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### Board of Directors

Mr. Kapil Kapoor	<i>Chairman</i>
Mr. Arun Duggal	<i>Independent Director</i>
Mr. Saurabh Srivastava	<i>Independent Director</i>
Ms. Bala Deshpande	<i>Independent Director</i>
Mr. Ashish Gupta	<i>Independent Director</i>
Mr. Naresh Gupta	<i>Independent Director</i>
Mr. Sanjeev Bikhchandani	<i>Founder &amp; Executive Vice-Chairman</i>
Mr. Hitesh Oberoi	<i>Managing Director &amp; Chief Executive Officer</i>
Mr. Ambarish Raghuvanshi	<i>Director &amp; Chief Financial Officer &amp; Group President-Finance</i>

### Company Secretary

Mr. Amit Gupta

### Auditors

Price Waterhouse & Co. Chartered Accountants, Gurgaon - 122 002

### Bankers

ICICI Bank Limited • HDFC Bank Limited • State Bank of India • Punjab National Bank  
Canara Bank • Bank of Baroda • Oriental Bank of Commerce • Bank of India  
State Bank of Hyderabad

### 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



brij.com

Firstnaukri.com  
A platform for job seekers

naukrigulf.com

Jeevansathi.com  
The Perfect Match

STOP  
Start preparing at  
shiksha.com

99acres.com  
Real Estate

alcheckdeals.com  
Real Estate

naukri.com  
India's No. 1 Job Site



## letter from the CEO



Dear Shareholder,

2010-11 reaffirmed that in terms of the business environment, the worst is clearly behind us and Info Edge is back on its growth momentum. India clocked a GDP growth of 8.5% in 2010-11, on the back of 8% registered in 2009-10. Fundamentally, with growth firmly back on track, business and market sentiments became positive.

While, macro-economic parameters suggested that, while there might be the odd shock, the rise in income levels in India would be sustained over a period of time. These developments led to a notable growth in activity in two of our markets – recruitment and real estate.

You would recall that in the period of depressed markets in 2009 and early 2010, we at Info Edge had focussed on looking within and improving the internal systems and processes of the Company. During those months, we had rolled up our sleeves and put considerable efforts on streamlining the fundamentals of our business – sales management, customer analytics and technology. The emphasis was on better targeting of activities to generate higher value from every rupee spent. With these

initiatives, Info Edge emerged a much stronger Company from the market downturn and was even better positioned to traverse a high growth path, once demand conditions improved. In fact, 2010-11 signalled the beginning of this new phase of growth.

On a standalone basis in FY2011,

**NET SALES INCREASED TO ₹2,936.2 MILLION** – a growth of 26.4% over ₹2,322.2 million registered in FY2010

**PAT INCREASED** by 47.5% to ₹839.7 million

**EARNINGS PER SHARE** (basic and diluted) increased to ₹15.38 from ₹10.43 in FY2010

On a consolidated basis in FY2011,

**NET SALES INCREASED** to ₹3,217.3 million – a growth of 35.7% over ₹2,370.8 million registered in FY2010

**PAT, AFTER MINORITY INTEREST OF SUBSIDIARY COMPANIES AND SHARE IN LOSS OF ASSOCIATE COMPANIES**, increased by 21.2% to ₹631.4 million

**EARNINGS PER SHARE** (basic and diluted) increased to ₹11.57 from ₹9.54 in FY2010

We are primarily a consumer, technology and sales driven company. The two large elements of cost in our business are people and brand-building. Given the fundamental principles of pursuing profitable growth that govern the Company's operations, these expenses are tightly controlled and undertaken in a well planned and calibrated manner. The requirement for investments in physical capacity expansion is not very predominant, so there is not much requirement of capital expenses on this front. In addition, the operations are streamlined to function with a negative working capital. In this set up, a healthy top-line growth, coupled with improving margins contribute to good cash accretion. In FY2011, on a consolidated basis,

net cash generated from operations was ₹1,037.9 million. The cash and cash equivalents at the end of the year was ₹4,582.9 million of which ₹1,981.1 million was invested in bank fixed deposits and, around ₹2,601.8 million was invested in debt schemes of mutual funds. Clearly, with the performance in FY2011, the Company has further strengthened its balance-sheet position, which is a war chest that can be utilised for various investments at appropriate points in time. Also, this provides a strong security cover for the business. I always believe in maintaining sufficient cash balance to meet at least twelve months of operating expenses, in case of a contingency.

In terms of the different businesses, with over 80% share in total revenues, the recruitment solutions businesses with its flagship brand *naukri.com* is the Company's primary source of revenues and profits today. The other businesses, mainly *99acres.com*, *jeevansathi.com* and *shiksha.com* are in a developmental phase. While their revenues are growing, they still generate losses or insignificant profits. Having said so, over the last five years, through steady progress, the share of these 'other businesses' in the Company's total standalone revenues has increased from 5% to 17%.

## **TODAY, WE CONTINUE TO FOCUS ON FOUR BASIC BUSINESS GROWTH DRIVERS.**

**BEING THE MARKET LEADER,  
NAUKRI.COM HAS THE  
LARGEST CLIENT BASE. AS  
THIS LARGE CLIENT BASE USES  
THE SITE, IT POSTS JOBS AND  
RESULTS IN THE LARGEST JOB  
LIST IN INDIA. THIS, IN TURN,  
PROMOTES HIGHER TRAFFIC  
SHARE LEADING TO INCREASED  
CUSTOMER RESPONSE**

### **FIRST, IS TO GROW THE CORE BUSINESS.**

*Naukri.com* has developed into a sizeable & well positioned business that has attained the critical virtuous cycle of self-sustenance that all our businesses are striving to achieve. Let me explain. Being the market leader, *naukri.com* has the largest client base. As this large client base uses the site, it posts jobs and results in the largest job list in India. This, in turn, promotes higher traffic share leading to increased customer response. Such customer response further increases the client base, and growth becomes self-sustaining. *naukri.com* has attained the critical market size and leadership position required to further propel profitable growth with lower new investments. Consequently, in FY2011, with improved market demand, the recruitment vertical witnessed a 24% growth in net sales, and, in terms of traffic share, it has further gained its leadership position over both its nearest competitors. We continue to focus on aggressively growing this brand profitably. In



addition, the core business is supported by related businesses that focus on specific segments within the recruitment space. These include *naukrigulf*, which focuses on recruitment specifically in the gulf region. With the growth in the education sector, campus placements have grown significantly and there is a trend of this moving to the online platform. *Firstnaukri* is well positioned to leverage these opportunities. In the first year of commercial operations in FY2011, the business has got good response. There is also the professional networking site – *brijj.com*

### **SECOND, IS TO CAPITALISE ON THE GROWTH OF THE REAL ESTATE BUSINESS - 99ACRES.**

The business gained good momentum in FY2011. With net sales growing by 71%, the business broke even. More importantly, it gained significant traffic share over its nearest rivals, while some competitors have fallen far behind. It is strengthening its leadership position. While focus is on growing and scaling up the business, there is equal emphasis on improving quality of traffic and improving site hygiene in terms of content. In the real estate industry for long term growth, it is very important to filter usage and focus on better quality of data and site visitors.

### **THIRD, IS TO SCALE UP THE OTHER EXISTING BUSINESSES.**

Amongst the other businesses *Allcheckdeals.com*, which is the real estate brokerage business (and is a subsidiary), leveraged the growth in the real estate market in India and registered healthy growth. The education portal *Shiksha.com* is also gaining traction and we are investing in TV commercials to take the business to the next level. The market for offline placement services is becoming rather attractive. We have been reworking on the *quadrangle* business. Already, in FY2011 the number of clients has increased to 130 and we intend to grow this business. The matrimonial portal-, *jeevansathi.com* continues to focus on developing optimal solutions for its target market in north India.

All the growth objectives are well supported by a large and widely spread out sales team network. There are around 1,470 sales and client facing staff working through 48 offices across 31 cities in India. We are the only online Company in India with such a widespread physical sales force. I believe this will help us push all our brands more efficiently to customers and add impetus to our online presence. We are working on further improving the efficiencies of this team through adoption of sophisticated analytics tools and implementation of a new ERP system.

### **FOURTH, IS TO INVEST IN START UPS (I.E. BUSINESSES WHICH ARE EARLY STAGE).**

We strongly believe that the online business domain is about innovation and entrepreneurship. In order to create a Company that will be a leader in India across different spaces in the internet medium, it is very important to tap into new ideas being developed. We, at Info Edge, had already started investing in start-ups in the last few years. Our philosophy for these investments is fairly clear. We invest where we



have considerable faith in the capability of the promoters, business idea and model of execution. Post investments, we support the businesses with our vast domain expertise to help it in strategy, positioning and growth. In the longer run, we shall either leverage the value enhancement of the business or merge the business into Info Edge. In FY2011, we put in more focused attention to this part of our business. The Founder and Executive Vice Chairman, Mr Sanjeev Bikhchandani, has now taken focused charge of identifying and nurturing such investments. We have increased investments into *policybazaar.com* and made new investments into *zomato.com*, *mydala.com*, *nogle technologies* and *99labels.com*.

The details of these businesses are given in the chapter on management discussion and analysis. While the number of investments has increased the quantum of investments is still fairly low and focused on incubating these companies. With these investments, we expect to considerably widen our business base in the Indian online space and, we are convinced of this approach for growth.

Across the business, Info Edge continues to focus on attracting and retaining talent. Even, as we diversify into more brands and products, we remain primarily a people and knowledge driven business. We realise that it is our people who have been behind our success so far, and they will define our future. At Info Edge, we have promoted a fairly flat organisation structure where the predominant culture is to promote ownership and freedom of operations with broad objectives and controls

defined by the Company. There is a large element of variable pay that promotes enhanced performance. This includes stock based payments like Employee Stock Option Plans (ESOPs) and Stock Appreciation Rights (SARs).

We also continue to build teams to develop our businesses. In FY2011, there was around 22% growth in manpower in the standalone business. Most of which was to foster scaling up of the other businesses like *99acres* and *shiksha*.

While we have improved our positioning in the online business space in India during FY2011, it is heartening to note some of the external developments specific to internet in India. Estimates suggest that by December 2010, internet penetration in India had increased to 8.5% and broad-band connections continue to

**WE REALISE THAT IT IS OUR PEOPLE WHO HAVE BEEN BEHIND OUR SUCCESS SO FAR, AND THEY WILL DEFINE OUR FUTURE. AT INFO EDGE, WE HAVE PROMOTED A FAIRLY FLAT ORGANISATION STRUCTURE WHERE THE PREDOMINANT CULTURE IS TO PROMOTE OWNERSHIP AND FREEDOM OF OPERATIONS WITH BROAD OBJECTIVES AND CONTROLS DEFINED BY THE COMPANY**



grow. By March 31, 2011, the number of broadband connections in India has further increased to 11.87 million.

In a global context, a recent study by the Mckinsey Global Institute has highlighted how internet is now an important part of global GDP. The study that analysed 13 leading global economies including India, concludes that the internet is now used in every country, in every sector, by most companies, and by more than 2 billion people and its usage is still growing. Internet related consumption and expenditure is now larger than agriculture or energy and its contribution to GDP in these countries is growing. In their sample set, internet account for 7% of GDP growth over the last 15 years and 11% over the last five years. It is also inferred that internet correlates with higher living standards. While at one level it has taken away jobs, at another it has created more jobs and is a net job creator. Mckinsey's global SME survey suggests that the internet has created 2.6 jobs for every job destroyed. India and China are strengthening their position in the global internet ecosystem by recording growth rates of over 20%. The study also suggests that internet in India accounted for lower contribution of GDP vis-a-vis developed countries. Imagine the opportunities that will be there in India as GDP grows and internet's contribution to GDP reaches closer to levels seen in developed countries. As a leader in this space, Info Edge is well-positioned to leverage these opportunities.

We will have to continue to focus on excellence in innovation & execution and I am confident of my team and its ability to deliver on these fronts in the coming years.

Finally, I would like to take this opportunity to thank you for your continued support. Our business is well placed for big-ticket growth. With the dedication of our employees and your encouragement, Info Edge is confident of delivering sustained value.

