes that include leadership development, improving personal effectiveness, key account management, sales management and technical training. While some of the training has been developed in-house, reputed external professional agencies have also been employed for this purpose. The fact that we have grown rapidly horizontally and vertically has provided immense opportunities for positioning people in important roles with strict and challenging deliverables. These have helped nurture and enhance talent growth.

We are acutely aware of operating in a business space that is



very volatile in terms of employee attrition. While steady fresher-level recruitment mitigates some of the problems in junior level attrition, we have been fortunate in having low attrition at the middle and senior management levels.

### Technology

Our websites are hosted by Verio Inc., a service provider located in the US. We have high speed servers in the US which are exclusively dedicated to hosting naukri.com and its related applications. We also have two backup servers in the US. In addition, we have locally hosted servers to run backend operations at Noida.

We use open source technology such as Linux, Apache, MYSQL and PHP (LAMP stack) to develop applications and websites. The technology team continues to constantly work on improving algorithms for the web-based applications, and to accommodate increasingly larger data sets. Design and website updating and development of proprietary software is entirely done in-house. We employ a staff of web designers and technical personnel to regularly improve and update our websites, and to create micro sites for clients, updating postings and profiles on the websites as well as servicing of key customer accounts are done from our operations at Noida.

In case of a serious breakdown, it would generally take us 6-7 hours to make the websites operational. From time to time, we do experience slower internet services from the providers as a result of technical problems associated with high traffic volumes, computer viruses and the proliferation of spam. Till date, we have not been subjected to significant targeted disruptions or 'hacking'. We have various safety measures to guard against such attacks. Our websites have also not been shut-down for a significant period of time till date.

We do not believe that our businesses have been materially disrupted by technical difficulties. However, as is the case with all such businesses, we cannot assure that the businesses will not face material disruptions or damage from spam, viruses, hacking or other technical problems.

### Brand Management

As we stated earlier, brand recall is a very important component of our business strategy. Much of our brand management methodology is based on the learning from developing naukri.com, an established pan-India brand. There are four key takeaways from the naukri.com experience:

1. Give very high importance to the creative element of any communication.
2. If any advertising concept gets a bad initial response, shelve it, and start from the scratch.
3. The communication needs to make the right impact on the target group for it to succeed. Focus on a specific target group, not the entire population.
4. Senior management needs to be continuously involved in the development of any new communication stream. They must own it.

Most of our brand communication is through television and online media through Search Engine Optimisation and Search Engine Marketing. We also use the , outdoor media, radio and print selectively to promote and cross-sell our brands. While brand development is paramount, we are cautious with our marketing spends. The focus is on carefully selecting appropriate media for the target audience. Even in terms of television commercials, careful studies are done to position the advertisements in the right channels at the most appropriate times. Many of our brands have strong regional focus, so the media spends are adjusted for the specific regional bias.

We are also utilising SMS to promote our brands. In doing so, however, we have been very careful in not impinging upon the individual's personal space by carefully selecting from our database the people to whom such messages can be sent. We continue to use direct e-mails and internet cross-selling techniques through our own and associated sites.

### Financial Review

Table 2 gives the abridged profit and loss account for Info Edge:

**Table 2: Abridged Profit and Loss account of Info Edge (India) Limited**

| Figures (Rs.million)              | 2007-08         | 2006-07         |
|-----------------------------------|-----------------|-----------------|
| <b>Revenue</b>                    |                 |                 |
| Total sales                       | 2,450.61        | 1,575.15        |
| Service tax                       | 261.22          | 179.46          |
| <b>Net sales</b>                  | <b>2,189.39</b> | <b>1,395.69</b> |
| Other income                      | 207.25          | 75.94           |
| <b>Total Income</b>               | <b>2,396.64</b> | <b>1,471.63</b> |
| <b>Expenditure</b>                |                 |                 |
| Advertising and Promotion Cost    | 481.24          | 300.38          |
| Administration and Other expenses | 255.75          | 171.92          |
| Personnel expenses                | 746.28          | 492.36          |
| Network and other charges         | 60.53           | 58.99           |
| Finance and bank charges          | 11.19           | 6.97            |
| Depreciation                      | 55.51           | 46.19           |
| <b>Total expenditure</b>          | <b>1,610.50</b> | <b>1076.81</b>  |
| Net profit before tax             | 786.14          | 394.82          |
| <b>Net Profit after Tax</b>       | <b>554.87</b>   | <b>270.67</b>   |

Net sales increased by 56.87% from Rs.1395.69 million in 2006-07 to Rs.2189.39 million in 2007-08. In order to promote its brands in the recruitment, matrimonial and real estate online space, advertising and promotional activities were increased. Advertising and promotional expenses grew by 60.21% from Rs.300.38 million in 2006-07 to Rs.481.24 million in 2007-08. These expenses largely represent the investment into our newer businesses. There was also a rise in the payment of interest and bank charges — which increased by 60.62% to Rs.11.19 million up in 2007-08 due to higher number of transactions for our consumer businesses. Cash flow from operations increased

by 35.76% to Rs.705.89 million in 2007-08.

Even so, thanks to higher revenue growth, the Company's profit after tax (PAT) showed an impressive 105% increase to Rs.554.87 million in 2007-08 — up from Rs.270.67 million in 2006-07.

**Table 3: Key Financial Ratios**

|                                      | 2007-08 | 2006-07 |
|--------------------------------------|---------|---------|
| PBDIT / Net Sales                    | 38.46%  | 31.62%  |
| PBT / Net Sales                      | 35.91%  | 28.29%  |
| PBT /Gross Total Income              | 32.80%  | 26.83%  |
| PAT /Gross Total Income              | 23.15%  | 18.39%  |
| RONW<br>(Return on Net Worth)        | 20.69%  | 12.68%  |
| ROCE<br>(Return on Capital Employed) | 29.29%  | 18.47%  |
| Basic EPS (Rs.)                      | 20.33   | 11.31   |

The company continued to generate greater returns from its assets. The return on capital employed (ROCE) increased from 18.47% in 2006-07 to 29.29% in 2007-08. Return on net worth (RONW) improved substantially to 20.69% in 2007-08 — from 12.68% a year earlier.

#### **Risks and Concerns**

Info Edge's growth prospects are indirectly dependent on the level of economic growth of the country. The economic growth has an effect on the recruitment industry which directly affects online recruitment. There is a fairly high degree of correlation between economic growth and employment generation. Additionally, economic growth also affects disposable income. Rising disposable incomes are linked to the demand for real estate which has a large knock on effect in terms of online demand for real estate.

Increased PC penetration allows for capture of more internet users. Increased online activity specifically in the sphere of online recruitment, matrimonials and real estate will drive Info Edge's businesses. While PC penetration has increased considerably, it still remains an area of concern. Improved PC and internet penetration will continue to remain the key cornerstones of Info Edge's growth.

#### **Internal controls and their adequacy**

Info Edge has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and those transactions are authorised, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management, and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets. The function is overseen by the Audit Committee that works closely with all stakeholders to ensure any gaps are plugged effectively.

#### **Cautionary Statement**

*Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the Indian online sector, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.*

# Report on Corporate Governance

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on the corporate governance is based on the following principles:

- Management is the trustee of the Shareholders Capital and has the duty to maximize shareholders value;
- Integrity & ethics in all our dealings.
- Have a simple and transparent corporate structure driven solely by business needs.
- Be transparent with a high degree of disclosure & adequate control system.
- Make a clear distinction between personnel conveniences and corporate resources.

## BOARD OF DIRECTORS

### Composition of the Board

As on March 31, 2008 the company's Board comprises 10 directors, of which 3 are Whole-time Directors. The composition of the Board is in conformity with Clause 49 of the listing agreement, which stipulates that 50 per cent of the Board should comprise of non-executive Directors, and if the Chairman is non-executive, one-third of the Board should be independent.

### Number of Board Meetings

The Board of Directors met 5 times during the year on May 3, 2007, July 27, 2007, October 29, 2007, December 21, 2007 and January 22, 2008. The maximum gap between any two meetings was less than 4 months.

### Directors' attendance record and Directorship held

As mandated by the Clause 49, none of the Directors are members of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

**Table 1: Composition of the Board of Directors**

| Name & Designation  | Independent/ Non-Independent Director | No. of meetings held in 2007-08 | No. of meetings attended in 2007-08 | Whether attended last AGM on 27/07/07 | No. of outside Directorships of public companies | No. of Committee Memberships | No. of Chairmanships of Committees |
|---|---------------------------------------|---------------------------------|-------------------------------------|---------------------------------------|--|------------------------------|------------------------------------|
| Mr. Kapil Kapoor<br>Non-Executive Chairman                                | Non-Independent Director              | 5                               | 3                                   | Yes                                   | 1  | -                            | 1                                  |
| Mr. Sanjeev Bikhchandani<br>Managing Director and Chief Executive Officer | Non-Independent Director              | 5                               | 4                                   | Yes                                   | 1  | -                            | -                                  |
| Mr. Hitesh Oberoi<br>Whole Time Director & Chief Operating Officer        | Non-Independent Director              | 5                               | 5                                   | Yes                                   | 1  | 1                            | -                                  |
| Mr. Ambarish Raghuvanshi<br>Whole Time Director & Chief Financial Officer | Non-Independent Director              | 5                               | 5                                   | Yes                                   | 1  | 1                            | -                                  |
| Mr. Arun Duggal<br>Non-Executive Director                                 | Independent Director                  | 5                               | 3                                   | Yes                                   | 10   | 3                            | 4                                  |

| Name & Designation                               | Independent / Non-Independent Director | No. of meetings held in 2007-08 | No. of meeting attended in 2007-08 | Whether attended last AGM on 27/07/07 | No. of outside Directorships of public companies | No. of Committee Memberships | No. of Chairmanships of Committees |
|--|--|---------------------------------|------------------------------------|---------------------------------------|--|------------------------------|------------------------------------|
| Mr. Ashish Gupta<br>Non-Executive Director       | Independent Director                   | 5                               | 2                                  | Yes                                   | -  | 1                            | -                                  |
| Mr. Saurabh Srivastava<br>Non-Executive Director | Independent Director                   | 5                               | 5                                  | Yes                                   | -  | 1                            | -                                  |
| Ms. Bala Deshpande<br>Non-Executive Director     | Independent Director                   | 5                               | 2                                  | Yes                                   | 10   | 8                            | -                                  |
| Mr. Naresh Gupta<br>#Non-Executive Director      | Independent Director                   | 3                               | 2                                  | N.A.                                  | -  | 1                            | -                                  |
| Mr. Sandeep Murthy<br>Non-Executive Director     | Nominee & Non-Independent Director     | 5                               | 4                                  | No                                    | 1  | -                            | -                                  |

# Mr. Naresh Gupta was appointed as Additional Director w.e.f. 29th October 2007.

As mandated by the revised Clause 49, the Independent Directors on company's Board:

- Apart from receiving Director's remuneration & stock options, does not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the company in the immediately preceding three financial years
- Are not partners or executives or were not partners or an executives during the preceding three years of the:
  - Statutory audit firm or the internal audit firm that is associated with the company
  - Legal firm(s) and consulting firm(s) that have a material association with the company
- Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares
- Are not less than 21 years of age.

#### Information Supplied to the Board

The Board has complete access to all information with the company. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in

advance of the Board meetings or is tabled in the course of the Board meeting.

- Annual operating plans & budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the company and operating divisions and business segments
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution notices and penalty notices
- Any material default in financial obligations to and by the company, or substantial non-payment for services sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the

steps taken by management to limit the risks of adverse exchange rate movement, if material

- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc

The Board periodically reviews internal control and compliance

with laws applicable to the company, as well as steps taken by the company to rectify instances of non-compliances. In addition to the above, pursuant to the revised Clause 49, the minutes of the Board meetings of your company's unlisted subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

## Remuneration paid to Directors

**Table 2: Details of remuneration paid to Directors for 2007-08**

**Amount (Rs. '000)**

| Name of the Director     | Sitting Fees | Salary and Perquisites | Perks & Reimbursements | Performance Linked Incentive | Commission & others | Total         |
|--------------------------|--------------|------------------------|------------------------|------------------------------|---------------------|---------------|
| Mr. Kapil Kapoor         | 60           | -                      | -                      | -                            | -                   | 60            |
| Mr. Sanjeev Bikhchandani | -            | 8,116                  | 345                    | 3,500                        | -                   | 11,961        |
| Mr. Hitesh Oberoi        | -            | 8,193                  | 322                    | 5,000                        | -                   | 13,515        |
| Mr. Ambarish Raghuvanshi | -            | 5,864                  | 243                    | 3,000                        | -                   | 9,107         |
| Mr. Arun Duggal          | 80           | -                      | -                      | -                            | 500                 | 580           |
| Mr. Ashish Gupta         | 50           | -                      | -                      | -                            | 500                 | 550           |
| Mr. Saurabh Srivastava   | 140          | -                      | -                      | -                            | 500                 | 640           |
| Ms. Bala Deshpande       | -            | -                      | -                      | -                            | -                   | -             |
| Mr. Naresh Gupta #       | 30           | -                      | -                      | -                            | 500                 | 530           |
| Mr. Sandeep Murthy       | -            | -                      | -                      | -                            | -                   | -             |
| <b>Total</b>             | <b>360</b>   | <b>22,173</b>          | <b>910</b>             | <b>11,500</b>                | <b>2,000</b>        | <b>36,943</b> |

# Mr. Naresh Gupta was appointed as Additional Director w.e.f. 29th October 2007

Board of Directors approved payment of commission of Rs. 2 million against the provision of Rs. 2.21 million made in this regard.

During 2007-08, the company did not advance any loans to any of its Directors except advance for travel or other purposes to discharge their official duties in the normal course of business.

Mr. Arun Duggal, Mr. Saurabh Srivastava, Mr. Ashish Gupta and Mr. Naresh Gupta were issued 10000 Stock Options each during the year having vesting period spread from 2007 to 2010 and exercisable over a period of 10 years from the date of grant.

There is no provision of any severance fee payable to any director on cessation of their employment and Directorship with the Company.

### Code of Conduct

"The Company's" Board has laid down a Code of Ethics for all Board members and senior management of the company. The Code of Ethics is available on the website of the company [www.infoedge.in](http://www.infoedge.in). All Board members and senior management personnel have affirmed compliance with the Code of Ethics. A

declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

### Risk Management

The Board of Directors from time to time evaluates and discusses the Risk assessment and mitigation mechanism in their meetings.

### Committees of the Board

The Company has three statutory Board level Committees - Audit Committee, Compensation Committee, and Investors Grievance Committee.

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of service for committee members is taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

#### a) Audit Committee

The Audit Committee comprises of 5 Directors of which 4 are Non-Executive and Independent Directors. The Chairman of

the Committee is a Non-Executive Independent Director. The Chief Executive Officer, Chief Financial Officer, Statutory Auditor and Internal Auditor are invitees to the meetings. The Company Secretary acts as a Secretary to the Committee. The minutes of the Audit Committee Meetings are placed for information in the subsequent Board Meeting.

The time gap between any two meetings of Audit Committee was less than four months. During the financial year ended March 31, 2008, four Audit Committee meetings were held on May 3, 2007, July 27, 2007, October 29, 2007 and January 22, 2008. The details of the Audit Committee are given in Table 3.

**Table 3: Attendance record of Company's Audit Committee**

| Name of the Member     | Position                  | Status             | No. of Meetings held | No. of Meetings Attended |
|------------------------|---------------------------|--------------------|----------------------|--------------------------|
| Mr. Arun Duggal        | Chairman of the Committee | Independent        | 4                    | 2                        |
| Mr. Saurabh Srivastava | Member                    | Independent        | 4                    | 4                        |
| Mr. Hitesh Oberoi      | Member                    | Wholetime Director | 4                    | 4                        |
| Mr. Ashish Gupta       | Member                    | Independent        | 4                    | 2                        |
| Mr. Naresh Gupta#      | Member                    | Independent        | 1                    | 1                        |

# Mr. Naresh Gupta was appointed as Member of the Committee w.e.f. January 15, 2008

All members of the Audit Committee have accounting and financial management knowledge. Mr. Arun Duggal - Chairman of the Committee has accounting and financial management expertise by virtue of him being an International banker and Advisor to a number of Corporations, major Financial Institutions and Private Equity firms. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on July 27, 2007 to answer shareholder queries.

The functions of the Audit Committee of the company include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Changes, if any, in accounting policies and practices and reasons for the same

- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow up there on
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
- Reviewing the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary

The company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions submitted by management
- Management letters/letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the internal auditor
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing,

working capital, etc), as part of the quarterly declaration of financial results

- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice

In addition, the Audit Committee of the company also reviews the financial statements, in particular, the investments made by the unlisted subsidiary company.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

- A statement in summary form of transactions with related parties in the ordinary course of business
- Details of material individual transactions with related parties which are not in the normal course of business
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

## b) Compensation Committee

As of March 31, 2008, the Compensation Committee comprises of Mr. Kapil Kapoor, Mr. Saurabh Srivastava and Ms. Bala Deshpande, Directors. The Compensation Committee held three meetings during 2007-08 on July 27, 2007, October, 29, 2007 and January 22, 2008. Table 4 gives the details.

**Table 4: Attendance details of Company's Remuneration Committee**

| Name of the Member     | Position                  | Status        | No. of Meetings held | No. of Meetings Attended |
|------------------------|---------------------------|---------------|----------------------|--------------------------|
| Mr. Kapil Kapoor       | Chairman of the Committee | Non-Executive | 3                    | 3                        |
| Mr. Saurabh Srivastava | Member                    | Independent   | 3                    | 3                        |
| Ms. Bala Deshpande     | Member                    | Independent   | 3                    | 2                        |

The Remuneration Committee of the company approves the compensation terms of Directors and its responsibilities include the following:

1. Recommend to the Board Independent Directors compensation;
2. Administer Employee Stock Option Schemes including but not limited to grant of stock option, determining vesting schedule, exercise price, etc.;
3. Approve variation in terms of remuneration of Whole-time Directors within the overall limits approved by the Members.
4. Any other matter as may be referred by the Board.

## Remuneration policy

The remuneration paid to the non-executive Directors of the company is decided by the Board of Directors on the recommendations of the Compensation Committee. The

remuneration policy is in consonance with the existing industry practice. As per the shareholders' approval obtained at the Extra-ordinary General Meeting of the Company held on 14th July 14 2006, the commission is paid at the rate not exceeding one per cent of the net profits per annum of the company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

## 1. Non-executive Directors

The non-executive Directors are paid sitting fees for attending the meetings of the Board of Directors within the ceilings prescribed by the Central Government.

## 2. Independent Directors

Independent Directors are paid sitting fees for attending the meetings of the Board of Directors & Committees and commission as percentage of net profits within the ceilings prescribed by the Central Government & Companies Act, 1956. The Company has also granted stock options to the Directors, the details whereof are given in Table 5.

**Table 5: Details of Stock Options Granted to Directors**

| S. No. | Name                   | Status               | No. of Options Granted | No. Options Vested | No. Options Exercised | No. of Options in force |
|--------|------------------------|----------------------|------------------------|--------------------|-----------------------|-------------------------|
| 1      | Mr. Arun Duggal        | Independent Director | 10,000                 | Nil                | Nil                   | 10,000                  |
| 2      | Mr. Ashish Gupta       | Independent Director | 10,000                 | Nil                | Nil                   | 10,000                  |
| 3      | Mr. Saurabh Srivastava | Independent Director | 10,000                 | Nil                | Nil                   | 10,000                  |
| 4      | Mr. Naresh Gupta       | Independent Director | 10,000                 | Nil                | Nil                   | 10,000                  |
|        | <b>Total</b>           |                      | <b>40,000</b>          | <b>Nil</b>         | <b>Nil</b>            | <b>40,000</b>           |

## c) Shareholders/Investor Grievance Committee

The Shareholders/Investor Grievance Committee consists of Mr. Kapil Kapoor, Mr. Ambarish Raghuvanshi and Ms. Bala Deshpande. The Committee met 3 times in the year under review on July 27, 2007, October, 29, 2007 and January 22, 2008. Mr. Amit Gupta, Company Secretary is the Compliance Officer of the Company. Table 6 gives the details of meetings of the Committee.

**Table 6: Attendance Details of company's Shareholders/Investor Grievance**

| Name of the Member       | Position                  | Status        | No. of Meetings held | No. of Meetings Attended |
|--------------------------|---------------------------|---------------|----------------------|--------------------------|
| Mr. Kapil Kapoor         | Chairman of the Committee | Non-Executive | 3                    | 3                        |
| Mr. Ambarish Raghuvanshi | Member                    | Whole-Time    | 3                    | 3                        |
| Ms. Bala Deshpande       | Member                    | Independent   | 3                    | 2                        |

The scope & functions of the Committee includes approval of

transfer and transmission of shares and other matters like consolidation of certificates, issue of duplicate share certificates, dematerialisation/rematerialisation of shares in stipulated period of time. The Committee also supervises the systems of redressal of Investor Grievances and ensures cordial investor relations. Details of share transfer/rematerialisation/transmission etc as approved by the Committee are placed at the Board Meetings from time to time. Minutes of its meetings are placed at the Board Meetings for information. Details of queries and grievances received and attended by the company during the year 2007-08 are given in Table 7.

**Table 7: Status of complaints received and attended to during 2007-08**

| Pending as on April 1, 2007 | Received during the year | Answered during the year | Pending as on March 31, 2008 |
|-----------------------------|--------------------------|--------------------------|------------------------------|
| 20                          | 159                      | 179                      | Nil                          |

**Subsidiary Companies**

The revised Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the company does not have a 'material non-listed Indian subsidiary'.

**Shares and convertible instruments held by the non-executive Directors**

Details of the shares and convertible instruments held by the non-executive Directors as on 31 March 2008

**Table 8: Details of the shares held by the non-executive Directors**

| S. No. | Name                   | No. of Shares | Percentage to total Paid-up Capital |
|--------|------------------------|---------------|-------------------------------------|
| 1      | Mr. Kapil Kapoor       | 1,308,467     | 4.79                                |
| 2      | Mr. Sandeep Murthy     | 53000         | 0.19                                |
| 3      | Ms. Bala Deshpande     | 36080         | 0.13                                |
| 4      | Mr. Ashish Gupta       | 21703         | 0.08                                |
| 5      | Mr. Arun Duggal        | 20,000        | 0.07                                |
| 6      | Mr. Saurabh Srivastava | 17500         | 0.06                                |

**MANAGEMENT**

**Management Discussion and Analysis**

The Management Discussion & Analysis is given separately and forms part of this Annual Report.

**Disclosures on materially significant related party transactions**

Details of materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. are present under in Note No. -13 in Schedule-19 to Annual Accounts of the Annual Report.

**Disclosure of accounting treatment in preparation of financial statements**

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

**Details of non-compliance by the company**

"The Company" has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

**Code for prevention of insider-trading practices**

In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code for prevention of insider trading for its senior management & Board Member. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations.

**CEO/ CFO certification**

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

**SHAREHOLDERS**

**Reappointment/Appointment of Directors**

During the year, the Board of Directors had appointed Mr. Naresh C. Gupta, as Additional Director. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the forthcoming Annual General Meeting, where the Members would confirm his appointment as Director of the Company.

As per the requirements of Section 256 of the Companies Act, 1956 two-third of the Board shall consist of retiring directors out of which one third shall retire at every Annual General Meeting. Accordingly, Mr. Arun Duggal, Mr. Saurabh Srivastava and Mr. Ashish Gupta shall retire and shall seek re-appointment in the ensuing Annual General Meeting of the Company.

The relevant information pertaining to Directors seeking appointment and re-appointment is given separately in the Notice for the ensuing Annual General Meeting.



### Means of Communication with Shareholders

The quarterly and half-yearly/annual financial results are forthwith communicated to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed, as soon as they are approved and taken on record by the Board of Directors. Public notices and financial results are published in leading newspapers.

The financial results & public notices are also put up on Company's website [www.infoedge.in](http://www.infoedge.in)

For investors, the Company has created a separate e-mail ID [investors@naukri.com](mailto:investors@naukri.com)

Table 9 gives details of the publications of the financial results in the year under review.

**Table 9: Publications of the financial results during 2007-08**

| Quarter/<br>Annual                                  | Date of<br>Board<br>Meeting to<br>approve the<br>result | Date of<br>Publication | English<br>News<br>Paper    | Hindi<br>News<br>paper |
|---|---|------------------------|-----------------------------|------------------------|
| For Quarter<br>ended on<br>June 30, 2007            | July 27, 2007   | July 28, 2007          | The<br>Financial<br>Express | Jansatta               |
| For Quarter<br>ended on<br>September 30,<br>2007    | October 29,<br>2007                                     | October 30,<br>2007    | The<br>Financial<br>Express | Jansatta               |
| For Quarter<br>ended on<br>December 31,<br>2007     | January 22,<br>2008                                     | January 23,<br>2008    | Business<br>Standard        | Amritvarsha            |
| For Quarter<br>& Year ended<br>on March 31,<br>2008 | April 30,<br>2008                                       | May 1, 2008            | Business<br>Standard        | Business<br>Standard   |

The quarterly and annual financial statements are promptly and prominently displayed on the company's website i.e. [www.infoedge.in](http://www.infoedge.in)

### GENERAL BODY MEETINGS

Table 10 gives the details of the last three Annual General Meetings.

**Table 10: Detail of last three Annual General Meetings.**

| Meeting     | Date             | Time        | Venue   | No. of Special<br>Resolutions<br>Passed |
|-------------|------------------|-------------|---|---|
| 10th<br>AGM | July 18,<br>2005 | 11.00<br>AM | Corporate Office<br>B-77, Sector-5,<br>Noida    | Nil                                     |
| 11th<br>AGM | June 12,<br>2006 | 3.00 PM     | Gymkhana Club,<br>Safdarjung Road<br>New Delhi. | 1                                       |
| 12th<br>AGM | July 27,<br>2007 | 4.30 PM     | FICCI Auditorium,<br>Tansen Marg,<br>New Delhi. | 0                                       |

The following Special Resolutions were taken up in the last three AGMs, and were passed with requisite majority.

| S.<br>No. | Financial<br>Year to<br>which AGM<br>pertains | Date of<br>Annual<br>General<br>Meeting | Issue  | Type of<br>Resolution        |
|-----------|---|---|--|------------------------------|
| 1         | 2005-06                                       | June 12,<br>2006                        | Preferential Allotment of shares upto 1% of the total paid-up equity to Independent & Nominee Directors under Section 81 (1A) of Companies Act, 1956 | Passed as Special Resolution |

### POSTAL BALLOT

During the year, the Special Resolutions contained in the postal ballot notice dated December 21, 2007 were passed by the Shareholders of the Company through Postal Ballot. The results of the Postal Ballot were declared on January 23, 2008.

The Board appointed Mr. Ambarish Raghuvanshi, Director & Chief Financial Officer and Mr. Amit Gupta, Company Secretary, as persons responsible for the entire Postal Ballot Process. The Board appointed Mr. N.C. Khanna, Company Secretary in Practise, as Scrutinizer to conduct Postal Ballot Process. Details of voting pattern were as under:

**Table 11: Details of voting pattern under Postal Ballot**

| S. No. | Issue  | Type of resolution  | Net valid Postal Ballot | Postal ballot form with assent for the Resolution (No. of Shares) | Postal ballot form with dissent for the Resolution (No. of Shares) | % of Total valid votes cast votes in favour of the resolution | Remarks                           |
|--------|--|---------------------|-------------------------|---|--|---|-----------------------------------|
| 1      | Increasing FII investment limit upto 40% under Portfolio Investment Scheme                   | Special Resolution  | 179                     | 177<br>(1,92,53,888)  | 2<br>(15)  | 100   | Passed with overwhelming majority |
| 2      | Issue of further Capital under Section 81 (1A) of the Companies Act, 1956                    | Special Resolution  | 179<br>(1,74,04,729)    | 165<br>(13,94,594)  | 14   | 92.58   | Passed with overwhelming majority |
| 3      | Increasing the borrowing limit under Section 293 (1) (d) of the Companies Act, 1956          | Ordinary Resolution | 179                     | 163<br>(1,78,62,984)  | 16<br>(13,90,834)  | 92.78   | Passed with overwhelming majority |
| 4      | Increasing the investment limit of the Company under Section 372A of the Companies Act, 1956 | Special Resolution  | 179                     | 174<br>(1,92,46,148)  | 5<br>(7,670)   | 99.96   | Passed with overwhelming majority |

The Members had, therefore, approved the resolutions with requisite and overwhelming majority.

No Special Resolution is proposed to be passed by postal ballot at the ensuing Annual Genral Meeting.

## COMPLIANCE

### Mandatory requirements

The company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

**Table 12: Compliance report**

| Particulars   | Clause of Listing agreement | Compliance Status Yes/No |
|---|-----------------------------|--------------------------|
| <b>I. Board of Directors</b>                            | 491                         |                          |
| (A) Composition of Board                                | 49 (IA)                     | Yes                      |
| (B) Non-executive Directors' compensation & disclosures | 49 (IB)                     | Yes                      |
| (C) Other provisions as to Board and Committees         | 49 (IC)                     | Yes                      |
| (D) Code of Conduct                                     | 49 (ID)                     | Yes                      |
| <b>II. Audit Committee</b>                              | 49 (II)                     |                          |
| (A) Qualified & Independent Audit Committee             | 49 (IIA)                    | Yes                      |
| (B) Meeting of Audit Committee                          | 49 (IIB)                    | Yes                      |
| (C) Powers of Audit Committee                           | 49 (IIC)                    | Yes                      |
| (D) Role of Audit Committee                             | 49 II(D)                    | Yes                      |
| (E) Review of Information by Audit Committee            | 49 (IIE)                    | Yes                      |

| <b>Particulars</b>   | <b>Clause of Listing agreement</b> | <b>Compliance Status Yes/No</b> |
|--|------------------------------------|---------------------------------|
| <b>III. Subsidiary Companies</b>   | 49 (III)                           | Yes                             |
| <b>IV. Disclosures</b>   | 49 (IV)                            |                                 |
| (A) Basis of related party transactions                                  | 49 (IV A)                          | Yes                             |
| (B) Disclosure of Accounting Treatment                                   | 49 (IV B)                          | Yes                             |
| (C) Board Disclosures  | 49 (IV C)                          | Yes                             |
| (D) Proceeds from public issues, rights issues, preferential issues etc. | 49 (IV D)                          | Yes                             |
| (E) Remuneration of Directors  | 49 (IV E)                          | Yes                             |
| (F) Management   | 49 (IV F)                          | Yes                             |
| (G) Shareholders   | 49 (IV G)                          | Yes                             |
| <b>V. CEO/CFO Certification</b>  | 49 (V)                             | Yes                             |
| <b>VI. Report on Corporate Governance</b>                                | 49 (VI)                            | Yes                             |
| <b>VII. Compliance</b>   | 49 (VII)                           | Yes                             |

#### **Adoption of non-mandatory requirements**

The Company is complying with all the mandatory requirements of Clause-49 of the Listing Agreement. In addition, the Company has also adopted the non-mandatory requirements of the constitution of Remuneration Committee (in our case named as Compensation Committee) and adoption of Whistle Blower mechanism as referred in Clause-49 of the Listing Agreement.

#### **Whistle Blower Policy**

The Company has evolved a Whistle Blower Policy w.e.f. January 22, 2008 to provide appropriate avenues to the employees to bring to the attention of the Management any unethical and improper practices or any other wrongful conduct in the Company and to prevent Managerial Personnel from taking any adverse vindictive personnel action against the associates so reporting. Any associate who observes any unethical & improper practices may disclose to the Business Head/ Head- Human Resources/ Managing Director/ Audit Committee as soon as possible. The Company has provided a dedicated email id - auditcommittee@naukri.com for reporting of complaints. The Head of Human Resource is the Compliance Officer for effective implementation of the policy. During the year no person was denied access to the Audit Committee and there was no case reported under the policy.

# Additional Shareholder Information

## Annual General Meeting

Date: 24th July 2008  
 Time: 4.30 PM  
 Venue: FICCI Auditorium, Tansen Marg, New Delhi-110001

## Financial Calendar

Financial year: 1 April to 31 March

For the year ended 31 March 2008, results were announced on:

- First quarter- on July 27, 2007
- Half yearly- on October 29, 2007
- Third quarter- on January 22, 2008
- Fourth quarter and annual- on April 30, 2008

For the year ending 31 March 2009, results will be announced by

- First quarter- on or before July 30, 2008
- Half yearly- on or before- October 31, 2008
- Third quarter- on or before January 31, 2009
- Fourth quarter and annual.- on or before June 30, 2009

## Book Closure

The dates of book closure are from July 17, 2008 to July 24, 2008, inclusive of both days.

## Dividend Payment

Dividend of Re. 0.75 per equity share will be paid on or after 30th July, 2008, subject to approval by the shareholders at the ensuing Annual General Meeting.

## Listing

At present, the equity shares of the company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for the financial year 2007-08 to BSE and NSE has been paid.

**Table 1: Company's Stock Exchange codes**

| Name of the Stock Exchange                | Stock Code |
|---|------------|
| The National Stock Exchange of India Ltd. | Naukri     |
| Bombay Stock Exchange Ltd.                | 532777     |

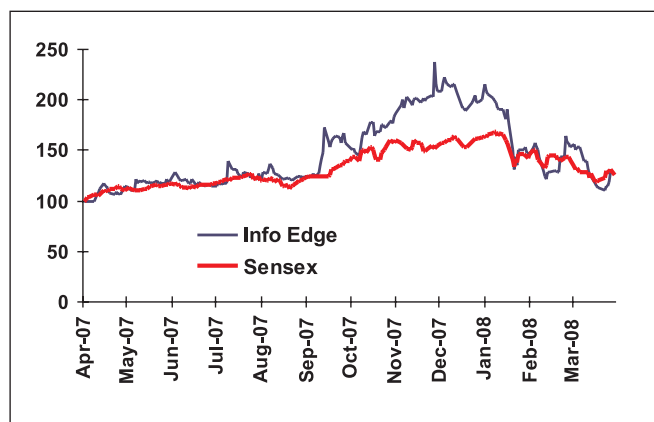
## Stock Market Data

Monthly High & Low and the performance of our share price vis-à-vis BSE Sensex & NSE Nifty is given in Table 2 and Chart A & B respectively.

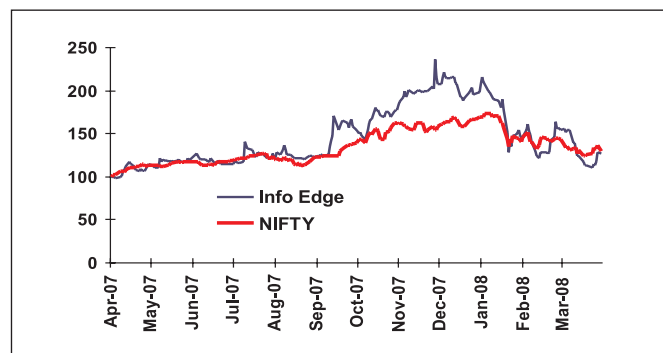
**Table 2: High, lows and volumes of company's shares for 2007-08 at BSE & NSE**

|        | BSE      |          |         | NSE     |         |         |
|--------|----------|----------|---------|---------|---------|---------|
|        | High     | Low      | Volume  | High    | Low     | Volume  |
| Mar-08 | 1,072.00 | 720.50   | 393512  | 1075.00 | 710.25  | 548121  |
| Feb-08 | 1,154.00 | 810.00   | 778163  | 1149.95 | 809.00  | 458885  |
| Jan-08 | 1,499.00 | 722.00   | 167209  | 1499.00 | 700.00  | 373339  |
| Dec-07 | 1,574.00 | 1,270.00 | 114302  | 1569.00 | 1250.00 | 349968  |
| Nov-07 | 1,688.00 | 1,165.10 | 276053  | 1645.20 | 1200.00 | 639115  |
| Oct-07 | 1,247.85 | 950.00   | 274813  | 1349.00 | 935.00  | 649137  |
| Sep-07 | 1,199.20 | 806.25   | 1230557 | 1210.00 | 801.00  | 1588812 |
| Aug-07 | 955.00   | 805.00   | 277194  | 942.00  | 801.30  | 587843  |
| Jul-07 | 1,023.00 | 775.15   | 2066261 | 1030.00 | 775.00  | 3533963 |
| Jun-07 | 882.70   | 774.00   | 744091  | 884.00  | 675.50  | 1189640 |
| May-07 | 885.00   | 743.05   | 2293945 | 880.00  | 745.00  | 3275486 |
| Apr-07 | 823.00   | 665.00   | 919622  | 825.00  | 666.00  | 1591700 |

**Chart A: Info Edge's Share Performance versus BSE Sensex**



Note: Share price of Info Edge and BSE Sensex have been indexed to 100 on April 2, 2007

**Chart B: Info Edge's Share Performance versus NSE NIFTY**

Note: Share price of Info Edge and BSE Sensex have been indexed to 100 on April 2, 2007

### Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the company by size and by ownership class as on March 31, 2008.

**Table 3: Shareholding pattern by size**

| Number of Shares | No. of Shareholders | % of Shareholders | Total Shares      | % of Total No. of Shares |
|------------------|---------------------|-------------------|-------------------|--------------------------|
| Upto 5000        | 12,042              | 99.36             | 567,138           | 2.08                     |
| 5001-10000       | 15                  | 0.12              | 94,445            | 0.35                     |
| 10001-20000      | 10                  | 0.08              | 160,968           | 0.59                     |
| 20001-30000      | 12                  | 0.10              | 299,957           | 1.10                     |
| 30001-40000      | 5                   | 0.04              | 169,580           | 0.62                     |
| 40001-50000      | 6                   | 0.05              | 270,174           | 0.99                     |
| 50001-100000     | 5                   | 0.04              | 414,560           | 1.52                     |
| 100001 And Above | 25                  | 0.21              | 25,318,434        | 92.75                    |
| <b>Total</b>     | <b>12,120</b>       | <b>100.00</b>     | <b>27,295,256</b> | <b>100.00</b>            |

**Table 4: Shareholding Pattern by ownership as on March 31, 2008**

| Particulars                               | No. of Shareholders | No. of Shares     | % of Total No. of Shares |
|---|---------------------|-------------------|--------------------------|
| <b>A. PROMOTERS HOLDING</b>               |                     |                   |                          |
| PROMOTERS                                 |                     |                   |                          |
| Indian Promoters                          | 4                   | 14,904,406        | 54.60                    |
| <b>B. NON-PROMOTERS HOLDING</b>           |                     |                   |                          |
| a) Foreign Institutional Investors (FIIs) | 43                  | 6,235,830         | 22.84                    |
| b) Mutual Funds & UTI                     | 7                   | 691,442           | 2.53                     |
| c) Private Corporate Bodies               | 326                 | 165,801           | 0.62                     |
| d) Indian Public- Individuals             | 11570               | 3,326,822         | 12.19                    |
| e) NRIs/OCBs/FCs                          | 105                 | 1,330,201         | 4.87                     |
| f) Clearing Member                        | 64                  | 8,363             | 0.03                     |
| g) Trusts                                 | 1                   | 632,391           | 2.32                     |
| <b>Total</b>                              | <b>12120</b>        | <b>27,295,256</b> | <b>100.00</b>            |

**Table 5: Statement Showing Shareholding of Persons belonging to the Category "Promoter & Promoter Group" (as on March 31, 2008)**

| Sr. No. | Name of the shareholder      | Number of shares  | % of Total No. of shares |
|---------|------------------------------|-------------------|--------------------------|
| 1       | Sanjeev Bikhchandani         | 11,801,373        | 43.24                    |
| 2       | Hitesh Oberoi                | 2,074,441         | 7.60                     |
| 3       | Ambarish Raghuvanshi         | 655,084           | 2.40                     |
| 4       | Surabhi Motihar Bikhchandani | 373,508           | 1.37                     |
| 5       | Endeavour Holding Trust      | 0                 | 0.00                     |
|         | <b>Total</b>                 | <b>14,904,406</b> | <b>54.60</b>             |

**Table 6: Statement Showing Shareholding of Persons belonging to the Category "Public" and holding more than 1% of the total number of shares" (as on March 31, 2008)**

| Sr. No. | Name of the shareholder  | Number of shares | % of Total No. of shares |
|---------|--|------------------|--------------------------|
| 1       | Reliance Capital Trustee Co. Ltd<br>A/C Reliance Equity Opportunities Fund                   | 300,406          | 1.10                     |
| 2       | Norges Bank A/C Government Petroleum Fund  | 310,760          | 1.14                     |
| 3       | T. Rowe Price Associates. Inc A/C<br>T. Rowe Price Media And<br>Telecommunications Fund, Inc | 339,806          | 1.24                     |
| 4       | T. Rowe Price Associates. Inc A/C<br>T Rowe Price International Discovery Fund               | 408,500          | 1.50                     |
| 5       | Sherpalo Mauritius LLC   | 557,913          | 2.04                     |
| 6       | Marugan Capital  | 557,916          | 2.04                     |
| 7       | Mathews India Fund   | 566,727          | 2.08                     |
| 8       | Citigroup Global Markets Mauritius<br>Private Limited  | 575,000          | 2.11                     |
| 9       | Info Edge Employees Stock Option<br>Plan Trust   | 632,391          | 2.32                     |
| 10      | Anil Lall  | 1024358          | 3.75                     |
| 11      | Passport Capital LLC A/C Passport India<br>Investments (Mauritius) Limited                   | 1,285,274        | 4.71                     |
| 12      | Kapil Kapoor   | 1,308,467        | 4.79                     |
| 13      | Fid Funds (Mauritius) Limited  | 1,325,969        | 4.86                     |
|         | <b>Total</b>   | <b>9,193,487</b> | <b>33.68</b>             |

### Dematerialisation of Shares

As on March 31, 2008, over 99% shares of the company were held in dematerialised form.

### Outstanding GDRs/ADRs/Warrants

No GDRs/ ADRs/Warrants have been issued by the company as on March 31, 2008.

### Details of Public Funding obtained in the last three years

The company offered 5,323,851 equity shares of Rs 10 each to the public through an Initial Public Offering (IPO) in FY 2006-07. The IPO was sold to Indian investors and on a restricted

basis to foreign investors as a "Regulation S and Rule 144A (of the Securities Act of United States) compliant" offering. The IPO of the Company was extremely well received by the investor community and was over subscribed by about 53 times. The Company's stock has been listed on Bombay Stock Exchange Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE) on November 21, 2006.

Prior to IPO, the Company had also made preferential allotment of 135,203 equity shares of Rs 10 each to Independent/ Nominee Directors.

#### Registrar and Transfer Agent

The Company has appointed Intime Spectrum Registry Limited as its Registrar and Share Transfer Agent, to whom all shareholders communications regarding change of address, transfer of shares, change of mandate etc. should be addressed. The address of the Registrar and Share Transfer Agents is as under: -

|  |  |
|--|--|
| <b>Name &amp; Address of R &amp; T Agent</b> | Intime Spectrum Registry Ltd., A-40, 2nd Floor, Near Batra Banquet Hall, Naraina Industrial Area, Phase-iinew Delhi 110028 |
| <b>Tel No.</b>                               | 011-41410592, 93,94  |
| <b>Fax No.</b>                               | 011-41410591   |
| <b>E-mail Id</b>                             | Delhi@Intimespectrum.com   |
| <b>Website</b>                               | www.intimespectrum.com   |

#### Share Transfer System

The shares of the company are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects.

#### Company's Office Addresses:

##### Registered Office

Info Edge (India) Limited,  
GF-12 A, 94, Meghdoot,  
Nehru Place,  
New Delhi- 110019  
Tel fax No.: - 011-26463894

##### Corporate Office

Info Edge (India) Limited,  
A-88, Sector-2,  
Noida-201301.  
Tel No's: - 0120-3082000  
Fax No: - 0120-3082095

#### Plant Locations

The Company has 67 offices as on March 31, 2008 spread in 41 cities across India apart from two offices in Dubai and 1 office in Bahrain. The addresses of these offices are available on our corporate website.

#### Address for Correspondence

Info Edge (India) Limited,  
A-88, Sector-2, Noida-201301.  
Tel No's: - 0120-3082000  
Fax No: - 0120-3082095  
E-Mail ID: - investors@naukri.com

## Auditors' Certificate regarding compliance of conditions of Corporate Governance

### To the Members of Info Edge India Limited

We have examined the compliance of conditions of Corporate Governance by Info Edge India Limited, for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Kaushik Dutta  
Membership No: F - 88540  
Partner

Place: Mumbai  
Date: June 25, 2008

For and on behalf of  
Price Waterhouse  
Chartered Accountants

## Certification by Chief Executive officer and Chief Financial officer of the Company

We, Sanjeev Bikhchandani, Chief Executive Officer & Managing Director and Ambarish Raghuvanshi, Chief Financial Officer & Director of Info Edge (India) Limited, to the best of our knowledge and belief, certify that -

- a. We have reviewed financial statements for the year ended March 31, 2008 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee -
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Noida  
Date : April 29, 2008

Sanjeev Bikhchandani  
Chief Executive Officer  
& Managing Director

Ambarish Raghuvanshi  
Chief Financial Officer  
& Director

## CEO'S declaration to compliance of Code of Ethics

This is to confirm that the Company has adopted a Code of Ethics for its Board Members and Senior Management and the same is available on corporate website [www.infoedge.in](http://www.infoedge.in).

I confirm that the Company has in respect of financial year ended March 31, 2008 received from the Members of the Board & Senior Management team of the Company a declaration of the compliance with the Code of Ethics as applicable to them.

Place: Noida  
Date : June 25, 2008

Sanjeev Bikhchandani  
Managing Director &  
Chief Executive Officer

# Director's Report

## Dear Member,

Your Directors have pleasure in presenting the Annual Report together with the audited statement of accounts for the year ended March 31, 2008.

## FINANCIAL RESULTS

(Figures in Rs. Million)

| Particulars                        | 2007-08         | 2006-07         |
|------------------------------------|-----------------|-----------------|
| <b>Revenue</b>                     |                 |                 |
| Total sales                        | 2,450.61        | 1,575.15        |
| Service tax                        | 261.22          | 179.46          |
| <b>Net sales</b>                   | <b>2,189.39</b> | <b>1,395.69</b> |
| Other income                       | 207.25          | 75.94           |
| <b>Total Income</b>                | <b>2,396.64</b> | <b>1,471.63</b> |
| <b>Expenditure</b>                 |                 |                 |
| Advertising and Promotion Cost     | 481.24          | 300.38          |
| Administration and Other expenses* | 255.75          | 171.92          |
| Personnel expenses                 | 746.28          | 492.36          |
| Network and other charges          | 60.53           | 58.99           |
| Finance and bank charges           | 11.19           | 6.97            |
| Depreciation                       | 55.51           | 46.19           |
| <b>Total expenditure</b>           | <b>1,610.50</b> | <b>1,076.81</b> |
| Net profit before tax              | 786.14          | 394.82          |
| <b>Net Profit after Tax</b>        | <b>554.87</b>   | <b>270.67</b>   |

\* Administrative expenses include traveling & conveyance; postage & telephone expenses; establishment expenses and other expenses

## FINANCIAL REVIEW

Net Sales increased by 56.87% from Rs. 1,395.69 million in 2006-07 to Rs. 2,189.39 million in 2007-08. Other income increased by 172.91% to Rs. 207.25 million in 2007-08 on account of accretion in surplus funds as also IPO proceeds being available throughout the year. Consequently, total income increased by 62.86% from Rs. 1,471.63 million in 2006-07 to Rs. 2,396.64 million in 2007-08.

Total expenditure increased by 49.56% from Rs. 1,076.81 million in 2006-07 to Rs. 1,610.50 million in 2007-08. Much of this increase was due to the growth in advertising and promotion costs, and employee costs. Advertising and promotion costs increased by 60.21% from Rs. 300.38 million in 2006-07 to Rs. 481.24 million in 2007-08 as we invested more in Jeevansathi and 99 acres, while employee costs increased by 51.57% from Rs. 492.36 million in 2006-07 to Rs. 746.28 million in 2007-08 on account of wage revision and manpower increase.

Profit before tax increased by 99.11% from Rs. 394.82 million in 2006-07 to Rs. 786.14 million in 2007-08 and profit after tax increased by 104.99% to Rs. 554.87 million in 2007-08.

## DIVIDEND

Your Directors are pleased to recommend dividend at the rate of 7.5% (Re. 0.75 per share) for 2007-08, subject to the approval of the shareholders. The proposed dividend together with corporate dividend tax would mean an outflow of Rs. 23.95 million.

## OPERATIONS REVIEW

We provide recruitment classifieds and related services through Naukri.com, Naukrigulf.com and Quadrangle business divisions. This business generated around 90% of the company's net sales in 2007-08. We also provide matrimonial and property related classifieds and related services through our Jeevansathi.com, 99 acres.com and Allcheckdeals.com divisions respectively. The combined contribution of these along with other divisions to the company's net sales increased to 10% in 2007-08. During the year the company entered the domain of professional networking services through brijj.com and completed the spadework for launching its foray into online education through Shiksha.com.

Leveraging the opportunities provided by a growing economy, the transformation of India into a younger country and the increase levels of internet penetration, your company continued to grow at a healthy rate, both in terms of the top-line reflected in total sales growing by 56.9% and bottom-line reflected by more than doubling of profit after tax to Rs. 554.87 million. Consequently basic earnings per share increased from Rs. 11.31 in 2006-07 to Rs. 20.33 in 2007-08.

Detailed analysis of the performance of the Company and its businesses, including initiatives in the area of Human Resources, Information Technology, has been presented in the section on Management Discussion and Analysis of this Annual Report.

## FUTURE OUTLOOK

We are cautiously optimistic of the future prospects of the company. We believe that the economy will continue to grow with a demographic pattern that suits our businesses. Internet penetration and usage will also increase and we, as a company now have the platform including human talent and industry experience to build on and create businesses in the online space that will help the Company maintain its growth pattern.

## SUBSIDIARY COMPANIES

As of March 31, 2008, Info Edge has three wholly-owned subsidiary companies – Naukri Internet Services Private Limited, Jeevansathi Internet Services Private Limited and Info Edge (India) Mauritius Limited.



## Particulars of Employees

We continued to grow rapidly in 2007-08. Recruiting quality talent has been a key focus for the HR team, and the Info Edge family has grown from around 1,250 as on March 31, 2007 to around 1,650 as on March 31, 2008. Besides the different facet of recruitment, retention and development of talent, as discussed in the management discussion and analysis, an important HR initiative has been the successful implementation and stabilization of a robust Human Resource Information System that provides all kinds of reports and analysis at the click of a button and ensures that all details like personal records and employee history are easily accessible. We have also focused on strengthening internal communication by continuing to publish and distribute an internal quarterly e-magazine "Inside Edge" which covers all major happenings in the Company, department or branch. Recently, the company launched "I-Blog" as an internal communication medium to connect Info Edgians across all locations.

The particulars of employees required under Section 217 (2A) of the Companies Act, 1956 and the rules there under, are required to be annexed to this Report as Annexure. However, pursuant to the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to all the shareholders of the Company without the above information. Any shareholder interested in obtaining such particulars may write to the Company.

## EMPLOYEES STOCK OPTION PLAN (ESOP)

We had adopted ESOP scheme 2003 to include our employees in wealth sharing and in adopting a more retention oriented compensation program. As the Company was a private limited unlisted company at that time, therefore SEBI ESOP Guidelines were not applicable to our old ESOP scheme. However, with the listing of Company's shares in November 2006, the Company introduced a new SEBI compliant ESOP scheme-ESOP 2007, which was approved by passing a special resolution in the Extra-ordinary General Meeting (EGM) held on March 26, 2007. The Company made fresh grants under the new scheme in financial year 2007-08. The exercise of options would require issue of fresh capital to the ESOP Trust at appropriate times and would therefore utilize part of the limit of 818,857 new shares, being 3% of the issued and paid up share capital of the Company as on December 31, 2006 (which was 27295256 shares of Rs. 10 each), already approved for the purpose by the Shareholders in their meeting held on March 26, 2007.

The Company successfully obtained in-principle approval of National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) on the new ESOP scheme in terms of the requirement of SEBI Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999.

Disclosures as required by Clause 12 of the SEBI Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 are annexed to this report.

A certificate from M/s. Price Waterhouse, Chartered Accountants, Statutory Auditors, with regards to the implementation of the Company Employees' Stock Option Schemes, would be placed before the shareholders in the next Annual General Meeting, and a copy of the same shall be available for inspection at the registered office of the Company.

## CORPORATE GOVERNANCE

Separate detailed chapters on Corporate Governance Report, Additional Shareholder Information and Management Discussion and Analysis are attached herewith and form a part of this annual report.

## PUBLIC DEPOSITS AND LIQUIDITY

We continue to be almost debt-free, and believe we maintain sufficient cash to meet our strategic objectives. During 2007-08, your Company has not accepted any deposits or raised any fresh equity from the public.

## ENERGY CONSERVATION, TECHNOLOGY ADOPTION AND FOREIGN EXCHANGE FLOWS

Since the Company is a service sector company and does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are not applicable. However, on a proactive basis, we are disclosing the details of energy conservation and Reserach and Development as part of annexure-I to the directors' report. The particulars regarding foreign exchange earnings and expenditure are furnished below

(Figures in Rs. million)

|   | 2007-08       | 2006-07       |
|---|---------------|---------------|
| <b>Foreign Exchange Earnings</b>              |               |               |
| Sales   | 215.56        | 138.03        |
| <b>Total Inflow</b>                           | <b>215.56</b> | <b>138.03</b> |
| <b>Foreign Exchange Outgo</b>                 |               |               |
| Travel Expenses                               | 1.91          | 1.34          |
| Server Charges                                | 36.62         | 38.86         |
| Advertising, Promotion and Marketing Expenses | 16.53         | 35.33         |
| IPO related expenses                          | -             | 10.96         |
| Foreign Branch Expenses                       | 15.00         | 0.52          |
| Others  | 7.16          | 3.04          |
| <b>Total Outflow</b>                          | <b>77.22</b>  | <b>90.05</b>  |
| <b>Net Foreign Exchange Flow</b>              | <b>138.34</b> | <b>47.98</b>  |

## LISTING OF SHARES

The Company's shares are listed on Bombay Stock Exchange Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE) with effect from November 21, 2006, post its initial public offering (IPO).

## DIRECTORS

During the year, the Board of Directors had appointed Dr. Naresh Gupta, as Additional Director w.e.f. October 29, 2007. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the forthcoming Annual General Meeting, where the Members would confirm his appointment as Director of the Company.

As per the requirements of Section 256 of the Companies Act, 1956, two-third of the Board shall consist of retiring directors out of which one third shall retire at every Annual General Meeting. Accordingly, Mr. Arun Duggal, Mr. Saurabh Srivastava and Mr. Ashish Gupta, retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re-appointment.

## INTERNAL CONTROL SYSTEMS

The Company has in place adequate systems of Internal Control to ensure compliance with policies and procedures. Internal Audits of all the units of the Company are regularly carried out to review the internal control systems. The Internal Audit Reports along with implementation and recommendations contained therein are constantly reviewed by the Audit Committee of the Board.

## AUDITORS

M/s. Price Waterhouse, Chartered Accountants hold office until the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going concern basis.

## NOTES TO ACCOUNTS

The observation of auditors and notes on accounts are self explanatory.

## ACKNOWLEDGMENTS

We thank our clients, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our consistent growth has been made possible by their hard work, solidarity, cooperation and support

For and on behalf of the Board

Date: June 25, 2008  
Place: Hong Kong

**Kapil Kapoor**  
*Chairman*

# Annexure to Directors' Report

## ANNEXURE -I

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT

#### Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988

##### 1. Conservation of energy

Our operations are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and purchasing energy-efficient equipment. Currently, we use CFL fixtures and electronic ballasts to reduce the power consumption of fluorescent tubes. We are using power factor panels at the supply level of the state grid power to achieve high energy efficiency of over 98-99%. As energy costs comprise a very small part of our total expenses, the financial impact of these measures is not material.

##### 2. Research and Development (R&D)

We operate in the internet/information technology industry where developments happen on a continuous basis. We regularly evaluate these developments & factor their suitability to us. Accordingly, research and development of new services, designs, frameworks, processes and

methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous improvements/innovation.

##### a. R&D initiative

Our Technical Team works to optimize the existing software applications and to be able to optimally use the existing hardware on a continuous basis.

##### b. Specific areas for R&D at the company & the benefits derived therefrom-

Our search engine team has worked on bringing about significant improvements to the job and resume searches offered on the website by exploring newer and better ways to search.

##### c. Future plan of action

We constantly keep working on finding/evaluating new technologies, processes, frameworks and methodologies to enable us in improving the quality, of our offerings and user satisfaction.

##### d. Expenditure on R&D for the year ended March 31, 2008

Our Research and Development activities are not capital intensive and we do not specifically provide for the same in our books.

## ANNEXURE-II

### Information regarding the Employee Stock Option Scheme

**ESOP 2003-** The company was not listed at the time of making this scheme and therefore SEBI ESOP Guidelines were not applicable to this scheme ("ESOP 2003"). Since the scheme is not-SEBI complaint, no fresh grant has been made under this scheme after listing of company's shares on November 21, 2006 at NSE & BSE. However, options already granted before that date continue to vest and exercise.

| Sr. No. | Particulars  | ESOP 2003       |
|---------|--|-----------------|
| 1       | Total options in force as on April 1, 2007                               | 424,059         |
| 2       | Total number of options vested   | 112,435         |
| 3       | Total number of options exercised  | 7,170           |
| 4       | Total number of Equity Shares arising as a result of exercise of options | 7,170           |
| 5       | Total number of options lapsed/forfeited                                 | 32,467          |
| 6       | Money realized by exercise of options                                    | Rs. 1,688,570/- |
| 7       | Total number of options in force as at March 31, 2008                    | 384,422         |

**ESOP 2007-** The Company made a first grant of options under the New SEBI compliant ESOP scheme ("ESOP 2007") on May 31, 2007. No options have vested/exercised under the new

scheme during the year. There has been no variation of terms of options under the new scheme. The new ESOP scheme has been approved in-principle by both NSE and BSE.

| Sr. No. | Particulars   | ESOP 2007 |
|---------|---|-----------|
| 1       | Total number of options granted in FY 2007-08         | 363,142   |
| 2       | Total number of options lapsed/forfeited              | 48,310    |
| 3       | Total number of options in force as at March 31, 2008 | 314,832   |

#### Exercise price

During the year, fresh ESOP Grants were made at the following prices:

| No. of Options Granted | Exercise Price (Rs.) |
|------------------------|----------------------|
| 114,442                | 320                  |
| 185,400                | 860                  |
| 30,000                 | 834                  |
| 7,300                  | 837                  |
| 10,000                 | 1,163                |
| 3,000                  | 840                  |
| 2,000                  | 1,080                |
| 2,000                  | 1,200                |
| 5,000                  | 1,462                |
| 2,000                  | 1,002                |
| 2,000                  | 1,062                |

**Details of option granted to Senior Management/Directors during the year:**

| (i)   | Grant to Directors  | <b>Name (Designation)</b>   | <b>No. of Options</b>            |
|-------|---|---|----------------------------------|
|       |   | Mr. Arun Duggal (Independent Director)<br>Mr. Saurabh Srivastava (Independent Director)<br>Mr. Ashish Gupta (Independent Director)<br>Mr. Naresh Gupta (Independent Director) | 10000<br>10000<br>10000<br>10000 |
| (ii)  | Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year  | Mr. Sudhir Bhargava<br>Ms. Sharmeen Khalid  | 25,960<br>19,740                 |
| (iii) | Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | N.A.  |                                  |

|   |   |   |
|---|---|---|
| 1 | Earning Per share (EPS)   | Rs. 20.33   |
| 2 | Method of calculation of employee compensation cost   | The Company has calculated the employee compensation cost using the intrinsic value of stock options. |
| 3 | Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options)   | Rs 73,265 ('000)  |
| 4 | The impact of this difference on profits and on EPS of the Company  | Profits would have been lower by Rs 73,265 ('000) and the EPS would be Rs 17.64.                      |
| 5 | Weighted-average exercise prices;<br>Weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock  | Rs. 720.79<br>Rs. 524.73  |
| 6 | Description of method & significant assumptions used during the year to estimate value of options including the following weighted-average information:<br>(i) risk-free interest rate;<br>(ii) expected life (in years);<br>(iii) expected volatility<br>(iv) expected dividends | Black Scholes Option Pricing Model.<br><br>7.73%<br>6.06<br>49.02%<br>7.5%                            |
| 7 | Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines  | N.A.  |

# Auditors' Report

## TO THE MEMBERS OF INFO EDGE (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Info Edge (India) Limited, as at March 31, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
  - (i)
    - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
    - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
  - (ii) The Company does not maintain any inventory, accordingly clauses (ii)(a) to (ii)(c) of Para 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
  - (iii) The Company has neither taken nor granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of Para 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
  - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative market prices, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at March 31, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company.
- (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not obtained any term loans.
- (xvii) On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year

- (xix) The Company has neither issued any debentures during the year, nor are there any debentures outstanding at the year end.
- (xx) The management has disclosed the end use of money raised by public issue (Refer Note 18 on Schedule 19) and the same has been verified by us.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors and taken on record by the Board of Directors at the meeting held on April 30, 2008, none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2008;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Kaushik Dutta**  
Membership No. F - 88540  
*Partner*

Date : April 30, 2008  
Place: Gurgaon

For and on behalf of  
Price Waterhouse  
*Chartered Accountants*

# Balance Sheet

as at March 31, 2008

|   | Schedule | As at                       |                             | As at                       |                             |
|---|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |          | March 31, 2008<br>(Rs.'000) | March 31, 2008<br>(Rs.'000) | March 31, 2007<br>(Rs.'000) | March 31, 2007<br>(Rs.'000) |
| <b>SOURCES OF FUNDS</b>   |          |                             |                             |                             |                             |
| <b>SHAREHOLDERS FUNDS</b>   |          |                             |                             |                             |                             |
| Capital   | 1        |                             | 272,953                     |                             | 272,953                     |
| Stock Options Outstanding Account   | 2        |                             | 17,584                      |                             | 4,851                       |
| Reserves and Surplus  | 3        |                             | 2,391,102                   |                             | 1,856,959                   |
| <b>LOAN FUNDS</b>   |          |                             |                             |                             |                             |
| Secured Loans   | 4        |                             | 4,420                       |                             | 3,829                       |
|   |          |                             | <b>2,686,059</b>            |                             | <b>2,138,592</b>            |
| <b>APPLICATION OF FUNDS</b>   |          |                             |                             |                             |                             |
| <b>FIXED ASSETS</b>   |          |                             |                             |                             |                             |
| Gross Block   | 5        | 473,674                     |                             | 203,567                     |                             |
| Less : Depreciation   |          | 155,534                     |                             | 102,023                     |                             |
| Net Block   |          | 318,140                     |                             | 101,544                     |                             |
| Capital Advances  |          | 63,397                      | 381,537                     | 2,012                       | 103,556                     |
| <b>Deferred Tax Asset (Net)</b>   | 6        |                             | 11,293                      |                             | 6,724                       |
| <b>INVESTMENTS</b>  | 7        |                             | 2,653,825                   |                             | 2,180,297                   |
| <b>ADVANCE RECOVERABLE FROM ESOP TRUST</b><br>(Refer Note 13 & 14 on Schedule 19) |          |                             | 13,335                      |                             | 16,292                      |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>   |          |                             |                             |                             |                             |
| Sundry Debtors  | 8        | 35,618                      |                             | 22,579                      |                             |
| Cash and Bank Balances  | 9        | 485,688                     |                             | 415,159                     |                             |
| Loans and Advances and Other Current Assets                                       | 10       | 125,313                     |                             | 97,870                      |                             |
|   |          | 646,619                     |                             | 535,608                     |                             |
| <b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>                                  |          |                             |                             |                             |                             |
| Current liabilities   | 11       | 975,780                     |                             | 664,468                     |                             |
| Provisions  |          | 44,770                      |                             | 39,417                      |                             |
|   |          | 1,020,550                   |                             | 703,885                     |                             |
| <b>NET CURRENT ASSETS</b>   |          |                             | (373,931)                   |                             | (168,277)                   |
| <b>MISCELLANEOUS EXPENDITURE</b><br>( to the extent not written off or adjusted ) | 12       |                             | -                           |                             | -                           |
|   |          |                             | <b>2,686,059</b>            |                             | <b>2,138,592</b>            |

SIGNIFICANT ACCOUNTING POLICIES

18

NOTES TO ACCOUNTS

19

This is the Balance Sheet referred to in our report of even date.

The schedules referred to above form an integral part of these accounts.