Regards  
**Hitesh Oberoi**

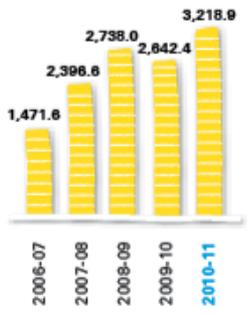


**company highlights**

**GROWTH MOMENTUM IS BACK**

AFTER A SLIGHT SLOWDOWN IN FY2010, TOTAL INCOME INCREASED BY 22% IN FY 2011

**TOTAL INCOME**  
₹ MILLION



**BUILDING UP RESERVES**

NET WORTH CONTINUES TO GROW SINCE THE IPO

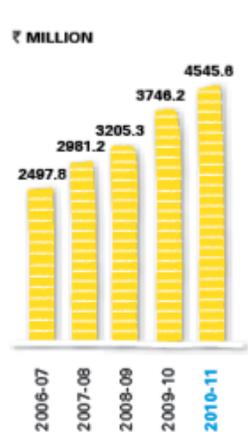
**NET WORTH**  
₹ MILLION



**HIGH ON LIQUID ASSETS**

CASH & EQUIVALENTS (FD IN BANKS, INVESTMENT IN DEBT MF & FMP)

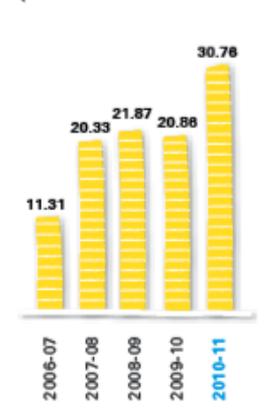
**CASH & INVESTMENTS**  
₹ MILLION



**GOOD RETURNS TO SHAREHOLDERS**

AFTER THREE CONSECUTIVE YEARS OF EPS OVER ₹20, IN FY2011 AFTER ADJUSTING FOR BONUS OFFER, EPS TOUCHED LEVELS OVER ₹30

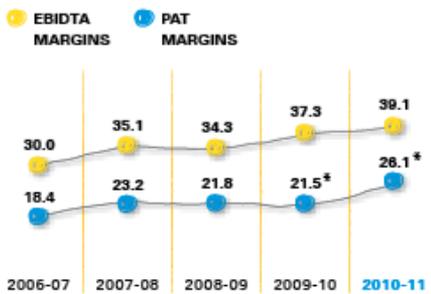
**EARNINGS PER SHARE**  
₹



**MARGINS CONTINUE TO GROW**

EBIDTA TRENDING UP TOWARDS 40%, WHILE PAT MARGIN (WITHOUT EXTRAORDINARY INCOME TRENDING UP TO 25%

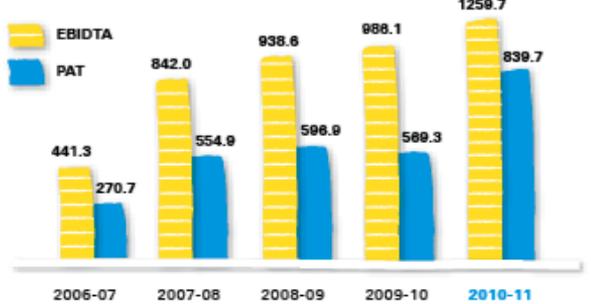
**MARGINS (RATIO TO TOTAL INCOME) %**



**HEALTHY PROFITS**

EBIDTA AND PAT FROM ORDINARY ACTIVITIES CONTINUES TO GROW

**PROFITS**  
₹ MILLION



\* Includes one time exceptional item of loss of ₹37.74 million & income of ₹51.74 million in FY 09-10 and FY 10-11 respectively.



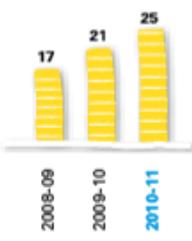
**business snapshots**

**CORE BUSINESS**  
RECRUITMENT SOLUTIONS

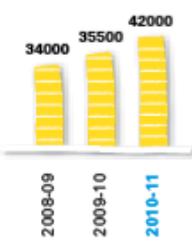


NAUKRI.COM CONTINUES TO WITNESS IMPROVEMENTS IN CUSTOMER BASE AND PORTAL USAGE

**RESUMES**  
NEAREST MILLION



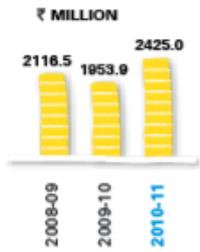
**UNIQUE CUSTOMERS**



INFO EDGE HAS ALWAYS FOCUSED ON CREATING MARKETS, MAINTAINING GOOD MARGINS AND INCREASING PROFITS.

**RECRUITMENT BUSINESS**  
REGAINS GROWTH IMPETUS

**RECRUITMENT SOLUTIONS: REVENUES**

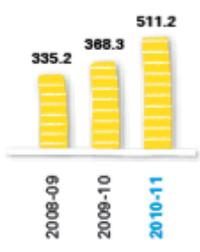


WHILE THE BACKBONE OF INFO EDGE'S BUSINESS, *NAUKRI.COM* CONTINUES TO GROW FROM STRENGTH TO STRENGTH, THE OTHER VERTICALS ARE GAINING CONSIDERABLE TRACTION. *99ACRES* IS POISED FOR A BREAKTHROUGH INTO THE NEXT LEVEL OF SCALE OF OPERATIONS AND *JEEVANSATHI* IS DEVELOPING A WELL CRAFTED NICHE POSITIONING

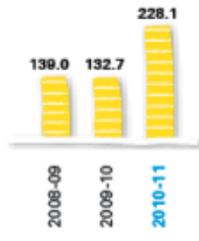
**OTHER VERTICALS**

**PROPERTY SEARCH & MATRIMONIAL ETC.**

**OTHER VERTICAL REVENUES**

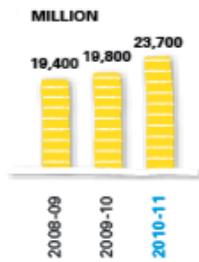


**REVENUES**

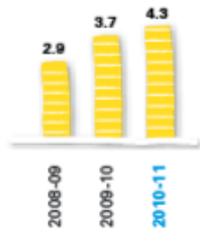


**PAID TRANSACTIONS**

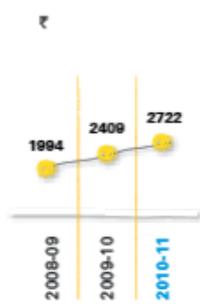
RESTATED FOR ALL YEARS



**PROFILES EVER LOADED**



**AVERAGE REALISATION**







management  
discussion &  
analysis

**INFO EDGE (INDIA) LIMITED ('INFO EDGE' OR 'THE COMPANY') IS ONE OF INDIA'S LEADING INTERNET BASED ENTERPRISE. THE COMPANY DEVELOPS WORLD CLASS PLATFORMS THAT PROVIDE VARIOUS SERVICES USING INTERNET AS THE PRIMARY MEDIUM OF DELIVERY. WITH A CORE FOCUS ON BEING AN ON-LINE CLASSIFIEDS COMPANY, EACH OF THE DIFFERENT PRODUCTS OR PLATFORMS HAVE THEIR OWN STRATEGIC POSITIONING AND REVENUE MODELS.**

In a short span of 14 years since its inception in 1997, and especially after its public listing in 2006, Info Edge has grown rapidly to attain leadership position in the internet based services industry in India. With rapid economic development and increased absorption of newer technologies, the internet as a medium of effective communication is poised for significant growth in India. This opens up much wider and larger opportunities for industry leaders like Info Edge.

Today, Info Edge is India's leading online classifieds company with a strong portfolio of brands, experienced management team and a business model that is driven to further capitalise on its first phase of growth.

In fact, the Company's meteoric growth and leadership position is directly attributable to the successful launch and development of its primary offering in the recruitment space — *naukri.com*. The experience gained through the journey of incubating, developing and growing *naukri.com* has taught Info Edge several lessons in creating successful online businesses. The key lessons learnt are summarised below.

📌 **In the online business, while technology application is important** the essence is to create active domain specific online communities. This requires in-depth analysis of the domain and its functioning in the offline space. With this knowledge, the challenge is to create enhanced online experiences that can transform offline

transactions and communities to ones based on the internet.

📌 **Competitive success is largely determined by the ability** to efficiently and effectively utilise technology to create the best online experience. User experience needs to be continuously enhanced to maintain and grow online site traffic, which is critical for business success.

📌 **There has to be a roadmap for the online business** being developed where it can grow a substantial customer base and attain a critical size to become a self sustaining entity in the long run. While in the initial stages, it will warrant some level of investments, in course of its growth it should be able to generate sufficient returns that can be ploughed back for the next round of growth.

Info Edge has utilised this rich experience and incorporated the learning from developing *naukri.com* to extend its business scope with more products. While some of these newer businesses are extensions of the recruitment business, others are entities into new domains.

Today, the recruitment portfolio is supported by the offline executive search business — **Quadrangle** — and the associated portal *www.quadranglesearch.com*. There is also the **web portal** — *www.naukrigulf.com* — that caters to the Middle-East job markets; the **professional networking site**, *www.briji.com*; and the **fresher hiring site**, *www.firstnaukri.com*.

The Company websites in other verticals are as under :

- **The online matrimonial classified vertical**, which operates through the portal *www.jeevansathi.com*.
- **The online real estate classified vertical**, which operates through the portal *www.99acres.com*. It is supported by the brokerage business, *www.allcheckdeals.com*, now operated through a wholly owned subsidiary.
- **The online educational classifieds vertical**, which operates through the portal *www.shiksha.com*.

These constitute the core revenue generating businesses of the Company that are part of its stand-alone financial numbers.

While developing new businesses, Info Edge has always been focused on profitable growth. In the last five years, post the public listing the Company has operated on two planes. At one end, it focused on taking on competitors and maintaining the growth momentum of its flagship brand – *naukri.com*, which had already attained a self sustaining scale of operations. This has been the primary source of revenues and profits for the Company. At the other end, it recalibrated strategies and invested in the other brands.

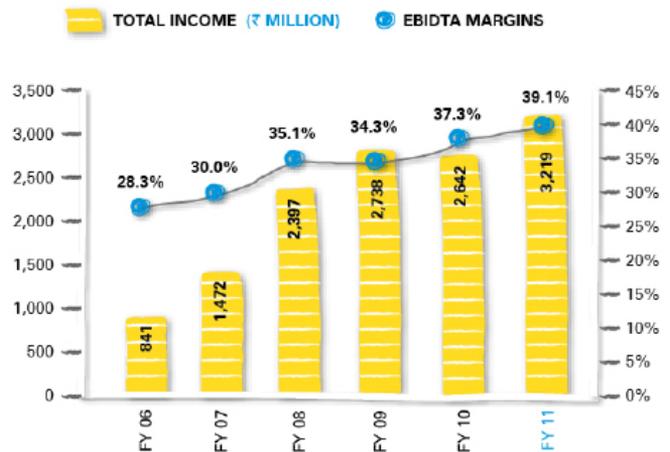
Even while making these investments, the Company focused on growing its profitability and the twin objectives of revenue growth and profitability remain the long term driving force of the Company. **Chart A** traces the progress of the Company over the last five years in terms of these two prime objectives.

In terms of revenues, there has been steady progress at a Compound Annual Growth Rate (CAGR) of 31% over the 5 years since FY2006. The healthy top-line growth in FY2011 further re-affirmed that the drop in revenues during FY2010 was an aberration caused by a widespread economic slowdown in the aftermath of the unprecedented global financial crisis of 2008.

It is also important to note that the top line growth has been accompanied by a steady improvement in EBITDA margins – up from 28.3% in FY2006 to 39.1% in FY2011. This performance is a reflection of two facets, which are core to Info Edge’s business.

First, is the high operating leverage of most online businesses where in the initial years there are higher developmental costs, but as the business

**CHART A**  
**STAND ALONE PERFORMANCE SINCE FY2006**



grows and attains a certain scale of operations, incremental operating expenses reduce and profit margins rise significantly. This has been the case with *naukri.com* and the Company expects this model to be replicated by some of its other growing businesses.

Second, across all businesses, Info Edge’s has maintained its philosophy of tight controls on and rationalisation of costs. The focus has been on developing effective ways of promoting products and selling rather than merely allocating large marketing budgets. It is also important to note that this approach has not hindered growth. In fact, Info Edge today has a much more diversified business portfolio with the share in total revenues of ‘other businesses’ increasing from 5% in FY2006 to 17% in FY2011.

**WHILE DEVELOPING NEW  
BUSINESSES, INFO EDGE HAS  
ALWAYS BEEN FOCUSED ON  
PROFITABLE GROWTH**



In addition to the businesses, which are directly managed by the Company and its results reflected in the stand-alone performance, Info Edge has evolved an investment strategy. In order to tap the entrepreneur led innovations, which are widely prevalent in the online business space, and participate in the potentially large Indian internet market, Info Edge has made small ticket investments into some start-up Companies. The objective is to support these companies in the incubation stage with the existing expertise at



Info Edge to profit from their enhanced values or to absorb these ventures into Info Edge at an appropriate time.

In FY2009, the Company took a stake in Applect Learning Systems (Pvt.) Limited, which operates the kindergarten to Class 12 (K-12) assessment based learning portal, *www.meritnation.com*; and Etechaces Consulting and Marketing (Pvt.) Limited, which operates in distribution of financial products (mainly insurance products currently), through *policybazaar.com*. In FY2011, the Company made investments in the following entities:

- ① DC Foodiebay Online Services Private Limited, which provides information on restaurants menus, food reviews and dining options through its website *zomato.com*.
- ② Nogle Technologies Private Limited – a web based sharing platform which is in incubation stage.

Subsequently in FY2011-12, the company committed investment:

- ③ *Mydala.com*, which is a site that provides discount offers and deals.
- ④ *99labels.com*, an e-commerce site that offers mainly fashion merchandise and accessories online.
- ⑤ Second round of funding in Etechaces Consulting and Marketing (Pvt.) Limited.

With these investments, Info Edge is now spread across an even wider spectrum of domains in the Indian internet space. While much of the performance of the businesses will depend on internal developments, each of the businesses will be affected differently by some of the major macro-level external factors.

## Business Environment

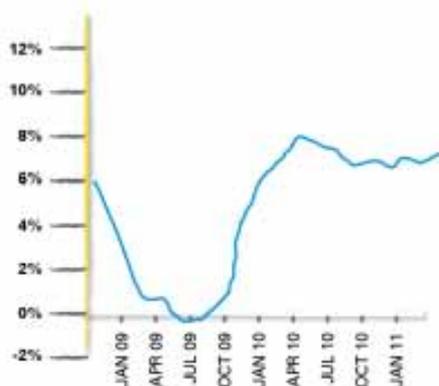
In terms of the business environment there are three major macro level factors that affect online businesses like Info Edge – **the economic condition** and **business cycles, demographic developments** and **internet penetration**.

On the back of 8% growth in FY2010, the Indian economy grew by 8.5% in FY2011. The two sectors – manufacturing and services – that contribute significantly to new job creation grew by a healthy 8.3% and 9.4% respectively. While the real economic growth has contributed to improvements in employment opportunities and disposable income in FY2011, there were some concern areas. Driven primarily by a steep increase in prices of food and commodities, inflation remained at over 8% through FY2011 (see **Chart B**) and in the last quarter, there has been a sharp increase in global fossil fuel prices.