Kaushik Dutta

For and on behalf of the Board of Directors

*Partner*

Membership Number F-88540

For and on behalf of

Price Waterhouse

*Chartered Accountants*

Sanjeev Bikhchandani

*Managing Director*

Ambarish Raghuvanshi

*Director & CFO*

Date : April 30, 2008

Amit Gupta

Place : Noida

*Company secretary*



# Profit and Loss

Account for the year ended March 31, 2008

| Particulars  | Schedule | Year ended     |                  | Year ended     |                  |
|--|----------|----------------|------------------|----------------|------------------|
|  |          | March 31, 2008 | March 31, 2007   | March 31, 2008 | March 31, 2007   |
|  |          | (Rs.'000)      | (Rs.'000)        | (Rs.'000)      | (Rs.'000)        |
| <b>INCOME</b>  |          |                |                  |                |                  |
| Sales (Refer Note 5 on Schedule 18)                                      |          | 2,450,606      |                  | 1,575,152      |                  |
| Less : Service Tax   |          | (261,216)      | 2,189,390        | (179,457)      | 1,395,695        |
| Other Income   | 13       |                | 207,251          |                | 75,935           |
|  |          |                | <b>2,396,641</b> |                | <b>1,471,630</b> |
| <b>EXPENDITURE</b>   |          |                |                  |                |                  |
| Advertising and Promotion Cost   |          |                | 481,244          |                | 300,377          |
| Administration and Other expenses  | 14       |                | 255,750          |                | 171,919          |
| Personnel expenses   | 15       |                | 746,278          |                | 492,362          |
| Network and Other charges  | 16       |                | 60,531           |                | 58,988           |
| Finance and Bank Charges   | 17       |                | 11,194           |                | 6,969            |
| Depreciation   | 5        |                | 55,504           |                | 46,192           |
|  |          |                | <b>1,610,501</b> |                | <b>1,076,807</b> |
| <b>NET PROFIT BEFORE TAX</b>   |          |                | <b>786,140</b>   |                | <b>394,823</b>   |
| Tax Expense  |          |                |                  |                |                  |
| - Current Tax (including for earlier years)                              |          |                | 228,094          |                | 125,987          |
| - Deferred Tax   | 6        |                | (4,569)          |                | (7,707)          |
| - Fringe Benefit Tax   |          |                | 7,747            |                | 5,871            |
| <b>NET PROFIT AFTER TAX</b>  |          |                | <b>554,868</b>   |                | <b>270,672</b>   |
| <b>Balance brought forward</b>   |          |                | 253,550          |                | 6,828            |
| Transfer from Stock Options Outstanding Account                          |          |                | 3,225            |                | 6,610            |
| <b>APPROPRIATIONS</b>  |          |                |                  |                |                  |
| Proposed dividend  |          |                | 20,471           |                | 20,471           |
| Dividend Tax   |          |                | 3,479            |                | 3,479            |
| Transfer to General Reserve (Employee Stock Options Outstanding Account) |          |                | 3,225            |                | 6,610            |
| <b>BALANCE CARRIED TO THE BALANCE SHEET</b>                              |          |                | <b>784,468</b>   |                | <b>253,550</b>   |
| <b>Earnings Per Share - Basic and Diluted</b>                            |          |                | 20.33            |                | 11.31            |
| (Refer Note 11 on Schedule 19)   |          |                |                  |                |                  |

SIGNIFICANT ACCOUNTING POLICIES 18  
NOTES TO ACCOUNTS 19

This is the Profit and Loss Account referred to in our report of even date.

The schedules referred to above form an integral part of these accounts.

Kaushik Dutta  
Partner  
Membership Number F-88540  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director & CFO

Date : April 30, 2008  
Place : Noida

Amit Gupta  
Company secretary

# Cash Flow Statement

for the year ended March 31, 2008

|   | For the year ended<br>March 31, 2008<br>Amount (Rs.'000) | For the year ended<br>March 31, 2007<br>Amount (Rs.'000) |
|---|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                    |  |  |
| <b>Net profit before tax</b>                                      | <b>786,140</b>   | <b>394,823</b>   |
| <b>Adjustments for:</b>   |  |  |
| Depreciation  | 55,504   | 46,192   |
| Interest Expense  | 394  | 259  |
| Interest Income   | (33,727)   | (20,215)   |
| Interest received on income tax refund                            | (2,191)  | -  |
| Income from Investment - Dividends                                | (144,245)  | (46,125)   |
| (Profit)/Loss on Fixed Assets sold                                | (191)  | (56)   |
| (Profit)/Loss on sale of Investments                              | (14,271)   | (6)  |
| Provision for Bad & Doubtful Debts                                | 6,325  | 4,000  |
| Liability no longer required written back                         | (12,137)   | (8,991)  |
| Provision for Gratuity & Leave Encashment                         | 6,468  | 4,756  |
| TDS on revenue receipts   | (119,546)  | (44,763)   |
| Employee Stock Option Scheme Compensation Expense                 | 18,915   | 5,208  |
| <b>Operating profit before working capital changes</b>            | <b>547,438</b>   | <b>335,082</b>   |
| <b>Adjustments for changes in working capital :</b>               |  |  |
| - (INCREASE)/DECREASE in Sundry Debtors                           | (19,364)   | (14,355)   |
| - (INCREASE)/DECREASE in Loans, Advances and Other Current Assets | (36,840)   | (33,710)   |
| - INCREASE/(DECREASE) in Current Liabilities and Provisions       | 314,611  | 314,077  |
| <b>Cash generated from operating activities</b>                   | <b>805,845</b>   | <b>601,094</b>   |
| - Taxes (Paid) / Received (Net of TDS)                            | (99,951)   | (81,128)   |
| <b>Net cash from operating activities</b>                         | <b>705,894</b>   | <b>519,966</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                    |  |  |
| Purchase of fixed assets  | (326,241)  | (53,618)   |
| Proceeds from Sale of fixed assets                                | 1,780  | 187  |
| Proceeds from switch out of investments                           | 6,481,538  | -  |
| Proceeds from Sale of Investments                                 | 3,288,376  | 1,235,728  |
| Outflow from Switch In of Investments                             | (6,481,538)  | -  |
| Purchase of Investments   | (3,727,640)  | (3,290,000)  |
| Interest Received (Revenue)                                       | 25,667   | 15,051   |
| Interest received on income tax refund                            | 2,191  | -  |
| Dividend Received   | 144,245  | 46,125   |
| Amount Paid on Acquisition  | (19,995)   | -  |
| <b>Net cash used in investing activities</b>                      | <b>(611,617)</b>   | <b>(2,046,527)</b>                                       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                    |  |  |
| Proceeds from long term borrowings (Net)                          | 591  | 2,018  |
| Proceed from fresh issue of share capital (Net)                   | -  | 1,637,617  |
| Interest Paid   | (389)  | (243)  |
| Dividend Paid   | (20,471)   | (16,377)   |
| Dividend Tax Paid   | (3,479)  | (2,297)  |
| <b>Net cash used in financing activities</b>                      | <b>(23,748)</b>  | <b>1,620,718</b>   |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>     | <b>70,529</b>  | <b>94,157</b>  |
| <b>Opening Balance of Cash and cash equivalents</b>               | <b>415,159</b>   | <b>321,002</b>   |
| <b>Closing Balance of Cash and cash equivalents</b>               | <b>485,688</b>   | <b>415,159</b>   |
| <b>Cash and cash equivalents comprise</b>                         |  |  |
| Cash in hand  | 2,326  | 1,416  |
| Balance with Scheduled Banks                                      |  |  |
| -in current accounts (Refer note 2 and 3 below)                   | 135,830  | 96,031   |
| -in fixed deposits  | 347,532  | 317,712  |
| <b>Total</b>  | <b>485,688</b>   | <b>415,159</b>   |

**Notes :**

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard-3 on Cash Flow Statement, prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 7, 2006.
- Balance with scheduled bank in current account includes Rs 209 Thousand (previous year 2,291 Thousand) in respect of unpaid application money due for refund, which is not available for use by the company.
- Balance with scheduled bank in current account includes Rs 21 Thousand (previous year NIL) in respect of unclaimed dividend due for refund, which is not available for use by the company.
- Figures in brackets indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

Kaushik Dutta  
Partner  
Membership Number F-88540  
For and on behalf of  
Price Waterhouse  
Chartered Accountants  
Date : April 30, 2008  
Place : Noida

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director  
Amit Gupta  
Company secretary

Ambarish Raghuvanshi  
Director & CFO

# Schedules forming part of the Balance Sheet

|   | As at<br>March 31, 2008<br>(Rs.'000) | As at<br>March 31, 2007<br>(Rs.'000) |
|---|--------------------------------------|--------------------------------------|
| <b>SCHEDULE 1</b>   |                                      |                                      |
| <b>SHARE CAPITAL</b>  |                                      |                                      |
| <b>AUTHORISED CAPITAL</b>   |                                      |                                      |
| 40,000 Thousand Equity Shares of Rs.10/- each<br>(Previous year - 40,000 Thousand Equity Shares of Rs. 10/- each)   | 400,000                              | 400,000                              |
| <b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>   |                                      |                                      |
| 27,295 Thousand Equity Shares of Rs. 10/- each fully paid up<br>(Previous year - 27,295 Thousand Equity Shares of Rs. 10/- each fully paid up)  | 272,953                              | 272,953                              |
| [Of the above, 21,705 Thousand Equity Shares of Rs.10/- each<br>(Previous year 21,705 Thousand Equity Shares of Rs.10 each)<br>were allotted as fully paid up by way of bonus shares out of<br>Securities Premium, General Reserve and Profit & Loss Account] | <u>272,953</u>                       | <u>272,953</u>                       |
| <b>SCHEDULE 2</b>   |                                      |                                      |
| <b>STOCK OPTIONS OUTSTANDING ACCOUNT</b>  |                                      |                                      |
| (Refer Note 11 on Schedule 18 and Note 14 on Schedule 19)   |                                      |                                      |
| Opening Balance   | 4,851                                | 6,253                                |
| Add: Transfer during the year   | 18,915                               | 5,208                                |
| Less: Adjusted against advance given to Info Edge Employees<br>Stock Option Trust   | 2,957                                | -                                    |
| Less: Transfer to Profit & Loss Account   | 3,225                                | 6,610                                |
|   | <u>17,584</u>                        | <u>4,851</u>                         |
|   | <b><u>17,584</u></b>                 | <b><u>4,851</u></b>                  |
| <b>SCHEDULE 3</b>   |                                      |                                      |
| <b>RESERVES AND SURPLUS</b>   |                                      |                                      |
| <b>Securities Premium</b>   |                                      |                                      |
| Opening Balance   | 1,583,026                            | -                                    |
| Add: Additions during the year  | -                                    | 1,686,899                            |
| Less: Utilisation for writing off expenses on issue of equity shares  | 1,583,026                            | 103,873                              |
|   | <u>-</u>                             | <u>1,583,026</u>                     |
| <b>Profit &amp; Loss Account Balance</b>  |                                      |                                      |
| Opening Balance   | 253,550                              | 6,828                                |
| Add: Transfer from Profit & Loss Account  | 530,918                              | 246,722                              |
|   | <u>784,468</u>                       | <u>253,550</u>                       |
| <b>General Reserve</b>  |                                      |                                      |
| Opening Balance   | 20,383                               | 15,891                               |
| Less: Additional charge on initial adoption of AS 15<br>(Revised 2005)- Employee Benefits*  | -                                    | 2,118                                |
| Add: Transfer from Profit and Loss Account<br>(Stock Options Outstanding Account)   | 3,225                                | 6,610                                |
|   | <u>23,608</u>                        | <u>20,383</u>                        |
|   | <b><u>2,391,102</u></b>              | <b><u>1,856,959</u></b>              |
| * Refer Note 21 on Schedule 19  |                                      |                                      |
| <b>SCHEDULE 4</b>   |                                      |                                      |
| <b>SECURED LOANS</b>  |                                      |                                      |
| Deferred payment liability (Refer Note 6 on Schedule 19)<br>(Secured by way of hypothecation of vehicles)<br>[Payable within one year Rs. 2,324 Thousand<br>(Previous year Rs. 1,682 Thousand)]   | 4,420                                | 3,829                                |
|   | <u>4,420</u>                         | <u>3,829</u>                         |

# Schedules

forming part of the Balance Sheet

## Schedule 5 : FIXED ASSETS (Refer Note 2,3 and 8 on Schedule 18)

(Rs. '000)

| Description                    | GROSS BLOCK (AT COST) |                           |                           |                      | DEPRECIATION        |   |                                       | NET BLOCK            |                      |                      |
|--------------------------------|-----------------------|---------------------------|---------------------------|----------------------|---------------------|---|---------------------------------------|----------------------|----------------------|----------------------|
|                                | As at April 1, 2007   | Additions during the Year | Deletions during the Year | As at March 31, 2008 | Up to April 1, 2007 | Depreciation/ Amortisation for the year | Accumulated Depreciation on Deletions | Up to March 31, 2008 | As at March 31, 2008 | As at March 31, 2007 |
| <b>OWN ASSETS</b>              |                       |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| <b>Intangible Assets</b>       |                       |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| Goodwill                       | 265                   | -                         | -                         | 265                  | 203                 | 33                                      | -                                     | 236                  | 29                   | 62                   |
| Operating and Marketing Rights | 27,560                | -                         | -                         | 27,560               | 14,044              | 5,512                                   | -                                     | 19,556               | 8,004                | 13,516               |
| <b>Tangible Assets</b>         |                       |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| Leasehold Land                 | -                     | 202,457                   | -                         | 202,457              | -                   | 218                                     | -                                     | 218                  | 202,239              | -                    |
| Leasehold Improvements         | 35,837                | 19,141                    | -                         | 54,978               | 14,253              | 9,624                                   | -                                     | 23,877               | 31,101               | 21,584               |
| Computers and Software         | 83,970                | 33,838                    | 457                       | 117,351              | 42,619              | 25,307                                  | 197                                   | 67,729               | 49,622               | 41,351               |
| Plant and Machinery            | 11,244                | 2,139                     | 941                       | 12,442               | 7,651               | 1,394                                   | 829                                   | 8,216                | 4,226                | 3,593                |
| Furniture and Fixtures         | 15,889                | 1,425                     | -                         | 17,314               | 9,879               | 2,909                                   | -                                     | 12,788               | 4,526                | 6,010                |
| Office Equipment               | 19,195                | 10,370                    | 215                       | 29,350               | 10,017              | 7,890                                   | 23                                    | 17,884               | 11,466               | 9,178                |
| Vehicles                       | 733                   | -                         | -                         | 733                  | 441                 | 92                                      | -                                     | 533                  | 200                  | 292                  |
| <b>Leased Assets</b>           |                       |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| Vehicles                       | 8,874                 | 4,319                     | 1,969                     | 11,224               | 2,916               | 2,525                                   | 944                                   | 4,497                | 6,727                | 5,958                |
| <b>Total</b>                   | <b>203,567</b>        | <b>273,689</b>            | <b>3,582</b>              | <b>473,674</b>       | <b>102,023</b>      | <b>55,504</b>                           | <b>1,993</b>                          | <b>155,534</b>       | <b>318,140</b>       | <b>101,544</b>       |
| Capital Advances               | -                     | -                         | -                         | -                    | -                   | -                                       | -                                     | -                    | 63,397               | 2,012                |
| <b>Previous year</b>           | <b>151,241</b>        | <b>52,984</b>             | <b>658</b>                | <b>203,567</b>       | <b>56,358</b>       | <b>46,192</b>                           | <b>527</b>                            | <b>102,023</b>       | <b>101,544</b>       |                      |

As at  
March 31, 2008  
(Rs.'000)

As at  
March 31, 2007  
(Rs.'000)

## SCHEDULE 6 DEFERRED TAX ASSET/ (LIABILITY)

(Refer Note 9 on Schedule 18 and Note 3 on Schedule 19)

Deferred Tax Asset / (Liability)

|  |               |              |
|--|---------------|--------------|
| - Opening Balance  | 6,724         | (2,372)      |
| - Deferred Tax asset on adoption of AS-15 (Revised 2005) | -             | 1,389        |
| - Adjustment for the current year                        | 4,569         | 7,707        |
|  | <b>11,293</b> | <b>6,724</b> |

## SCHEDULE 7 INVESTMENTS

(Refer Note 6 on Schedule 18 and Note 7 on Schedule 19)

### Non Trade (Unquoted)

#### Long term

#### Investments in Subsidiary Companies

20,195

200

#### Other Investments

##### - Long Term (Unquoted)

-Debt Mutual Funds

1,536,961

280,000

- Equity Shares (Unquoted)

-

-

##### - Short Term (Unquoted)

-Debt Mutual Funds

1,096,669

1,900,097

**2,653,825****2,180,297**

# Schedules

forming part of the Balance Sheet

|   | As at<br>March 31, 2008<br>(Rs.'000) |                | As at<br>March 31, 2007<br>(Rs.'000) |                |
|---|--------------------------------------|----------------|--------------------------------------|----------------|
| <b>SCHEDULE 8</b>   |                                      |                |                                      |                |
| <b>SUNDRY DEBTORS</b>   |                                      |                |                                      |                |
| (Unsecured ,Considered good unless specifically indicated)  |                                      |                |                                      |                |
| <b>Debts outstanding for a period exceeding six months</b>  |                                      |                |                                      |                |
| Considered doubtful   | 388                                  |                | 329                                  |                |
| Less: Provision for Doubtful Debts  | 388                                  | -              | 329                                  | -              |
| <b>Other Debts</b>  |                                      |                |                                      |                |
| Considered good   |                                      | 35,618         |                                      | 22,579         |
| Considered doubtful   | 5,937                                |                | 3,671                                |                |
| Less: Provision for Doubtful Debts  | 5,937                                | -              | 3,671                                | -              |
|   |                                      | <b>35,618</b>  |                                      | <b>22,579</b>  |
| <b>SCHEDULE 9</b>   |                                      |                |                                      |                |
| <b>CASH AND BANK BALANCES</b>   |                                      |                |                                      |                |
| Cash in hand  |                                      | 2,326          |                                      | 1,416          |
| Bank Balances with scheduled banks :-   |                                      |                |                                      |                |
| -in Current Accounts  |                                      | 135,600        |                                      | 93,740         |
| -in Fixed Deposit Accounts  |                                      | 347,532        |                                      | 317,712        |
| Unpaid Application Money received by the company for allotment of securities and due for refund * |                                      | 209            |                                      | 2,291          |
| Unclaimed Dividend (F.Y. 2006-07) *   |                                      | 21             |                                      | -              |
| * (Not available for use by the company)  |                                      |                |                                      |                |
|   |                                      | <b>485,688</b> |                                      | <b>415,159</b> |
| <b>SCHEDULE 10</b>  |                                      |                |                                      |                |
| <b>LOANS AND ADVANCES AND OTHER CURRENT ASSETS</b>  |                                      |                |                                      |                |
| (Unsecured, considered good)  |                                      |                |                                      |                |
| Advance to Subsidiary   |                                      | 844            |                                      | 344            |
| Advance recoverable in cash or in kind or for value to be received *                              |                                      | 69,190         |                                      | 23,834         |
| Balance with Service Tax Authorities  |                                      | -              |                                      | 9,358          |
| Security Deposits   |                                      | 43,683         |                                      | 43,339         |
| Advance Tax   | 435,295                              |                | 256,611                              |                |
| Less: Provision for Tax   | 426,956                              | 8,339          | 236,921                              | 19,690         |
| Advance Tax - Fringe Benefits   | 19,524                               |                | -                                    |                |
| Less: Provision for Tax - Fringe Benefits   | 18,309                               | 1,215          | -                                    | -              |
| Interest Accrued on Fixed Deposits  |                                      | 2,042          |                                      | 1,305          |
|   |                                      | <b>125,313</b> |                                      | <b>97,870</b>  |

\* Includes Rs. 335 Thousand (Previous year Rs. 1,106 Thousand) outstanding with directors

Maximum amount outstanding during the year Rs. 3,381 Thousand (Previous year Rs. 2,072 Thousand)

# Schedules

forming part of the Balance Sheet

| Schedule  | As at                       |                             | As at                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | March 31, 2008<br>(Rs.'000) | March 31, 2008<br>(Rs.'000) | March 31, 2007<br>(Rs.'000) | March 31, 2007<br>(Rs.'000) |
| <b>SCHEDULE 11</b>  |                             |                             |                             |                             |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>   |                             |                             |                             |                             |
| <b>CURRENT LIABILITIES</b>  |                             |                             |                             |                             |
| Sundry Creditors (Refer Note 4 on Schedule 19)  |                             |                             |                             |                             |
| - total outstanding dues of micro and small enterprises   | -                           |                             | -                           |                             |
| - total outstanding dues of creditors other than micro and small enterprises                      | 247,397                     | 247,397                     | 141,957                     | 141,957                     |
| Credit Bank Balances  |                             | 31,222                      |                             | -                           |
| Amount Due to Subsidiary Company  |                             | -                           |                             | 100                         |
| Deferred Sales Revenue (Refer Note 5 on Schedule 18)  |                             | 628,070                     |                             | 477,578                     |
| Accrued Bonus   |                             | 37,795                      |                             | 23,360                      |
| Unpaid Application Money received by the company for allotment of securities and due for refund * |                             | 209                         |                             | 2,291                       |
| Unclaimed Dividend (F.Y. 2006-07) *   |                             | 21                          |                             | -                           |
| Other liabilities   |                             | 31,041                      |                             | 19,162                      |
| Interest accrued but not due on loans   |                             | 25                          |                             | 20                          |
|   |                             | <b>975,780</b>              |                             | <b>664,468</b>              |
| * Will be credited to Investor Education and Protection Fund as and when due                      |                             |                             |                             |                             |
| <b>PROVISIONS</b>   |                             |                             |                             |                             |
| Employee benefits<br>(Refer Note 7 on Schedule 18 and Note 21 on Schedule 19)                     |                             | 20,820                      |                             | 14,352                      |
| Provision for Tax - Fringe Benefits   | -                           |                             | 9,231                       |                             |
| Less: Advance Tax - Fringe Benefits   | -                           | -                           | 8,116                       | 1,115                       |
| Proposed Dividend   |                             | 20,471                      |                             | 20,471                      |
| Dividend Tax  |                             | 3,479                       |                             | 3,479                       |
|   |                             | <b>44,770</b>               |                             | <b>39,417</b>               |
| <b>SCHEDULE 12</b>  |                             |                             |                             |                             |
| <b>MISCELLANEOUS EXPENDITURE</b>  |                             |                             |                             |                             |
| (To the extent not written off or adjusted)   |                             |                             |                             |                             |
| Opening Balance   |                             | -                           |                             | 300                         |
| Add: Additions during the year  |                             | -                           |                             | 103,573                     |
| Less: Written off against securities premium  |                             | -                           |                             | 103,873                     |
|   |                             | -                           |                             | -                           |

# Schedules

forming part of the Profit and Loss Account

|  | Year ended<br>March 31, 2008<br>(Rs.'000) |                | Year ended<br>March 31, 2007<br>(Rs.'000) |                |
|--|---|----------------|---|----------------|
| <b>SCHEDULE 13<br/>OTHER INCOME</b>  |   |                |   |                |
| Interest Received:   |   |                |   |                |
| - On Fixed Deposits  | 31,915                                    |                | 20,215                                    |                |
| [Tax deducted at source Rs. 6,912 Thousand<br>(Previous year Rs. 4,209 Thousand )]                     |   |                |   |                |
| - On Vendor Advance  | 1,812                                     |                | -   |                |
| [Tax deducted at source Rs. 411 Thousand (Previous year Nil)]  |   | 33,727         |   | 20,215         |
| Dividend Income from Mutual Funds  |   | 144,245        |   | 46,125         |
| Profit on sale of Investment (net)   |   | 14,271         |   | 6              |
| Profit on sale of Fixed Assets (net)   |   | 191            |   | 56             |
| Provision no longer required written back  |   | 12,137         |   | 8,991          |
| Interest received on Income Tax Refund   |   | 2,191          |   | -              |
| Miscellaneous Income   |   | 489            |   | 542            |
|  |   | <b>207,251</b> |   | <b>75,935</b>  |
| <b>SCHEDULE 14<br/>ADMINISTRATION AND OTHER EXPENSES</b>   |   |                |   |                |
| Electricity and Water  |   | 18,327         |   | 13,475         |
| Rent (Refer Note 5 on Schedule 19)   |   | 68,599         |   | 38,544         |
| Repairs and Maintenance (Building)   |   | 11,240         |   | 8,166          |
| Repairs and Maintenance (Machinery)  |   | 6,338          |   | 5,340          |
| Legal and Professional Charges   |   | 18,894         |   | 10,931         |
| Rates & Taxes  |   | 1,861          |   | 2              |
| Insurance  |   | 5,660          |   | 3,003          |
| Communication expenses   |   | 36,577         |   | 25,970         |
| Travel & Conveyance  |   | 37,969         |   | 30,619         |
| Bad Debts  |   | -              |   | 4,879          |
| Provision for Doubtful Debts   |   | 6,325          |   | 4,000          |
| Miscellaneous expenses   |   | 43,960         |   | 26,990         |
|  |   | <b>255,750</b> |   | <b>171,919</b> |
| <b>SCHEDULE 15<br/>PERSONNEL EXPENSES</b>  |   |                |   |                |
| (Refer Note 7 on Schedule 18 and Note 21 on Schedule 19)   |   |                |   |                |
| Salaries,Wages and Bonus   |   | 536,500        |   | 319,881        |
| Contributions to Provident and other funds   |   | 22,724         |   | 18,162         |
| Sales Incentives and Commissions   |   | 105,498        |   | 100,467        |
| Staff Welfare and Benefits   |   | 32,029         |   | 20,311         |
| Employee Stock Option Scheme Compensation<br>(Refer Note 11 on Schedule 18 and Note 14 on Schedule 19) |   | 18,915         |   | 5,208          |
| Other Employee Expenses  |   | 30,612         |   | 28,333         |
|  |   | <b>746,278</b> |   | <b>492,362</b> |
| <b>SCHEDULE 16<br/>NETWORK AND OTHER CHARGES</b>   |   |                |   |                |
| Internet and Server Charges  |   | 56,070         |   | 51,525         |
| Others   |   | 4,461          |   | 7,463          |
|  |   | <b>60,531</b>  |   | <b>58,988</b>  |
| <b>SCHEDULE 17<br/>FINANCE AND BANK CHARGES</b>  |   |                |   |                |
| Interest on fixed loans  |   | 394            |   | 259            |
| Bank Charges   |   | 10,800         |   | 6,710          |
|  |   | <b>11,194</b>  |   | <b>6,969</b>   |

# Schedules to the Accounts

## SCHEDULE 18

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation of Financial Statements

These financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

#### 2. Fixed Assets

Fixed Assets are stated at cost of acquisition along with related taxes, duties and incidental expenses related to these assets.

Intangible assets are stated at their cost of acquisition.

#### 3. Depreciation

Fixed Assets are depreciated under Straight Line Method over the estimated useful lives of the assets, which are as follows:

| Assets               | Estimated life (Years) |
|----------------------|------------------------|
| Computers & Software | 3                      |
| Office Equipment     | 3                      |
| Vehicles             | 4                      |
| Plant and Machinery  | 5                      |
| Furniture & Fixtures | 7                      |

Leasehold Land and Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the related assets.

Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

The goodwill arising on the acquisition of Quadrangle is being written off over a period of 8 years.

Cost of Operating and Marketing rights acquired is amortised over a period of 5 years.

The effective rates of depreciation based on the estimated useful lives are above the minimum rates as prescribed by Schedule XIV of the Act.

#### 4. Foreign Currency Transactions

Transactions in foreign currency are accounted for at the rate prevailing on the date of the transaction. Gain/Loss arising out of fluctuation in rate between the transaction date and settlement date are recognized in the Profit and Loss Account. Foreign currency current assets and current liabilities are restated at the exchange rate prevailing at the year end and the overall net gains/loss is adjusted to the Profit and Loss Account.

#### 5. Revenue Recognition

The Company earns revenue significantly from four sources viz.

- Its career web site, Naukri.com
- Matrimonial web site, Jeevansathi.com
- Real Estate Portal, 99acres.Com
- Placement Search, Quadrangle

Revenue from Naukri.com is received in the form of fees, which is recognised ratably over the subscription/ advertising agreement, usually ranging between one to twelve months. Revenue is not recognised in instances where there is uncertainty with regard to ultimate collection. In such case revenue is recognised on reasonable certainty of collection.

Revenue from Jeevansathi.com and 99acres.com is received in the form of subscription fees, which is recognised over the period of subscription, usually ranging between one to twelve months.

Commission income on property bookings placed with builders/developers is accrued once the related services have been rendered by the company.



The unaccrued amounts are not recognised as income till all obligations are fulfilled and are reflected in the Balance Sheet as Deferred Sales Revenue.

Revenue from Placement Search, Quadrangle is received in the form of fees, for placements at various levels in a client's organization. Revenue is booked on the successful completion of the search and selection activity.

## **6. Investments**

Long-term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

## **7. Employee Benefits (Refer Note 21 on Schedule 19 to Accounts)**

The Company has Defined Contribution plan for the post employment benefits namely Provident Fund which is recognized by the income tax authorities. These funds are administered through the Regional Provident Fund Commissioner and the Company's contributions thereto are charged to revenue every year. The Company's contribution to state plans namely Employee State Insurance Fund is charged to revenue every year.

The Company has Defined Benefit plans namely leave encashment, compensated absence and gratuity for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. The Gratuity Fund is recognized by the income tax authorities and is administered through Life Insurance Corporation of India under its Group Gratuity Scheme.

Termination benefits are recognized as an expense immediately.

Gains and losses arising out of actuarial evaluations are recognized immediately in the Profit and Loss Account as income or expense.

In the year of transition, the difference between transitional liability and the liability that would have been recognized at the beginning of the financial year under the company's previous accounting policy is adjusted against the opening revenue reserves of the financial year in accordance with Accounting Standard 15 (revised 2005) 'Employee Benefits'.

## **8. Leased Assets**

### **a) Lease transactions entered into prior to April 1, 2001:**

Lease rentals in respect of assets acquired on lease are charged to the Profit and Loss Account on accrual basis.

### **b) Lease transactions entered into on or after April 1, 2001:**

- i) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii) Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expense in the Profit and Loss Account on a straight line basis over the lease term.

## **9. Taxes on Income**

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. Deferred tax assets are recognized and carried forward only to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

## **10. Earnings Per Share (EPS)**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and include the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

## **11. Employee Stock Option Based Compensation**

Stock options granted to the employees and to the non-executive Directors who accepted the grant under the Company's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme) Guidelines, 1999. The Company follows the intrinsic value method and accordingly, the excess, if any, of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognized as employee compensation cost and amortised on straight line basis over the vesting period.

**SCHEDULES TO THE ACCOUNTS**

**SCHEDULE 19**

**Notes to Accounts**

- The Company was converted to a public limited company and its name was changed to Info Edge (India) Limited with effect from April 27, 2006.
- As at March 31, 2008 the estimated value of contracts remaining to be executed on capital account and not provided for is Rs. 361,821 Thousand (Previous Year Rs.5,409 Thousand) net of advances of Rs. 63,397 Thousand (Previous Year of Rs. 2,012 Thousand).