In an environment of high inflation, the Reserve Bank of India (RBI) has had no option but to adopt a stringent monetary policy, which has resulted in a gradual increase in interest rates. Such high interest rates may deter investments and future growth. Already, as **Chart C** shows that after a strong recovery post 2008 and four quarters of well over 8% growth, India's real GDP growth reduced to 7.8% in Q4, FY2011.

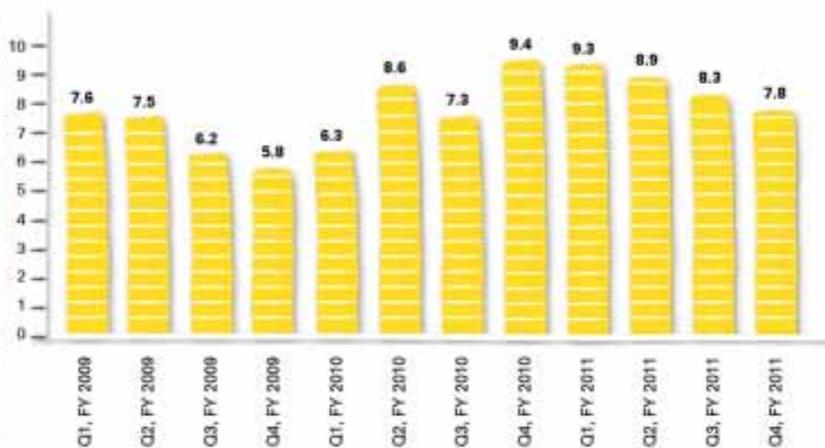
While there may be some slowdown in the future, for most of FY2011 high growth levels and positive business and consumer sentiments spurred job creation and end-user driven demand in the real

CHART B  
INFLATION (WPI BASED)



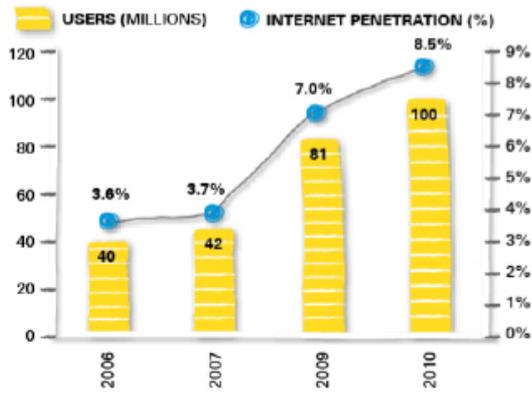
Source: Economic Advisers Office, Govt. of India

CHART C  
QUATERLY REAL GDP GROWTH (%)



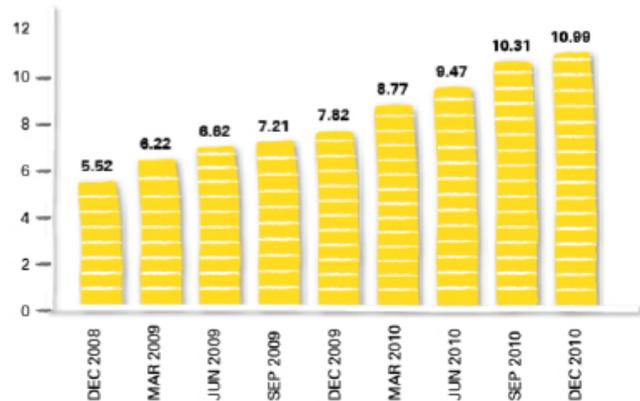
Source: Central Statistical Organisation, Govt. of India

**CHART D**  
**INTERNET USAGE & PENETRATION**



Source: Internet World Stats

**CHART E**  
**BROADBAND CONNECTIONS (MILLIONS)**



Source: Telecom Regulatory Authority of India (TRAI)

estate market. These developments had a positive effect on the recruitments vertical and the real estate vertical, which are the two businesses that are directly affected by economic developments and business cycles.

In some sense the demographic profile of India affects all Info Edge's businesses as a younger and more upwardly mobile population will have greater propensity to use the internet as a medium. In addition, the recruitment, matrimonial and education portal have direct linkage to the demographics of the underlying market. While in the recruitment, the campus business will directly depend on the number of people graduating, clearly, the age profile will determine usage for education information services and matrimonial services.

Clearly, the age profile is supportive of Info Edge's business. India is one of youngest countries with a median age of 26 years, and around 65% of its population is below 35 years of age. The youth population between 15-35 years, which is Info Edge's target market, is growing at a healthy rate. The World Fact Book estimates that 70% of the country's population will be in the working class age group by 2030 and there will be 70 million new entrants in the workforce in the next 5 years.

The country is also witnessing rapid urbanisation. According to the McKinsey Global Institute (MGI), the number of urban households is expected to increase from 62 million in 2005 to 83 million in 2015 and within the urban population, the share of 'seekers' and 'strivers' with a household

income between ₹2 lakh and ₹10 lakh — who constitute the 'upwardly mobile' middle class — is expected to increase from 12% in 2005 to 57% in 2015. Clearly, there is significant market potential for Info Edge in terms of the demographic profile of India.

However, the major constraint has always been low internet usage and penetration. While the developed world has internet penetration in excess of 75%, even countries like China have over 35%. India lags far behind with single digit levels of internet penetration. Having said so, the good news is that in the last few years there has been a significant increase in internet users in India. In fact, estimates suggest that in CY2010 the number of internet users in India increased by 23.4% to 100 million. With this growth, internet penetration has become 8.5% (as shown in [Chart D](#)) - significant growth from 3.6% in 2006.

Much of this growth has been due to significant drop in internet usage rates, which has reduced by over 50% in the last couple of years. In addition, prices of computers have also fallen significantly and there has been the advent of smart phones, which are priced much lower and provide access to internet. In fact, one does expect a large growth in mobile based internet usage in India in the near future. This will be further supported by the roll out of 3G based telecom services.

The other factor that is improving the quality of internet usage is the improvements in internet connectivity and deeper usage by existing internet users. With better connectivity, people tend to utilise the internet for far more developed services.

This also leads to higher utilisation of internet by a user.

Much of the improvements in quality of internet services have been a result of greater penetration of broadband (more than 256 kbps) connections.

**Chart E** shows that broad band connections have increased steadily over the last two years at a CAGR of 41.1% to reach 10.99 million by December 2010. By 31 March 2011, the number of broadband connections in India has further increased to 11.87 million.

In a supportive business environment, Info Edge delivered steady growth, higher profits and better cash flows.

## Financial Review - Stand Alone

The Standalone numbers covers the following core businesses of Info Edge:

④ **Recruitment solutions** through its career website - *naukri.com*, *naukrigulf.com* and *firstnaukri.com*. Revenue is generated in the form of fees, which is recognised pro-rata over the subscription or advertising agreement, usually

ranging between one to twelve months.

④ **Matrimonial website** – *jeevansathi.com*, real estate website – *99acres.com* and educational listings website- *shiksha.com*. Revenue is received in the form of subscription fees, which is recognised over the period of subscription, usually ranging between one to twelve months.

④ **Placement search division** – *Quadrangle*.

Revenue is received in the form of fees, for placements at various levels in a client's organisation. Revenue is recognised on the successful completion of the search and selection activity.

④ **Resume sales service.** The revenues is earned in the form of fees and is recognised on completion of the related service.

For these businesses, the un-accrued amounts are not recognised as revenue till all the obligations are fulfilled. In the interregnum, these are reflected as deferred sales revenue (part of current liabilities) in the balance sheet.

**Table 1** gives the comparative abridged profit and loss statement for Info Edge on a standalone and consolidated entity basis. **Box 1** lists the highlights of the performance on a standalone entity basis.

**TABLE1:** Abridged Profit and Loss Statement (₹ Million)

	STANDALONE		CONSOLIDATED	
	FY2011	FY2010	FY2011	FY2010
1. Net Sales	2,936.21	2,322.23	3,217.30	2,370.81
2 A Other Operating Income	3.92	14.48	5.55	14.48
2 B. Other Income	278.82	305.66	273.82	292.27
<b>3. Total Income (1+2A+2B)</b>	<b>3,218.95</b>	<b>2,642.37</b>	<b>3,469.67</b>	<b>2,677.56</b>
a) Network and other charges	100.38	89.68	110.10	90.80
b) Employees Cost	1,137.13	879.5	1,278.65	920.42
c) Advertising and Promotion Cost	380.25	374.04	505.93	394.37
d) Depreciation/Amortization	71.15	61.07	80.04	64.91
e) Other Expenditure	341.45	313.04	516.84	358.77
<b>4. Total Expenditure</b>	<b>2,030.36</b>	<b>1,717.33</b>	<b>2,491.56</b>	<b>1,829.27</b>
<b>5. EBIDTA (3-4+3d)</b>	<b>1,259.74</b>	<b>986.11</b>	<b>1,085.15</b>	<b>913.20</b>
6. Interest	0.77	0.54	0.81	0.60
<b>7. Profit from Ordinary Activities before tax (3-4-6)</b>	<b>1,187.82</b>	<b>924.50</b>	<b>1,004.30</b>	<b>847.69</b>
8. Exceptional Item	(51.74)	37.74	(51.74)	37.74
<b>9. Net Profit from Ordinary Activities before tax (7-8)</b>	<b>1,239.56</b>	<b>886.76</b>	<b>1,056.04</b>	<b>809.95</b>
10. Tax Expense				
-Current Tax (including for earlier years)	399.84	317.48	400.42	317.55
<b>11. Net Profit from Ordinary Activities after tax (9-10)</b>	<b>839.72</b>	<b>569.28</b>	<b>655.62</b>	<b>492.40</b>
12. Extraordinary Item (net of tax expense)	-	-	-	-
<b>13. Net Profit after tax (11+12)</b>	<b>839.72</b>	<b>569.28</b>	<b>655.62</b>	<b>492.40</b>
<b>14. Share in loss of Associate Companies</b>	-	-	<b>1.36</b>	<b>5.58</b>
<b>15. Share of Minority Interest in the losses of Subsidiaries</b>	-	-	<b>(109.45)</b>	<b>(33.94)</b>
<b>16. Excess of Minority Interest in the losses of Subsidiaries</b>	-	-	<b>132.28</b>	-
<b>17. Net Profit for the year (13-14-15-16)</b>	-	-	<b>631.43</b>	<b>520.76</b>





BOX 1: PERFORMANCE HIGHLIGHTS (STANDALONE)

**NET SALES** increased by 26.4% from ₹2,322 million in FY2010 to ₹2,936 million in FY2011

**TOTAL INCOME** increased by 21.8% to ₹3,219 million in FY2011

**EARNINGS BEFORE INTEREST, DEPRECIATION, TAX AND AMORTISATION (EBIDTA)** increased 27.7% from ₹986 million in FY2010 to ₹1,260 million in FY2011

**NET PROFIT BEFORE TAX (PBT)** increased by 39.8% to ₹1,239 million in FY2011

**PROFIT AFTER TAX (PAT)** increased by 47.5% to ₹840 million in FY2011

Improved market conditions contributed to 35.7% growth in net sales, while other income decreased by 8.8% primarily due to lower interest income on fixed deposits. Consequently, total income increased by 30.6%.

On the one hand there was focus on growing the top-line and developing the new business platforms. On the other hand, Info Edge continued to maintain tight control on costs. This included efficient management of administrative expenses and sales promotion. As a result, EBIDTA margin increased from 37.3% in FY2010 to 39.1% in FY2011. The developments on the cost front are:

☺ Employee costs as a ratio to total income increased from 33.3% in FY2010 to 35.3% in FY2011. Most of this was due to fresh hiring to develop platforms like *99acres.com* & *shiksha.com* and augmenting the team in *jeevansathi.com* as part of our investment in that business. On a standalone basis, the headcount increased from 1,452 as on 31 March 2010 to 1,768 on 31 March 2011. In addition, there have also been increased payouts in terms of growth in average salaries, bonuses, mostly sales incentives and ESOP charges.

☺ This cost increase was more than compensated by reductions in:

- Network and other charges as a ratio to total income from 3.4% in FY2010 to 3.1% in FY2011.
- Advertising and promotion costs as a ratio to

total income from 14.2% in FY2010 to 11.8% in FY2011.

- Other expenditure including bank charges as a ratio to total income from 11.8% in FY2010 to 10.6% in FY2011. Much of these are result of operational leverage.

The resultant growth in operating profits contributed to an increase in PAT margins from ordinary activities from 21.5% in FY2010 to 24.9% in FY2011. During FY2011 there was an extraordinary income of ₹55.4 million from sale of shares of *makemytrip.com*. The Founder and Executive Vice Chairman, Sanjeev Bikhchandani had transferred these shares to the Company, which he had received by virtue of being on the Board of *Makemytrip.com*. With *Makemytrip.com* getting listed and the holding period getting over, the Company disposed these shares. Consequently net profit margin increased to 26% in FY2011 with net profit for the year at ₹839.7 million.

These initiatives helped maintain operating EBIDTA margin (the ratio of EBIDTA to Net Sales and Operating Income without Other Income) at 42.8% for 2010-11, which was in line with the levels seen in 2008-09. Consequently, PBT increased by 39.8% to ₹1239.5 million in 2010-11.

On 12 August 2010, the Board of Directors recommended a 1:1 bonus allotment and a corresponding increase of authorised capital. The increase of authorised capital was approved by shareholders through postal ballot on 16 September 2010, while on 29 September 2010 the Board of Directors approved the allotment of 27,295,256 bonus shares of the face value of ₹10 each to the shareholders as on record date. With this allotment, the total issued and paid-up capital of the Company has increased to ₹545,905,120 comprising 54,590,512 equity shares of ₹10 each. The doubling of number of shares has impacted Earnings per share, which has accordingly halved.

Info Edge continued to generate cash. Cash generated from operating activities increased by 131% from ₹477 million in FY2010 to ₹1,101 million in FY2011. The cash and cash equivalents were ₹2,037 million as on 31 March 2011. This has reduced from the levels in at the end of the previous financial year primarily due to larger outlay in cash investments.

It should also be noted that deferred sales revenues (part of current liabilities), which are

cash collected during the year that are yet to be recognised as revenue through accounting principles, has increased by 67.9% from ₹533 million as on 31 March 2010 to ₹895 million as on 31 March 2011. This is a further reflection of increase in sales activities during FY2011 and in some sense is assured revenues for FY2012.

Total financial investments has increased by 132.6% to ₹2,969 million as on 31 March 2011. Of which, strategic investments into subsidiary and associate Companies have increased by 81% to ₹366.9 million and investments in short term debt mutual funds increased by 89.5% to ₹2,034.6 million. These short semi-liquid mutual funds are similar to holding cash and are a part of treasury management.

The Company has also invested ₹144.5 million in acquiring lease hold land and spent ₹91.2 million on new buildings on leasehold land (in Noida, which is the company's Corporate Office). All these new investments were from internal cash accruals. The Company continues to be almost debt free with secured loans worth only ₹6.7 million as on 31 March 2011 and it continues to operate with negative working capital.

## Financial Review – Consolidated Entity

On consolidation, while the revenues do get added, it must be noted that most of the investee subsidiaries are in a development stage and have incurred losses. Clearly, on a consolidated basis, Info Edge has lower profits. The highlights of the consolidated financial performance of the Company are given in **Box 2**.

In the Consolidated Financial Statements for FY2011- Etechaces Consulting & Marketing Private Limited is treated as subsidiary due to the clause in the Investment Agreement controlling composition of Board. Further, even though the investment in Etechaces Consulting & Marketing Private Limited and Applect Learning Systems Private Limited were at 48.3% and 40.02% respectively, the losses applicable to the minority interest to the extent they exceed the minority interest in the equity of the subsidiaries have been additionally charged to the Consolidated Profit & Loss Account as per Accounting Standard-21 on Consolidated Financial Statements. This has resulted in additional loss of ₹132.28 millions in FY2011.

**BOX 2: PERFORMANCE HIGHLIGHTS (CONSOLIDATED)**

**NET SALES INCREASED** by 35.7% from ₹2,370.8 million in FY2010 to ₹3217.3 million in FY2011, while total income increased by 30.6% to ₹3,469.7 million in FY2011

**NET PROFIT BEFORE EXCEPTIONAL** items and tax increased by 18.5% to ₹1,004.3 million

**NET PROFIT BEFORE TAX**, after accounting for exceptional items, which is primarily the sale of makemytrip.com shares increased to ₹1,056 million in FY2011 – a growth of 30.4%

**PAT BEFORE MINORITY INTEREST** and share in loss of associate companies increased by 33.1% to ₹655.6 million in FY2011.

**PAT AFTER MINORITY INTEREST** and share in loss of associate companies increased by 21.2% from ₹520.8 million in FY2010 to ₹631.4 million in FY2011

**EARNINGS PER SHARE** (basic and diluted) increased from ₹9.54 in FY2010 to ₹11.57 in FY2011

## Business Verticals

Today, Info Edge is a portfolio of different businesses, each of which is in a different stage of evolution. From a business returns perspective, the Company's offerings can be classified into four broad categories.

- 1. **Recruitments**, which is a relatively evolved business, and the primary source of revenue and profits.
- 2. **The matrimonial and the real-estate ventures**, which are in the development phase. While they generated revenues & real estate vertical broke even in FY2011, these are still



evolving and require investments to grow and attain a critical size.

- The **education** vertical is at infancy, where the emphasis is on creating and positioning the product. However, growth so far has been extremely encouraging.

- The **strategic investments** are mainly early stage ventures.

As of today, the Company is primarily in the business of internet based service delivery operating in four service verticals: recruitment services, matrimonial services, real estate services and education services, with similar risk & reward. In addition, Info Edge has invested into four companies, which are in the incubation stage where it plays the role of an investee company.

## RECRUITMENT

The recruitment services business comprises the following portals:

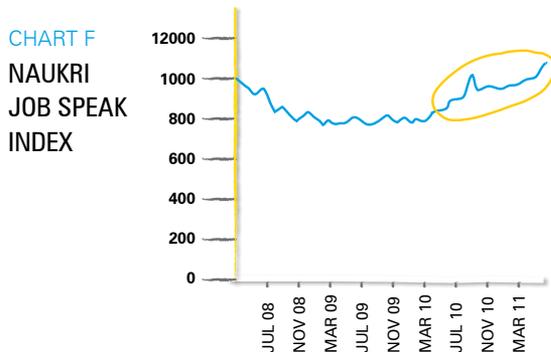
- **naukri.com**: This is the Company's flagship brand and India's largest online jobsite.
- **quadrangle.com**: This is primarily an off-line headhunting business that derives revenues from successfully positioning a person with a company.
- **naukrigulf.com**: This is a jobsite that focuses on the middle-eastern market.
- **Brijj.com**: This is a professional networking site. While in terms of reporting the financials of this portal from a part of the 'other verticals', in business terms it is still very much integrated into the recruitment portfolio.
- **Firstnaukri.com**: Launched in January 2009, this site focuses on fresher hiring.

The performance of the recruitment vertical was well supported by increased activities in the recruitment space during FY2011. In July 2008, based on activity on its website, Info Edge had launched the 'Naukri Job Speak Index'. Total number of new jobs posted in July 2008 was scaled to 1,000 and the index for subsequent months is calculated relative to July 2008. **Chart F** plots the movement of the index since July 2008 and it is evident that there has been a significant growth since March 2010. In fact, by February 2011, it has crossed 1,000, which means job activities have been better than the pre-crisis levels of July 2008.

*Naukri.com* is the major revenue generator in this business vertical. It has two major sources of revenue and several other supporting revenue streams. The major sources of revenue are:

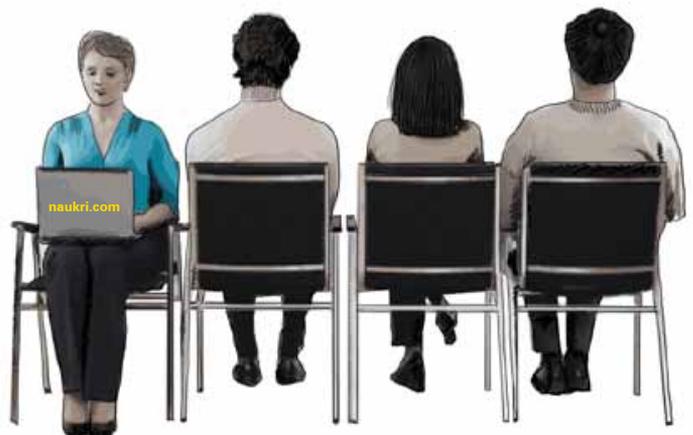
- job listings and employer branding or visibility

- advertisements, and (ii) résumé database access. The supporting revenue sources include job seeker services, Google Ad sense, mobile revenues, and the value added service of résumé short listing and screening.



During FY2011, *naukri.com* continued to focus on:

- Consolidating traffic share gained over the last 30 months.
- Garnering higher market share as growth returned to the industry.
- Undertaking specific product innovations to combat the threat of from international competitors with proprietary technology.
- Leveraging gains from sales team efficiencies, which are a result of restructuring, ERP rollout and newer sales channels.
- Developing and leverage social media and mobile apps.
- Investments in brand, sales team, customer service, tech product innovation and people. These initiatives helped *naukri.com* maintain its position as India's No.1 job site. It continued to leverage its first mover advantage by building an extensive database of résumés and corporate clients who are patrons of *naukri.com*. The large database and the comprehensive nature of the client list form a self-generating cycle that generates growth on a sustainable basis.



**NET SALES FROM RECRUITMENT** increased by 24.1% — from ₹1,954 million in FY2010 to ₹2,425 million in FY2011

**OPERATING EBITDA FROM RECRUITMENT** increased by 36.7% — from ₹803 million in FY2010 to ₹1,097 million in FY2011

**OPERATING EBITDA MARGIN INCREASED** from 41.1% in FY2010 to 45.2% in FY2011

Here are some facts:

- ① **Number of résumés** in *naukri.com*'s database increased by 19% — from around 21 million at the end of FY2010 to around 25 million at the end of FY2011.
- ② **Average number of résumés** modified daily increased by 22% — from 59,000 at the end of FY2010 to 72,000 at the end of FY2011.
- ③ **Number of unique customers** grew by 18.3% — from 35,500 at the end of FY2010 to 42,000 at the end of FY2011.

Over the last few years, *naukri.com* has extended its leadership position over competition. According to *comscore.com*, in terms of traffic share in 2007, there was a 10% gap between *naukri.com* and its competitors. By the end of FY2011, the gap has increased to 27% compared to the second placed competitor and 38% compared to the third placed competitor. This is also due to the fact that the economic slowdown has adversely affected competition to a much larger extent and their capability to invest and promote growth was severely hindered.

**Naukri.com** is supported primarily by four offerings that complete the Company's full service suite in the recruitment space: *Quadrangle*, *FirstNaukri.com*, *Naukrigulf.com* and *Brijj.com*.

**Quadrangle**, offers off-line placement services to middle and senior management, with revenues based on a success fee model. It complements the online recruitment business. *Quadrangle*'s business also picked up during FY2011. It service 130 clients and generated revenues of ₹153 million in FY2011.

**Firstnaukri.com** was launched in Q4, 2009-10. The site targets hiring fresh students from campuses. With the labour market in India picking up in the last few quarters, fresh student hires are expected to

grow. The Company is working on the premise that some of this hiring will occupy the online space. There has been considerable work at developing the site. FY2011 was the first year of commercial operations of this site.

While the Middle-East job market is large and there is considerable scope of shifting customers from the print medium to online, the region was badly affected by the economic slowdown. The job market, though improving, is still not vibrant. Consequently, **naukrigulf.com** continued to grow at rates lower than the India Operations. The business is supported by branch offices in Riyadh (Saudi Arabia), Dubai, Bahrain and Abu Dhabi.

Info Edge had enhanced its recruitment portfolio a few years ago by launching the professional networking site — **brijj.com**. The site is still at a nascent stage of development. While its business potential is growing with over 4 million listed profiles increasing at a rate of 2,840 a day, there is still not enough recruitment traction for the Company to develop any significant revenue stream. Info Edge has focused on addressing this challenge. **Box 3** gives the summary of the financial performance of the recruitment vertical in FY2011.

Recruitment is an active and growing opportunity in India. Trends suggest that the country is well back on something like 8% plus growth path. Hiring activities are expected to pick up. There might be a marginal slowdown in the near future, but the overall opportunity remains large and there is considerable scope for further transforming offline transactions to online channels. Info Edge is expected to leverage these opportunities and maintain the growth momentum established in FY2011.

## REAL ESTATE

With a revival in the economy, there has been renewed demand for real estate. Post the economic crisis, recovery in the real estate market began in March 2009 with revival in demand for affordable housing. This was followed by restoration in demand for higher-end residential housing during the second half of FY10. Consequently, since September 2009, residential property prices have increased by varying degrees across the country. This trend continued in FY11, and there was considerable activity in terms of new project development. Even the commercial property segment saw a revival of leasing demand since January 2011. Driven by the growth



in the industry, *99acres.com* broke even towards year end.

Within the real estate space, Info Edge has two portals. These are (i) **99acres.com**, the property based online classified business, and (ii) **allcheckdeals.com**: the property broking business with a success based revenue model in a subsidiary. While the two portals are parts of the real estate vertical, *allcheckdeals.com* was hived off as a separate subsidiary during Q3, FY2010 — so as to create specific business focus. Thus, the financials of the two businesses are now separate.

*99acres.com* caters mainly to real estate developers, builders and brokers. Its source of revenue is from property listings, builders' and brokers' branding and visibility through micro-sites, home page links and banners. Revenues are also generated from buyer database access and international listings. At present, the site has good traction in the residential sector, mainly for primary and secondary real estate sales and purchase. An important focus area has been to develop and penetrate the rental market and commercial real estate.

During FY2011, *99acres.com* focused on:

- Product innovation and promoted the concept of evangelizing the space.
- Increasing traffic share and monetising traffic share gains secured over the last 2 years.
- Continuously improving the user experience.

These initiatives have helped the site gain over competition. As per comscore.com, the gap between *99acres.com* and its nearest rival has widened considerably and it has secured around 50% traffic share by the end of FY2011. Another point to note is that competition has been severely impacted by the slowdown and several fringe players have dropped out of the leadership race.

**Box 4** gives the highlights of the performance of *99acres.com* during FY2011.

To encourage transparency and to promote fair practises in real estate deals, Info Edge had launched *allcheckdeals.com* in November 2007 — the Company's direct online property broking business. The business has a commission based revenue model that is determined on the value of transaction. The focus is on the residential markets of larger cities and their suburbs where

BOX 4: 99ACRES.COM —  
PERFORMANCE HIGHLIGHTS

NET SALES FROM 99ACRES.COM increased by 72% to ₹228 million FY2011.

Given the focus of the site to promote greater revenue generating traffic, THE NUMBER OF LISTINGS REDUCED, WHILE THE NUMBER OF PAID TRANSACTIONS ROSE from around 19,800 in FY2010 to 23,700 in FY2011

it can service a growing middle class who want ease of transactions in property deals. The business has extended its coverage to 12 cities in India.