**3. Deferred Taxes**

Significant components of deferred tax assets/ (liabilities) are shown in the following table:

|  | <b>As at<br/>March 31, 2008<br/>Amount (Rs.'000)</b> | <b>As at<br/>March 31, 2007<br/>Amount (Rs.'000)</b> |
|--|--|--|
| <b>Deferred Tax Asset/(Liability)</b>      |  |  |
| Provision for Leave Encashment             | 5,285  | 4,046  |
| Provision for Doubtful Debts               | 2,414  | 1,360  |
| Depreciation                               | 4,233  | 1,318  |
| Others                                     | (639)  | -  |
| <b>Net Deferred Tax Asset/ (Liability)</b> | <b>11,293</b>  | <b>6,724</b>   |

- Based on information available with the Company, there are no dues to micro, small and medium enterprises, as defined in Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2008.
- Operating Leases where the company is a lessee:  
The Company has entered into lease transactions mainly for leasing of office premises for periods between 1 to 9 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognised in the Profit & Loss Account amount to Rs. 69,279 Thousand (included in Schedule 14 – Administration and Other Expenses Rs. 68,599 Thousand and in Schedule 15 – Personnel Expenses Rs 680 Thousand [(Previous Year Rs. 39,034 Thousand) (included in Schedule 14 – Administration and Other Expenses Rs. 38,544 Thousand and in Schedule 15 – Personnel Expenses Rs. 490 Thousand)] for the leases, which commenced on or after April 1, 2001.
- Leased Assets included in vehicles where the company is a lessee under finance leases are:

**Finance Lease Liabilities- minimum lease payments:**

|  | <b>As at<br/>March 31, 2008<br/>Amount (Rs.'000)</b> | <b>As at<br/>March 31, 2007<br/>Amount (Rs.'000)</b> |
|--|--|--|
| Not later than 1 year  | 2,626  | 1,927  |
| Later than 1 year and not later than 5 years                               | 2,225  | 2,271  |
| <b>Total minimum lease payments</b>  | <b>4,851</b>   | <b>4,198</b>   |
| Less: Future finance charges on finance leases                             | 431  | 369  |
| <b>Present value of finance lease liabilities</b>                          | <b>4,420</b>   | <b>3,829</b>   |
| Representing lease liabilities:  |  |  |
| -Current   | 2,324  | 1,682  |
| -Non current   | 2,096  | 2,147  |
|  | <b>4,420</b>   | <b>3,829</b>   |
| The present value of finance lease liabilities may be analysed as follows: |  |  |
| Not later than 1 year  | 2,324  | 1,682  |
| Later than 1 year and not later than 5 years                               | 2,096  | 2,147  |
|  | <b>4,420</b>   | <b>3,829</b>   |

**7. (A). Detail of Investments as per Schedule 7 are provided below:**

| <b>Details of Non Trade (Unquoted) Investment</b>  | <b>Amount Rs. ('000)</b>    |                             |
|--|-----------------------------|-----------------------------|
|  | <b>As at March 31, 2008</b> | <b>As at March 31, 2007</b> |
| 9,998 (Previous year - 9,998) shares of Naukri Internet Services Pvt. Ltd. of Rs. 10/- each fully paid up        | 100                         | 100                         |
| 10,000 (Previous year - 10,000) shares of Jeevansathi Internet Services Pvt. Ltd. of Rs. 10/- each fully paid up | 100                         | 100                         |
| 500,001 (Previous year - NIL) shares of Info Edge (India) Mauritius Limited of USD 1/- each fully paid up        | 19,995                      | -                           |
| <b>TOTAL</b>   | <b>20,195</b>               | <b>200</b>                  |

**Schedules to the Account****Amount Rs. ('000)****Details of Other investment Lont Term Unquoted**

| <b>Name of the Mutual Fund</b>  | <b>As at March 31, 2008</b> | <b>As at March 31, 2007</b> |
|---|-----------------------------|-----------------------------|
| NIL (Previous year-3,000,000) Units of Rs. 10/- each in Prudential ICICI FMP Series XXVIII - Institutional Cumulative       | -                           | 30,000                      |
| NIL (Previous year 1,998,002) Units of Rs.10/- each in P133IG Prudential ICICI FMP Series-XII Institutional 1 Growth        | -                           | 20,000                      |
| NIL (Previous year 1,000,000) Units of Rs. 10/- each in HDFC FMP Institutional Plan Growth                                  | -                           | 10,000                      |
| 10,000,000 (Previous year NIL) Units of Rs. 10/- each in HDFC FMP 18M November 2007 (VI)- Wholesale Plan Growth             | 100,000                     | -                           |
| 8,250,000 (Previous year NIL) Units of Rs. 10/- each in HDFC FMP 15M February 2008 (VII)- Wholesale Plan Growth             | 82,500                      | -                           |
| 5,000,000 (Previous year NIL) Units of Rs. 10/- each in HDFC FMP 18M January 2008 (VII)- Wholesale Plan Growth              | 50,000                      | -                           |
| NIL (Previous year 1,000,000) Units of Rs. 10/- each in BIRLA FTP - Series H Growth   | -                           | 10,000                      |
| 10,008,113 (Previous year NIL) Units of Rs. 10/- each in B857G Birla FTP-Inst-Series X- Growth                              | 100,081                     | -                           |
| 10,904,833 (Previous year NIL) Units of Rs. 10/- each in B896IG Birla Fixed Term Plan Instl Series AL Growth                | 109,048                     | -                           |
| 10,000,000 (Previous year NIL) Units of Rs. 10/- each in B895IG Birla Fixed Term Plan Instl Series AK Growth                | 100,000                     | -                           |
| NIL (Previous year 1,000,000) Units of Rs. 10/- each in Deutsche Fixed Term Fund Series 5- Growth Option                    | -                           | 10,000                      |
| NIL (Previous year 1,000,000) Units of Rs. 10/- each in Deutsche Fixed Term Fund- Series 14- Growth Option                  | -                           | 10,000                      |
| 5,000,000 (Previous year NIL) Units of Rs. 10 each in DWS Fixed Term Fund- Series 41- Institutional Growth                  | 50,000                      | -                           |
| NIL (Previous year 10,000) Units of Rs. 1,000/- each in DSP Merrill Lynch Fixed Term Plan Series 3A Growth                  | -                           | 10,000                      |
| 60,055 (Previous year - NIL) units of Rs. 1000/- each in DSP Merrill Lynch Fixed Term Plan Series 3 F- Institutional Growth | 60,055                      | -                           |
| 11,376,945 (Previous year - NIL) units of Rs. 10/- each in DSPML Fixed Term Plan 15 M Series 2- Instl Growth                | 113,769                     | -                           |
| NIL (Previous year 2,000,000) Units of Rs. 10/- each in JM Fixed Maturity Fund  | -                           | 20,000                      |
| NIL (Previous year 1,000,000) Units of Rs. 10/- each in HSBC Fixed Term Series 13 Inst Growth                               | -                           | 10,000                      |
| NIL (Previous year 2,000,000) units of Rs. 10/- each in OFTS9G HSBC Fixed Term Series 9-growth                              | -                           | 20,000                      |
| 10,000,000 (Previous year 10,000,000 ) Units of Rs. 10/- each in OF211G HSBC Fixed Term Series 21 Inst -growth              | 100,000                     | 100,000                     |
| 5,000,000 (Previous year - NIL) units of Rs. 10/- each in HSBC Fixed Term Series 36 Inst Growth                             | 50,000                      | -                           |
| 5,160,295 (Previous year - NIL) units of Rs. 10/- each in HSBC Fixed Term Series 32 Inst Growth                             | 52,066                      | -                           |

Amount Rs ('000)

**Schedules to the Account****Details of Other investment Long Term Unquoted**

| <b>Name of the Mutual Fund</b>  | <b>As at March<br/>31, 2008</b> | <b>As at March<br/>31, 2007</b> |
|---|---------------------------------|---------------------------------|
| 5,000,000 (Previous year - NIL ) units of Rs. 10/- each in HSBC Fixed Term Series 33 Inst Growth                              | 50,000                          | -                               |
| 16,405,850 (Previous year - NIL) units of Rs. 10/- each in HSBC Fixed Term Series 44 Inst Growth                              | 164,059                         | -                               |
| NIL (Previous year 1,000,000) Units of Rs. 10/- each in TATA Fixed Horizon Fund Series 3- Scheme C (13 Months)                | -                               | 10,000                          |
| NIL (Previous year 1,000,000 ) Units of Rs. 10/- each in TFHCD3 Tata Fixed Horizon Fund series 6- Scheme A Growth             | -                               | 10,000                          |
| 2,001,492 (Previous year NIL ) Units of Rs. 10/- each in Tata Fixed Horizon Fund Series 13 Scheme B- IG Growth                | 20,015                          | -                               |
| 1,086,230 (Previous year NIL ) Units of Rs. 10/- each in Tata Fixed Horizon Fund Series 14 Scheme B- IG Growth                | 10,862                          | -                               |
| NIL (Previous year 1,000,000 ) Units of Rs. 10/- each in M131YG ABN Amro FTP 3 yearly Plan Growth                             | -                               | 10,000                          |
| 6,081,320 (Previous year NIL) Units of Rs. 10/- each in M188IG ABN AMRO FTP S8 Yearly Plan D- Inst Growth                     | 60,813                          | -                               |
| 6,259,272 (Previous year NIL) Units of Rs. 10/- each in UTI Fixed Term Income Fund IV-III (08-14 Months)- Institutional Plan  | 62,593                          | -                               |
| 10,000,000 (Previous year NIL) units of Rs. 10/- each in Templeton Fixed Horizon Fund Series VII- Plan A-Institutional Growth | 100,000                         | -                               |
| 5,000,000 (Previous year NIL) units of Rs. 10/- each in Kotak FMP 17M Series 1 Institutional - Growth                         | 50,000                          | -                               |
| 5,109,989 (Previous year NIL) units of Rs. 10/- each in Kotak FMP 14M Series 3 Institutional Growth                           | 51,100                          | -                               |
| <b>SUB TOTAL (A)</b>  | <b>1,536,961</b>                | <b>280,000</b>                  |
| <b>Detail of Other Investment Long Term Unquoted</b>  |                                 |                                 |
| <b>Equity Shares (Unquoted)</b>   |                                 |                                 |
| 45,000 (Previous year - 45,000) shares of Only Research Pvt. Ltd. of Rs. 10/- each fully paid up                              | -                               | -                               |
| <b>SUB TOTAL (B)</b>  | <b>-</b>                        | <b>-</b>                        |
| <b>TOTAL of (A) +(B)</b>  | <b>1,536,961</b>                | <b>280,000</b>                  |

**Schedules to the Account****Amount Rs ('000)**

| <b>Details of Other investment Short Term Unquoted<br/>Name of the Debt Mutual Fund</b>  | <b>As at March<br/>31, 2008</b> | <b>As at March<br/>31, 2007</b> |
|--|---------------------------------|---------------------------------|
| NIL (Previous year 5,261,055) Units of Rs. 10/- each in P163RD Prudential ICICI FMP Series35 Three months plan A Retail Dividend           | -                               | 52,612                          |
| NIL (Previous year 10,000,000) Units of Rs. 10/- each in P168RD Prudential ICICI FMP Series34 Six months plan Retail Dividend              | -                               | 100,000                         |
| 10,248,216 (Previous year NIL) Units of Rs. 10/- each in ICICI Prudential Interval Fund Quarterly Interval Plan 1 Retail Dividend Reinvest | 102,482                         | -                               |
| 3,364,651 (Previous year NIL) Units of Rs. 10/- each in ICICI Prudential 28Q Flexible Income Plan Dividend-Daily Reinvest                  | 35,576                          | -                               |
| NIL (Previous year 3,038,229 ) Units of Rs. 10/- each in HDFC FMP 90D March 2007 (4) -Wholesale Plan- Dividend- Reinvest                   | -                               | 30,383                          |
| 51,79,832 (Previous year NIL ) Units of Rs. 10/- each in HDFC Quarterly Interval Fund- Plan C Wholesale Dividend                           | 51,847                          | -                               |
| NIL (Previous year 10,182,691 ) Units of Rs. 10/- each in B827D Birla FTP Half yearly Series 2 Dividend Payout                             | -                               | 101,827                         |
| NIL (Previous year 5,000,000 ) Units of Rs. 10/- each in B840D Birla FTP Quarterly Series 11 Dividend Payout                               | -                               | 50,000                          |
| 1,501,105 (Previous year NIL ) Units of Rs. 10/- each in B874D Birla BSL Interval Income Fund- INSTL-Quarterly-Series 2- Dividend-Payout   | 15,011                          | -                               |
| NIL (Previous year 10,000,000 ) Units of Rs. 10 each in Deutsche Fixed Term Fund- Series 23- Dividend Option                               | -                               | 100,000                         |
| NIL (Previous year 5,233,188) Units of Rs. 10 each in Deutsche Fixed Term Fund- Series 27- Dividend Option                                 | -                               | 52,332                          |
| 3,411 (Previous year NIL) Units of Rs. 10 each in DWS Insta Cash Plus Fund-Institutional Plan- Daily Dividend Option                       | 34                              | -                               |
| 9,655,050 (Previous year NIL) Units of Rs. 10 each in DWS Money Plus Fund Institutional Plan Daily Dividend Option                         | 96,630                          | -                               |
| NIL (Previous year - 122,863 ) units of Rs. 1000/- each in DSP Merrill Lynch Fixed Term Plan series 1-I Dividend Institutional             | -                               | 122,863                         |
| 20 (Previous year - NIL ) units of Rs. 1000/- each in DSPML Cash Plus-Institutional- Daily Dividend  | 20                              | -                               |
| 75,930 (Previous year - NIL ) units of Rs. 1000/- each in DSP Merrill Lynch Liquid Plus Instl Plan- Daily Dividend                         | 75,959                          | -                               |
| NIL (Previous year 552,704) Units of Rs. 10.01/- each in OCFPDD HSBC Cash Fund Institutional Plus Daily Dividend                           | -                               | 5,530                           |
| NIL (Previous year 11,523,904 ) Units of Rs. 10/- each in OF261D HSBC Fixed Term Series 26 Inst -Dividend                                  | -                               | 115,239                         |
| 2,156,242 (Previous year - NIL ) units of Rs. 10/- each in HSBC Liquid Plus Inst Plus Daily Dividend                                       | 21,590                          | -                               |
| 1,170,149 (Previous year - NIL ) units of Rs. 10/- each in HSBC Liquid Plus Inst Daily Dividend  | 11,716                          | -                               |
| NIL (Previous year 7,154,214 ) units of Rs. 10/- each in TFDRP9 Tata Fixed Horizon Fund series 9- Scheme D yearic Div                      | -                               | 71,542                          |
| NIL (Previous year 11,784,984 ) Units of Rs. 10/- each in TFHHD6 Tata Fixed Horizon Fund series 6- Scheme H Dividend                       | -                               | 117,851                         |
| 9,362,663 (Previous year NIL ) Units of Rs. 10/- each in TFLD Tata Floater Fund Daily Dividend   | 93,960                          | -                               |
| NIL (Previous year 14,377) Units of Rs. 1000/- each in -G70 Standard Chartered Liquidity Manager- Plus- Daily Dividend                     | -                               | 14,378                          |

**Schedules to the Account****Amount Rs ('000)**

| <b>Details of Other investment Long Term Unquoted<br/>Name of the Debt Mutual Fund</b>   | <b>As at March<br/>31, 2008</b> | <b>As at March<br/>31, 2007</b> |
|--|---------------------------------|---------------------------------|
| NIL (Previous year 10,084,700) units of Rs. 10/- each in G181 Standard Chartered Fixed Maturity Plan- Quarterly Series 5- Dividend     | -                               | 100,847                         |
| NIL (Previous year 10,000,000 ) Units of Rs. 10/- in G191 Standard Chartered Fixed Maturity Plan- Half yearly Series 2- Dividend       | -                               | 100,000                         |
| 8,338,296 (Previous year NIL) Units of Rs. 10/- in G50 Grindlays Floating Rate fund LT Inst Plan B Daily Dividend                      | 83,402                          | -                               |
| NIL (Previous year 5,000,000 ) Units of Rs. 10/- each in Principal PNB Fixed Maturity Plan (FMP-34) 91 DAYS Series VII Feb 07          | -                               | 50,000                          |
| NIL (Previous year 6,226,253 ) Units of Rs. 10/- each in PRINCIPAL PNB FIXED MATURITY PLAN (FMP-35) 91 DAYS Series VIII Feb 07         | -                               | 62,263                          |
| 6,083,553 (Previous year NIL ) Units of Rs. 10/- each in Principal Income Fund Short Term Plan Instl Plan Dividend Reinvestment Weekly | 66,055                          | -                               |
| 5,011,825 (Previous year NIL ) Units of Rs. 10/- each in Principal Fixed Maturity Plan (FMP-42) 460 Days - Series IV- Feb 08           | 50,118                          | -                               |
| NIL (Previous year 6,566,263 ) units of Rs. 10/- each M146QD ABN AMRO FTP Series 4 Quarterly Plan C - Dividend on maturity             | -                               | 65,666                          |
| NIL (Previous year 10,198,970) units of Rs. 10/- each in M150QD ABN AMRO FTP Series 4 Quarterly Plan E - Dividend on maturity          | -                               | 101,991                         |
| NIL (Previous year 5,088,774) Units of Rs. 10/- each in ABN AMRO FTP Series 6 Quarterly Plan C - Dividend on maturity                  | -                               | 50,888                          |
| 7,379,226 (Previous year NIL) Units of Rs. 10/- each in M17DD ABN AMRO Money Plus Institutional Plan Daily Dividend                    | 73,792                          | -                               |
| NIL (Previous year 30,78,121 ) units of Rs. 10/- each in UTI FMP Quarterly Series QFMP/0207/I Dividend Plan- Reinvestment              | -                               | 30,781                          |
| NIL (Previous year 1,511,361) units of Rs. 10/- each in UTI FMP (HFMP/0207/I)- Dividend Plan- Reinvestment                             | -                               | 151,114                         |
| NIL (Previous year 5,030,738) units of Rs. 10/- each in UTI FMP Quarterly Plan (QFMP/0207/II)- Dividend Plan- Reinvestment             | -                               | 50,307                          |
| NIL (Previous year 10,002,000 ) Units of Rs. 10/- each in DBS Chola FMP Series 6 Qtrly Plan 3 Div                                      | -                               | 100,020                         |
| NIL (Previous year 5,087,920) units of Rs. 10/- each in Sundaram BNP Paribas FTP Series XXII (90 Days) Div Plan                        | -                               | 50,879                          |
| 5,207,972 (Previous year NIL) units of Rs. 10/- each in S361 Sundaram BNP Paribas Interval fund Qly Plan C Inst Div                    | 52,082                          | -                               |
| NIL(Previous year 5,078,406 ) units of Rs. 10/- each in Reliance Fixed Horizon Fund II Qtrly Plan Series IV Retail Dividend Plan       | -                               | 50,784                          |
| 5,913,728 (Previous year NIL) units of Rs. 10/- each in Templeton Floating rate Income Fund Long Term Plan Super Instl                 | 59,022                          | -                               |
| 104,387 (Previous year NIL) units of Rs. 1000/- each in Templeton India Short Term Income Plan Institutional                           | 105,596                         | -                               |
| 5,000,000 (Previous year NIL) units of Rs. 10/- each in I365 ING Fixed Maturity Fund-34 Inst Dividend                                  | 50,000                          | -                               |
| 2,588,763 (Previous year NIL) units of Rs. 10/- each in AIG India Treasury Plus Fund Institutional Daily Dividend                      | 25,889                          | -                               |
| 2,588,687 (Previous year NIL) units of Rs. 10/- each in JPPDI JPMORGAN India Liquid Plus Fund - Dividend Plan reinvest                 | 25,888                          | -                               |
| <b>TOTAL</b>   | <b>1,096,669</b>                | <b>1,900,097</b>                |

**(B). Investment purchased, reinvested and sold on various dates within the financial year are as follows:****Schedules to the Account****(Rs.'000)**

| <b>Financial Year 2007-08</b> |                    |                                  |                    |                             |
|-------------------------------|--------------------|----------------------------------|--------------------|-----------------------------|
| <b>Particulars</b>            | <b>Units (Nos)</b> | <b>Purchased/<br/>Reinvested</b> | <b>Units (Nos)</b> | <b>Sale/<br/>Redemption</b> |
| Debt based Mutual Funds       | 846,187,808        | 10,209,178                       | 810,979,426        | 9,769,915                   |

| <b>Financial Year 2006-07</b> |                    |                                  |                    |                             |
|-------------------------------|--------------------|----------------------------------|--------------------|-----------------------------|
| <b>Particulars</b>            | <b>Units (Nos)</b> | <b>Purchased/<br/>Reinvested</b> | <b>Units (Nos)</b> | <b>Sale/<br/>Redemption</b> |
| Debt based Mutual Funds       | 427,714,625        | 5,267,802                        | 233,620,297        | 3,253,183                   |

**8. Expenditure in Foreign Currency (on cash basis)**

|   | <b>Year ended<br/>March 31, 2008<br/>(Rs.'000)</b> | <b>Year ended<br/>March 31,2007<br/>(Rs.'000)</b> |
|---|--|---|
| Server Charges                              | 36,616   | 38,862  |
| Advertising, Promotion & Marketing Expenses | 16,528   | 35,331  |
| IPO related Expenses                        | -  | 10,963  |
| Travel Expenses                             | 1,909  | 1,338   |
| Foreign Branch Expenses                     | 14,996   | 517   |
| Others                                      | 7,164  | 3,037   |
| <b>Total</b>                                | <b>77,213</b>                                      | <b>90,048</b>                                     |

**9. Earnings in Foreign Exchange (on cash basis)**

|              | <b>Year ended<br/>March 31, 2008<br/>(Rs.'000)</b> | <b>Year ended<br/>March 31,2007<br/>(Rs.'000)</b> |
|--------------|--|---|
| Sales        | 215,564  | 138,035   |
| <b>Total</b> | <b>215,564</b>                                     | <b>138,035</b>                                    |

**10. Auditor's Remuneration**

|                                      | <b>Year ended<br/>March 31, 2008<br/>(Rs.'000)</b> | <b>Year ended<br/>March 31,2007<br/>(Rs.'000)</b> |
|--------------------------------------|--|---|
| As Auditors                          | 1,900  | 1,700   |
| In other capacity of Tax Auditors    | 100  | 100   |
| Certification                        | 31   | 6,700   |
| Out of Pocket Expenses & Service Tax | 438  | 984   |
| <b>Total</b>                         | <b>2,469</b>                                       | <b>9,484</b>                                      |

**11. Basic and Diluted Earnings per share (EPS):**

|   | <b>Year ended<br/>March 31, 2008<br/>(Rs.'000)</b> | <b>Year ended<br/>March 31,2007<br/>(Rs.'000)</b> |
|---|--|---|
| Profit attributable to Equity Shareholders (Rs.'000)                        | 554,868  | 270,672   |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 27,295,256   | 23,935,783  |
| <b>Basic &amp; Diluted Earnings Per Equity Share of Rs. 10 each (Rs.)</b>   | <b>20.33</b>                                       | <b>11.31</b>                                      |

12. The Company is not engaged in either manufacturing or trading of goods. Accordingly disclosures relating to Quantitative information as required under Part II of Schedule VI to the Companies Act, 1956 with regard to finished goods / raw materials and components consumed are not applicable.

**Schedules to the Account****13. (1) Related Party Disclosures**

- A) **Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2008**

**Subsidiaries**

Jeevansathi Internet Services Private Limited ( JISPL)  
 Naukri Internet Services Private Limited( NISPL)  
 Info Edge (India) Mauritius Limited

**Key Management Personnel & Relatives**

Mr. Sanjeev Bikhchandani  
 Ms. Surabhi Bikhchandani  
 Mr. Sushil Bikhchandani (Brother of Mr Sanjeev Bikhchandani)  
 Mr. Hitesh Oberoi  
 Ms. Rimy Oberoi (Spouse of Mr. Hitesh Oberoi)  
 Mr. Ambarish Raghuvanshi

**Enterprises over which Key Management Personnel & Relatives have significant influence**

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)  
 Oyster Learning ( Proprietorship concern of Ms. Rimy Oberoi)

- B) **Details of transactions with related party for the year ended March 31, 2008 in the ordinary course of business:**

Amount (Rs.'000)

| Sr. No | Nature of relationship / transaction (1)  | Subsidiary Companies | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total  |
|--------|---|----------------------|--------------------------------------|---|--------|
| 1      | License Fee Paid:<br>JISPL Rs. 100<br>NISPL Rs. 100   | 200                  | -                                    | -   | 200    |
| 2      | Remuneration Paid:<br>Sanjeev Bikhchandani Rs. 11,961<br>Hitesh Oberoi Rs. 13,515<br>Ambarish Raghuvanshi Rs. 9,107                         | -                    | 34,583                               | -   | 34,583 |
| 3      | Advances Given for business purposes:<br>Sanjeev Bikhchandani Rs. 228<br>Hitesh Oberoi Rs. 84<br>Ambarish Raghuvanshi Rs. 221               | -                    | 533                                  | -   | 533    |
| 4      | Receipt of services:<br>Minik Enterprises Rs. 37,299<br>Oyster Learning Rs. 436   | -                    | 37,735                               | -   | 37,735 |
| 5      | Dividend Paid:<br>Sanjeev Bikhchandani Rs. 8,851<br>Hitesh Oberoi Rs. 1,556<br>Ambarish Raghuvanshi Rs. 491<br>Surabhi Bikhchandani Rs. 280 | -                    | 11,178                               | -   | 11,178 |

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation - 13(ASI-13) issued by The Institute of Chartered Accountants of India.
- (a) Amounts paid to Info Edge Employee Stock Option Trust as:  
-Dividend Rs 479 Thousand
- (b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2008 is Rs. 13,335 Thousand.



**Schedules to the Account****C) Amount due to/from related parties as at March 31, 2008****Amount (Rs.'000)**

| Sr. No | Nature of relationship / transaction       | Subsidiary Companies | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total |
|--------|--|----------------------|--------------------------------------|---|-------|
|        | <b>Debit balances</b>                      |                      |                                      |   |       |
| 1      | Outstanding Advances                       | 844                  | 335                                  | -   | 1,179 |
|        | Maximum amount outstanding during the year | 1,044                | 3,381                                | -   | 4,425 |
|        | <b>Credit balances</b>                     |                      |                                      |   |       |
| 1      | Outstanding Payable                        | -                    | 278                                  | -   | 278   |

**13 (2) Related Party Transaction for the year ended March 31, 2007****A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2007****Subsidiaries**

Jeevansathi Internet Services Private Limited ( JISPL)  
Naukri Internet Services Private Limited( NISPL)

**Key Management Personnel & Relatives**

Mr Sanjeev Bikhchandani  
Ms Surabhi Bikhchandani  
Mr Sushil Bikhchandani (Brother of Mr Sanjeev Bikhchandani)  
Mr Hitesh Oberoi  
Mr Ambarish Raghuvanshi

**Enterprises over which Key Management Personnel & Relatives have significant influence**

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)

**B) Details of transactions with related party for the year ended March 31, 2007 in the ordinary course of business:****Amount (Rs.'000)**

| Sr. No | Nature of relationship / transaction (1)  | Subsidiary Companies | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total  |
|--------|---|----------------------|--------------------------------------|---|--------|
| 1      | License Fee Paid:<br>JISPL Rs. 100<br>NISPL Rs. 100   | 200                  | -                                    | -   | 200    |
| 2      | Remuneration Paid:<br>Sanjeev Bikhchandani Rs. 11,967<br>Hitesh Oberoi Rs. 13,453<br>Ambarish Raghuvanshi Rs. 8,760                         | -                    | 34,180                               | -   | 34,180 |
| 3      | Advances Given for business purposes:<br>Sanjeev Bikhchandani Rs. 294<br>Hitesh Oberoi Rs. 46<br>Ambarish Raghuvanshi Rs. 395               | -                    | 735                                  | -   | 735    |
| 4      | Receipt of services:<br>Minik Enterprises Rs. 39,441  | -                    | 39,441                               | -   | 39,441 |
| 5      | Dividend Paid:<br>Sanjeev Bikhchandani Rs. 9,159<br>Hitesh Oberoi Rs. 1,638<br>Ambarish Raghuvanshi Rs. 491<br>Surabhi Bikhchandani Rs. 608 | -                    | 11,896                               | -   | 11,896 |

**Schedules to the Account**

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI-13) issued by The Institute of Chartered Accountants of India.
2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
  - Dividend paid Rs 552 Thousand
- (b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2007 is Rs. 16,292 Thousand.

**C) Amount due to/from related parties as at March 31, 2007****Amount (Rs.'000)**

| Sr. No | Nature of relationship / transaction       | Subsidiary Companies | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total  |
|--------|--|----------------------|--------------------------------------|---|--------|
|        | <b>Debit balances</b>                      |                      |                                      |   |        |
| 1      | Outstanding Advances                       | 344                  | 1,106                                | -   | 1,450  |
|        | Maximum amount outstanding during the year | 429                  | 2,072                                | -   | 2,501  |
|        | <b>Credit balances</b>                     |                      |                                      |   |        |
| 1      | Outstanding Payable                        | 100                  | 13,395                               | -   | 13,495 |

**14 Employee Stock Option Scheme 2007**

The Company has set up a trust to administer the ESOP scheme under which options have been granted to employees. Under this scheme the employees can purchase equity shares by exercising the options as vested at the price specified in the grant. The options granted till March 31 2008 have a vesting period of maximum of 4.5 years from the date of grant.

**- Number of options granted, exercised and forfeited during the year:-**

|  | 2007-08 |                              | 2006-07 |                              |
|--|---------|------------------------------|---------|------------------------------|
|  | Number  | Weighted Average Price (Rs.) | Number  | Weighted Average Price (Rs.) |
| Options outstanding at beginning of year | 424,059 | 253.96                       | 337,802 | 166.80                       |
| <b>Add:</b>                              |         |                              |         |                              |
| Options granted                          | 363,142 | 708.66                       | 218,375 | 277.13                       |
| <b>Less:</b>                             |         |                              |         |                              |
| Options exercised                        | 7,170   | 235.50                       | 97,976* | 18.12                        |
| Options forfeited                        | 80,777  | 477.93                       | 34,142  | 215.79                       |
| Options outstanding at the end of year   | 699,254 | 464.40                       | 424,059 | 253.96                       |
| Option exercisable at the end of year    | 112,435 | 234.30                       | 16,682  | 245.00                       |

\* In respect of fractional options granted to employees, the trust has resolved to round off the options to the next highest whole number.

The options outstanding at the end of year had exercise prices in the range of Rs. 10/- to Rs. 1462/- (Previous Year Rs. 1/- to Rs. 280/-) and a weighted average remaining contractual life of 9 years (Previous Year 9 years).

| Exercise Amount Range | Options outstanding at the end of year |
|-----------------------|--|
| 01-300                | 384,422                                |
| 301-600               | 93,832                                 |
| 601-900               | 198,000                                |
| 901-1200              | 18,000                                 |
| 1201-1500             | 5,000                                  |
| <b>Grand Total</b>    | <b>699,254</b>                         |

### Schedules to the Account

In accordance with the above mentioned ESOP Scheme, Rs. 18,915 Thousand (Previous Year Rs 5,208 Thousand) has been charged to the Profit and Loss Account in relation to the options vested and exercised during the year ended March 31, 2008 as Employee Stock Option Scheme Compensation.

15. (A) - In respect of options vesting during the year under the intrinsic value method, had the fair value method been used, the profit for the year would be lower by Rs 73,265 Thousand (Previous year 35,706 Thousand) and the EPS would be Rs 17.64 (Previous year 9.82).
- (B) - The fair value of each option is estimated on the date of grant using the Black Scholes model with the below listed assumptions:

|   | Employee Stock Option Scheme 2007 |
|---|-----------------------------------|
| Weighted average fair value of the options at the grant dates | 524.73                            |
| Dividend Yield (%)  | 0.12%                             |
| Risk free rate  | 7.73%                             |
| Expected life (years)   | 6.06                              |
| Expected volatility   | 49.02%                            |
| Weighted average share price                                  | 829.80                            |

Since the stock was listed in November 2006, the historical stock data for computing the volatility over the expected life of options is not sufficient, therefore the historical volatility of similar companies has been considered.

Effective April 01, 2007, the Finance Act introduced Fringe Benefit Tax ("FBT") on Employees Stock Options. FBT liability becomes payable on the date of exercise of stock option. Subsequent to this, 7170 options were exercised during the year. The FBT Liability on these options has been borne by the employees.

16. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation suits in relation to the business activities carried on by it. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.
17. No disclosure is required under Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India as the Company is operating in single business/geographical segment of internet based service delivery
18. The Company had raised Rs 1,703,632 Thousand through Initial Public Offer of Shares (IPO) in the month of November, 2006 by issuance of 5,323,851 equity shares of Rs. 10/- each at a premium of Rs. 310/- per share. The utilisation out of such gross proceeds till March 31, 2008 is as given below. The balance amount of IPO proceeds remains invested in debt based mutual funds and fixed deposits in banks.

| Utilisation of funds upto March 31, 2008 | Rs in ('000)   |
|--|----------------|
| Purchase of Land                         | 202,457        |
| Acquisition /Strategic Alliances         | 20,047         |
| Issue related expenses                   | 103,873        |
| <b>Total Utilisation</b>                 | <b>326,377</b> |

19. As at 31<sup>st</sup> March, 2008, the company had Rs 209 Thousand as outstanding in the refund account with ICICI bank towards unpaid application money received by the company for allotment of securities and is due for refund. This amount is not available for use by the company and will be credited to Investor Education & Protection Fund as and when due.

**Schedules to the Account**

20. The aggregate managerial remuneration under section 198 of Companies Act, 1956 to the Directors including Managing Director is:

**Rs in ('000)**

| Particulars   | Year ended<br>31st March, 2008 | Year ended<br>31st March, 2007 |
|---|--------------------------------|--------------------------------|
| <b>Whole Time Directors:</b>                            |                                |                                |
| Salary  | 22,173                         | 15,617                         |
| Perquisites and Reimbursements                          | 910                            | 1,262                          |
| Incentive / Bonus                                       | 11,500                         | 17,301                         |
| <b>Total Remuneration (A)</b>                           | <b>34,583</b>                  | <b>34,180</b>                  |
| <b>Non Whole Time Directors:</b>                        |                                |                                |
| Commission  | 2,208                          | 1,500                          |
| Sitting Fee   | 360                            | 160                            |
| <b>Total Remuneration (B)</b>                           | <b>2,568</b>                   | <b>1,660</b>                   |
| <b>Total Managerial Remuneration Paid/Payable (A+B)</b> | <b>37,151</b>                  | <b>35,840</b>                  |

The amounts exclude company's contribution / provision for gratuity cost and leave encashment for the year, which is determined annually on actuarial basis.