The *allcheckdeals.com* business performed reasonably well in 2009-10. With 2,650 deals signed the annual revenues of this business increased by a massive 258% to ₹159.8 million in FY2011. At the operating EBIDTA level, the business saw a turnaround from losses of approximately ₹23 million in FY2010 to profit of ₹3 million in FY2011.

The real estate vertical is gaining traction with growth in the market. The Company intends to leverage its leadership position to further penetrate and grow the business. There is further potential to grow in the commercial property market and increase partnerships with developers who are developing new projects.

## MATRIMONIAL

The online matrimonial market has several opportunities but is also strewn with some tough challenges.



### The opportunities come from the fact that:

- ⦿ Around 450 million people in India are below the age of 21, so there is a large young population that will reach marriageable age soon.
- ⦿ The dominant tradition is that of arranged marriages, so there is scope of converting offline information exchanges done by parent and elders in this space to online ones.
- ⦿ There is rapid internet growth and broadband penetration in the country.

### THE CHALLENGES ARE:

- ⦿ It is a **VERY FRAGMENTED MARKET** with very different socio economic cultures and behaviour.
- ⦿ Most **PEOPLE STILL DEPEND ON TRADITIONAL SOURCES** like marriage houses, print and relatives contacts.
- ⦿ **COMPETITION IS INTENSIFYING** with several new players entering the market and targeting specific communities.
- ⦿ **ONLINE PAYMENTS** can be made only through credit cards, so credit card penetration is an issue. However, we have expanded payment methods to include lockbox, cash pick-up services etc.
- ⦿ The moment user finds a partner, he or she has no reason to visit the site again, so **IT IS A BUSINESS WITH ONE TIME TRANSACTION** and a satisfied client has no reason to re-use the platform.

In this scenario, Info Edge has focused on actively promoting *jeevansathi.com* among the social networks of prospective paid customers. There are clearly defined target communities and the website is tailor made to address these markets.

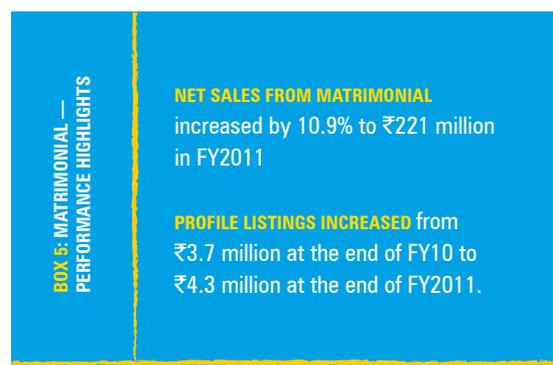
### During FY2011, the portal focused on:

- ⦿ Leveraging the IP built over last 3 years through increased investment in brand building.
- ⦿ Lay the necessary foundation to scale up the business by increasing the growth rate in the next 3 – 5 years.
- ⦿ Better sales system and new initiatives.
- ⦿ Continue investment in analytics and algorithms to better understand customer behaviour on the portal. Based on this analysis there are more focused sales promotion strategies that generates better returns on promotional expenditure.

The website has revenue model, which is free to list, search and express interest, but pay to get contact information. The highlights of the portal's performance are given in **Box 5**.

The online business is being supplemented by 14 offline centres called 'Jeevansathi Match Points'. These centres provide hand-holding services to customers who are not internet savvy, helping them to utilise *jeevansathi.com* online services. The offline sites have walk in sales for matching services.

This business is largely insulated from economic developments, and success will depend on the Company's ability to increase market share. Info Edge is committed to investing in a focused manner to grow its market share in this vertical and move closer to the two leading players.



## EDUCATION ADVERTISING

There is a wide gap between offline spends on education based classifieds and online spends. While the total average annual advertising expense of the sector is around ₹25 billion, only around ₹400 million is spent on the online space. With increase in private sector participation in this sector, advertisements spends are also increasing. The challenge is to convert offline advertising to the online space.



Launched in May 2008, *shiksha.com* is primarily and portal for information exchange. Revenues are generated from advertisements placed by colleges, institutes and universities. There may be scope for additional revenues from successful leads.

**Broadly, there are four categories of clients:**

- ⦿ **Indian education players (universities and institutes).**
- ⦿ **Test preparation and coaching institutes.**
- ⦿ **Overseas universities and colleges targeting Indian students.**
- ⦿ **Career enhancement courses for working professionals.**

The initial product feedback is encouraging. Today, there are around 110,000 listings in aggregate. The online business is supported by 12 offices across cities in India. The portal recorded sales of ₹59.9 million in FY2011.

The business will be supported by brand promotion through TV advertisements. A TV commercial has already been launched in Q1 FY2012. Initial reports indicate that it was favourably received and site metrics received a huge boost. Info Edge will continue to invest in developing this business.

## INVESTEE COMPANIES

Info Edge has made investments in early stage start-up ventures & continues to explore more such opportunities. The objective is to support the growth of these entrepreneurial driven businesses and gain from the enhanced value creation or take the Company into the Info Edge fold, if the opportunity arises in future. The details of such strategic investments are listed below:

● Info Edge had invested ₹65 million for a 40% stake in Applect Learning System Private Limited. Applect had launched a site called *meritnation.com*, which is delivering kindergarten to Class 12 (K-12) study material. It provides free solutions mainly in mathematics and sciences for students pursuing CBSE or ICSE curriculums as also paid services for online study material & assessment services. Some State Board curriculums have also been added. It is managed by an experienced team proficient in developing education content, assessment modules and delivery. An additional ₹50 million has been invested in to this company through optionally convertible debentures. Revenues increased from ₹3.9 million in FY2010 to ₹14 million in FY2011.

● Info Edge has invested its complete commitment of ₹200 million for a 49% stake in Etechaces Marketing and Consulting Private Limited. The company is an online aggregator of quotes of financial products (mainly insurance) which are delivered through its website, *Policybazaar.com*. The site helps customers select insurance schemes that best suit their requirements. Other financial products like home loans, car loans and personal loans are also being added for inter-se comparison. The portal has gained traction and revenues increased from ₹50.3 million in FY2010 to ₹107.5 million in FY2011. Etechaces has tied up a second round of funding for ₹400 million, where Info Edge has

committed ₹100 million while ₹300 million will be invested by another VC investor.

● In FY2011, the Company committed ₹47 million in DC Foodiebay Online Services Private Limited, providing menus of restaurants, food reviews and ratings of the same through their website *Zomato.com* and revenues are generated from advertisements of restaurants and lead sales. The website also has a very well designed mobile application. It had commenced operations in Delhi and has rapidly added cities like Mumbai, Bangalore and Pune. Revenues were ₹3 million in FY2011.

● In FY2011, the Company committed an investment of ₹10 million in Nogle technologies that offered an innovative web based sharing platform. It will soon launch its product.

● In April 2011, Info Edge committed to invest ₹90 million into *mydala.com*, which a website offering discount offers and deals. Revenues are generated form merchant commissions.

● In April 2011, Info Edge committed to invest ₹157 million (including a portion for secondary share purchase) into *99labels.com*, which is an e-commerce website offering discount offers and deals for fashion merchandise and accessories. Revenues are generated through sales of products.

## OTHER KEY DEVELOPMENTS

While Info Edge remains predominantly an online business, it had realised the need to promote its products aggressively through offline platforms. Consequently, over the last few years it has developed a strong and widespread sales network. Today, the team consists of approximately 1,396 sales or client facing staff. This comprises over 75% of the Company's total workforce. There is a nation-wise coverage through 48 Company branches spread across 31 cities. In addition, there are also some international branches in the Middle-East. The focus is on improving the efficiency of this sales force through various technology based initiatives. With this kind of sales force in place, Info Edge can promote a wide gamut of products across India and start reaping benefits from larger scales of operations.

During the year Board of Director re-designated and revised the roles and responsibilities of the three Whole-time Directors Mr. Hitesh Oberoi

who was the Chief Operating Officer & Whole-time Director was elevated as Managing Director & Chief Executive Officer in place of Mr. Sanjeev Bikhchandani who transitioned to the role of Founder and Executive Vice Chairman. Mr. Bikhchandani will continue to be actively involved in the business and will focus primarily on strategic matters, investments and acquisitions while Mr. Oberoi will oversee the current businesses of the company. Both Mr. Bikhchandani and Mr. Oberoi will report directly to the Board. Mr. Ambarish Raghuvanshi, the Chief Financial Officer & Whole-time Director, will transition to the additional role of Group President Finance. All three will continue to be involved and assist each other in all aspects of the business.

In FY10, Info Edge had successfully implemented a new ERP package namely Microsoft Navision.

**Today, it is live across the following functions/divisions:**

- **Finance**
- **Naukri corporate sales**
- **Firstnaukri**
- **Naukrigulf**
- **Quadrangle billing**

This package is helping integrate and streamline data flow across the Company and considerably help in improving processes and systems. Data evaluation through the ERP is helping improve decision making and providing support to improving sales efficiencies. Currently, work is on to set up disaster recovery platform.

In addition, the Company commenced developing its own office building in Noida. The building plan approval has been received from Noida Authority. At the site, excavation work has commenced.

In November, 2010 the Company bought the existing rented premises at Noida which is the company's Corporate Office and has a built-up area of about 35,000 sq. ft.

## **INTERNAL CONTROLS & THEIR ADEQUACY**

Info Edge has 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 the Audit Committee, 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.

## **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, advertising spends, new disruptive technologies or business models, increase in competitive activities, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

**COMPANY'S  
PHILOSOPHY  
ON CORPORATE  
GOVERNANCE**

*Info Edge is committed to uphold the core values of transparency, integrity, honesty and accountability across all its business activities. This commitment lays the foundation for its governance practices, which are geared to support a business model that focuses on creating sustainable long term shareholder value, while fulfilling the interests of all other stakeholders in the Company – its employees, its partners, its customers, its suppliers and the society at large.*

*At Info Edge, corporate governance practices are not merely a discipline imposed by the regulator, but an inherent culture that guides the Board of Directors, the management and the employees to function towards the best interest of all stakeholders. Consequently, the Company always seeks to emulate the best practices in Corporate Governance and corporate disclosures. The Company complies with all the statutory and regulatory requirements prescribed by the Clause 49 of the Listing Agreement and also strives to implement several non-mandatory practices.*

*This chapter, along with the chapter on additional shareholders information is not only the Company's disclosure on compliance with the mandatory requirements on corporate governance stipulated in the listing agreement with the Stock Exchanges under clause 49, but also reflects the true spirit in which these practices are followed at Info Edge.*

**BOARD OF  
DIRECTORS**

**SELECTION OF THE BOARD** The Board is responsible for selecting members to fill Board vacancies and nominating candidates for election by the Shareholders at the Annual General Meeting. The Board has constituted a Nominations Committee with a scope to select, recommend, appoint and evaluate performance of Executive Directors and Non-Executive including Independent Directors.

**COMPOSITION OF THE BOARD** As on March 31, 2011 the Company's Board comprises 9 directors, of which three are Whole-time Directors, five are independent Directors and one is a non-executive Director. The Chairman of the Board is a non-executive, non-promoter Director.

*Even though the clause 49 states that if the Chairman is a non-executive, non promoter Director, one-third of the Board should be independent, Info Edge believes in the value of an independent Board and therefore more than 50 % of its Board members are independent Directors.*

*In addition, there is segregation between the position of the CEO and the Chairman.*

**NUMBER OF BOARD MEETINGS** The Board of Directors met 4 times during the year on April 30, 2010, July 23, 2010, October 21, 2010 and January 20, 2011. The maximum gap between any two meetings was less than 4 months.

**DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD**

TABLE 1

**COMPOSITION OF THE BOARD OF DIRECTORS AS ON MARCH 31, 2011**

Board Meetings	Position	No. of meetings held in 2010-11	No. of meetings attended in 2010-11	Whether attended last AGM	No. of outside Directorships of public companies	No. of Committee Memberships	No. of Chairmanships of Committees
Kapil Kapoor	Non- Executive Chairman	4	3	Yes	1	-	-
Arun Duggal	Non-executive, independent Director	4	4	Yes	10	3	1
Sanjeev Bikhchandani	Executive Vice- Chairman	4	4	Yes	-	-	-
Hitesh Oberoi	Managing Director & Chief Executive Officer	4	4	Yes	-	-	-
Ambarish Raghuvanshi	Whole Time Director & Chief Financial Officer	4	4	Yes	-	-	-
Saurabh Srivastava	Non- executive, independent Director	4	3	No	-	-	-
Naresh Gupta	Non-executive, independent Director	4	3	Yes	-	-	-
Bala Deshpande	Non-executive, independent Director	4	3	Yes	3	1	-
Ashish Gupta	Non-executive, independent Director	4	3	Yes	-	-	-

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

- Apart from receiving sitting fee, commission and stock options, do 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 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.

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

**Policy to regulate external commitments of Whole-time Directors:** A specific policy is in place to regulate the external commitments of Whole-time Directors with respect to acceptance of Board or Advisory positions in external organizations and any strategic external investment made by them in their personal capacity, which would require their time involvement or result in conflict of interest.

The Whole-time Directors require prior approval of the Board before accepting any external Board/advisory position as well as to make strategic investment beyond a specified limit. The policy defines the maximum time the whole-time Directors can devote to external engagements, maximum limit for strategic investments etc. The policy also prohibits the Whole-time Directors to accept board/ advisory positions in any external organization where they have made personal investments.

**INFORMATION SUPPLIED TO THE BOARD** The Board has complete access to all information with the company. All the information stipulated under clause 49 is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or are tabled with the permission of the Chair in the course of the Board meeting. There is a structured manner in which agenda items are created and materials are distributed for Board meetings.