**Statement showing computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for computing the Director's remuneration:**

**(Rs '000)**

| Particulars   | Year ended<br>March 31, 2008 | Year ended<br>March 31, 2007 |
|---|------------------------------|------------------------------|
| Net Profit before tax   | 786,140                      | 394,823                      |
| Add: Depreciation as per accounts                                     | 55,504                       | 46,192                       |
| Add: Wholetime Director's Remuneration                                | 34,583                       | 34,180                       |
| Add: Directors sitting Fee  | 360                          | 160                          |
| Add: Commission to Non Whole time Directors                           | 2,208                        | 1,500                        |
| Add: Provision for Bad Debts  | 6,325                        | 4,000                        |
| Less: Depreciation as per Section 350 of the Companies Act, 1956      | 55,504                       | 46,192                       |
| Less: Bad Debts Written off   | -                            | 4,879                        |
| Less: Profit on sale of fixed assets (net)                            | 191                          | 56                           |
| Less: Profit on sale of Investment (net)                              | 14,271                       | 6                            |
| <b>Net Profit / (Loss) for the year under section 349</b>             | <b>815,154</b>               | <b>429,722</b>               |
| Maximum amount payable to Non whole time Directors (restricted to 1%) | 8,152                        | 4,297                        |
| Maximum amount payable to Whole time Directors (restricted to 10%)    | 81,515                       | 42,972                       |
| <b>Maximum Amount payable to Directors</b>                            | <b>89,667</b>                | <b>47,269</b>                |

21. **Employee Benefits**

The Company has classified the various benefits provided to employees as under:

**A. Defined Contribution Plans**

**Amount (Rs.'000)**

a) **Provident Fund**

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

|   |        |
|---|--------|
| Employers' Contribution to Provident Fund * | 14,789 |
|---|--------|

**Schedules to the Account****B. State Plans****Amount (Rs.'000)**

- a) Employers' Contribution to Employee State Insurance  
During the year, the Company has recognised the following amounts in the Profit and Loss Account -

|   |     |
|---|-----|
| Employers' Contribution to Employee State Insurance * | 323 |
|---|-----|

\*Included in Contribution to Provident and Other Funds under Personnel Expenses (Refer Schedule 15)

**C. Defined Benefit Plans**

- a) Contribution to Gratuity Funds – Life Insurance Corporation of India  
b) Leave Encashment/ Compensated Absences for Employees

|   | <b>Leave Encashment /<br/>Compensated<br/>Absences</b>               | <b>Employee's Gratuity<br/>Fund</b>                                |
|---|--|--|
| Discount Rate (per annum)                                     | 8.50%  | 8.50%  |
| Rate of increase in Compensation levels                       | 15.0% in first 4 years,<br>10.0% in next 5 years,<br>& 7% thereafter | 15.0% in first 4 years,<br>10% in next 5 years,<br>& 7% thereafter |
| Rate of Return on Plan Assets                                 | -  | 7.50%  |
| Expected Average remaining working lives of employees (years) | -  | 11.47  |

**Amount (Rs.'000)**

| <b>(A) Changes in the Present Value of Obligation</b>   | <b>Employee's Gratuity Fund</b> |
|---|---------------------------------|
| <b>Present Value of Obligation as at April 1, 2007</b>  | <b>14,138</b>                   |
| Interest Cost   | 1,155                           |
| Past Service Cost                                       | Nil                             |
| Current Service Cost                                    | 6,236                           |
| Curtailment Cost / (Credit)                             | Nil                             |
| Settlement Cost / (Credit)                              | Nil                             |
| Benefits paid   | (266)                           |
| Actuarial (gain)/ loss on obligations                   | 1,156                           |
| <b>Present Value of Obligation as at March 31, 2008</b> | <b>22,419</b>                   |
| <b>(B) Changes in the Fair value of Plan Assets</b>     | <b>Employee's Gratuity Fund</b> |
| <b>Fair Value of Plan Assets at the April 1, 2007</b>   | <b>7,622</b>                    |
| Expected Return on Plan Assets                          | 718                             |
| Actuarial Gains and Losses                              | 223                             |
| Contributions   | 5,561                           |
| Benefits Paid   | (266)                           |
| <b>Fair Value of Plan Assets at March 31, 2008</b>      | <b>13,858</b>                   |

**Schedules to the Account**

|           |  | <b>Amount (Rs.'000)</b>         |
|-----------|--|---------------------------------|
| <b>C)</b> | <b>Reconciliation of Present Value of Defined Benefit</b>            | <b>Employee's Gratuity Fund</b> |
|           | <b>Present Value of funded Obligation as at March 31, 2008</b>       | <b>(22,419)</b>                 |
|           | Fair Value of Plan Assets as at the end of the period                | <b>13,858</b>                   |
|           | Funded Status  |                                 |
|           | <b>Present Value of unfunded Obligation as at March 31, 2008</b>     | Nil                             |
|           | Unrecognized Actuarial (gains) / losses                              | Nil                             |
|           | <b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b> | <b>(8,561)</b>                  |

\*included in Employee Benefits (Refer Schedule 11)

|            |   |                                 |
|------------|---|---------------------------------|
| <b>(D)</b> | <b>Expense recognised in the Profit and Loss Account</b>            | <b>Employee's Gratuity Fund</b> |
|            | Current Service Cost  | 6,236                           |
|            | Past Service Cost   | Nil                             |
|            | Interest Cost   | 1,155                           |
|            | Expected Return on Plan Assets                                      | (718)                           |
|            | Curtailement Cost / (Credit)  | Nil                             |
|            | Settlement Cost / (Credit)  | Nil                             |
|            | Net actuarial (gain)/ loss recognized in the period                 | 933                             |
|            | <b>Total Expenses recognized in the Profit &amp; Loss Account**</b> | <b>7,606</b>                    |

\*\*Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 15)

In respect of leave encashment/compensated absence the present value of obligation is Rs. 12,259\* thousand as at March 31, 2008. The expense recognised in the profit & loss account is Rs 12,789\*\* thousand. Since the expense resulting from leave encashment/compensated absence is not significant other specific disclosures have not been given.

\*included in Employee Benefits (Refer Schedule 11)

\*\*Included in Staff Welfare and Benefits under Personnel Cost (Refer Schedule 15)

**21 (B) Employee Benefits for the previous financial year 2006-07:-**

1.1 The Company has during the year adopted Accounting Standard 15 (revised 2005) 'Employee Benefits'. Accordingly, the transitional adjustment aggregating to Rs. 3,507 Thousand (net of deferred tax asset Rs. 1,389 Thousand) has been charged against the general reserves during the year ended March 31, 2007. The details of the transitional adjustment is as follows -

|  |  | <b>(Rs.'000)</b> |
|--|--|------------------|
|  | Gratuity                               | (619)            |
|  | Leave Encashment                       | 4,126            |
|  | <b>Total</b>                           | <b>3,507</b>     |
|  | Less: deferred Tax Asset               | 1,389            |
|  | <b>Net transfer to General Reserve</b> | <b>2,118</b>     |

**Schedules to the Account**

1.2 The Company has classified the various benefits provided to employees as under –

**A Defined Contribution Plans**

## a) Provident Fund

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

**Amount  
(Rs.'000)**

|   |        |
|---|--------|
| Employers' Contribution to Provident Fund * | 10,773 |
|---|--------|

**B State Plans**

## a) Employers' Contribution to Employee's State Insurance

During the year, the Company has recognised the following amounts in the Profit and Loss Account

**Amount  
(Rs.'000)**

|   |     |
|---|-----|
| Employers' Contribution to Employee's State Insurance * | 254 |
|---|-----|

\*Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 15)

**C Defined Benefit Plans**

- a) Contribution to Gratuity Funds – Life Insurance Corporation of India.  
b) Leave Encashment/ Compensated Absences for Employees.

|   | <b>Leave Encashment /<br/>Compensated<br/>Absences</b>               | <b>Employee's Gratuity<br/>Fund</b>                                |
|---|--|--|
| Discount Rate (per annum)                                     | 8.50%  | 8.50%  |
| Rate of increase in Compensation levels                       | 15.0% in first 5 years,<br>10.0% in next 5 years,<br>& 7% thereafter | 15.0% in first 5 years,<br>10% in next 5 years,<br>& 7% thereafter |
| Rate of Return on Plan Assets                                 | -  | 7.50%  |
| Expected Average remaining working lives of employees (years) | -  | 8.37   |

**Amount (Rs. '000)**

| <b>(A) Changes in the Present Value of Obligation</b> | <b>Employee's Gratuity Fund</b> |
|---|---------------------------------|
| <b>Present Value of Obligation as at Apr 1, 2006</b>  | <b>6,570</b>                    |
| Interest Cost   | 493                             |
| Past Service Cost                                     | Nil                             |
| Current Service Cost                                  | 2,205                           |
| Curtailment Cost / (Credit)                           | Nil                             |
| Settlement Cost / (Credit)                            | Nil                             |
| Benefits paid   | (79)                            |
| Actuarial (gain)/ loss on obligations                 | 4,949                           |
| <b>Present Value of Obligation as at Mar 31, 2007</b> | <b>14,138</b>                   |

**Schedules to the Account**

**Amount (Rs. `000)**

| <b>(B) Changes in the Fair value of Plan Assets</b>   | <b>Employee's Gratuity Fund</b> |
|---|---------------------------------|
| <b>Fair Value of Plan Assets at the April 1, 2006</b> | <b>3,364</b>                    |
| Expected Return on Plan Assets                        | 266                             |
| Actuarial Gains and Losses                            | 246                             |
| Contributions   | 3,825                           |
| Benefits Paid   | (79)                            |
| <b>Fair Value of Plan Assets at March 31, 2007</b>    | <b>7,622</b>                    |

| <b>(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets</b> | <b>Employee's Gratuity Fund</b> |
|---|---------------------------------|
| <b>Present Value of funded Obligation as at March 31, 2007</b>  | <b>14,138</b>                   |
| Fair Value of Plan Assets as at the end of the period   | 7,622                           |
| Funded Status   |                                 |
| Present Value of unfunded Obligation as at March 31, 2007   | Nil                             |
| Unrecognized Actuarial (gains) / losses   | Nil                             |
| <b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>                                  | <b>6,516</b>                    |

\*included in Employee Benefits (Refer Schedule 11)

| <b>(D) Expense recognised in the Profit and Loss Account</b>        | <b>Employee's Gratuity Fund</b> |
|---|---------------------------------|
| Current Service Cost  | 2,205                           |
| Past Service Cost   | Nil                             |
| Interest Cost   | 493                             |
| Expected Return on Plan Assets                                      | (266)                           |
| Curtailment Cost / (Credit)   | Nil                             |
| Settlement Cost / (Credit)  | Nil                             |
| Net actuarial (gain)/ loss recognized in the period                 | 4703                            |
| <b>Total Expenses recognized in the Profit &amp; Loss Account**</b> | <b>7,135</b>                    |

\*\* Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 15)

In respect of leave encashment/compensated absences the present value of obligation is Rs. 7,836\* Thousand as at March 31, 2007. The expense recognised in the Profit & Loss Account is Rs 1,842\*\* Thousand. Since the expense resulting from leave encashment/compensated absence is not significant other specific disclosures have not been given.

\* included in Employee Benefits (Refer Schedule 11)

\*\* Included in Staff Welfare and Benefits under Personnel Cost (Refer Schedule 15)

22. Previous year's figures have been regrouped / recast to confirm to current year's presentation.



# Auditors' Report

## TO THE BOARD OF DIRECTORS OF INFO EDGE (INDIA) LIMITED

1. We have audited the attached consolidated balance sheet of Info Edge (India) Limited and its subsidiaries (The Group) as at 31st March, 2008, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Info Edge (India) Limited and its subsidiaries included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Info Edge (India) Limited and its aforesaid subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31st March 2008;
  - (b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Group for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

**Kaushik Dutta**

Membership No. F - 88540

*Partner*

For and on behalf of

Price Waterhouse

*Chartered Accountants*

Date : April 30, 2008

Place: Gurgaon

# Consolidated Balance Sheet

as at March 31, 2008

|   | Schedule | As at                       |                             |
|---|----------|-----------------------------|-----------------------------|
|   |          | March 31, 2008<br>(Rs.'000) | March 31, 2007<br>(Rs.'000) |
| <b>SOURCES OF FUNDS</b>                       |          |                             |                             |
| <b>SHAREHOLDERS FUNDS</b>                     |          |                             |                             |
| Capital                                       | 1        | 272,953                     | 272,953                     |
| Stock Options Outstanding Account             | 2        | 17,584                      | 4,851                       |
| Reserves and Surplus                          | 3        | 2,390,687                   | 1,856,981                   |
| <b>LOAN FUNDS</b>                             |          |                             |                             |
| Secured Loans                                 | 4        | 4,420                       | 3,829                       |
| Unsecured Loan                                | 5        | -                           | 4                           |
|   |          | <b>2,685,644</b>            | <b>2,138,618</b>            |
| <b>APPLICATION OF FUNDS</b>                   |          |                             |                             |
| <b>GOODWILL ON CONSOLIDATION</b>              |          |                             |                             |
| (Refer Note 3 on Schedule 19)                 |          | 253                         | 253                         |
| <b>FIXED ASSETS</b>                           |          |                             |                             |
| Gross Block                                   | 6        | 473,971                     | 203,864                     |
| Less : Depreciation                           |          | 155,816                     | 102,296                     |
| Net Block                                     |          | 318,155                     | 101,568                     |
| Capital Advances                              |          | 63,397                      | 2,012                       |
| <b>Deferred Tax Asset (Net)</b>               | 7        | 11,293                      | 6,724                       |
| <b>INVESTMENTS</b>                            | 8        | 2,653,580                   | 2,180,097                   |
| <b>ADVANCE RECOVERABLE FROM ESOP TRUST</b>    |          | 13,335                      | 16,292                      |
| (Refer Note 10 & 11 on Schedule 20)           |          |                             |                             |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>     |          |                             |                             |
| Sundry Debtors                                | 9        | 35,618                      | 22,579                      |
| Cash and Bank Balances                        | 10       | 486,418                     | 415,532                     |
| Loans and Advances and Other Current Assets   | 11       | 124,386                     | 97,424                      |
|   |          | 646,422                     | 535,535                     |
| Less : Current Liabilities and Provisions     | 12       |                             |                             |
| Current Liabilities                           |          | 976,021                     | 664,446                     |
| Provisions                                    |          | 44,770                      | 39,417                      |
|   |          | 1,020,791                   | 703,863                     |
| <b>NET CURRENT ASSETS</b>                     |          | (374,369)                   | (168,328)                   |
| <b>MISCELLANEOUS EXPENDITURE</b>              | 13       | -                           | -                           |
| ( to the extent not written off or adjusted ) |          |                             |                             |
|   |          | <b>2,685,644</b>            | <b>2,138,618</b>            |

SIGNIFICANT ACCOUNTING POLICIES 19  
NOTES TO ACCOUNTS 20

This is the Consolidated Balance Sheet referred to in our report of even date.

The schedules referred to above form an integral part of these accounts.

Kaushik Dutta  
Partner  
Membership Number F-88540  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director & CFO

Date : April 30, 2008  
Place : Noida

Amit Gupta  
Company Secretary

# Consolidated Profit and Loss Account for the year ended March 31, 2008

|  | Schedule | Year ended<br>March 31, 2008 |                  | Year ended<br>March 31, 2007 |                  |
|--|----------|------------------------------|------------------|------------------------------|------------------|
|  |          | (Rs.'000)                    | (Rs.'000)        | (Rs.'000)                    | (Rs.'000)        |
| <b>INCOME</b>  |          |                              |                  |                              |                  |
| Sales (Refer Note 7 on Schedule 19)                                      |          | 2,364,901                    |                  | 1,575,152                    |                  |
| Less : Service Tax   |          | (175,512)                    | 2,189,389        | (179,457)                    | 1,395,695        |
| Other Income   | 14       |                              | 207,258          |                              | 75,987           |
|  |          |                              | <b>2,396,647</b> |                              | <b>1,471,682</b> |
| <b>EXPENDITURE</b>   |          |                              |                  |                              |                  |
| Advertising and Promotion Cost   |          |                              | 481,244          |                              | 300,377          |
| Administration and Other expenses  | 15       |                              | 256,072          |                              | 171,755          |
| Personnel expenses   | 16       |                              | 746,278          |                              | 492,362          |
| Network and Other charges  | 17       |                              | 60,531           |                              | 58,988           |
| Finance and Bank Charges   | 18       |                              | 11,200           |                              | 6,969            |
| Depreciation   | 6        |                              | 55,513           |                              | 46,208           |
|  |          |                              | <b>1,610,838</b> |                              | <b>1,076,659</b> |
| <b>NET PROFIT BEFORE TAX</b>   |          |                              | <b>785,809</b>   | <b>395,023</b>               |                  |
| Tax Expense  |          |                              |                  |                              |                  |
| - Current Tax (including for earlier years)                              |          |                              | 228,151          |                              | 126,056          |
| - Deferred Tax   | 7        |                              | (4,569)          |                              | (7,707)          |
| - Fringe Benefit Tax   |          |                              | 7,747            |                              | 5,871            |
| <b>NET PROFIT AFTER TAX</b>  |          |                              | <b>554,480</b>   | <b>270,803</b>               |                  |
| <b>Balance brought forward</b>   |          |                              | 253,572          | 6,719                        |                  |
| Transfer from Stock Options Outstanding Account                          |          |                              | 3,225            | 6,610                        |                  |
| <b>APPROPRIATIONS</b>  |          |                              |                  |                              |                  |
| Proposed dividend  |          |                              | 20,471           | 20,471                       |                  |
| Dividend Tax   |          |                              | 3,479            | 3,479                        |                  |
| Transfer to General Reserve (Employee Stock Options Outstanding Account) |          |                              | 3,225            | 6,610                        |                  |
| Transfer to General Reserve  |          |                              | -                | -                            |                  |
| <b>BALANCE CARRIED TO THE BALANCE SHEET</b>                              |          |                              | <b>784,102</b>   | <b>253,572</b>               |                  |

**Earnings Per Share - Basic and Diluted** (Refer Note 8 on Schedule 20) 20.31 11.31

SIGNIFICANT ACCOUNTING POLICIES 19

NOTES TO ACCOUNTS 20

This is the Consolidated Profit and Loss Account referred to in our report of even date. The schedules referred to above form an integral part of these accounts.

Kaushik Dutta  
Partner  
Membership Number F-88540  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director & CFO

Date : April 30, 2008  
Place : Noida

Amit Gupta  
Company Secretary

# Consolidated Cash Flow Statement for the year ended March 31, 2008

|   | For the year ended<br>March 31, 2008<br>Amount (Rs.'000) | For the year ended<br>March 31, 2007<br>Amount (Rs.'000) |
|---|--|--|
| <b>A. Cash flow from operating activities:</b>                    |  |  |
| <b>Net profit before tax</b>                                      | <b>785,809</b>   | <b>395,023</b>   |
| <b>Adjustments for:</b>   |  |  |
| Depreciation  | 55,513   | 46,208   |
| Interest Expense  | 394  | 259  |
| Interest Income   | (33,731)   | (20,219)   |
| Interest received on income tax refund                            | (2,191)  | -  |
| Income from Investment - Dividends                                | (144,245)  | (46,125)   |
| (Profit)/Loss on Fixed Assets sold                                | (191)  | (56)   |
| (Profit)/Loss on sale of Investments                              | (14,271)   | (6)  |
| Provision for Bad & Doubtful Debts                                | 6,325  | 4,000  |
| Liability no longer required written back                         | (12,137)   | (9,039)  |
| Provision for Gratuity & Leave Encashment                         | 6,468  | 4,756  |
| TDS on revenue receipts   | (119,546)  | (44,763)   |
| Employee Stock Option Scheme Compensation Expense                 | 18,915   | 5,208  |
| <b>Operating profit before working capital changes</b>            | <b>547,112</b>   | <b>335,246</b>   |
| <b>Adjustments for changes in working capital :</b>               |  |  |
| - (Increase)/Decrease in Sundry Debtors                           | (19,364)   | (14,355)   |
| - (Increase)/Decrease in Loans, Advances and Other Current Assets | (36,389)   | (33,750)   |
| - Increase/(Decrease) in Current Liabilities and Provisions       | 314,916  | 313,991  |
| <b>Cash generated from operating activities</b>                   | <b>806,275</b>   | <b>601,132</b>   |
| - Taxes (Paid) / Received (Net of TDS)                            | (100,028)  | (81,133)   |
| <b>Net cash from operating activities</b>                         | <b>706,247</b>   | <b>519,999</b>   |
| <b>B. Cash flow from Investing activities:</b>                    |  |  |
| Purchase of fixed assets  | (326,241)  | (53,618)   |
| Proceeds from Sale of fixed assets                                | 1,780  | 187  |
| Proceeds from switch out of investments                           | 6,481,538  | -  |
| Proceeds from Sale of Investments                                 | 3,288,376  | 1,235,728  |
| Outflow from Switch In of Investments                             | (6,481,538)  | -  |
| Purchase of Investments   | (3,727,640)  | (3,290,000)  |
| Interest Received (Revenue)                                       | 25,671   | 15,055   |
| Interest received on income tax refund                            | 2,191  | -  |
| Dividend Received   | 144,245  | 46,125   |
| Amount Paid on Acquisition  | (19,995)   | -  |
| <b>Net cash used in investing activities</b>                      | <b>(611,613)</b>   | <b>(2,046,523)</b>                                       |
| <b>C. Cash flow from financing activities:</b>                    |  |  |
| Proceeds from long term borrowings (Net)                          | 591  | 2,018  |
| Proceed from fresh issue of share capital (Net)                   | -  | 1,637,617  |
| Interest Paid   | (389)  | (243)  |
| Dividend Paid   | (20,471)   | (16,377)   |
| Dividend Tax Paid   | (3,479)  | (2,297)  |
| <b>Net cash used in financing activities</b>                      | <b>(23,748)</b>  | <b>1,620,718</b>   |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>     | <b>70,886</b>  | <b>94,194</b>  |
| <b>Opening Balance of Cash and cash equivalents</b>               | <b>415,532</b>   | <b>321,338</b>   |
| <b>Closing Balance of Cash and cash equivalents</b>               | <b>486,418</b>   | <b>415,532</b>   |
| <b>Cash and cash equivalents comprise</b>                         |  |  |
| Cash in hand  | 2,326  | 3,708  |
| Balance with Scheduled Banks                                      |  |  |
| -in current accounts (Refer note 2 and 3 below)                   | 136,495  | 94,051   |
| -in fixed deposits  | 347,597  | 317,773  |
| <b>Total</b>  | <b>486,418</b>   | <b>415,532</b>   |

**Notes :**

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard-3 on Cash Flow Statement, prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 07, 2006.
- Balance with scheduled bank in current account includes Rs 209 Thousand (previous year 2,291 Thousand) in respect of unpaid application money due for refund, which is not available for use by the company.
- Balance with scheduled bank in current account includes Rs 21 Thousand (previous year NIL) in respect of unclaimed dividend due for refund, which is not available for use by the company.
- Figures in brackets indicate Cash out Flow.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

Kaushik Dutta  
Partner  
Membership Number F-88540  
For and on behalf of  
Price Waterhouse  
Chartered Accountants  
Date : April 30, 2008  
Place : Noida

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director  
Amit Gupta  
Company Secretary

Ambarish Raghuvanshi  
Director & CFO

# Schedules

 forming part of the Consolidated Balance Sheet

|   | Year ended<br>March 31, 2008<br>(Rs.'000) |                  | Year ended<br>March 31, 2007<br>(Rs.'000) |                  |
|---|---|------------------|---|------------------|
| <b>SCHEDULE 1</b>   |   |                  |   |                  |
| <b>SHARE CAPITAL</b>  |   |                  |   |                  |
| <b>AUTHORISED CAPITAL</b>   |   |                  |   |                  |
| 40,000 Thousand Equity Shares of Rs.10/- each<br>(Previous year - 40,000 Thousand Equity Shares of Rs. 10/- each)   |   | 400,000          |   | 400,000          |
| <b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>   |   |                  |   |                  |
| 27,295 Thousand Equity Shares of Rs. 10/- each fully paid up<br>(Previous year - 27,295 Thousand Equity Shares of Rs. 10/- each fully paid up)  |   | 272,953          |   | 272,953          |
| [Of the above, 21,705 Thousand Equity Shares of Rs.10/- each<br>(Previous year 21,705 Thousand Equity Shares of Rs.10 each)<br>were allotted as fully paid up by way of bonus shares out of<br>Securities Premium, General Reserve and Profit & Loss Account] |   |                  |   |                  |
|   |   | <b>272,953</b>   |   | <b>272,953</b>   |
| <b>SCHEDULE 2</b>   |   |                  |   |                  |
| <b>STOCK OPTIONS OUTSTANDING ACCOUNT</b>  |   |                  |   |                  |
| (Refer Note 13 on Schedule 19 and Note 11 on Schedule 20)   |   |                  |   |                  |
| Opening Balance   | 4,851                                     |                  | 6,253                                     |                  |
| Add: Transfer during the year   | 18,915                                    |                  | 5,208                                     |                  |
| Less: Adjusted against advance given to Info Edge Employees<br>Stock Option Trust   | 2,957                                     |                  | -   |                  |
| Less: Transfer to Profit & Loss Account   | 3,225                                     |                  | 6,610                                     |                  |
|   |   | 17,584           |   | 4,851            |
|   |   | <b>17,584</b>    |   | <b>4,851</b>     |
| <b>SCHEDULE 3</b>   |   |                  |   |                  |
| <b>RESERVES AND SURPLUS</b>   |   |                  |   |                  |
| <b>Securities Premium</b>   |   |                  |   |                  |
| Opening Balance   | 1,583,026                                 |                  | -   |                  |
| Add: Additions during the year  | -   |                  | 1,686,899                                 |                  |
| Less: Utilisation for writing off expenses on issue of equity shares  | -   | 1,583,026        | 103,873                                   | 1,583,026        |
| <b>Profit &amp; Loss Account Balance</b>  |   |                  |   |                  |
| Opening Balance   | 253,572                                   |                  | 6,719                                     |                  |
| Add: Transfer from Profit & Loss Account  | 530,530                                   | 784,102          | 246,853                                   | 253,572          |
| <b>General Reserve</b>  |   |                  |   |                  |
| Opening Balance   | 20,383                                    |                  | 15,891                                    |                  |
| Less: Additional charge on initial adoption of AS 15<br>(Revised 2005)- Employee Benefits*  | -   |                  | 2,118                                     |                  |
| Add: Transfer from Profit and Loss Account<br>(Stock Options Outstanding Account)   | 3,225                                     | 23,608           | 6,610                                     | 20,383           |
| <b>Foreign Currency Translation Reserve</b>   |   |                  |   |                  |
|   |   | (49)             |   | -                |
|   |   | <b>2,390,687</b> |   | <b>1,856,981</b> |
| * Refer Note 17 on Schedule 20  |   |                  |   |                  |
| <b>SCHEDULE 4</b>   |   |                  |   |                  |
| <b>SECURED LOANS</b>  |   |                  |   |                  |
| Deferred payment liability (Refer Note 6 on Schedule 20)<br>(Secured by way of hypothecation of vehicles)<br>[Payable within one year Rs. 2,324 Thousand<br>(Previous year Rs. 1,682 Thousand)]   |   | 4,420            |   | 3,829            |
|   |   | <b>4,420</b>     |   | <b>3,829</b>     |

# Schedules

forming part of the Consolidated Balance Sheet

## SCHEDULE 5 UNSECURED LOANS

Payable to Director

(Amount due to Director Rs NIL (Previous Year Rs. 4 Thousand)

|       |       |
|-------|-------|
| _____ | 4     |
| _____ | 4     |
| ===== | ===== |

## Schedule 6 : FIXED ASSETS (Refer Note 4,5 and 10 on Schedule 19)

(Rs. '000)

| Description                    | GROSS BLOCK         |                           |                           |                      | DEPRECIATION        |   |                                       |                      | NET BLOCK            |                      |
|--------------------------------|---------------------|---------------------------|---------------------------|----------------------|---------------------|---|---------------------------------------|----------------------|----------------------|----------------------|
|                                | As at April 1, 2007 | Additions during the Year | Deletions during the Year | As at March 31, 2008 | Up to April 1, 2007 | Depreciation/ Amortisation for the year | Accumulated Depreciation on Deletions | Up to March 31, 2008 | As at March 31, 2008 | As at March 31, 2007 |
| <b>OWN ASSETS</b>              |                     |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| <b>Intangible Assets</b>       |                     |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| Goodwill                       | 265                 | -                         | -                         | 265                  | 203                 | 33                                      | -                                     | 236                  | 29                   | 62                   |
| Operating and Marketing Rights | 27,560              | -                         | -                         | 27,560               | 14,044              | 5,512                                   | -                                     | 19,556               | 8,004                | 13,516               |
| <b>Tangible Assets</b>         |                     |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| Leasehold Land                 | -                   | 202,457                   | -                         | 202,457              | -                   | 218                                     | -                                     | 218                  | 202,239              | -                    |
| Leasehold Improvements         | 35,837              | 19,141                    | -                         | 54,978               | 14,253              | 9,624                                   | -                                     | 23,877               | 31,101               | 21,584               |
| Computers and Software         | 84,267              | 33,838                    | 457                       | 117,648              | 42,892              | 25,316                                  | 197                                   | 68,011               | 49,637               | 41,375               |
| Plant and Machinery            | 11,244              | 2,139                     | 941                       | 12,442               | 7,651               | 1,394                                   | 829                                   | 8,216                | 4,226                | 3,593                |
| Furniture and Fixtures         | 15,889              | 1,425                     | -                         | 17,314               | 9,879               | 2,909                                   | -                                     | 12,788               | 4,526                | 6,010                |
| Office Equipment               | 19,195              | 10,370                    | 215                       | 29,350               | 10,017              | 7,890                                   | 23                                    | 17,884               | 11,466               | 9,178                |
| Vehicles                       | 733                 | -                         | -                         | 733                  | 441                 | 92                                      | -                                     | 533                  | 200                  | 292                  |
| <b>Leased Assets</b>           |                     |                           |                           |                      |                     |   |                                       |                      |                      |                      |
| Vehicles                       | 8,874               | 4,319                     | 1,969                     | 11,224               | 2,916               | 2,525                                   | 944                                   | 4,497                | 6,727                | 5,958                |
| <b>Total</b>                   | <b>203,864</b>      | <b>273,689</b>            | <b>3,582</b>              | <b>473,971</b>       | <b>102,296</b>      | <b>55,513</b>                           | <b>1,993</b>                          | <b>155,816</b>       | <b>318,155</b>       | <b>101,568</b>       |
| Capital Advances               | -                   | -                         | -                         | -                    | -                   | -                                       | -                                     | -                    | 63,397               | 2,012                |
| <b>Previous year</b>           | <b>151,538</b>      | <b>52,984</b>             | <b>658</b>                | <b>203,864</b>       | <b>56,615</b>       | <b>46,208</b>                           | <b>527</b>                            | <b>102,296</b>       | <b>101,568</b>       |                      |

|   |   |
|---|---|
| <b>As at<br/>March 31, 2008<br/>(Rs.'000)</b> | <b>As at<br/>March 31, 2007<br/>(Rs.'000)</b> |
|---|---|

## SCHEDULE 7 DEFERRED TAX ASSET/ (LIABILITY)

(Refer Note 11 on Schedule 19 and Note 3 on Schedule 20)

Deferred Tax Asset / (Liability)

|  |               |              |
|--|---------------|--------------|
| - Opening Balance  | 6,724         | (2,372)      |
| - Deferred Tax asset on adoption of AS-15 (Revised 2005) | -             | 1,389        |
| - Adjustment for the current year                        | 4,569         | 7,707        |
|  | <b>11,293</b> | <b>6,724</b> |

## SCHEDULE 8 INVESTMENTS

(Refer Note 8 on Schedule 19)

### Other Investments

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| <b>- Long Term (Unquoted)</b>  |                  |                  |
| -Debt Mutual Funds             | 1,536,961        | 180,000          |
| - Equity Shares (Unquoted)     | 19,950           | -                |
| <b>- Short Term (Unquoted)</b> |                  |                  |
| -Debt Mutual Funds             | 1,096,669        | 2,000,097        |
|                                | <b>2,653,580</b> | <b>2,180,097</b> |

# Schedules

forming part of the Consolidated Balance Sheet

|   | As at<br>March 31, 2008<br>(Rs.'000) |                | As at<br>March 31, 2007<br>(Rs.'000) |                |
|---|--------------------------------------|----------------|--------------------------------------|----------------|
| <b>SCHEDULE 9</b>   |                                      |                |                                      |                |
| <b>SUNDRY DEBTORS</b>   |                                      |                |                                      |                |
| (Unsecured ,Considered good unless specifically indicated)  |                                      |                |                                      |                |
| <b>Debts outstanding for a period exceeding six months</b>  |                                      |                |                                      |                |
| Considered doubtful   | 388                                  |                | 329                                  |                |
| Less: Provision for Doubtful Debts  | 388                                  | -              | 329                                  | -              |
| <b>Other Debts</b>  |                                      |                |                                      |                |
| Considered good   |                                      | 35,618         |                                      | 22,579         |
| Considered doubtful   | 5,937                                |                | 3,671                                |                |
| Less: Provision for Doubtful Debts  | 5,937                                | -              | 3,671                                | -              |
|   |                                      | <b>35,618</b>  |                                      | <b>22,579</b>  |
| <b>SCHEDULE 10</b>  |                                      |                |                                      |                |
| <b>CASH AND BANK BALANCES</b>   |                                      |                |                                      |                |
| Cash in hand  |                                      | 2,326          |                                      | 1,417          |
| Bank Balances with scheduled banks :-   |                                      |                |                                      |                |
| -in Current Accounts  |                                      | 136,265        |                                      | 94,051         |
| -in Fixed Deposit Accounts  |                                      | 347,597        |                                      | 317,773        |
| Unpaid Application Money received by the company for allotment of securities and due for refund *   |                                      | 209            |                                      | 2,291          |
| Unclaimed Dividend (F.Y. 2006-07) *   |                                      | 21             |                                      | -              |
| * (Not available for use by the company)  |                                      |                |                                      |                |
|   |                                      | <b>486,418</b> |                                      | <b>415,532</b> |
| <b>SCHEDULE 11</b>  |                                      |                |                                      |                |
| <b>LOANS AND ADVANCES AND OTHER CURRENT ASSETS</b>  |                                      |                |                                      |                |
| (Unsecured, considered good)  |                                      |                |                                      |                |
| Advance recoverable in cash or in kind or for value to be received *  |                                      | 69,190         |                                      | 23,834         |
| Balance with Service Tax Authorities  |                                      | -              |                                      | 9,358          |
| Security Deposits   |                                      | 43,683         |                                      | 43,339         |
| Advance Tax   | 435,376                              |                | 256,616                              |                |
| Less: Provision for Tax   | 427,120                              | 8,256          | 237,028                              | 19,588         |
| Advance Tax - Fringe Benefits   | 19,524                               |                | -                                    |                |
| Less: Provision for Tax - Fringe Benefits   | 18,309                               | 1,215          | -                                    | -              |
| Interest Accrued on Fixed Deposits  |                                      | 2,042          |                                      | 1,305          |
|   |                                      | <b>124,386</b> |                                      | <b>97,424</b>  |
| * Includes Rs 335 Thousand (Previous year Rs 1,106 Thousand) outstanding with directors<br>Maximum amount outstanding during the year Rs 3,381 Thousand (Previous year Rs 2,072 Thousand) |                                      |                |                                      |                |