**Selection of Agenda Items for Board Meetings:** The Company Secretary prepares the agenda of the Board meetings on the basis of suggestions from Board of Directors. Each Board member is free to suggest the inclusion of item(s) to the agenda. The Board believes that certain continuing oversight responsibilities should have priority on the agenda, taking into account the overall focus of preserving and increasing stakeholders' value. This includes review of Company strategy and performance, budget, strategic investments, ethical business practices and legal compliance, accounting and financial controls, financial structure, preservation of assets, and Board effectiveness.

**Board Materials Distributed in Advance:** Information and data that is important to the Board's understanding of matters on the agenda is distributed in writing or electronically to the Board prior to the Board meetings in order to permit adequate review. The Board acknowledges that sensitive subject matters may be discussed at the Board meeting without written materials being distributed in advance or at the meeting.

The Board also 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 company's unlisted subsidiary company(s) are also placed before the Board for information.

#### Remuneration paid to Directors

TABLE 2

#### DETAILS OF REMUNERATION PAID TO DIRECTORS FOR 2010-11

(Amount in ₹ Thousand)

Name of the Director	Salary	Reimbursements	Bonus	Sitting Fees	Commission	Total
Mr. Kapil Kapoor	-	-	-	60.0	-	60.0
Mr. Sanjeev Bikhchandani	8,597.1	692.2	9,465.0	-	-	18,754.3
Mr. Hitesh Oberoi	7,819.9	419.9	5,474.3	-	-	13,714.1
Mr. Ambarish Raghuvanshi	6,663.7	187.3	3,300.0	-	-	10,151.0
Mr. Arun Duggal	-	-	-	150.0	775.0	925.0
Mr. Ashish Gupta	-	-	-	110.0	687.5	797.5
Mr. Saurabh Srivastava	-	-	-	110.0	687.5	797.5
Ms. Bala Deshpande	-	-	-	60.0	687.5	747.5
Mr. Naresh Gupta	-	-	-	110.0	687.5	797.5
<b>Total</b>	<b>23,080.7</b>	<b>1,299.4</b>	<b>18,239.3</b>	<b>600.0</b>	<b>3,525.0</b>	<b>46,744.4</b>

During 2010-11, the Company did not advance any loans to any of its Directors except travel or business advance in order to discharge their official duties in normal course of business.

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 (conduct) for all Board members and senior management of the company. The Code is displayed on the website of the company - www.infoedge.in. All Board members and senior management personnel affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

**Risk Management** The Company has an effective risk management procedure, which is governed at the highest level by the Board of Directors. Making the exercise broad based and inclusive, periodical feedback is taken from business and functional heads about their risk perception with respect to their business area and the company in general. The Audit Committee periodically evaluates and discusses the Risk assessment and mitigation mechanism thereon in their meetings.

**Committees of the Board** During the year, the Company had four Board Committees – Audit Committee, Compensation Committee, Investors Grievance Committee and Nominations Committee. Each Committee has assigned scope of responsibilities, duties, and authorities, which is reviewed by the Board from time to time in order to determine the appropriateness of the purpose for which the Committee was formed and further to keep abreast with the changing business environment. Committee composition conforms to applicable laws and regulations. Minutes of all the Committee meetings are placed for information in the subsequent Board meeting.

All decisions pertaining to the constitution of committees 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** As on March 31, 2011, the Audit Committee comprises 4 members all of whom are independent Directors. The members are Mr. Arun Duggal, Mr. Saurabh Srivastava, Dr. Naresh Gupta, and Mr. Ashish Gupta. During 2010-11, four Audit Committee meetings were held on April 30, 2010, July 23, 2010, October 21, 2010 and January 20, 2011. The time gap between any two meetings was less than four months. 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	Audit Committee Meetings	Meetings Attended
Arun Duggal	Chairman of the Committee	Independent Director	4	4
Saurabh Srivastava	Member	Independent Director	4	3
Naresh Gupta	Member	Independent Director	4	3
Ashish Gupta	Member	Independent Director	4	3

The Director responsible for the finance function, the representative of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. The Company Secretary is the secretary to the Committee.

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. All other members of the Committee also have accounting & financial management knowledge. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on July 23, 2010 to answer shareholder queries.

The functions and scope of the Audit Committee includes review of Company's financial reporting, internal controls, related party transactions, utilization of IPO proceeds, insider trading, disclosure in financial statements, management discussion and analysis, risk mitigation mechanism, appointment of statutory auditor and internal auditor and all other aspects as specified by Clause 49 of the Listing Agreement.

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

Info Edge's Audit Committee carries out all the functions stipulated under Clause 49 of the listing agreement.

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 (as defined by the Audit Committee), submitted by management
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the internal auditor and statutory 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

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

During 2010-11, some of the key areas reviewed by the Audit Committee were:

- Progress update of the ERP implementation
- Review back-up certification system for CEO and CFO certificate in terms of Clause 41 & 49 of the Listing Agreement
- Review every quarter all material related party transactions
- Review & revise financial investment and the governing policy to suit the changing business environment
- Review recommendations made by Internal Auditors on internal controls and system
- Recommendations of Internal and Statutory Auditors
- Reviewed & revised the Company's Insider trading code.

b) **COMPENSATION COMMITTEE** As of March 31, 2011, the Compensation Committee comprises of Mr. Kapil Kapoor, Mr. Saurabh Srivastava and Ms. Bala Deshpande. While the Chairman is a non-executive Director, the other two are independent Directors. The Compensation Committee held three meetings during 2010-11 on April 30, 2010, July 23, 2010 and January 20, 2011 apart from approving various proposals through circulation. Table 4 gives the details.

TABLE 4

**ATTENDANCE DETAILS OF COMPANY'S COMPENSATION COMMITTEE**

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

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

1. Approve variation in terms of remuneration of Whole-time Directors within the overall limits approved by the Members
2. Administer Employee Stock Option Schemes including but not limited to grant of stock option, determining vesting schedule, exercise price, etc.
3. 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 July 14, 2006, the commission is paid at the rate not exceeding 1% 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 Director is paid sitting fees for attending the meetings of the Board and Committee thereof 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 and Companies Act, 1956. The Company has also granted stock options to the Directors, the details of which are given in Table 5.

For FY 2010-11, the Board has adopted a method where Commission payable to directors shall also take into account their level of participation in Board, Committee and other meetings.

TABLE 5  
DETAILS OF STOCK OPTIONS GRANTED TO DIRECTORS

S. No.	Name	Status	No. of Options Granted	No. Options Vested	No. of Options Exercised	No. of Options in force
1	Mr. Arun Duggal	Independent Director	40,000	20,000	-	40,000
2	Mr. Ashish Gupta	Independent Director	40,000	20,000	-	40,000
3	Mr. Saurabh Srivastava	Independent Director	40,000	20,000	-	40,000
4	Mr. Naresh Gupta	Independent Director	40,000	20,000	-	40,000
5	Ms. Bala Deshpande	Independent Director	20,000	-	-	20,000

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 three times during 2010-11 on April 30, 2010, July 23, 2010 and January 20, 2011. Table 6 gives the details of meetings of the Committee.

TABLE 6  
ATTENDANCE DETAILS OF COMPANY'S SHAREHOLDERS/INVESTOR GRIEVANCE (DATA UPDATE)

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	3

Mr. Amit Gupta, Company Secretary is the Compliance Officer of the Company.

The Committee supervises the systems of redressal of investor grievances and ensures cordial investor relations. The scope and functions of the Committee also includes approval of transfer and transmission of shares within stipulated time period. Minutes of its meetings and resolutions passed by the Committee through circulation are placed at the Board Meetings for information.

Details of queries and grievances received and attended by the company during the year 2010-11 are given in Table 7.

TABLE 7  
STATUS OF COMPLAINTS RECEIVED AND ATTENDED TO DURING 2010-11

Pending as on as April 1, 2010	Received during the year	Answered during the year	Pending as on as March 31, 2011
Nil	13	13	Nil

D) NOMINATIONS COMMITTEE The Board has a Nominations Committee to select, recommend, re-appoint and evaluate performance of Executive and Non-Executive Directors including Independent directors. The Committee comprises of Non-Executive Chairman and all independent directors. The Committee considers proposals for searching, evaluating, and recommending appropriate Independent Directors and Non-Executive Directors, based on an objective and transparent set of guidelines which would, inter alia, include the criteria for determining qualifications, positive attributes, independence of a director and availability of time with him or her to devote to the job. The Nomination Committee would also evaluates and recommends the appointment of Executive Directors.

**Subsidiary Companies** 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

Table 8 shows details of the shares and convertible instruments held by the non-executive Directors as on March 31, 2011

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	2,000,200	3.66%
2	Ms. Bala Deshpande	52,160	0.09%
3	Mr. Arun Duggal	40,000	0.07%
4	Mr. Ashish Gupta	43,406	0.07%

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

**Disclosures on 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 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 under Section 211 (3C) of the Companies Act, 1956 ("the Act") and the relevant provisions of the Act.

**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 of conduct for its management and staff. During the year, the Company revised its Code for prevention of insider trading owing to changes in the SEBI Insider Trading Guidelines and also revised its list of insiders. 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. The Company has adopted a back-up certification system by Business & Functional Heads for compliance with respect to their concerned areas in order to imbibe a compliance & ethical culture in the organization.

**SHAREHOLDERS** **Reappointment/Appointment of Directors** 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. Saurabh Srivastava and Mr. Naresh Gupta shall retire and shall seek re-appointment in the ensuing Annual General Meeting of the Company.

**Re-appointment of Whole-time Directors** The Board in its meeting held on April 28, 2011, re-appointed Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi and Mr. Ambarish Raghuvanshi as Whole-time directors of the Company for a period of five years w.e.f. April 27, 2011, on such terms and conditions as approved by the Board.

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, namely, Financial Express/Business Standard in English and Jansatta in Hindi, etc., along with the official news releases.

The financial results and 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 2010-11

Quarter/Annual	Date of Board Meeting to approve the result	Date of Publication	English News Paper	Hindi Newspaper
Q1 FY 2011	July 23, 2010	July 24, 2010	The Financial Express	Jansatta
Q2 FY 2011	October 21, 2010	October 22, 2010	Business Standard	Business Standard (Hindi)
Q3 FY 2011	January 20, 2011	January 21, 2011	The Financial Express	Jansatta
Q4 & Annual FY 2011	April 28, 2011	April 29, 2011	Business Standard	Business Standard (Hindi)

The quarterly, half yearly 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

**DETAILS OF LAST 3 ANNUAL GENERAL MEETINGS**

Meeting	Date	Time	Venue	No. of Special Resolutions Passed
13th AGM	July 24, 2008	4.30 PM	FICICI Auditorium, New Delhi	1
14th AGM	July 23, 2009	4.30 PM	FICICI Auditorium, New Delhi	1
15th AGM	July 23, 2010	4.30 PM	FICICI Auditorium, New Delhi	1

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

S. No.	Financial Year to which AGM pertains	Date of Annual General Meeting	Issue	Type of resolution
1	2007-08	July 24, 2008	Appointment of Ms. Surabhi Bikhchandani, wife of Mr. Sanjeev Bikhchandani to a place of profit under Section 314 (1B) of the Companies Act, 1956	Special Resolution
2	2008-09	July 23, 2009	Seeking approval of the shareholders for flexibility in utilising IPO proceeds including purposes other than those mentioned in the Prospectus	Special Resolution
3	2009-10	July 23, 2010	Amendment of Articles of Association	Special Resolution

**Postal Ballot** During the year, two Ordinary Resolutions contained in the postal ballot notice dated August 13, 2010 were passed by the Shareholders of the Company through Postal Ballot. The results of the Postal Ballot were declared on September 16, 2010.

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:

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 in favour of the resolution	Remarks
1	To increase Authorised Share Capital from ₹40 crores to ₹60 crores	Ordinary Resolution	212	210	2	99.99%	Passed with overwhelming majority
2	Capitalisation of reserves for allotting bonus shares in the ratio of 1:1. One equity share for every share held of face value of ₹10 each	Ordinary Resolution	205	204	1	99.99%	Passed with overwhelming majority

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

### Compliance

#### *Mandatory requirements*

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

#### *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 a whistle blower policy to provide opportunity to associates to represent, in good faith, to the Audit Committee in case they observe 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 those associates. During the year there was no case reported under the policy.

TABLE 11  
COMPLIANCE REPORT

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	49 (I)	Yes	
(A) Composition of Board	49 (IA)	Yes	
(B) Non-executive Directors' compensation and 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)	Yes	
(A) Qualified and 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>III. Subsidiary Companies</b>	49 (III)	Yes	
<b>IV. Disclosures</b>	49 (IV)	Yes	
(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	

## ADDITIONAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date: July 21, 2011

Time: 4.30 PM

Venue: Sri Satya Sai International Centre  
Bhisham Pitamah Marg, Lodhi Road  
New Delhi - 110003

### Financial Calendar

Financial year: April 1, 2010 to March 31, 2011

For the year ended March 31, 2011, results were announced for:

- First quarter- July 23, 2010
- Half yearly- October 21, 2010
- Third quarter- January 20, 2011
- Fourth quarter and annual- April 28, 2011

For the year ending March 31, 2012, results will be announced by:

- First quarter- on or before August 15, 2011
- Half yearly- on or before November 15, 2011
- Third quarter- on or before February 15, 2012
- Fourth quarter and annual- May 30, 2012

### Book Closure

The dates of book closure are from July 15, 2011 to July 21, 2011, inclusive of both days.