# Schedules forming part of the Consolidated Balance Sheet

|   | As at<br>March 31, 2008 |                | As at<br>March 31, 2007 |                |
|---|-------------------------|----------------|-------------------------|----------------|
|   | (Rs.'000)               | (Rs.'000)      | (Rs.'000)               | (Rs.'000)      |
| <b>SCHEDULE 12</b>  |                         |                |                         |                |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>   |                         |                |                         |                |
| <b>CURRENT LIABILITIES</b>  |                         |                |                         |                |
| Sundry Creditors (Refer Note 4 on Schedule 20)  |                         |                |                         |                |
| - total outstanding dues of Micro and Small enterprises   | -                       |                | -                       |                |
| - total outstanding dues of Creditors other than Micro and Small enterprises                      | 247,638                 | 247,638        | 142,035                 | 142,035        |
| Credit Bank Balances  |                         | 31,222         |                         | -              |
| Deferred Sales Revenue (Refer Note 7 on Schedule 19)  |                         | 628,070        |                         | 477,578        |
| Accrued Bonus   |                         | 37,795         |                         | 23,360         |
| Unpaid Application Money received by the company for allotment of securities and due for refund * |                         | 209            |                         | 2,291          |
| Unclaimed Dividend (F.Y. 2006-07) *   |                         | 21             |                         | -              |
| Other liabilities   |                         | 31,041         |                         | 19,162         |
| Interest accrued but not due on loans   |                         | 25             |                         | 20             |
|   |                         | <b>976,021</b> |                         | <b>664,446</b> |
| * Will be credited to Investor Education and Protection Fund as and when due                      |                         |                |                         |                |
| <b>PROVISIONS</b>   |                         |                |                         |                |
| Employee benefits<br>(Refer Note 9 on Schedule 19 and Note 17 on Schedule 20)                     |                         | 20,820         |                         | 14,352         |
| Provision for Tax - Fringe Benefits   | -                       |                | 9,231                   |                |
| Less: Advance Tax - Fringe Benefits   | -                       | -              | 8,116                   | 1,115          |
| Proposed Dividend   |                         | 20,471         |                         | 20,471         |
| Dividend Tax  |                         | 3,479          |                         | 3,479          |
|   |                         | <b>44,770</b>  |                         | <b>39,417</b>  |
| <b>SCHEDULE 13</b>  |                         |                |                         |                |
| <b>MISCELLANEOUS EXPENDITURE</b>  |                         |                |                         |                |
| (To the extent not written off or adjusted)   |                         |                |                         |                |
| Opening Balance   |                         | -              |                         | 300            |
| Add: Additions during the year  |                         | -              |                         | 103,573        |
| Less: Written off against securities premium  |                         | -              |                         | 103,873        |
|   |                         | -              |                         | -              |



# Schedules forming part of the Consolidated Profit & Loss Account

| Schedule   | Year ended<br>March 31, 2008 |                | Year ended<br>March 31, 2007 |                |
|--|------------------------------|----------------|------------------------------|----------------|
|  | (Rs.'000)                    | (Rs.'000)      | (Rs.'000)                    | (Rs.'000)      |
| <b>SCHEDULE 14<br/>OTHER INCOME</b>  |                              |                |                              |                |
| Interest Received:   |                              |                |                              |                |
| - On Fixed Deposits  | 31,919                       |                | 20,219                       |                |
| [Tax deducted at source Rs. 6,912 Thousand<br>(Previous year Rs. 4,209 Thousand )]                     |                              |                |                              |                |
| - On Vendor Advance  | 1,812                        |                | -                            |                |
| [Tax deducted at source Rs. 411 Thousand (Previous year Nil)]  |                              | 33,731         |                              | 20,219         |
| Dividend Income from Mutual Funds  |                              | 144,245        |                              | 46,125         |
| Profit on sale of Investment (net)   |                              | 14,271         |                              | 6              |
| Profit on sale of Fixed Assets (net)   |                              | 191            |                              | 56             |
| Provision no longer required written back  |                              | 12,137         |                              | 9,039          |
| Interest received on Income Tax Refund   |                              | 2,191          |                              | -              |
| Miscellaneous Income   |                              | 492            |                              | 542            |
|  |                              | <b>207,258</b> |                              | <b>75,987</b>  |
| <b>SCHEDULE 15<br/>ADMINISTRATION AND OTHER EXPENSES</b>   |                              |                |                              |                |
| Electricity and Water  |                              | 18,327         |                              | 13,475         |
| Rent (Refer Note 5 on Schedule 20)   |                              | 68,623         |                              | 38,568         |
| Repairs and Maintenance (Building)   |                              | 11,240         |                              | 8,166          |
| Repairs and Maintenance (Machinery)  |                              | 6,338          |                              | 5,340          |
| Legal and Professional Charges   |                              | 19,065         |                              | 10,931         |
| Rates & Taxes  |                              | 1,861          |                              | 2              |
| Insurance  |                              | 5,660          |                              | 3,003          |
| Communication expenses   |                              | 36,577         |                              | 25,970         |
| Travel & Conveyance  |                              | 37,969         |                              | 30,619         |
| Bad Debts  |                              | -              |                              | 4,879          |
| Provision for Doubtful Debts   |                              | 6,325          |                              | 4,000          |
| Miscellaneous expenses   |                              | 44,087         |                              | 26,802         |
|  |                              | <b>256,072</b> |                              | <b>171,755</b> |
| <b>SCHEDULE 16<br/>PERSONNEL EXPENSES</b>  |                              |                |                              |                |
| (Refer Note 9 on Schedule 19 and Note 17 on Schedule 20)   |                              |                |                              |                |
| Salaries,Wages and Bonus   |                              | 536,500        |                              | 319,881        |
| Contributions to Provident and other funds   |                              | 22,724         |                              | 18,162         |
| Sales Incentives and Commissions   |                              | 105,498        |                              | 100,467        |
| Staff Welfare and Benefits   |                              | 32,029         |                              | 20,311         |
| Employee Stock Option Scheme Compensation<br>(Refer Note 13 on Schedule 19 and Note 11 on Schedule 20) |                              | 18,915         |                              | 5,208          |
| Other Employee Expenses  |                              | 30,612         |                              | 28,333         |
|  |                              | <b>746,278</b> |                              | <b>492,362</b> |
| <b>SCHEDULE 17<br/>NETWORK AND OTHER CHARGES</b>   |                              |                |                              |                |
| Internet and Server Charges  |                              | 56,070         |                              | 51,525         |
| Others   |                              | 4,461          |                              | 7,463          |
|  |                              | <b>60,531</b>  |                              | <b>58,988</b>  |
| <b>SCHEDULE 18<br/>FINANCE AND BANK CHARGES</b>  |                              |                |                              |                |
| Interest on fixed loans  |                              | 394            |                              | 259            |
| Bank Charges   |                              | 10,806         |                              | 6,710          |
|  |                              | <b>11,200</b>  |                              | <b>6,969</b>   |

## SCHEDULE 19

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Background

Info Edge (India) Limited (the Company) was incorporated under the laws of India on May 1, 1995 and has three Subsidiaries as at March 31, 2008 i.e. Jeevansathi Internet Services Private Limited (wholly owned subsidiary) , Naukri Internet Services Private Limited and Info (Edge) India Mauritius Ltd (wholly owned subsidiary).

#### 2. Basis of Preparation of Financial Statements

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements” notified u/s 211(3C) of the Companies Act, 1956. The Consolidated Financial Statements of Info Edge (India) Limited include the accounts of Naukri Internet Services Private Limited (NISPL), Jeevansathi Internet Services Private Limited (JISPL) and Info (Edge) India Mauritius Ltd. (collectively referred to as the “Group”) after elimination of all inter company accounts and transactions and are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India and the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956. Reserves shown in the consolidated balance sheet represent the Group’s share in the respective reserves of the Group companies.

#### 3. Goodwill on Consolidation

Goodwill represents the difference between the cost of acquisition and the company’s share in the net worth of a subsidiary at each point of time of making the investment in the subsidiary. For this purpose, the Group’s share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of the respective acquisition.

#### 4. Fixed Assets

Fixed Assets are stated at cost of acquisition along with related taxes, duties and incidental expenses related to these assets.

Intangible assets are stated at their cost of acquisition.

#### 5. Depreciation

Fixed Assets are depreciated under Straight Line Method over the estimated useful lives of the assets, which are as follows:

| <b>Assets</b>        | <b>Estimated life (Years)</b> |
|----------------------|-------------------------------|
| Computers & Software | 3                             |
| Office Equipment     | 3                             |
| Vehicles             | 4                             |
| Plant and Machinery  | 5                             |
| Furniture & Fixtures | 7                             |

Leasehold Land and Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the related assets.

Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

The goodwill arising on the acquisition of Quadrangle is being written off over a period of 8 years.

Cost of Operating and Marketing rights acquired is amortised over a period of 5 years.

The effective rates of depreciation based on the estimated useful lives are above the minimum rates as prescribed by Schedule XIV of the Act.

#### 6. Foreign Currency Transactions

Transactions in foreign currency are accounted for at the rate prevailing on the date of the transaction. Gain/Loss arising out of fluctuation in rate between the transaction date and settlement date are recognized in the Profit and Loss Account. Foreign currency current assets and current liabilities are restated at the exchange rate prevailing at the year end and the overall net gains/loss is adjusted to the Profit and Loss Account. Gain /Loss on consolidation of foreign subsidiary is taken to Foreign Currency Translation Reserve.

## 7. Revenue Recognition

The Company earns revenue significantly from four sources viz.

- Its career web site, Naukri.com
- Matrimonial web site, Jeevansathi .com
- Real Estate Portal, 99acres.com
- Placement Search, Quadrangle

Revenue from Naukri.com is received in the form of fees, which is recognised ratably over the subscription/ advertising agreement, usually ranging between one to twelve months. Revenue is not recognised in instances where there is uncertainty with regard to ultimate collection. In such case revenue is recognised on reasonable certainty of collection.

Revenue from Jeevansathi.com and 99acres.com is received in the form of subscription fees, which is recognised over the period of subscription, usually ranging between one to twelve months.

Commission income on property bookings placed with builders/developers is accrued once the related services have been rendered by the company.

The unaccrued amounts are not recognised as income till all obligations are fulfilled and are reflected in the Balance Sheet as Deferred Sales Revenue.

Revenue from Placement Search, Quadrangle is received in the form of fees, for placements at various levels in a client's organization. Revenue is booked on the successful completion of the search and selection activity.

## 8. Investments

Long-term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

## 9. Employee Benefits (Refer Note 17 on Schedule 20 to Accounts)

The company has Defined Contribution plan for the post employment benefits namely Provident Fund which is recognized by the income tax authorities. These funds are administered through the Regional Provident Fund Commissioner and the Company's contributions thereto are charged to revenue every year. The Company's contribution to state plans namely Employee State Insurance Fund is charged to revenue every year.

The Company has Defined Benefit plans namely leave encashment, compensated absence and gratuity for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. The Gratuity Fund is recognized by the income tax authorities and is administered through Life Insurance Corporation of India under its Group Gratuity Scheme.

Termination benefits are recognized as an expense immediately.

Gains and losses arising out of actuarial evaluations are recognized immediately in the Profit and Loss Account as income or expense.

In the year of transition, the difference between transitional liability and the liability that would have been recognized at the beginning of the financial year under the company's previous accounting policy is adjusted against the opening revenue reserves of the financial year in accordance with Accounting Standard 15 (revised 2005) 'Employee Benefits'.

## 10. Leased Assets

### a) Lease transactions entered into prior to April 1, 2001:

Lease rentals in respect of assets acquired on lease are charged to the Profit and Loss Account on accrual basis.

### b) Lease transactions entered into on or after April 1, 2001:

- i) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii) Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expense in the Profit and Loss Account on a straight line basis over the lease term.

**11. Taxes on Income**

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. Deferred tax assets are recognized and carried forward only to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

**12. Earnings Per Share (EPS)**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and include the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

**13. Employee Stock Option Based Compensation**

Stock options granted to the employees and to the non-executive Directors who accepted the grant under the Company's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme) Guidelines, 1999. The Company follows the intrinsic value method and accordingly, the excess, if any, of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognized as employee compensation cost and amortised on straight line basis over the vesting period.

**SCHEDULE 20****Notes to Accounts**

1. Info Edge (India) Limited (the Company) has three Subsidiaries as at March 31, 2008 i.e. Jeevansathi Internet Services Private Limited (wholly owned subsidiary), Naukri Internet Services Private Limited and Info Edge (India) Mauritius Ltd. (wholly owned subsidiary) with the dates of incorporation and country of origin of respective subsidiary given below:

| Name of the Subsidiary                                | Date of Incorporation | Country of Origin | Date of Acquisition |
|---|-----------------------|-------------------|---------------------|
| Naukri Internet Services Private Limited (NISPL)*     | December 9, 1999      | India             | January 30, 2002    |
| Jeevansathi Internet Services Private Limited (JISPL) | December 9, 1999      | India             | September 13, 2004  |
| Info Edge (India) Mauritius Limited                   | October 30, 2007      | Mauritius         | January 18, 2008    |

\*The company has 99.80% of share holding in NISPL. The consolidation of profit/(loss) and assets and liabilities has been done on a 100% basis as the share of minority was immaterial.

The company has 100% of share holding in JISPL and Info Edge (India) Mauritius Ltd as on March 31, 2008

2. As at March 31, 2008 the estimated value of contracts remaining to be executed on capital account and not provided for is Rs 361,821 Thousand (Previous Year Rs.5,409 Thousand) net of advances of Rs 63,397 Thousand (Previous Year of Rs. 2,012 Thousand).

**3. Deferred Taxes**

Significant components of deferred tax assets/ (liabilities) are shown in the following table:

|  | <b>As at<br/>March 31, 2008<br/>Amount (Rs.'000)</b> | <b>As at<br/>March 31, 2007<br/>Amount (Rs.'000)</b> |
|--|--|--|
| <b>Deferred Tax Asset/(Liability)</b>      |  |  |
| Provision for Leave Encashment             | 5,285  | 4,046  |
| Provision for Doubtful Debts               | 2,414  | 1,360  |
| Depreciation                               | 4,233  | 1,318  |
| Others                                     | (639)  | -  |
| <b>Net Deferred Tax Asset/ (Liability)</b> | <b>11,293</b>  | <b>6,724</b>   |

4. Based on information available with the Company, there are no dues to micro, small and medium enterprises, as defined in Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2008.

## 5. Operating Leases where the company is a lessee:

The company has entered into lease transactions mainly for leasing of office premises for periods between 1 to 9 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognised in the Profit & Loss Account amount to Rs. 69,303 Thousand (included in Schedule 15 – Administration and Other Expenses Rs. 68,623 Thousand and in Schedule 16 – Personnel Expenses Rs 680 Thousand [(Previous Year Rs. 39,058 Thousand) (included in Schedule 15 – Administration and Other Expenses Rs. 38,568 Thousand and in Schedule 16 – Personnel Expenses Rs. 490 Thousand)]) for the leases, which commenced on or after April 1, 2001.

## 6. Leased Assets included in vehicles where the company is a lessee under finance leases are:

| <b>Finance Lease Liabilities- minimum lease payments:</b>                  | <b>As at<br/>March 31, 2008<br/>Amount (Rs.'000)</b> | <b>As at<br/>March 31, 2007<br/>Amount (Rs.'000)</b> |
|--|--|--|
| Not later than 1 year  | 2,626  | 1,927  |
| Later than 1 year and not later than 5 years                               | 2,225  | 2,271  |
| <b>Total minimum lease payments</b>  | <b>4,851</b>   | <b>4,198</b>   |
| Less: Future finance charges on finance leases                             | 431  | 369  |
| <b>Present value of finance lease liabilities</b>                          | <b>4,420</b>   | <b>3,829</b>   |
| Representing lease liabilities:  |  |  |
| -Current   | 2,324  | 1,682  |
| -Non current   | 2,096  | 2,147  |
|  | <b>4,420</b>   | <b>3,829</b>   |
| The present value of finance lease liabilities may be analysed as follows: |  |  |
| Not later than 1 year  | 2,324  | 1,682  |
| Later than 1 year and not later than 5 years                               | 2,096  | 2,147  |
|  | <b>4,420</b>   | <b>3,829</b>   |

## 7. Auditor's Remuneration

|                                      | <b>Year ended<br/>March 31, 2008<br/>(Rs.'000)</b> | <b>Year ended<br/>March 31,2007<br/>(Rs.'000)</b> |
|--------------------------------------|--|---|
| As Auditors                          | 1,958  | 1,710   |
| In other capacity of Tax Auditors    | 100  | 100   |
| Certification                        | 31   | 6,700   |
| Out of Pocket Expenses & Service Tax | 439  | 985   |
| <b>Total</b>                         | <b>2,528</b>                                       | <b>9,495</b>                                      |

## 8. Basic and Diluted Earnings per share (EPS):

|   | <b>Year ended<br/>March 31, 2008<br/>(Rs.'000)</b> | <b>Year ended<br/>March 31,2007<br/>(Rs.'000)</b> |
|---|--|---|
| Profit attributable to Equity Shareholders (Rs.'000)                        | 554,868  | 270,803   |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 27,295,256   | 23,935,783  |
| Basic & Diluted Earnings Per Equity Share of Rs. 10 each (Rs.)              | <b>20.31</b>                                       | <b>11.31</b>                                      |

## 9. The Company is not engaged in either manufacturing or trading of goods. Accordingly disclosures relating to Quantitative information as required under Part II of Schedule VI to the Companies Act, 1956 with regard to finished goods / raw materials and components consumed are not applicable.

## 10. (1) Related Party Disclosures

**A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2008**

**Subsidiaries**

Jeevansathi Internet Services Private Limited (JISPL)  
Naukri Internet Services Private Limited (NISPL)  
Info Edge (India) Mauritius Limited

**Key Management Personnel & Relatives**

Mr Sanjeev Bikhchandani  
 Ms Surabhi Bikhchandani  
 Mr Sushil Bikhchandani (Brother of Mr Sanjeev Bikhchandani)  
 Mr Hitesh Oberoi  
 Ms. Rimy Oberoi (Spouse of Mr. Hitesh Oberoi)  
 Mr Ambarish Raghuvanshi

**Enterprises over which Key Management Personnel & Relatives have significant influence**

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)  
 Oyster Learning (Proprietorship concern of Ms. Rimy Oberoi)

**B) Details of transactions with related party for the year ended March 31, 2008 in the ordinary course of business:**

| Amount (Rs.'000) |   |                                      |   |        |
|------------------|---|--------------------------------------|---|--------|
| Sr. No           | Nature of relationship / transaction (1)  | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total  |
| 1                | Remuneration Paid:<br>Sanjeev Bikhchandani      Rs 11,961<br>Hitesh Oberoi                Rs 13,515<br>Ambarish Raghuvanshi      Rs 9,107                             | 34,583                               | -   | 34,583 |
| 2                | Advances Given for business purposes:<br>Sanjeev Bikhchandani      Rs 228<br>Hitesh Oberoi                Rs 84<br>Ambarish Raghuvanshi      Rs 221                   | 533                                  | -   | 533    |
| 3                | Receipt of services:<br>Minik Enterprises            Rs 37,299<br>Oyster Learning              Rs 436   | 37,735                               | -   | 37,735 |
| 4                | Dividend Paid:<br>Sanjeev Bikhchandani      Rs 8,851<br>Hitesh Oberoi                Rs 1,556<br>Ambarish Raghuvanshi      Rs 491<br>Surabhi Bikhchandani      Rs 280 | 11,178                               | -   | 11,178 |

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation - 13(ASI-13) issued by The Institute of Chartered Accountants of India.
2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:  
 -Dividend Rs 479 Thousand  
 (b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2008 is Rs. 13,335 Thousand.

**C) Amount due to/from related parties as at March 31, 2008**

| Amount (Rs.'000) |  |                                      |   |       |
|------------------|--|--------------------------------------|---|-------|
| Sr. No           | Nature of relationship / transaction       | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total |
|                  | <b>Debit balances</b>                      |                                      |   |       |
| 1                | Outstanding Advances                       | 335                                  | -   | 335   |
|                  | Maximum amount outstanding during the year | 3,381                                | -   | 3,381 |
|                  | <b>Credit balances</b>                     |                                      |   |       |
| 1                | Outstanding Payable                        | 278                                  | -   | 278   |

**10 (2) Related Party Transaction for the year ended 31<sup>st</sup> March, 2007****A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2007****Subsidiaries**

Jeevansathi Internet Services Private Limited (JISPL)

Naukri Internet Services Private Limited (NISPL)

**Key Management Personnel & Relatives**

Mr Sanjeev Bikhchandani

Ms Surabhi Bikhchandani

Mr Sushil Bikhchandani (Brother of Mr Sanjeev Bikhchandani)

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

**Enterprises over which Key Management Personnel & Relatives have significant influence**

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)

**B) Details of transactions with related party for the year ended March 31, 2007 in the ordinary course of business:****Amount (Rs.'000)**

| Sr. No | Nature of relationship / transaction (1)  | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total  |
|--------|---|--------------------------------------|---|--------|
| 1      | Remuneration Paid:<br>Sanjeev Bikhchandani      Rs 11,967<br>Hitesh Oberoi                Rs 13,453<br>Ambarish Raghuvanshi      Rs 8,760                             | 34,180                               | -   | 34,180 |
| 2      | Advances Given for business purposes:<br>Sanjeev Bikhchandani      Rs 294<br>Hitesh Oberoi                Rs 46<br>Ambarish Raghuvanshi      Rs 395                   | 735                                  | -   | 735    |
| 3      | Receipt of services:<br>Minik Enterprises            Rs 39,441  | 39,441                               | -   | 39,441 |
| 4      | Dividend Paid:<br>Sanjeev Bikhchandani      Rs 9,159<br>Hitesh Oberoi                Rs 1,638<br>Ambarish Raghuvanshi      Rs 491<br>Surabhi Bikhchandani      Rs 608 | 11,896                               | -   | 11,896 |

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation - 13(ASI-13) issued by The Institute of Chartered Accountants of India.

2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:

-Dividend paid Rs 552 Thousand

(b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2007 is Rs. 16,292 Thousand.

**C) Amount due to/from related parties as at March 31, 2007****Amount (Rs.'000)**

| Sr. No | Nature of relationship / transaction       | Key Management Personnel & Relatives | Enterprises over which KMP & Relatives have significant influence | Total  |
|--------|--|--------------------------------------|---|--------|
|        | <b>Debit balances</b>                      |                                      |   |        |
| 1      | Outstanding Advances                       | 1,106                                | -   | 1,106  |
|        | Maximum amount outstanding during the year | 2,072                                | -   | 2,072  |
|        | <b>Credit balances</b>                     |                                      |   |        |
| 1      | Outstanding Payable                        | 13,395                               | -   | 13,395 |

**11 Employee Stock Option Scheme 2007**

The company has set up a trust to administer the ESOP scheme under which options have been granted to employees. Under this scheme the employees can purchase equity shares by exercising the options as vested at the price specified in the grant. The options granted till March 31, 2008 have a vesting period of maximum of 4.5 years from the date of grant.

**- Number of options granted, exercised and forfeited during the year:-**

|  | 2007-08 |                              | 2006-07 |                              |
|--|---------|------------------------------|---------|------------------------------|
|  | Number  | Weighted Average Price (Rs.) | Number  | Weighted Average Price (Rs.) |
| Options outstanding at beginning of year | 424,059 | 253.96                       | 337,802 | 166.80                       |
| <b>Add:</b><br>Options granted           | 363,142 | 708.66                       | 218,375 | 277.13                       |
| <b>Less:</b><br>Options exercised        | 7,170   | 235.50                       | 97,976* | 18.12                        |
| Options forfeited                        | 80,777  | 477.93                       | 34,142  | 215.79                       |
| Options outstanding at the end of year   | 699,254 | 464.40                       | 424,059 | 253.96                       |
| Option exercisable at the end of year    | 112,435 | 234.30                       | 16,682  | 245.00                       |

\* In respect of fractional options granted to employees, the trust has resolved to round off the options to the next highest whole number.

The options outstanding at the end of year had exercise prices in the range of Rs. 10/- to Rs. 1462/- (Previous Year Rs. 1/- to Rs. 280/-) and a weighted average remaining contractual life of 9 years (Previous Year 9 years).

| Exercise Amount Range | Options outstanding at the end of year |
|-----------------------|--|
| 01-300                | 384,422                                |
| 301-600               | 93,832                                 |
| 601-900               | 198,000                                |
| 901-1200              | 18,000                                 |
| 1201-1500             | 5,000                                  |
| <b>Grand Total</b>    | <b>699,254</b>                         |

In accordance with the above mentioned ESOP Scheme, Rs. 18,915 Thousand (Previous Year Rs 5,208 Thousand) has been charged to the Profit and Loss Account in relation to the options vested and exercised during the year ended March 31, 2008 as Employee Stock Option Scheme Compensation.

12. (A) - In respect of options vesting during the year under the intrinsic value method, had the fair value method been used, the profit for the year would be lower by Rs 73,265 Thousand (Previous year 35,706 Thousand) and the EPS would be Rs 17.63 (Previous year 9.82).
- (B) -The fair value of each option is estimated on the date of grant using the Black Scholes model with the below listed assumptions:

|   | Employee Stock Option Scheme 2007 |
|---|-----------------------------------|
| Weighted average fair value of the options at the grant dates | 524.73                            |
| Dividend Yield (%)  | 0.12%                             |
| Risk free rate  | 7.73%                             |
| Expected life (years)   | 6.06                              |
| Expected volatility   | 49.02%                            |
| Weighted average share price                                  | 829.80                            |



Since the stock was listed in November 2006, the historical stock data for computing the volatility over the expected life of options is not sufficient, therefore the historical volatility of similar companies has been considered.

Effective April 01, 2007, the Finance Act introduced Fringe Benefit Tax ("FBT") on Employees Stock Options. FBT liability becomes payable on the date of exercise of stock option. Subsequent to this, 7170 options were exercised during the year. The FBT Liability on these options has been borne by the employees.

13. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation suits in relation to the business activities carried on by it. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.
14. No disclosure is required under Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India as the Company is operating in single business/geographical segment of internet based service delivery
15. As at 31<sup>st</sup> March, 2008, the company had Rs 209 Thousand as outstanding in the refund account with ICICI bank towards unpaid application money received by the company for allotment of securities and is due for refund. This amount is not available for use by the company and will be credited to Investor Education & Protection Fund as and when due.
16. The aggregate managerial remuneration under section 198 of Companies Act, 1956 to the Directors including Managing Director is:

**Rs in ('000)**

| Particulars   | Year ended<br>31st March, 2008 | Year ended<br>31st March, 2007 |
|---|--------------------------------|--------------------------------|
| <b>Whole Time Directors:</b>                            |                                |                                |
| Salary  | 22,173                         | 15,617                         |
| Perquisites and Reimbursements                          | 910                            | 1,262                          |
| Incentive / Bonus                                       | 11,500                         | 17,301                         |
| <b>Total Remuneration (A)</b>                           | <b>34,583</b>                  | <b>34,180</b>                  |
| <b>Non Whole Time Directors:</b>                        |                                |                                |
| Commission  | 2,208                          | 1,500                          |
| Sitting Fee   | 360                            | 160                            |
| <b>Total Remuneration (B)</b>                           | <b>2,568</b>                   | <b>1,660</b>                   |
| <b>Total Managerial Remuneration Paid/Payable (A+B)</b> | <b>37,151</b>                  | <b>35,840</b>                  |

The amounts exclude company's contribution / provision for gratuity cost and leave encashment for the year, which is determined annually on actuarial basis.

## 17. Employee Benefits

(A) The Company has classified the various benefits provided to employees as under:

### A. Defined Contribution Plans

**Amount (Rs.'000)**

- a) Provident Fund

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

|   |        |
|---|--------|
| Employers' Contribution to Provident Fund * | 14,789 |
|---|--------|

### B. State Plans

**Amount (Rs.'000)**

- a) Employers' Contribution to Employee State Insurance

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

|   |     |
|---|-----|
| Employers' Contribution to Employee State Insurance * | 323 |
|---|-----|

\*Included in Contribution to Provident and Other Funds under Personnel Expenses (Refer Schedule 16)

**C. Defined Benefit Plans**

- a) Contribution to Gratuity Funds – Life Insurance Corporation of India
- b) Leave Encashment/ Compensated Absences for Employees

|   | <b>Leave Encashment /<br/>Compensated<br/>Absences</b>               | <b>Employee's Gratuity<br/>Fund</b>                                |
|---|--|--|
| Discount Rate (per annum)                                     | 8.50%  | 8.50%  |
| Rate of increase in Compensation levels                       | 15.0% in first 4 years,<br>10.0% in next 5 years,<br>& 7% thereafter | 15.0% in first 4 years,<br>10% in next 5 years,<br>& 7% thereafter |
| Rate of Return on Plan Assets                                 | -  | 7.50%  |
| Expected Average remaining working lives of employees (years) | -  | 11.47  |

**Amount (Rs.'000)**

| <b>(A) Changes in the Present Value of Obligation</b>   | <b>Employee's Gratuity Fund</b> |
|---|---------------------------------|
| <b>Present Value of Obligation as at April 1, 2007</b>  | <b>14,138</b>                   |
| Interest Cost   | 1,155                           |
| Past Service Cost   | Nil                             |
| Current Service Cost  | 6,236                           |
| Curtailement Cost / (Credit)  | Nil                             |
| Settlement Cost / (Credit)  | Nil                             |
| Benefits paid   | (266)                           |
| Actuarial (gain)/ loss on obligations   | 1,156                           |
| <b>Present Value of Obligation as at March 31, 2008</b>   | <b>22,419</b>                   |
| <b>(B) Changes in the Fair value of Plan Assets</b>   |                                 |
| <b>Fair Value of Plan Assets as at April 1, 2007</b>  | <b>7,622</b>                    |
| Expected Return on Plan Assets  | 718                             |
| Actuarial Gains and Losses  | 223                             |
| Contributions   | 5,561                           |
| Benefits Paid   | (266)                           |
| <b>Fair Value of Plan Assets at March 31, 2008</b>  | <b>13,858</b>                   |
| <b>(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of assets</b> |                                 |
| <b>Present Value of funded Obligation as at March 31, 2008</b>  | <b>(22,419)</b>                 |
| Fair Value of Plan Assets as at the end of the period   | <b>13,858</b>                   |
| Funded Status   |                                 |
| <b>Present Value of unfunded Obligation as at March 31, 2008</b>                                      | Nil                             |
| Unrecognized Actuarial (gains) / losses   | Nil                             |
| <b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>                                  | <b>(8,561)</b>                  |

\*included in Employee Benefits (Refer Schedule 12)

| <b>(D) Expense recognised in the Profit and Loss Account</b>        | <b>Amount (Rs.'000)</b> |
|---|-------------------------|
| Current Service Cost  | 6,236                   |
| Past Service Cost   | Nil                     |
| Interest Cost   | 1,155                   |
| Expected Return on Plan Assets                                      | (718)                   |
| Curtailement Cost / (Credit)  | Nil                     |
| Settlement Cost / (Credit)  | Nil                     |
| Net actuarial (gain)/ loss recognized in the period                 | 933                     |
| <b>Total Expenses recognized in the Profit &amp; Loss Account**</b> | <b>7,606</b>            |

\*\*Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 16)

In respect of leave encashment/compensated absence the present value of obligation is Rs. 12,259\* thousand as at March 31, 2008. The expense recognised in the profit & loss account is Rs 12,789\*\* thousand. Since the expense resulting from leave encashment/compensated absence is not significant other specific disclosures have not been given.

\*included in Employee Benefits (Refer Schedule 12)

\*\*Included in Staff Welfare and Benefits under Personnel Cost (Refer Schedule 16)

17 (B) **Employee Benefits for the previous financial year 2006-07:-**

1.1 The Company has during the year adopted Accounting Standard 15 (revised 2005) 'Employee Benefits'. Accordingly, the transitional adjustment aggregating to Rs. 3,507 Thousand (net of deferred tax asset Rs. 1,389 Thousand) has been charged against the general reserves during the year ended March 31, 2007. The details of the transitional adjustment is as follows –

|                                 | <b>(Rs.'000)</b> |
|---------------------------------|------------------|
| Gratuity                        | (619)            |
| Leave Encashment                | 4,126            |
| <b>Total</b>                    | <b>3,507</b>     |
| Less: Deferred Tax Asset        | 1,389            |
| Net transfer to General Reserve | <b>2,118</b>     |

1.2 The Company has classified the various benefits provided to employees as under –

**A Defined Contribution Plans**

a) Provident Fund

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

|   | <b>Amount (Rs.'000)</b> |
|---|-------------------------|
| Employers' Contribution to Provident Fund * | 10,773                  |

**B State Plans**

a) Employers' Contribution to Employee's State Insurance

During the year, the Company has recognised the following amounts in the Profit and Loss Account

|   | <b>Amount (Rs.'000)</b> |
|---|-------------------------|
| Employers' Contribution to Employee's State Insurance * | 254                     |

\*Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 16)

**C Defined Benefit Plans**

- a) Contribution to Gratuity Funds – Life Insurance Corporation of India.
- b) Leave Encashment/ Compensated Absences for Employees.

|   | <b>Leave Encashment /<br/>Compensated<br/>Absences</b>               | <b>Employee's Gratuity<br/>Fund</b>                                |
|---|--|--|
| Discount Rate (per annum)                                     | 8.50%  | 8.50%  |
| Rate of increase in Compensation levels                       | 15.0% in first 5 years,<br>10.0% in next 5 years,<br>& 7% thereafter | 15.0% in first 5 years,<br>10% in next 5 years,<br>& 7% thereafter |
| Rate of Return on Plan Assets                                 | -  | 7.50%  |
| Expected Average remaining working lives of employees (years) | -  | 8.37   |

**(A) Changes in the Present Value of Obligation**

|   | <b>Employee's Gratuity Fund<br/>Amount (Rs. '000)</b> |
|---|---|
| <b>Present Value of Obligation as at April 1, 2006</b>  | <b>6,570</b>  |
| Interest Cost   | 493   |
| Past Service Cost                                       | Nil   |
| Current Service Cost                                    | 2,205   |
| Curtailement Cost / (Credit)                            | Nil   |
| Settlement Cost / (Credit)                              | Nil   |
| Benefits paid   | (79)  |
| Actuarial (gain)/ loss on obligations                   | 4,949   |
| <b>Present Value of Obligation as at March 31, 2007</b> | <b>14,138</b>   |

**(B) Changes in the Fair value of Plan Assets**

|   | <b>Employee's Gratuity Fund<br/>Amount (Rs. '000)</b> |
|---|---|
| <b>Fair Value of Plan Assets at the April 1, 2006</b> | <b>3,364</b>  |
| Expected Return on Plan Assets                        | 266   |
| Actuarial Gains and Losses                            | 246   |
| Contributions   | 3,825   |
| Benefits Paid   | (79)  |
| <b>Fair Value of Plan Assets at March 31, 2007</b>    | <b>7,622</b>  |

**(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets**

|  | <b>Employee's Gratuity Fund<br/>Amount (Rs. '000)</b> |
|--|---|
| <b>Present Value of funded Obligation as at March 31, 2007</b>       | <b>14,138</b>   |
| Fair Value of Plan Assets as at the end of the period                | 7,622   |
| Funded Status  |   |
| Present Value of unfunded Obligation as at March 31, 2007            | Nil   |
| Unrecognized Actuarial (gains) / losses                              | Nil   |
| <b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b> | <b>6,516</b>  |

\*included in Employee Benefits (Refer Schedule 12)

**(D) Expense recognised in the Profit and Loss Account**

|   | <b>Employee's Gratuity Fund<br/>Amount (Rs. '000)</b> |
|---|---|
| Current Service Cost  | 2,205   |
| Past Service Cost   | Nil   |
| Interest Cost   | 493   |
| Expected Return on Plan Assets                                      | (266)   |
| Curtailment Cost / (Credit)   | Nil   |
| Settlement Cost / (Credit)  | Nil   |
| Net actuarial (gain)/ loss recognized in the period                 | 4703  |
| <b>Total Expenses recognized in the Profit &amp; Loss Account**</b> | <b>7,135</b>  |

\*\*Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 16)

In respect of leave encashment/compensated absences the present value of obligation is Rs. 7,836\* Thousand as at March 31, 2007. The expense recognised in the Profit & Loss Account is Rs 1,842\*\* Thousand. Since the expense resulting from leave encashment/compensated absence is not significant other specific disclosures have not been given.

\*included in Employee Benefits (Refer Schedule 12)

\*\*Included in Staff Welfare and Benefits under Personnel Cost (Refer Schedule 16)

**18.** Previous year's figures have been regrouped / recast to confirm to current year's presentation.

**Balance Sheet Abstract and Company's General Business Profile**

**Registration Details**

|                    |                |            |    |
|--------------------|----------------|------------|----|
| Registration No.   | 6 8 0 2 1      | State Code | 55 |
| Balance Sheet Date | March 31, 2008 |            |    |

**Capital Raised during the year (Amount in Rs Thousands)**

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Right Issue       | NIL |
| Bonus Issue  | NIL | Private Placement | NIL |

**Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)**

|                   |           |              |           |
|-------------------|-----------|--------------|-----------|
| Total Liabilities | 2,686,059 | Total Assets | 2,686,059 |
|-------------------|-----------|--------------|-----------|

**Sources of Funds**

|                 |         |                      |           |
|-----------------|---------|----------------------|-----------|
| Paid-up Capital | 272,953 | Reserves and Surplus | 2,391,102 |
| Secured Loans   | 4,420   | Unsecured Loans      | NIL       |

**Application of Funds**

|                    |           |                   |           |
|--------------------|-----------|-------------------|-----------|
| Net Fixed Assets   | 381,537   | Investments       | 2,653,825 |
| Net Current Assets | (373,931) | Misc. Expenditure | NIL       |
| Accumulated Losses | NIL       |                   |           |

**Performance of the Company (Amount in Rs. Thousands)**

|          |           |                   |           |
|----------|-----------|-------------------|-----------|
| Turnover | 2,189,390 | Total Expenditure | 1,610,501 |
|----------|-----------|-------------------|-----------|

|                           |         |                           |         |
|---------------------------|---------|---------------------------|---------|
| + - Profit/Loss after tax | 786,140 | + - Profit/Loss after tax | 554,868 |
|---------------------------|---------|---------------------------|---------|

|                           |       |                 |       |
|---------------------------|-------|-----------------|-------|
| Earnings per Share in Rs. | 20.33 | Dividend Rate % | 7.50% |
|---------------------------|-------|-----------------|-------|

**Generic Names of Three Principal products/Services of Company**

**(as per monetary terms)**

|                          |                      |
|--------------------------|----------------------|
| Item Code No. (ITC Code) | N/A                  |
| Product Description      | Internet services    |
| Item Code No. (ITC Code) | N/A                  |
| Product Description      | Data Sales           |
| Item Code No. (ITC Code) | N/A                  |
| Product Description      | Consultancy Services |

**Statement Pursuant to Section 212 of the Companies Act, 1956 relating to company's interest in the subsidiary companies for the year ended March 31, 2008**

|          |  |   |                                    |                                     |
|----------|--|---|------------------------------------|-------------------------------------|
| <b>1</b> | Name of subsidiary company   | Jeevansathi Internet Services Pvt. Ltd. | Naukri Internet Services Pvt. Ltd. | Info Edge (India) Mauritius Limited |
| <b>2</b> | Financial Year of the Subsidiary ended on  | March 31, 2008                          | March 31, 2008                     | March 31, 2008                      |
| <b>3</b> | Date from which it became subsidiary   | September 13, 2004                      | January 30, 2002                   | January 18, 2008                    |
| <b>4</b> | <b>Extent of Interest</b>  |   |                                    |                                     |
|          | a) Number of Shares held in subsidiary company on the date of becoming Subsidiary                                | 10,000                                  | 9,998                              | 500,001                             |
|          | b) Extent of Holding   | 100%                                    | 99.98%                             | 100%                                |
| <b>5</b> | The net aggregate of profit/ loss of subsidiary company so far as it concerns the members of the holding company |   |                                    |                                     |
|          | <b>a) Not dealt with in the holding company's accounts:</b>  |   |                                    |                                     |
|          | (i) For the Financial year of the subsidiaries as aforesaid  | Nil                                     | Nil                                | NI                                  |
|          | (ii) For the previous financial years of the subsidiaries since it became the holding company's subsidiary       | Nil                                     | Nil                                | Nil                                 |
|          | <b>b) Dealt with in the holding company's accounts:</b>  |   |                                    |                                     |
|          | (i) For the Financial year of the subsidiaries as aforesaid  | 35,304.49                               | 61,137.00                          | (485,041.00)                        |
|          | (ii) For the previous financial years of the subsidiaries since it became the holding company's subsidiary       | (285,802.58)                            | 56,792.06                          | N/A                                 |

**Note: The standalone financial statement of Info Edge (india) Mauritius Limited has been reported in US Dollar.**

# Director's Report

## Dear Shareholders

We are pleased to present Annual Report and Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March 2008.

## Financial Results

Your company has earned a profit after tax of Rs. 35,304.49 in financial year 2007-08 as compared to Rs. 66,109.95 in financial year 2006-07.

## Directors

During the year, there was no change in the Directors of the Company.

## Auditors

M/s Sharma Goel & Company, Chartered Accountants hold office until the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

## Personnel

The Company had no employee covered under section 217(2A) of the Companies Act 1956.

## Conversation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Directors have nothing to report on the aforesaid matters as the Company is not engaged in manufacturing activities. The Company has no foreign collaboration and has not exported or imported any goods or services.

## Directors Responsibility Statement

The observation of auditors and notes on accounts is self explanatory. Pursuant to sec 217 (2AA) of the Companies Act, 1956 the directors placed on record the following statements:

That in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures;

That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

That the directors had prepared the annual account on a going concern basis.

## Acknowledgement

Your company conveys their special gratitude towards all stakeholders of the company for their continuous and whole-hearted cooperation.

**For and on behalf of the Board**

Sanjeev Bikhchandani  
Ambarish Raghuvanshi  
*Directors*

DATED: April 21, 2008  
PLACE: Noida





# Auditors' Report

Auditor's Report to the Members of M/S JEEVANSATHI INTERNET SERVICES (PVT) LTD.

I. We have audited the attached Balance Sheet of M/S JEEVANSATHI INTERNET SERVICES PRIVATE LTD. as at March 31, 2008 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The said company is exempt from the provisions of Companies (Auditor's Report) Order, 2003 as further amended by Companies (Auditor's Report) (Amendment) Order 2004 issued by the Company Law Board in terms of sub-section (4A) of section 227 of the Companies Act, 1956.

We report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008; and
  - b) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

PLACE: NEW DELHI  
DATED: APRIL 21, 2008

For SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

RAJESH MITTAL  
PARTNER

# Balance Sheet

as at March 31, 2008

| PARTICULARS                                     | Schedule     | As at<br>March 31, 2008<br>(Rs.) | As at<br>March 31, 2007<br>(Rs.) |
|---|--------------|----------------------------------|----------------------------------|
| <b>Sources of Funds</b>                         |              |                                  |                                  |
| <b>Shareholders Funds</b>                       |              |                                  |                                  |
| a) Share Capital                                | A            | 100,000.00                       | 100,000.00                       |
| b) Reserve & Surplus                            |              | -                                | -                                |
| <b>Loan Funds</b>                               |              |                                  |                                  |
| a) Secured Loans                                |              | -                                | -                                |
| b) Unsecured Loans                              | B            | 244,617.38                       | 343,817.38                       |
|   |              | <u><b>344,617.38</b></u>         | <u><b>443,817.38</b></u>         |
| <b>APPLICATION OF FUNDS</b>                     |              |                                  |                                  |
| <b>Fixed Assets</b>                             | D            | 14,352.77                        | 23,921.28                        |
| <b>Current Assets, Loans &amp; Advances</b>     |              |                                  |                                  |
| a) Sundry Debtors                               | E            | -                                | -                                |
| b) Cash & Bank Balances                         |              | 139,502.52                       | 208,236.52                       |
| c) Loans & Advances                             |              | 44,701.00                        | 4,583.00                         |
|   |              | 184,203.52                       | 212,819.52                       |
| <b>Less :Current Liabilities and Provisions</b> | C            | 104,711.00                       | 79,274.00                        |
|   |              | 79,492.52                        | 133,545.52                       |
| <b>Miscellaneous Expenditure</b>                | F            |                                  |                                  |
| (to the extent not written off or adjusted)     |              |                                  |                                  |
| Preliminary Expenses                            |              | 274.00                           | 548.00                           |
| <b>Profit &amp; Loss Account</b>                |              | 250,498.09                       | 285,802.58                       |
|   | <b>TOTAL</b> | <u><b>344,617.38</b></u>         | <u><b>443,817.38</b></u>         |
| <b>Notes to the Accounts</b>                    | G            |                                  |                                  |

This is the Balance Sheet referred to in our report of even date

The Schedules referred to above form an integral part of these Accounts

For Sharma Goel & Co.  
Chartered Accountants

On Behalf of the Board of Directors

Rajesh Mittal  
Partner  
Membership No. 95681Sanjeev Bikhchandani  
DirectorAmbarish Raghuvanshi  
DirectorDated : April 21, 2008  
Place : New Delhi

# Profit and Loss

Account for the year ended March 31, 2008

| Particulars                                 | Schedule | Year ended<br>March 31, 2008<br>(Rs.) | Year ended<br>March 31, 2007<br>(Rs.) |
|---|----------|---------------------------------------|---------------------------------------|
| <b>INCOME</b>                               |          |                                       |                                       |
| License Fees                                |          | 100,000.00                            | 100,000.00                            |
| Creditors Written off                       |          | 2,600.00                              | 47,991.69                             |
|   |          | <b>102,600.00</b>                     | <b>147,991.69</b>                     |
| <b>EXPENDITURE</b>                          |          |                                       |                                       |
| Auditor Remuneration                        |          | 5,618.00                              | 5,612.00                              |
| Bank & Credit Card Charges                  |          | -                                     | 111.22                                |
| Depreciation                                |          | 9,568.51                              | 15,947.52                             |
| Legal & Professional Charges                |          | 4,212.00                              | -                                     |
| Rent  |          | 24,000.00                             | 24,000.00                             |
| ROC fees                                    |          | 1,004.00                              | -                                     |
| Preliminary Expenses w/off                  |          | 274.00                                | 274.00                                |
|   |          | <b>44,676.51</b>                      | <b>45,944.74</b>                      |
| <b>Net Profit Before Tax</b>                |          | 57,923.49                             | 102,046.95                            |
| Income Tax for current year                 |          | 22,619.00                             | 35,804.00                             |
| Income Tax for previous years               |          | -                                     | 133.00                                |
| <b>Net Profit After Tax</b>                 |          | 35,304.49                             | 66,109.95                             |
| Loss brought forward from previous year     |          | (285,802.58)                          | (351,912.53)                          |
| <b>Balance carried to the balance sheet</b> |          | <b>(250,498.09)</b>                   | <b>(285,802.58)</b>                   |
| <b>Notes to the Accounts</b>                | <b>G</b> |                                       |                                       |

This is the Profit and Loss Account referred to in our report of even date

For Sharma Goel & Co.  
Chartered Accountants

Rajesh Mittal  
Partner  
Membership No. 95681

Dated : April 21, 2008  
Place : New Delhi

The Schedules referred to above form an integral part of these Accounts

On Behalf of the Board of Directors

Sanjeev Bikhchandani  
Director

Ambarish Raghuvanshi  
Director

# Schedules

forming part of the Balance Sheet

|  | As at<br>March 31, 2008<br>Amount (Rs.) | As at<br>March 31, 2007<br>Amount (Rs.) |
|--|---|---|
| <b>SCHEDULE A</b>                                    |   |   |
| <b>SHARE CAPITAL</b>                                 |   |   |
| <b>AUTHORISED</b>                                    |   |   |
| 10,000 Equity Shares of Rs. 10/- each                | <u>100,000.00</u>                       | <u>100,000.00</u>                       |
| <b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>              |   |   |
| 10,000 Equity Shares of Rs. 10/- each, fully paid up | 100,000.00                              | 100,000.00                              |
|  | <u><b>100,000.00</b></u>                | <u><b>100,000.00</b></u>                |
| <b>SCHEDULE B</b>                                    |   |   |
| <b>UNSECURED LOANS</b>                               |   |   |
| Info Edge (India) Ltd.                               | 244,617.38                              | 343,817.38                              |
|  | <u><b>244,617.38</b></u>                | <u><b>343,817.38</b></u>                |
| <b>SCHEDULE C</b>                                    |   |   |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>          |   |   |
| <b>CURRENT LIABILITIES</b>                           |   |   |
| Advance From Clients                                 | -                                       | 2,600.00                                |
| <b>EXPENSES PAYABLE</b>                              |   |   |
| Audit Fees Payable                                   | 41,740.00                               | 36,122.00                               |
| Service Tax Payable                                  | 140.00                                  | 140.00                                  |
| Expenses payable                                     | -                                       | 200.00                                  |
| Provision for Income Tax                             | 62,831.00                               | 40,212.00                               |
|  | <u><b>104,711.00</b></u>                | <u><b>79,274.00</b></u>                 |

**SCHEDULE - D  
FIXED ASSETS**

| Particulars                   | Rate | Qty | Original Cost as on 01.04.2007 | Additions during the year | Sale or Transfer adjustments | Cost as on 31.03.2008 | Depreciation upto 31.03.2007 | Depreciation for the period | Depreciation up to 31.03.2008 | Written value as 31.03.2008 | Written value as 31.03.2007 |
|-------------------------------|------|-----|--------------------------------|---------------------------|------------------------------|-----------------------|------------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|
| <b>Computer</b>               |      |     |                                |                           |                              |                       |                              |                             |                               |                             |                             |
| 20 GB HDD                     | 40%  | 3   | 22,400.00                      | -                         | -                            | 22,400.00             | 21,512.60                    | 354.96                      | 21,867.56                     | 532.44                      | 887.40                      |
| INTEL M/B 810E                | 40%  | 1   | 8,300.00                       | -                         | -                            | 8,300.00              | 7,965.92                     | 133.63                      | 8,099.55                      | 200.45                      | 334.08                      |
| P-III 800(intel)              | 40%  | 1   | 10,950.00                      | -                         | -                            | 10,950.00             | 10,509.00                    | 176.40                      | 10,685.40                     | 264.60                      | 441.00                      |
| Tx -100 M/B                   | 40%  | 1   | 3,200.00                       | -                         | -                            | 3,200.00              | 3,068.96                     | 52.42                       | 3,121.38                      | 78.62                       | 131.04                      |
| M-II 333 (CPU)                | 40%  | 1   | 2,150.00                       | -                         | -                            | 2,150.00              | 2,062.16                     | 35.14                       | 2,097.30                      | 52.70                       | 87.84                       |
| 32 MB SD-RAM                  | 40%  | 1   | 1,450.00                       | -                         | -                            | 1,450.00              | 1,390.60                     | 23.76                       | 1,414.36                      | 35.64                       | 59.40                       |
| Pentium III 933 Mhz           | 40%  | 1   | 31,900.00                      | -                         | -                            | 31,900.00             | 29,827.12                    | 829.15                      | 30,656.27                     | 1,243.73                    | 2,072.88                    |
| 8 Port Hub (Complex)          | 40%  | 2   | 5,150.00                       | -                         | -                            | 5,150.00              | 4,817.72                     | 132.91                      | 4,950.63                      | 199.37                      | 332.28                      |
| Sound Card                    | 40%  | 1   | 300.00                         | -                         | -                            | 300.00                | 279.84                       | 8.06                        | 287.90                        | 12.10                       | 20.16                       |
| 40GB Hard Disk Drive          | 40%  | 1   | 2,975.00                       | -                         | -                            | 2,975.00              | 2,773.76                     | 80.50                       | 2,854.26                      | 120.74                      | 201.24                      |
| 256 MB RAM                    | 40%  | 1   | 1,100.00                       | -                         | -                            | 1,100.00              | 1,025.84                     | 29.66                       | 1,055.50                      | 44.50                       | 74.16                       |
| Celeron 900 MHZ               | 40%  | 1   | 22,250.00                      | -                         | -                            | 22,250.00             | 20,675.00                    | 630.00                      | 21,305.00                     | 945.00                      | 1,575.00                    |
| intel Pentium -4              | 40%  | 1   | 25,750.00                      | -                         | -                            | 25,750.00             | 23,773.96                    | 790.42                      | 24,564.38                     | 1,185.62                    | 1,976.04                    |
| Pentium-III                   | 40%  | 1   | 39,500.00                      | -                         | -                            | 39,500.00             | 37,199.24                    | 920.30                      | 38,119.54                     | 1,380.46                    | 2,300.76                    |
| Pentium-I                     | 40%  | 1   | 9,500.00                       | -                         | -                            | 9,500.00              | 8,974.40                     | 210.24                      | 9,184.64                      | 315.36                      | 525.60                      |
| Upgradation Charges           | 40%  | 1   | 12,000.00                      | -                         | -                            | 12,000.00             | 11,276.40                    | 289.44                      | 11,565.84                     | 434.16                      | 723.60                      |
| Smatron 14" Monitor           | 40%  | 1   | 5,350.00                       | -                         | -                            | 5,350.00              | 4,970.92                     | 151.63                      | 5,122.55                      | 227.45                      | 379.08                      |
| 128 MB SD RAM                 | 40%  | 1   | 1,455.00                       | -                         | -                            | 1,455.00              | 1,241.52                     | 85.39                       | 1,326.91                      | 128.09                      | 213.48                      |
| Mouse                         | 40%  | 1   | 425.00                         | -                         | -                            | 425.00                | 356.96                       | 27.22                       | 384.18                        | 40.82                       | 68.04                       |
| 15"Samsung Monitor            | 40%  | 2   | 5,000.00                       | -                         | -                            | 5,000.00              | 4,183.88                     | 326.45                      | 4,510.33                      | 489.67                      | 816.12                      |
| Samsung CD ROM Drive 52X      | 40%  | 2   | 3,400.00                       | -                         | -                            | 3,400.00              | 2,715.28                     | 273.89                      | 2,989.17                      | 410.83                      | 684.72                      |
| Sea gate Hard disk drive      | 40%  | 1   | 3,700.00                       | -                         | -                            | 3,700.00              | 2,935.72                     | 305.71                      | 3,241.43                      | 458.57                      | 764.28                      |
| Computer P4                   | 40%  | 1   | 27,600.00                      | -                         | -                            | 27,600.00             | 25,116.72                    | 993.31                      | 26,110.03                     | 1,489.97                    | 2,483.28                    |
| Computer P4                   | 40%  | 1   | 18,500.00                      | -                         | -                            | 18,500.00             | 16,654.28                    | 738.29                      | 17,392.57                     | 1,107.43                    | 1,845.72                    |
| Computer LG                   | 40%  | 1   | 26,150.00                      | -                         | -                            | 26,150.00             | 21,225.92                    | 1,969.63                    | 23,195.55                     | 2,954.45                    | 4,924.08                    |
| <b>Assets below Rs. 5000.</b> |      |     |                                |                           |                              |                       |                              |                             |                               |                             |                             |
| 15"Samsung Monitor            | 100% | 1   | 4,650.00                       | -                         | -                            | 4,650.00              | 4,650.00                     | -                           | 4,650.00                      | -                           | -                           |
| <b>CD Drive Modem etc.</b>    |      |     |                                |                           |                              |                       |                              |                             |                               |                             |                             |
| D-Link intel modem            | 100% | 1   | 650.00                         | -                         | -                            | 650.00                | 650.00                       | -                           | 650.00                        | -                           | -                           |
| CD Drive LG 52X               | 100% | 1   | 900.00                         | -                         | -                            | 900.00                | 900.00                       | -                           | 900.00                        | -                           | -                           |
| RJ 45 Connector               | 100% | 30  | 150.00                         | -                         | -                            | 150.00                | 150.00                       | -                           | 150.00                        | -                           | -                           |
| <b>TOTAL</b>                  |      |     | <b>296,805.00</b>              |                           |                              | <b>296,805.00</b>     | <b>272,883.72</b>            | <b>9,568.51</b>             | <b>282,452.23</b>             | <b>14,352.77</b>            | <b>23,921.28</b>            |

# Schedules

forming part of the Balance Sheet

|  | As at<br>March 31, 2008<br>Amount (Rs.) | As at<br>March 31, 2007<br>Amount (Rs.) |
|--|---|---|
| <b>SCHEDULE E</b>  |   |   |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                |   |   |
| <b>CURRENT ASSETS</b>                                    |   |   |
| <b>(i) Sundry Debtors</b><br>(Unsecured considered good) |   |   |
| (a) Outstanding for more than six months                 | -                                       | -                                       |
| (b) Other Debts (considered good)                        | -                                       | -                                       |
|  | <u>-</u>                                | <u>-</u>                                |
| <b>(ii) Cash and Bank Balances</b>                       |   |   |
| (a) Cash in Hand   | 424.58                                  | 424.58                                  |
| (b) Balance with Scheduled Banks                         |   |   |
| i) Citibank  | 83,950.11                               | 99,074.11                               |
| ii) ICICI Bank   | 55,127.83                               | 108,737.83                              |
|  | <u><b>139,502.52</b></u>                | <u><b>208,236.52</b></u>                |
| <b>LOANS AND ADVANCES</b>                                |   |   |
| Income Tax   | 44,701.00                               | 4,583.00                                |
|  | <u><b>44,701.00</b></u>                 | <u><b>4,583.00</b></u>                  |
| <b>SCHEDULE F</b>  |   |   |
| <b>MISCELLANEOUS EXPENDITURE</b>                         |   |   |
| Preliminary Expenses                                     | 548.00                                  | 822.00                                  |
| Less: W/o during the period                              | 274.00                                  | 274.00                                  |
|  | <u><b>274.00</b></u>                    | <u><b>548.00</b></u>                    |

# Schedules forming part of the Balance Sheet

## SCHEDULE G

### NOTES TO THE ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

- i) Basis of Accounting  
The financial statements are prepared following mercantile system of accounting recognizing income and expenditure on accrual basis and are in accordance with the requirements of the Companies Act, 1956.
- ii) Fixed Assets  
Fixed Assets have been stated at cost less accumulated depreciation.
- iii) Depreciation  
Depreciation has been provided on Fixed Assets on W.D.V. method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 on Pro-rata basis.
- iv) Accounting Policies not specifically referred to in case otherwise consistent and in consonance with generally accepted accounting Principles.

#### B. OTHER NOTES:

|  | <b>2007-08</b> | <b>2006-07</b> |
|--|----------------|----------------|
| i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for  | Rs. Nil        | Rs. Nil        |
| ii) Contingent Liabilities not provided for  | Rs. Nil        | Rs. Nil        |
| iii) Claims against the company not acknowledged bad debt  | Rs. Nil        | Rs. Nil        |
| iv) Additional information pursuant to the provisions of paragraphs 3 to 4D of part II of schedule VI of the Companies Act, 1956 :   |                |                |
|  | <b>2007-08</b> | <b>2006-07</b> |
|  | (Rs.)          | (Rs.)          |
| a) Detail of purchases/sales quantity wise, and of licensed /installed capacity/actual production  | N.A.           | N.A.           |
| b) C.I.F. value of imports during the year   | Nil            | Nil            |
| c) Remittance in foreign currency during the year  | Nil            | Nil            |
| (v) As a measure of prudence the Deferred Tax Assets (Net) in terms of Accounting Standard No. 22 issued by the Institute of Chartered Accountants of India have not been recognized in the absence of their being virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized                                      |                |                |
| (vi) Jeevansathi Internet Services Pvt. Ltd. has entered into an agreement with Info Edge (India) Pvt. Ltd. Dated 13 <sup>th</sup> September, 2005 whereby the management and day to day running of the operation of the former company will be done by the later and in lieu of it the later will be paying a license fee of Rs.100,000/- to Jeevansathi as License fee for usage of its domain name(s), trade mark(s) etc. |                |                |
| (vii) Number of Employees of the Company in receipt of, entitled to receive yearly emoluments in the aggregate of not less than Rs.24,00,000/- or Rs.2,00,000/- per month if employed for the part of the year.NIL   |                |                |
| viii) Earning per Share of the company after tax is Rs.3.53  |                |                |
| ix) Previous year's figures have been rearranged/ regrouped wherever considered necessary.   |                |                |

FOR SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

FOR JEEVANSATHI INTERNET  
SERVICES PVT. LTD.

RAJESH MITTAL  
PARTNER

Sanjeev Bikhchandani  
DIRECTOR

Ambarish Raghuvanshi  
DIRECTOR

Dated : April 21, 2008  
Place : New Delhi

# Director's Report

## **Dear Shareholders**

We are pleased to present Annual Report and Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March, 2008.

## **Financial Results**

Your company has earned a profit after tax of Rs. 61,137 in financial year 2007-08 as compared to Rs. 64,453.45 in financial year 2006-07.

## **Directors**

During the year, there was no change in the Directors of the Company.

## **Auditors**

M/s Sharma Goel & Company, Chartered Accountants hold office until the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

## **Personnel**

The Company had no employee covered under section 217(2A) of the Companies Act, 1956.

## **Conversation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The Directors have nothing to report on the aforesaid matters as the Company is not engaged in manufacturing activities. The Company has no foreign collaboration and has not exported or imported any goods or services.

## **Directors Responsibility Statement**

The observation of auditors and notes on accounts is self explanatory. Pursuant to sec 217 (2AA) of the Companies Act, 1956 the directors placed on record the following statements:

That in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures;

That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

That the directors had prepared the annual account on a going concern basis.

## **Acknowledgement**

Your company conveys their special gratitude towards all stakeholders of the company for their continuous and whole-hearted cooperation.

**For and on behalf of the Board**

Sanjeev Bikhchandani  
Ambarish Raghuvanshi  
*Directors*

DATED: April 21, 2008  
PLACE: Noida





# Auditors' Report

Auditor's Report to the Members of NAUKRI INTERNET SERVICES PRIVATE LIMITED.

We have audited the attached Balance Sheet of NAUKRI INTERNET SERVICES PRIVATE LIMITED as at March 31, 2008 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The said company is exempt from the provisions of Companies (Auditor's Report) Order, 2003 as further amended by Companies (Auditor's Report) (Amendment) Order 2004 issued by the Company Law Board in terms of sub-section (4A) of section 227 of the Companies Act, 1956.