### Dividend Payment

Dividend of Re. 0.75 per equity share will be paid on or after July 26, 2011, 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 2010-11 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	Naukri
Bombay Stock Exchange	532777

**ISIN code of the Company**

INFO EDGE (INDIA) LIMITED- INE663F01024

**Stock Market Data**

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

TABLE 2

**HIGH, LOWS AND VOLUMES OF COMPANY'S SHARES FOR 2010-11 AT BSE AND NSE (ADD DATA)**

	BSE			NSE			
	High	Low	Volumes	High	Low	Volumes	
<b>Apr-10</b>	1025	851.1	37400	<b>Apr-10</b>	968	865	92388
<b>May-10</b>	990	857.8	20400	<b>May-10</b>	990	857	72504
<b>Jun-10</b>	949.9	785	277700	<b>Jun-10</b>	940	741.1	314109
<b>Jul-10</b>	958	870	45500	<b>Jul-10</b>	954.9	872	422153
<b>Aug-10</b>	1150	902	461500	<b>Aug-10</b>	1155	902.2	499514
<b>Sep-10</b>	1243	631	294400	<b>Sep-10</b>	1244.9	630.05	794972
<b>Oct-10</b>	773	613.25	401700	<b>Oct-10</b>	780	614	1836103
<b>Nov-10</b>	709	580.5	45100	<b>Nov-10</b>	710	586.5	559676
<b>Dec-10</b>	685	581.25	33000	<b>Dec-10</b>	736.85	582.6	320261
<b>Jan-11</b>	673.8	532	46700	<b>Jan-11</b>	675	532.15	448309
<b>Feb-11</b>	600	460.35	108200	<b>Feb-11</b>	597.65	462.55	756194
<b>Mar-11</b>	670	555.6	90500	<b>Mar-11</b>	679	566.1	128605

**Note: Bonus Issue in September 2010**

CHART A

**INFO EDGE'S SHARE PERFORMANCE VERSUS BSE SENSEX**

— INFO EDGE BSE  
— SENSEX

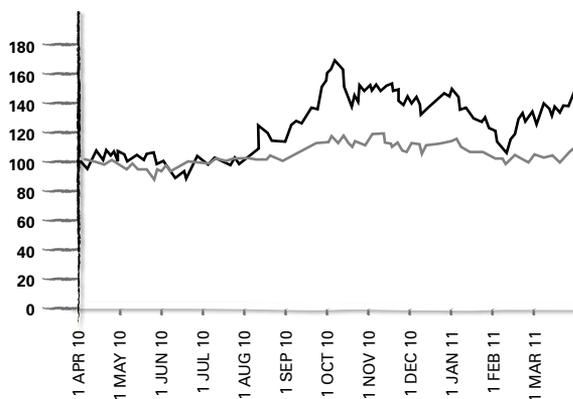
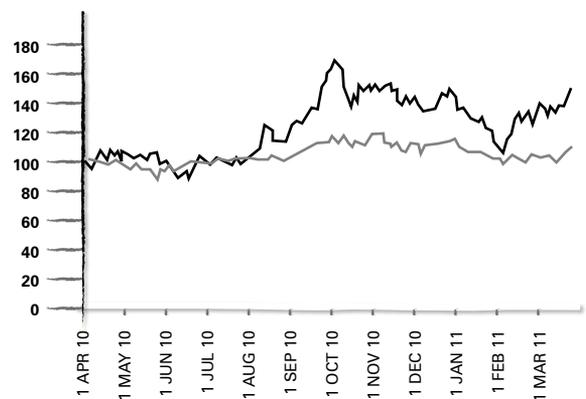


CHART B

**INFO EDGE'S SHARE PERFORMANCE VERSUS NSE NIFTY**

— INFO EDGE NSE  
— NIFTY



**Distribution of Shareholding** Table 3 and 4 (opposite) lists the distribution of the shareholding of the equity shares of the company by size and by ownership class as on March 31, 2011.

TABLE 3

## SHAREHOLDING PATTERN BY SIZE (DATA)

NUMBER OF SHARES	NO.OF SHAREHOLDERS	% OF SHAREHOLDERS	Amount in ₹	% OF SHARES
UPTO 2500	9521	95.240	3831930	0.702
2501- 5000	164	1.640	630070	0.115
5001-10000	91	0.910	710590	0.130
10001-20000	65	0.650	975600	0.179
20001-30000	23	0.230	581590	0.107
30001-40000	12	0.120	441250	0.081
40001-50000	13	0.130	593530	0.109
50001-100000	22	0.220	1552910	0.284
100001 and above	86	0.860	536587650	98.293
<b>TOTAL</b>	<b>9997</b>	<b>100.000</b>	<b>545905120</b>	<b>100.000</b>

TABLE 4

## SHAREHOLDING PATTERN BY OWNERSHIP AS ON MARCH 31, 2011

	As at March 31, 2011			As at March 31, 2010		
	No. of Shareholders	No. of Shares	% of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
<b>A. PROMOTERS HOLDING</b>						
Indian Promoters	5	29508812	54.05	5	14779406	54.15
<b>B. NON-PROMOTERS HOLDING</b>						
a) Foreign Institutional Investors (FIIs)	51	14407412	26.39	38	6792583	24.89
b) Mutual Funds & UTI	16	4296745	7.87	14	1800830	6.60
c) Private Corporate Bodies	251	210125	0.39	241	201177	0.73
d) Indian Public- Individuals	9117	2827546	5.18	8919	1696584	6.21
e) Others- Directors/NRIs/OCBs/FCs/etc	557	3339872	6.12	523	2024676	7.42
Grand Total	9997	54590512	100	9740	27295256	100

TABLE 5

## STATEMENT SHOWING SHAREHOLDING OF PERSONS BELONGING TO THE CATEGORY "PROMOTER &amp; PROMOTER GROUP" (AS ON MARCH 31, 2011)

Sr. No.	Name of the shareholder	Number of shares	% of Total Shareholding
1	Surabhi Motihar Bikhchandani	747016	1.37
2	Ambarish Raghuvanshi	1260168	2.31
3	Hitesh Oberoi	3898782	7.14
4	Sanjeev Bikhchandani & Hitesh Oberoi holding on behalf of Endeavour Holding Trust	4367440	8.00
5	Sanjeev Bikhchandani	19235406	35.24
<b>TOTAL</b>		<b>29508812</b>	<b>54.05</b>

None of the Promoter holding in the Company is pledged or encumbered as on March 31, 2011.

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, 2011)

Sr. No.	Name of the shareholder	Number of shares	% of Total shareholding
1	DSP BLACKROCK EQUITY FUND	630967	1.16
2	SANJEEV BIKHCHANDANI, HITESH OBEROI, AMBARISH RAGHUVANSHI HOLDING ON BEHALF OF INFO EDGE ESOP TRUST	730445	1.34
3	T ROWE PRICE INTERNATIONAL INC A/C T ROWE PRICE INTERNATIONAL DISCOVERY FUND	743428	1.36
4	MORGAN STANLEY MAURITIUS COMPANY LIMITED	824961	1.51
5	RELIANCE CAPITAL TRUSTEE CO.LTD A/C RELANCE TAX SAVER FUND	940152	1.72
6	FID FUNDS MAURITIUS LIMITED	1309630	2.40
7	RELIANCE CAPITAL TRUSTEE CO.LTD A/C RELANCE EQUITY	1590620	2.91
8	ANIL LALL	1648716	3.02
9	EQUINOX PARTNERS LP	1770612	3.24
10	CITIGROUP GLOBAL MARKETS MAURITIUS PVT.LTD	1838375	3.37
11	KAPIL KAPOOR	2000200	3.66
12	MATTHEWS INDIA FUND	2013454	3.69
<b>TOTAL</b>		<b>16041560</b>	<b>29.39</b>

**De-materilisation of Shares** As on March 31, 2011, over 99% shares of the company were held in de-materialised form.

**Outstanding GDRs/ADRs/Warrants** The company has not issued GDRs/ ADRs/Warrants as of March 31, 2011.

**Details of Public Funding Obtained in the last three years** The Company did not raise any funds from public in last three years. The Company made the initial public offering in 2006. However, the Company capitalised part of its general reserves to issue fully paid-up bonus shares in the ratio of 1:1 i.e. one equity share for every one share held of face value of ₹10 each in September 2010.

**Registrar and Transfer Agent** The Company has appointed LINK INTIME INDIA PRIVATE 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 and Address of R and T Agent or address of the share dept, as the case may be</b>	LINK INTIME INDIA PRIVATE LIMITED, A-40, 2ND FLOOR, NEAR BATRA BANQUET HALL, NARAINA INDUSTRIAL AREA, PHASE-II NEW DELHI 110028
<b>Tel no.</b>	011-41410592- 94
<b>Fax no.</b>	011-41410591
<b>E-mail id</b>	delhi@linkintime.co.in
<b>Website</b>	www.linkintime.co.in

**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**

<b>Registered Office</b>	<b>Corporate Office</b>
Info Edge (India) Limited, GF-12 A, 94, Meghdoot, Nehru Place, New Delhi- 110019 Tel No.: - 011-26463894 E-Mail ID: - investors@naukri.com	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

**Plant Locations** The Company has 48 offices as on March 31, 2011 spread in 31 cities across India apart from offices in Dubai, Bahrain, Riyadh and Abu Dhabi. 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

#### **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 our corporate website [www.infoedge.in](http://www.infoedge.in).

I confirm that the Company has in respect of financial year ended March 31, 2011 received from 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 17, 2011

Hitesh Oberoi  
Chief Executive Officer

#### **CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Hitesh Oberoi , Chief Executive Officer and Managing Director and Ambarish Raghuvanshi, Chief Financial Officer and 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, 2011 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 28 2011

Hitesh Oberoi  
*Chief Executive Officer*

Ambarish Raghuvanshi  
*Chief Financial Officer*

#### **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, 2011, 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.

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

Place: Gurgaon  
Date: June 21, 2011

Amitesh Dutta  
*Partner*  
Membership No: F - 58507

Dear Shareholders,

Your Directors have pleasure in presenting the fifth Annual Report together with the audited accounts for the year ended March 31, 2011.

STANDALONE FINANCIAL RESULTS (₹ MILLION)		
PARTICULARS	2010-11	2009-10
<b>Revenue</b>		
Net sales	2,936.21	2,322.23
Other income	282.74	320.14
<b>Total Income</b>	<b>3,218.95</b>	<b>2,642.37</b>
<b>Expenditure</b>		
Advertising and Promotion Cost	380.25	374.04
Administration and Other expenses	320.48	294.33
Personnel expenses	1,137.13	879.50
Network and other charges	100.38	89.68
Depreciation	71.15	61.07
Finance & Other Charges	21.74	19.25
<b>Total expenditure</b>	<b>2,031.13</b>	<b>1,717.87</b>
<b>Net profit before exceptional item and tax</b>	<b>1,187.82</b>	<b>924.50</b>
Exceptional Item	(51.74)	37.74
Tax	399.84	317.48
<b>Net Profit after Tax</b>	<b>839.72</b>	<b>569.28</b>

#### FINANCIAL REVIEW

With a recovery in the business environment, Net sales increased by 26.4% from ₹2,322.2 million in 2009-10 to ₹2,936.2 million in 2010-11 and Total income increased by 21.8% to ₹3,218.9 million in 2010-11.

While employee costs went up as a ratio to net sales (as an investment into the newer/ similar verticals), Info Edge controlled the other key expenses, namely advertising and promotion costs, administration and other expenses and network and other charges. Consequently, total expenditure increased by 18.2% from ₹1,717.9 million in 2009-10 to ₹2,031.1 million in 2010-11. Since top-line growth was faster than expenditure growth operating profit margins increased during 2010-11.

With healthy growth in total income and improved operational profit margins, net profit before exceptional items and taxes increased by 28.5% from ₹924.5 million in 2009-10 to ₹1,187.8 million in 2010-11. During the year there has been an exceptional income item net of taxes worth ₹37.1 million from sale of shares of *makemytrip.com*. Net profit after taxes has increased by 47.5% from ₹569.3 million in 2009-10 to ₹839.7 million in 2010-11.

#### DIVIDEND

Your Directors are pleased to recommend dividend at the rate ₹0.75 per share for the financial year 2010-11, subject to the approval of the shareholders. The proposed dividend together with corporate dividend tax would mean an outflow of ₹47.74 million as compared to ₹23.95 million last year due to bonus issue & consequent increase in the paid-up shares of the Company.

#### BONUS ISSUE

During 2010-11, your Company issued 27,295,256 bonus shares of face value of ₹10/- each in ratio of 1:1 (i.e. one equity share for every one equity share already held), to the shareholders as on record date. With this allotment, the total issued and paid-up capital of the Company has increased to ₹545,905,120/- (Rupees Fifty Four Crores Fifty Nine Lacs Five Thousand One Hundred and Twenty only) comprising of 54,590,512 equity shares of face value of ₹10/- each.

#### LISTING OF SHARES

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

#### TRANSFER TO RESERVES

Since your company is not paying dividend exceeding 10% of the paid-up capital, the Companies (Transfer of Profit to Reserves) Rules, 1975 is not applicable.

#### OPERATIONS REVIEW

While the other businesses are gaining traction, your Company's primary revenue generator is still the online recruitment classifieds and related services through *naukri.com* and quadrangle business divisions. With improvement in the Indian economy and hiring picking up, recruitment solutions had a good year in 2010-11. Net sales from recruitment increased by 24.1% from ₹1,954 million in FY2010 to ₹2,425 million in FY2011 and operating EBIDTA from recruitment increased by 36.7% from ₹803 million in FY2010 to ₹1,097 million in FY2011.

We also provide matrimonial, property and education based classifieds and related services through our portal *jeevansathi.com*, *99acres.com* and *shiksha.com*. With revenues from these other verticals increasing by 42%, their combined contribution to the company's net sales increased to 17% in 2010-11. While *jeevansathi.com* witnessed a 11% growth in revenues, driven by an improvement in the Indian real estate market, *99acres.com* grew by 72% and broke even during 2010-11. *Shiksha.com* is in the early stage of development and is getting good response.