We report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956.
- v. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008; and
  - (b) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

Place : New Delhi  
Dated : April 21, 2008

For SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

RAJESH MITTAL  
PARTNER

# Balance Sheet

as at March 31, 2008

| Particulars                                     | Schedule | As at<br>March 31, 2008<br>(Rs.) | As at<br>March 31, 2007<br>(Rs.) |
|---|----------|----------------------------------|----------------------------------|
| <b>SOURCES OF FUND</b>                          |          |                                  |                                  |
| <b>Shareholders Funds</b>                       |          |                                  |                                  |
| Share Capital                                   | A        | 100,000.00                       | 100,000.00                       |
| Reserve & Surplus                               |          | 117,929.06                       | 56,792.06                        |
| <b>Loan Funds</b>                               |          |                                  |                                  |
| Secured Loans                                   |          | -                                | -                                |
| Unsecured Loans                                 | B        | -                                | 3,940.00                         |
|   |          | <u>217,929.06</u>                | <u>160,732.06</u>                |
| <b>APPLICATION OF FUNDS</b>                     |          |                                  |                                  |
| <b>Fixed Assets</b>                             |          |                                  |                                  |
|   |          | -                                | -                                |
| <b>Current Assets, Loans &amp; Advances</b>     |          |                                  |                                  |
| Sundry Debtors                                  | C        | -                                | 100,000.00                       |
| Cash & Bank Balances                            |          | 325,769.06                       | 164,791.06                       |
| Loans & Advances                                |          | -                                | -                                |
|   |          | <u>325,769.06</u>                | <u>264,791.06</u>                |
| <b>Less :Current Liabilities and Provisions</b> |          |                                  |                                  |
| Current Liabilities                             | D        | 108,936.00                       | 105,703.00                       |
|   |          | <u>108,936.00</u>                | <u>105,703.00</u>                |
| <b>Net Current Assets</b>                       |          |                                  |                                  |
|   |          | <u>216,833.06</u>                | <u>159,088.06</u>                |
| <b>Miscellaneous Expenditure</b>                |          |                                  |                                  |
| (to the extent not written off or adjusted )    | E        | 1,096.00                         | 1,644.00                         |
|   |          | <u>217,929.06</u>                | <u>160,732.06</u>                |
| <b>Notes to the Accounts</b>                    |          |                                  |                                  |
|   | F        |                                  |                                  |

This is the Balance Sheet referred to in our report of even date

The Schedules referred to above form an integral part of these Accounts

For Sharma Goel & Co.  
Chartered Accountants  
Rajesh Mittal

On Behalf of the Board of Directors

Partner  
Membership no. 95681

Sanjeev Bikhchandani  
Director

Ambarish Raghuvanshi  
Director

Dated : April 21, 2008  
Place : New Delhi

# Profit and Loss

Account for the year ended March 31, 2008

| Particulars                                 | Schedule | Year ended<br>March 31, 2008<br>(Rs.) | Year ended<br>March 31, 2007<br>(Rs.) |
|---|----------|---------------------------------------|---------------------------------------|
| <b>INCOME</b>                               |          |                                       |                                       |
| License Fees                                |          | 100,000.00                            | 100,000.00                            |
| Interest on Fixed Deposit                   |          | 3,891.00                              | 3,344.00                              |
|   |          | <b>103,891.00</b>                     | <b>103,344.00</b>                     |
| <b>EXPENDITURE</b>                          |          |                                       |                                       |
| Auditor Remuneration                        |          | 5,618.00                              | 5,612.00                              |
| Bank Charges                                |          | -                                     | 27.55                                 |
| Legal & Professional Charges                |          | 1,124.00                              | -                                     |
| Rent, Rates & Taxes                         |          | 1,004.00                              | -                                     |
| Preliminary Expenses written off            |          | 548.00                                | 548.00                                |
|   |          | <b>8,294.00</b>                       | <b>6,187.55</b>                       |
| <b>Net Profit Before Tax</b>                |          | 95,597.00                             | 97,156.45                             |
| Tax Expense                                 |          |                                       |                                       |
| - Current year                              |          | 34,460.00                             | 32,703.00                             |
| <b>Net Profit after tax</b>                 |          | 61,137.00                             | 64,453.45                             |
| Profit / (Loss) b/f from Previous year      |          | 56,792.06                             | (7,661.39)                            |
| <b>Balance carried to the balance sheet</b> |          | <b>117,929.06</b>                     | <b>56,792.06</b>                      |

**Notes to the Accounts****F**

This is the Profit and Loss Account referred to in our report of even date

For Sharma Goel & Co.  
Chartered Accountants

Rajesh Mittal  
Partner  
Membership no. 95681

Dated : April 21, 2008  
Place : New Delhi

The Schedules referred to above form an integral part of these Accounts

On Behalf of the Board of Directors

Sanjeev Bikhchandani  
Director

Ambarish Raghuvanshi  
Director

# Schedules

forming part of the Balance Sheet

| Particulars  | As at<br>March 31, 2008<br>Amount (Rs.) | As at<br>March 31, 2007<br>Amount (Rs.) |
|--|---|---|
| <b>SCHEDULE A</b>                                    |   |   |
| <b>SHARE CAPITAL</b>                                 |   |   |
| <b>AUTHORISED</b>                                    |   |   |
| 10,000 Equity Shares of Rs. 10/- each                | <u>100,000.00</u>                       | <u>100,000.00</u>                       |
| <b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>              |   |   |
| 10,000 Equity Shares of Rs. 10/- each, fully paid up | 100,000.00                              | 100,000.00                              |
|  | <u><b>100,000.00</b></u>                | <u><b>100,000.00</b></u>                |
| <br><b>SCHEDULE B</b>                                |   |   |
| <b>UNSECURED LOANS</b>                               |   |   |
| Sanjeev Bikhchandani - Director                      | -                                       | 3,940.00                                |
|  | <u>-</u>                                | <u><b>3,940.00</b></u>                  |
| <br><b>SCHEDULE C</b>                                |   |   |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>            |   |   |
| <b>CURRENT ASSETS</b>                                |   |   |
| <b>(i) Sundry Debtors</b>                            |   |   |
| (Unsecured considered good)                          |   |   |
| (a) Outstanding for more than 6 months               | -                                       | -                                       |
| (b) Other Debts (considered good)                    | -                                       | -                                       |
|  | -                                       | 100,000.00                              |
|  | <u>-</u>                                | <u>100,000.00</u>                       |
| <b>(ii) Cash and Bank Balances</b>                   |   |   |
| (a) Cash in Hand                                     | 200.00                                  | 200 00                                  |
| (b) Balance with Scheduled Banks                     |   |   |
| - ICICI Bank   | 260,860.06                              | 103,773.06                              |
| (c) Fixed Deposit with ICICI Bank                    | 64,709.00                               | 60,818.00                               |
|  | <u><b>325,769.06</b></u>                | <u><b>164,791.06</b></u>                |

# Schedules

forming part of the Balance Sheet

| Particulars                                 | As at<br>March 31, 2008<br>Amount (Rs.) | As at<br>March 31, 2007<br>Amount (Rs.) |
|---|---|---|
| <b>SCHEDULE D</b>                           |   |   |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b> |   |   |
| <b>CURRENT LIABILITIES</b>                  |   |   |
| <b>Sundry Creditors:</b>                    |   |   |
| Sharma Goel & Co.                           | -                                       | 200.00                                  |
| <b>Expenses Payable:</b>                    |   |   |
| Audit Fees Payable                          | 44,550.00                               | 38,932.00                               |
| Provision for Income Tax (Net)              | 64,386.00                               | 66,571.00                               |
| <b>TOTAL</b>                                | <b><u>108,936.00</u></b>                | <b><u>105,703.00</u></b>                |
| <br><b>SCHEDULE E</b>                       |   |   |
| <b>MISCELLANEOUS EXPENDITURE</b>            |   |   |
| Preliminary Expenses                        | 1,644.00                                | 2,192.00                                |
| Less: W/o during the period                 | 548.00                                  | 548.00                                  |
| <b>TOTAL</b>                                | <b><u>1,096.00</u></b>                  | <b><u>1,644.00</u></b>                  |

**SCHEDULE F**

**ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

1. Method of Accounting employed by the Company is generally on accrual basis as to Income & Expenditure both.
2. The Financial statement are prepared under historical cost convention in accordance with applicable accounting standard and requirements of the Companies Act, 1956.
3. Previous year's figures have been rearranged/ regrouped wherever considered necessary.
4. Other Additional Information pursuant to Para 3 & 4 of part II Schedule of VI of the Companies Act, 1956 as certified by the management:

|                                 |      |
|---------------------------------|------|
| Licenced & Installed Capacity   | N.A. |
| Actual Production               | N.A. |
| C.I.F. Value of Import          | NIL  |
| Expenditure in Foreign Currency | NIL  |
| Earning in Foreign Currency     | NIL  |

5. Number of Employees of the Company in receipt of, entitled to receive yearly emoluments in the aggregate of not less than Rs.24,00,000/- or Rs.2,00,000/- per month if employed for the part of the year. NIL
6. Deferred Tax Assets (Net) in terms of Accounting Standard No.22 issued by The Institute of Chartered Accountants of India have not been recognized being not material enough to warrant its recognition.
7. Earning per Share of the company after tax is Rs.6.11/-

As per our report of even date attached  
Sharma Goel & Co,  
Chartered Accountants

For Naukri Internet Services Pvt. Ltd.

Rajesh Mittal  
Partner

Sanjeev Bikhchandani  
Director

Ambarish Raghuvanshi  
Director

Dated : April 21, 2008  
Place : New Delhi



# Director's Report

## Dear Shareholders

The directors present their report and the audited financial statements of the Company for the period from 30 October, 2007 (date of incorporation) to 31 March 2008.

## PRINCIPAL ACTIVITY

The principal activity of the Company is to act as an investment holding company.

## Statement of Directors' Responsibilities in Respect of the Financial Statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

The auditors, Shareef Ramjan & Associates, have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

By Order of the Board  
SECRETARY

ABACUS MANAGEMENT SOLUTIONS LTD  
Level 6, One Cathedral Square  
Jules Koenig Street  
Port Louis

**SECRETARY'S REPORT  
TO BE INCLUDED IN THE FINANCIAL STATEMENTS OF  
INFO EDGE INDIA (MAURITIUS) LIMITED  
UNDER SECTION 166(D) OF THE MAURITIAN COMPANIES ACT 2001**

We confirm that, based on records and information made available to us by the directors and shareholder of the Company, the Company has filed with the Registrar of Companies, for the period ended 31 March 2008, all such returns as are required of the Company under the Mauritian Companies Act 2001.

**Abacus Management Solutions Ltd  
SECRETARY**

# Auditors' Report

## To the members,

We have audited the financial statements of Info Edge (India) Mauritius Limited for the period from 30 October, 2007 (date of incorporation) to 31 March 2008 set out on pages 7 to 15 (Page 103 to 109 of this annual report)

### Directors' responsibilities

As described on page 3, the company's directors are responsible for the preparation and presentation of financial statements which are in accordance with and comply with International Financial Reporting Standards, which give a true and fair view of the matters to which they relate, and which present fairly the financial position of the company at 31 March, 2008 and its financial performance, changes in equity and cash flows for the period then ended.

### Auditors' responsibilities

We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you. This opinion has been prepared for and only for the company's members in accordance with section 205 of the Mauritian Companies Act, 2001 and for no other purpose. We will not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with or interests in the company other than in our capacity as auditors.

### Opinion

We have obtained all the information and explanations we required.

In our opinion:

- (a) proper accounting records have been kept by the company as far as appears from our examination of those records; and
- (b) the financial statements on pages 7 to 15 (Page 103 to 109 of this annual report)
  - (i) have been prepared in accordance with and comply with International Financial Reporting Standards;
  - (ii) give a true and fair view of the matters to which they relate;
  - (iii) present fairly the financial position of the company at 31 March, 2008 and its financial performance, changes in equity and cash flows for the period then ended; and
  - (iv) comply with the Mauritian Companies Act 2001.

**Shareef Ramjan & Associates**  
**Shareef Ramjan**  
**Signing partner**

Date : April 29, 2008  
Place : Mauritius



# Balance Sheet

as at March 31, 2008

|   | <b>USD</b>      |
|---|-----------------|
| <b>ASSETS</b>                                   |                 |
| <b>Non-current assets</b>                       |                 |
| Available-for-sale financial assets (Note 3)    | <u>500,000</u>  |
| <b>Current assets</b>                           |                 |
| Cash and cash equivalents (Note 10)             | <u>6,670</u>    |
| <b>Total assets</b>                             | <u>506,670</u>  |
| <b>EQUITY AND LIABILITIES</b>                   |                 |
| <b>Capital and reserves</b>                     |                 |
| Stated capital (Note 4)                         | 500,001         |
| Accumulated losses                              | <u>(12,230)</u> |
| <b>Total Equity</b>                             | <u>487,771</u>  |
| <b>Current liabilities</b>                      |                 |
| Amount due to ultimate holding company (Note 6) | 14,999          |
| Payables (Note 7)                               | <u>3,900</u>    |
|   | <u>18,899</u>   |
| <b>Total equity and liabilities</b>             | <u>506,670</u>  |

**STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD FROM 30 OCTOBER 2007 (DATE OF INCORPORATION) TO 31 MARCH 2008**

|                          | <b>Stated<br/>Capital<br/>USD</b> | <b>Accumulated<br/>loss<br/>USD</b> | <b>Total<br/>USD</b> |
|--------------------------|-----------------------------------|-------------------------------------|----------------------|
| At 30 October 2007       | -                                 | -                                   | -                    |
| Issued during the period | 500,001                           | -                                   | 500,001              |
| Loss for the period      | -                                 | (12,230)                            | (12,230)             |
| At 31 March 2008         | <u>500,001</u>                    | <u>(12,230)</u>                     | <u>487,771</u>       |

# Income Statement

For the Period from 30 October 2007  
(Date of Incorporation) to 31 March 2008

|                                   | <b>USD</b>          |
|-----------------------------------|---------------------|
| <b>Income</b>                     | <u>-</u>            |
| <b>Expenses</b>                   |                     |
| Processing Fees                   | 2,000               |
| Secretarial Fees                  | 2,000               |
| Accountancy Fees                  | 700                 |
| Bank Charges                      | 155                 |
| Audit Fees                        | 1,200               |
| Directors fees                    | 2,000               |
| Domiciliation and compliance fees | 1,200               |
| Registration fees                 | 335                 |
| Disbursements                     | 140                 |
| Incorporation Fees                | 2,500               |
|                                   | <u>12,230</u>       |
| <b>Loss for the period</b>        | <b>USD (12,230)</b> |

# Cash Flow Statement

for the period from 30 October 2007  
(Date of Incorporation) to 31 March 2008

|  | <b>USD</b>       |
|--|------------------|
| <b>Cash flow from operating activities</b>         |                  |
| Loss before taxation                               | <b>( 12,230)</b> |
| Increase in payables                               | <b>3,900</b>     |
| Increase in amount due to ultimate holding company | <b>14,999</b>    |
| <b>Net cash generated from operations</b>          | <b>6,669</b>     |
| <b>Net cash flow used in investing activities</b>  |                  |
| Acquisition of available-for-sale financial assets | <b>(500,000)</b> |
| <b>Net cash from financing activities</b>          |                  |
| Issue of ordinary shares                           | <b>500,001</b>   |
| <b>Net decrease in cash and cash equivalents</b>   | <b>6,670</b>     |
| Cash and cash equivalents at beginning of period   | -                |
| <b>Cash and cash equivalents at end of period</b>  | <b>6,670</b>     |

# NOTES to the financial statements 31 March 2008

## 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

### *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below.

### *Basis of accounting*

The financial statements are prepared under the historical cost convention.

### *Standards, interpretations and amendments to published standards effective in 2007*

IFRS 7, 'Financial instruments: Disclosures' and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial instruments, or the disclosures relating to other payables.

### *Adoption of new and revised International Financial Reporting Standards (IFRS)*

In the current period, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 30 October 2007.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 1 Amendments to IAS 1: Presentation of financial statements – Comprehensive revision including requiring a statement of comprehensive income (effective from 01 January 2009)
- IAS 23 Borrowing Costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009
- IFRS 8 Operating segments (effective from 01 January 2009)
- IFRIC 12 Service Concession Arrangements (effective from 01 January 2008)
- IFRIC 13 Customer Loyalty Programmes (effective from 01 July 2008)
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 01 January 2008)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

### *Available for sale financial assets*

Available for sale financial assets are non-derivatives that are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Purchase and sales of financial assets are recognised on trade-trade (or settlement date), the date on which the Company commits to purchase or sell the asset.

The investments are valued by the directors on the basis of net worth at period end.

In accordance with the provisions of IAS 39, unrealised gains and losses arising on the difference between the fair value of available-for-sale financial assets and their cost are recognised directly in equity, until the financial assets are disposed of or found to be impaired, at which time the accumulated fair value adjustments previously recognised in equity are included in the income statements for the year as gain or loss from investment in financial assets.

# NOTES to the financial statements 31 March 2008

## *Cash and cash equivalents*

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## *Foreign currency translation*

- Functional currency

Items included in the financial statements are measured in United States dollars (USD), the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("the functional currency").

- Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into United States dollars at the rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

## *Deferred taxation*

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## *Revenue recognition*

Dividend income is recognised when the Company's right to receive payment is established.

Bank interest income is recognised on an accrual basis.

## *Expense recognition*

Expenses are accounted for in the income statement on an accrual basis.

## *Financial Instruments*

Financial instruments carried on the balance sheets include available-for-sale financial assets, cash and cash equivalents, amount due to ultimate holding company and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with the items.

Disclosures about financial instruments to which the company is a party are provided in note 2.

## *Critical accounting estimates and judgements*

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be measurable under the circumstances.

## *Related parties*

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

## *Impairment*

At each balance sheet date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the assets is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the latter is reduced to its recoverable amount and the reduction is treated as an impairment loss.

# NOTES to the financial statements 31 March 2008

## 2. FINANCIAL RISK MANAGEMENT

The Company is exposed to various types of risks as detailed below:

### *Interest rate risk*

The Company has no significant exposure to interest-rate risk.

### *Liquidity risk*

The Company manages liquidity risk by maintaining sufficient cash reserves, through funding from its ultimate holding company.

### *Credit risk*

The Company has no significant concentrations of credit risk.

### *Fair values*

The carrying amounts of available-for-sale financial assets, cash at bank, amount due to ultimate holding company and payables approximate their fair values.

### *Currency profile*

The Company's financial assets and liabilities are denominated in United States dollars.

### *Currency risk*

The Company has no significant currency risk exposure.

## 3. AVAILABLE-FOR-SALE FINANCIAL ASSETS

|                               |                           |
|-------------------------------|---------------------------|
| Beginning of the period       | -                         |
| Acquisition during the period | 500,000                   |
| At 31 March 2008              | <b>USD</b> <u>500,000</u> |

There were no disposal or impairment provisions on the available for sale financial assets during the period ended 31 March, 2008.

Available for sale financial assets include acquisition of 6.5% stake in Study Places Inc., a company incorporated in United States of America which is engaged in the provision of recruitment, property, matrimony, education, automobiles and other industrial or domestic products and related services.

Available for sale financial assets are denominated in US Dollars.

The directors have reviewed the investments in subsidiaries at 31 March, 2008 and are of opinion that they are not impaired.

## 4. STATED CAPITAL

### *Ordinary shares of no par value*

|                                    | Number         | USD            |
|------------------------------------|----------------|----------------|
| <i>Issued and fully paid up</i>    |                |                |
| 500,001 ordinary share of USD 1.00 | 500,001        | 500,001        |
|                                    | <u>500,001</u> | <u>500,001</u> |

## 5. TAXATION

At 31 March, 2008, the Company had tax losses of **USD 12,230** and is therefore not liable to income tax. The Company is subject to income tax in Mauritius at 15%. However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritius tax payable on its foreign source income.

Capital gains are exempt from tax in Mauritius. The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws.

# NOTES to the financial statements 31 March 2008

## 6. RELATED PARTY TRANSACTIONS

Transactions and balances involving the Company and its ultimate holding company were as follows:

|   | <b>USD</b>        |
|---|-------------------|
| <i>Movement during the period:-</i>                               |                   |
| Issued share capital  | <b>(1)</b>        |
| Expenses paid by ultimate holding company                         | <b>5,000</b>      |
| Advances received during the period from ultimate holding company | <b>10,000</b>     |
| <i>At 31 March 2008</i>   | <b>USD 14,999</b> |
|   | <hr/> <hr/>       |
| <b>7. PAYABLES</b>  |                   |
| Accruals  | <b>USD 3,900</b>  |
|   | <hr/> <hr/>       |

## 8. HOLDING AND ULTIMATE HOLDING COMPANY

The directors consider Info Edge (India) Limited, a company incorporated in India, which is listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE), as the Company's holding and ultimate holding company.

## 9. REPORTING CURRENCY

The financial statements are presented in United States Dollars. The Company has been granted Category 1 Global Business Licence under the Financial Services Development Act 2001, which requires that the Company's business or other activity is carried on in a currency other than the Mauritian rupee.

## 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

|              | <b>USD</b>   |
|--------------|--------------|
| Cash at bank | <b>6,670</b> |
|              | <hr/> <hr/>  |

## 11. COMPARATIVE FIGURES

No comparative figures are available as these are the first financial statements since incorporation.











# Notice

Notice is hereby given that the 13th Annual General Meeting of the Members of INFO EDGE (INDIA) LIMITED will be held at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi – 110 001, on Thursday, the 24th day of July, 2008 at 4.30 P.M. to transact the following business:

## **Ordinary Business**

1. To consider and adopt the Audited Balance Sheet as at March 31, 2008, Profit & Loss Account for the year ended on that date and the Auditors' and Directors' Reports thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Arun Duggal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashish Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Saurabh Srivastava, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Price Waterhouse, Chartered Accountants, as Statutory Auditors of Company and fix their remuneration and for the purpose, to consider and if thought fit, to pass the following resolution with or without modification(s):

"RESOLVED THAT M/s. Price Waterhouse, Chartered Accountants, be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors."

7. To appoint Branch Auditors in Countries outside India in consultation with the Statutory Auditors:  
"RESOLVED THAT pursuant to Section 228 and other applicable provisions of the Companies Act, 1956 the Board of Directors be and is hereby authorized to appoint/reappoint any person (s) qualified for appointment as Auditor (s) or an Accountant or Accountants duly qualified to act as Auditors of the Branch offices of the Company situated in countries outside India, in accordance with the law of that country in which the branch office (s) of the Company is /are situated, to audit the Accounts of the Company's Branch office (s) abroad to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration for the said period."

## **Special Business**

8. To consider and, if thought fit, to pass the following resolution with or without modification(s):  
"RESOLVED THAT Mr. Naresh Gupta be and is hereby appointed as a Director of the Company."
9. To consider and, if thought fit, to pass the following Special resolution with or without modification(s):  
"Resolved that pursuant to the provision of Section 314 (1B) and all other applicable provisions of the Companies Act, 1956 (the "Act") and rules and regulations enacted under the Act, including any statutory modification (s) or re-enactment thereof, for the time being in force, subject to the approval of the Central Government:
1. Approval of the Company be and is hereby accorded to the appointment of Ms. Surabhi Bikhchandani, wife of Mr. Sanjeev Bikhchandani, Managing Director & Chief Executive Officer of the Company, as Principal Consultant- Executive Search on the such remuneration, terms and conditions as set out in the Explanatory Statement annexed hereto.

2. The Compensation Committee of the Board of Directors of the Company be and is hereby authorized to:
  - (i) decide from time to time the exact remuneration to be paid to Ms. Surabhi Bikhchandani, within the overall limits specified in this regard;
  - (ii) settle any question, difficulty or doubt, that may arise in giving effect to this resolution;
  - (iii) delegate all or any of the powers herein conferred to any Director or any other officer or officers of the Company.
3. Mr. Hitesh Oberoi, Director & Chief Operating Officer, Mr. Ambarish Raghuvanshi, Director & Chief Financial Officer and Mr. Amit Gupta, Company Secretary be and are hereby severally authorized to :
  - (i) make and submit applications to the Central Government or any other statutory authority as may be required in this connection;
  - (ii) give or cause to give certified true copies of the resolution as may be required;
  - (iii) sign and execute agreements /documents /writings as may be required in connection with the above and make and accept amendments, if any, thereto ;
  - (iv) settle any question, difficulty or doubt, that may arise in giving effect to this resolution;
  - (v) do all such acts, deeds, matters, and things as it may in its absolute discretion deem necessary and think fit to give effect to this resolution."

By Order of the Board

Date: 25 June, 2008  
Place : Noida

(Amit Gupta)  
Company Secretary

**NOTES:**

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of resolutions set out under Item No.8 & 9 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER.
3. The instrument appointing a proxy, to be effective, must be duly filled, stamped and signed and must reach the Company's registered office not later than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from July 22, 2008 to July 24, 2008 (both days inclusive) for the purpose of ascertaining the eligibility for payment of dividend.
5. Dividend on equity shares, if approved by the members, will be paid to those members whose names appear on the Company's Register of Members at the close of the business hours on July 24, 2008 after giving effect to all the valid transfers in physical form lodged with the Company/ Registrar on or before July 22, 2008. However, in respect of shares held in dematerialized form, eligibility for dividend would be decided on the basis of beneficial owners position received from NSDL & CDSL at the close of business hours on July 22, 2008.
6. Members holding shares in physical form are requested to notify change in their address, if any, quoting folio number to our Registrar and Share Transfer Agent- **Intime Spectrum Registry Limited, A- 40, 2<sup>nd</sup> Floor, Near Batra Banquet Hall, Naraina Industrial Area , Phase- II, New Delhi - 110 028.**
7. Members are requested to advise about any change in Address/ Bank Account Number to the Company's Registrar in respect of their physical share folios; and to their Depository Participants (DPs) in respect of their Electronic Demat Accounts as the Company is obliged to print the Bank details on the dividend warrant as furnished by NSDL/CDSL.
8. Members are requested to send their queries, if any, at least 10 days in advance of meeting so that the information can be made available at the meeting.
9. Members are requested to bring their copy of the Annual Report to the Meeting as the Company would not provide any copy at the AGM venue.
10. Documents referred in the accompanying Notice are open for inspection at the registered office of the Company on all working days except Saturdays and holidays between 10.30 A.M. to 12.30 P.M. upto the date of Annual General Meeting.

11. In terms of the requirement of Clause-49 of the Listing Agreement, details about qualification, age, area of expertise & other directorships of Directors seeking appointment / re-appointment is given and forms part of the Notice to the meeting.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

### **Item No. 8**

The Board of Directors had appointed Mr. Naresh Gupta as Additional Director of the Company with effect from October 29, 2007. Mr. Naresh Gupta shall be an Independent Director in terms of Clause-49 of the Listing Agreement. Pursuant to Section 260 of the Companies Act, 1956 Mr. Naresh Gupta will hold office as such up to the date of ensuing Annual General Meeting of the Company. The Company has received a notice in writing proposing his candidature for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors is interested in the proposed resolution except to the extent of being shareholders of the company.

The Board recommends the resolution set forth in Item No. 8 for the approval of the members.

### **Item No. 9**

Ms. Surabhi Bikhchandani, wife of Mr. Sanjeev Bikhchandani, Managing Director & Chief Executive Officer, is a Graduate in Economics from St. Stephens College (Delhi University). She completed her Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad (IIM-A) in 1989. Ms. Surabhi Bikhchandani has total work experience of about 20 years. She started her career with Nestle Ltd in 1989 in a Product Management role where she worked till 1995 and her last designation in Nestle was Brand Manager. Subsequently, she joined Info Edge (India) Ltd as a Director from May 1, 1995 till March 20, 2006 during which time she was lately associated with Management Search division in off-line recruitment business of the Company.

It is proposed to appoint Ms. Surabhi Bikhchandani as Principal Consultant- Executive Search in the Company's off-line recruitment arm – Quadrangle on the following terms:

1. Ms. Surabhi Bikhchandani would be appointed on fixed CTC of Rs. 100,000 per month. However, the Compensation Committee of the Board may from time to time revise her fixed CTC in a band of Rs. 100,000 per month to Rs. 3,00,000 per month on the basis of her performance & time commitment etc;
2. Over and above the aforesaid fixed CTC, Ms. Surabhi Bikhchandani will be entitled to annual variable incentive scheme (based on performance) not exceeding 50% of her fixed annual salary;
3. Her employment would be governed by terms & conditions as per the policy applicable to other employees at her level in the Company.
4. The appointment would be effective from the date of receipt of approval of the Central Government/ any other regulatory body as may be applicable.

Since Ms. Surabhi Bikhchandani, is the wife of Mr. Sanjeev Bikhchandani, Managing Director and Chief Executive Officer, in terms of Section 314 (1B) of the Companies Act, 1956, her appointment to any position in the Company at a remuneration of exceeding Rs. 50,000 p.m. will need approvals from both, the Shareholders and the Central Government.

After obtaining the Shareholders approval, the Company would make an application in this regard to the Central Government.

Except Mr. Sanjeev Bikhchandani, Managing Director & Chief Executive Officer of the Company, none of the Directors is in any way concerned or interested in the resolution.

The Board recommends the resolution set forth in Item No. 9 for the approval of the members.

By Order of the Board

Date: June 25, 2008  
Place: Noida

Amit Gupta  
Company Secretary

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT IN ANNUAL GENERAL MEETING TO BE HELD ON JULY 24, 2008**

| <b>Name</b>  | <b>Mr. Arun Duggal</b>  | <b>Mr. Saurabh Srivastava</b>                                   | <b>Mr. Ashish Gupta</b>   | <b>Mr. Naresh Gupta</b>   |
|--|---|---|---|---|
| <b>Age</b>   | 61 years  | 62 years  | 41 years  | 41 years  |
| <b>No. of Shares held in the Company</b>   | 20,000  | 17,500  | 21,703  | -   |
| <b>Qualification</b>   | B. Tech-IIT Delhi, PGDM IIM-A   | B. Tech-IIT Kanpur, M.Sc. from Harvard University               | B. Tech-IIT Kanpur, Ph. D. from Stanford University                                     | B. Tech -IIT Kanpur, MS and Ph. D. in Computer Science from University of Maryland            |
| <b>Expertise in specific functional Area</b>   | Experienced International Banker advising Corporates on Financial Strategy, M&A and Capital Raising areas.  | Among India's leading IT angel investor and venture capitalist. | Is an entrepreneur and investor / board member in early stage companies in India & U.S. | Computer science expert in the areas of shape, motion, image under standing, and AI research. |
| <b>List of Public Limited Companies in which outside Directorship held</b>                                     | <ol style="list-style-type: none"> <li>1. Patni Computer Systems Limited</li> <li>2. Shriram Properties Limited</li> <li>3. Petronet LNG Limited</li> <li>4. Manipal Acunova Limited</li> <li>5. Zuari Industries Limited</li> <li>6. Dish TV India Limited (Formerly ASC Entrp. Ltd.)</li> <li>7. Shriram Transport Finance Co. Limited</li> <li>8. Shriram City Union Finance Limited</li> <li>9. Mundra Port &amp; Special Economic Zone Limited</li> <li>10. Shriram EPC Limited</li> </ol> | -   | -   | -   |
| <b>Chairman/Member of the Committee (s) of Board of Directors of Info Edge (India) Ltd</b>                     | Chairman -Audit Committee   | Member-<br>Audit Committee                                      | Member-<br>Audit Committee  | Member-<br>Audit Committee  |
| <b>Chairman/Member of the Committee (s) of Board of Directors of other Companies in which he is a Director</b> | <b>Shareholders/ Investor Grievance Committee-</b><br>Member- Petronet LNG Limited<br>Chairman-<br>❖ Patni Computer Systems Limited<br>❖ Petronet LNG Limited<br>Member-<br>❖ Zuari Industries Limited<br>❖ Dish TV India Limited   | -   | -   | -   |

**Note: Pursuant to Clause -49 of the Listing Agreement, only Audit & Investor Grievance Committees have been considered & disclosed in the above table.**

**INFO EDGE (INDIA) LIMITED**

Regd. Office: GF-12A, 94, Meghdoot Building, New Delhi-110019  
Corporate Office: A-88, Sector-2, Noida – 201 301 (Uttar Pradesh)

**ATTENDANCE FORM**

Member(s) or his / her / their proxy(ies) is requested to present this form for admission, duly signed in accordance with his/her/their specimen signature(s) registered with the Company.

Folio No.: \_\_\_\_\_

DP ID \_\_\_\_\_

No. of Shares: \_\_\_\_\_

Client ID \_\_\_\_\_

I hereby record my presence at the 13<sup>th</sup> ANNUAL GENERAL MEETING of Info Edge (India) Limited held on Thursday, 24 July, 2008 at 4.30 P.M. at FICCI Golden Jubilee Auditorium, Tansen Marg , New Delhi – 110 001 , or any adjournment thereof.

Please tick  in the Box below:

Member

Proxy

\_\_\_\_\_  
Member/Proxy's Name  
(Block Letters)

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Proxy's Signature

**INFO EDGE (INDIA) LIMITED**

Regd. Office: GF-12A, 94, Meghdoot Building, New Delhi-110019  
Corporate Office: A-88, Sector-2, Noida – 201 301 (Uttar Pradesh)

**PROXY FORM**

I / We ..... of ..... in the district of ..... being a member(s) of INFO EDGE (INDIA) LIMITED hereby appoint ..... of ..... in the district of ..... failing him ..... of ..... in the district of ..... as my / our proxy to attend and vote for me / us on my / our behalf at the 13<sup>th</sup> Annual General Meeting of the Company to be held on July, 24, 2008 and / or at any adjournment thereof.

Signed on ..... at.....

Folio No./Client ID\* .....

Signature (s) .....

D.P. ID\* .....

\* Applicable for Shareholders holding shares in electronic form.

Note : This form, in order to be effective should be duly stamped, completed, Signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

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|----------------------|----------|-----------|-------------|----------|
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| Shree Mahalaxmi City | Andheri  | Apartment | 1000 sq.ft  | 1.25 Cr. |
| Shree Mahalaxmi City | Andheri  | Apartment | 1000 sq.ft  | 1.25 Cr. |
| Shree Mahalaxmi City | Andheri  | Apartment | 1000 sq.ft  | 1.25 Cr. |
| Shree Mahalaxmi City | Andheri  | Apartment | 1000 sq.ft  | 1.25 Cr. |

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Events Admissions Results Scholarships

- National Conference on Advances in LIS, Pune, 08<sup>th</sup> Nov, 09
- Edu Fair 2009, Chennai, 16<sup>th</sup> Jan, 09
- Edu fair 2009, Ahmed, 18<sup>th</sup> Jan, 09
- IBN Expo 2009, Bangalore, 07<sup>th</sup> Feb, 09
- IBN Expo 2009, Coe, 07<sup>th</sup> Feb, 09

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