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

India has an ideal demographic structure for high utilisation of the medium of internet. However, internet penetration has been abysmally low mainly due to poor connectivity and high cost of usage. With both these factors improving, internet penetration is growing rapidly in the last two years. If this growth of rate of penetration is maintained, then the internet will become a significant medium for transactions and information sharing in India. At Info Edge we are fairly confident that we are poised for such internet based growth in India. There might be a slight temporary slowdown in the economy in the near term but the long term trajectory is positive. We are fairly optimistic of the future for well established internet businesses like ours in India.

We will continue to focus internally on improving our products, our sale channels and our internal processes and systems. We are gaining market share across businesses and are confident of maintaining this trend. We will continue to invest in developing the matrimonial, real estate, and education businesses, and in emerging technologies like BWA, mobile apps and 3G.

## SUBSIDIARY COMPANIES

During FY2010-11, Info Edge had seven subsidiary companies - Naukri Internet Services Private Limited and Jeevansathi Internet Services Private Limited, which own internet domain names and related trademarks, Allcheckdeals India Private Limited which provides brokerage services in the real estate sector in India, Info Edge (India) Mauritius Limited primarily to make overseas investments of the Company and Info Edge USA Inc. Investee Companies -Applect Learning Systems Private Limited, engaged in the business of kindergarten to class12 (K-12) assessment & tuition portal and Etechaces Marketing & Consulting Private Limited, engaged in comparison of financial products (mainly life & general insurance).

## OTHER STRATEGIC INVESTMENTS

During the financial year 2010-11, your Company committed an investment of ₹47 million in DC Foodie Bay Online Services Private Limited ([www.zomato.com](http://www.zomato.com)) which is an online food guide and restaurant directory business. Your Company also committed an investment of ₹10 million in Nogle Technologies Private Limited ([www.blinkk.me](http://www.blinkk.me)) which is initiating an online information sharing portal.

The company has also committed the following investments during April-June 2011

- ₹90 million in Kinobeo Software Private Limited, engaged in business of providing online group deals through their website [www.mydala.com](http://www.mydala.com);
- An additional investment of ₹100 million in Etechaces Marketing and Consulting Private Limited. The Company had already committed to invest ₹200 million in the first round till FY2010-11;

■ ₹157 million through an equity stake in Ninety Nine Labels Private limited, engaged in online retailing of merchandise e.g. clothes, perfumes, fashion accessories, vouchers and discount deals on the internet, principally through the web portal [www.99labels.com](http://www.99labels.com). The investment is through a mix of buying out some existing shareholders while the major portion is directly into the Company to enable it to invest in its business.

## PARTICULARS OF EMPLOYEES

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)

Our ESOP schemes help us share wealth with our employees and have retention oriented compensation program.

ESOP-2003 The Company made this initial plan when it was a private limited unlisted company and therefore SEBI ESOP Guidelines were not applicable to this scheme. The scheme was used to grant ESOPs till listing i.e. November 2006 and thereafter, no fresh grants have been made under the scheme. Options granted prior to November 2006 continue to vest and exercised till their validity under this scheme.

ESOP-2007 (modified in June 2009) The Company introduced a new SEBI compliant ESOP scheme, which was approved by passing a special resolution in the Extraordinary General Meeting (EGM) held on March 26, 2007 which was further amended in June 2009 through approval of shareholders by Postal Ballot by introducing Stock Appreciation Rights (SARs)/ Restricted Stock Units (RSUs) and flexible pricing of ESOP/SAR Grants. The scheme is currently used by the Company to make fresh ESOP/SAR grants.

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.

## CORPORATE GOVERNANCE

Separate detailed chapters on Corporate Governance, Additional Shareholder Information and Management Discussion and Analysis are attached herewith and forms 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 2010-11, 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 technology absorption as part of annexure A to the directors' report. The particulars regarding foreign exchange earnings and expenditure are furnished below.

(₹ MILLION)

PARTICULARS	2010-11	2009-10
<b>Foreign Exchange Earnings</b>		
Sales	289.49	244.54
<i>Total Inflow</i>	<i>289.49</i>	<i>244.54</i>
<b>Foreign Exchange Outgo</b>		
Travel	1.58	2.13
Expenses on server, etc	54.30	56.90
Promotion and Marketing	3.70	7.90
Foreign Branch Expenses	36.78	30.92
Others	4.94	7.33
<i>Total Outflow</i>	<i>101.30</i>	<i>105.18</i>
<b>Net Foreign Exchange Inflow</b>	<b>188.19</b>	<b>139.36</b>

## DIRECTORS

There has been no change in the directors of the company, however, the Board re-designated the three Whole-time Directors. Mr. Hitesh Oberoi was appointed as Managing Director & Chief Executive Officer in place of Mr. Sanjeev Bikhchandani who transited to the role of Founder and Executive Vice Chairman.

Mr. Bikhchandani will continue to be actively involved in the business and will focus primarily on strategic matters, investments and acquisitions while Mr. Oberoi will oversee the current businesses of the company. Both Mr. Bikhchandani and Mr. Oberoi will report directly to the Board. Mr. Ambarish Raghuvanshi, the current Chief Financial Officer & Whole-time Director, transited to the role of Group President -Finance and Chief Financial Officer.

Their initial term of five years was completed on April 26, 2011 and the Board of Directors in their meeting held on April 28, 2011 re-appointed Mr. Sanjeev Bikhchandani as Executive Vice-Chairman, Mr. Hitesh Oberoi as Managing Director & CEO, and Mr. Ambarish Raghuvanshi as Whole-time Director, CFO & Group President-Finance for a period of five years w.e.f. April 27, 2011 on terms and conditions as mentioned in the notice of Annual General Meeting.

As per the requirements of Section 256 of the Companies Act, 1956, two-thirds of the Board shall consist of retiring directors out of which one third shall retire at every annual general meeting. Accordingly, Mr. Saurabh Srivastava and Mr. Naresh Gupta shall retire and being eligible offer themselves for re-appointment in the ensuing Annual General Meeting.

## INTERNAL CONTROL SYSTEMS

The Company has in place adequate systems of Internal Control to ensure compliance with policies and procedures. The Company has appointed an external professional firm as Internal Auditor. The Audits of all the units of the Company are regularly carried out to review the internal control systems & processes. 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 & Co., 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 judgements 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

There was no qualification in the Auditors Report and both the Auditors Report & 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.

Date- June 17, 2011

Place- Hong Kong

For and on behalf of the Board of Directors

**Kapil Kapoor**  
Chairman

## 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

While our operations are not energy-intensive, we continue to take steps to reduce energy consumption. Some of the significant measures undertaken during the year are listed below:

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

#### 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 there from-

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, 2011

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

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## ANNEXURE -II

### INFORMATION REGARDING THE EMPLOYEE STOCK OPTION SCHEMES

	2010-11
	Number
Options/Stock Appreciation Rights outstanding at beginning of year (April 1, 2010)	989,913
<b>Add:</b>	
Options/Stock Appreciation Rights granted	1,179,897
<b>Less:</b>	
Options/Stock Appreciation Rights exercised	258,387
Options/Stock Appreciation Rights forfeited	109,702
Options/Stock Appreciation Rights outstanding at the end of year	1,801,721
Option/Stock Appreciation Rights exercisable at the end of year (March 31, 2011)	937,372

**EXERCISE PRICE**

During the year, fresh ESOP/SARs Grants were made under ESOP 2007 at the following prices:

No. of Options Granted	No. of SARs Granted	Exercise Price(₹)
110,750	-	5.0
	27,000	457.0
	23,000	445.5
	6,000	450.5
	14,000	513.0
	100,000	625.0
	34,000	630.0
	18,000	654.0

**DETAILS OF OPTION GRANTED TO SENIOR MANAGEMENT/DIRECTORS DURING THE YEAR:**

1	Grant to Directors	Mr. Arun Duggal –Independent Director-20,000 SARs Mr. Saurabh Srivastava –Independent Director-20,000 SARs Ms. Bala Deshpande –Independent Director-20,000 SARs Mr. Naresh Gupta –Independent Director-20,000 SARs Mr. Ashish Gupta–Independent Director-20,000 SARs
2	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. Rohit Manghnani- SVP & Business Head –Jeevansathi - 17,000 SARs
3	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.	NIL

1	Earning Per share (EPS)	₹15.38	
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)	74,224 Thousand	
4	The impact of this difference on profits and on EPS of the Company	The profit for the year would be lower by Rs 74,224 Thousand (Previous year 76,939 Thousand) and the EPS would be Rs 14.02 (Previous year 9.02) had the fair value method been used.	
5a	Weighted-average exercise prices of options whose exercise price –	<b>ESOP 2007</b>	<b>ESOP 2007 SAR</b>
	i) either equals market price; or	NIL	891.00
	ii) exceeds market price ; or	NIL	644.08
	iii) is less than the market price of the stock	10	820.71
5b	Weighted fair values of options whose exercise price –	<b>ESOP 2007</b>	<b>ESOP 2007 SAR</b>
	i) either equals market price; or	NIL	393.69
	ii) exceeds market price ; or	NIL	287.91
	iii) is less than the market price of the stock	10	358.96
6	Description of method & significant assumptions used during the year to estimate value of options including the following weighted-average information:	<b>ESOP 2007</b>	<b>ESOP 2007 SAR</b>
	(i) risk-free interest rate;	7.18%	7.44%
	(ii) expected life (in years);	4.07	3.67
	(iii) expected volatility	50.39%	47.51%
	(iv) expected dividend yeild	0.10%	0.10%
	(v) the price of the underlying share in the market at the time of option grant.	941.51	723.61
7	Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines	NA	

## AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of Info Edge (India) Limited (the "Company") as at March 31, 2011, 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 (together the "Order") 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 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 (iii)(a) to (iii)(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, 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, 2011 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.

## INFO EDGE (INDIA) LIMITED

- (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 18) which 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 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 referred to 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, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse  
Firm Registration Number 007568S  
Chartered Accountants

Place: Gurgaon  
Date: April 28, 2011

Amitesh Dutta  
Partner  
Membership Number-058507

## BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	As at	
		March 31, 2011 (₹'000)	March 31, 2010 (₹'000)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Capital	1		545,905
Stock Options Outstanding Account	2		30,618
Reserves and Surplus	3		4,053,293
<b>LOAN FUNDS</b>			
Secured Loans	4		6,742
			<b>4,636,558</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		856,401	570,806
Less : Depreciation		317,657	283,091
Net Block		538,744	287,715
Capital Advances		154,236	69,260
			692,980
<b>DEFERRED TAX ASSETS</b>	6		40,670
<b>INVESTMENTS</b>	7		2,968,704
<b>ADVANCE RECOVERABLE FROM ESOP TRUST</b> (Refer Note 13 & 14 on Schedule 19)			13,400
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	8	38,850	59,573
Cash and Bank Balances	9	2,037,472	2,777,142
Loans and Advances	10	131,337	123,743
Other Current Assets	11	70,865	58,818
		2,278,524	3,019,276
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	12		
Current liabilities		1,215,630	791,831
Provisions		142,090	88,139
		1,357,720	879,970
<b>NET CURRENT ASSETS</b>			920,804
			<b>4,636,558</b>
			<b>3,826,015</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.

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Hitesh Oberoi  
Managing Director

Ambarish Raghuvanshi  
Director & CFO

Amit Gupta  
Company Secretary

Place : Gurgaon  
Date : April 28, 2011

Place : Noida  
Date : April 28, 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	Year ended March 31, 2011 (₹'000)	Year ended March 31, 2010 (₹'000)
<b>INCOME</b>			
Sales (Refer Note 5 on Schedule 18)		2,936,205	2,322,225
Other Income	13	282,733	320,142
		<b>3,218,938</b>	<b>2,642,367</b>
<b>EXPENDITURE</b>			
Advertising and Promotion cost		380,251	374,038
Administration and Other expenses	14	320,476	294,332
Personnel expenses	15	1,137,125	879,498
Network, Internet and Other direct charges	16	100,378	89,678
Finance and Bank Charges	17	21,743	19,251
Depreciation	5	71,150	61,066
		<b>2,031,123</b>	<b>1,717,863</b>
<b>Net Profit before Exceptional item and Tax</b>		<b>1,187,815</b>	<b>924,504</b>
Exceptional Item - Net (Refer Note 23 on Schedule 19)		(51,740)	37,737
<b>Net Profit before Tax</b>		<b>1,239,555</b>	<b>886,767</b>
Tax Expense			
- Current Tax (including for earlier years)		406,765	332,132
- Deferred Tax	6	(6,928)	(14,646)
<b>Net Profit after Tax</b>		<b>839,718</b>	<b>569,281</b>
<b>Balance brought forward</b>		1,902,708	1,357,377
Transfer from Stock Options Outstanding Account		13,555	9,209
<b>Appropriations</b>			
Proposed dividend		40,943	20,471
Dividend Tax		6,800	3,479
Transfer to General Reserve (Employee Stock Options Outstanding Account)		13,555	9,209
<b>Balance carried to the balance sheet</b>		<b>2,694,683</b>	<b>1,902,708</b>
<b>Earnings Per Share - Basic and Diluted</b>		15.38	10.43
(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.

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Hitesh Oberoi  
Managing Director

Ambarish Raghuvanshi  
Director & CFO

Amit Gupta  
Company Secretary

Place : Gurgaon  
Date : April 28, 2011

Place : Noida  
Date : April 28, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

S.No.	Particulars	For the year ended March 31, 2011 Amount (₹'000)	For the year ended March 31, 2010 Amount (₹'000)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net Profit before Exceptional item and Tax	<b>1,187,815</b>	<b>924,504</b>
	<b>Adjustments for:</b>		
	Depreciation	71,150	61,066
	Interest Expense	768	536
	Interest Income	(195,801)	(275,750)
	Dividend Income from Mutual Funds	(66,621)	(13,355)
	(Profit)/Loss on Fixed Assets sold (net)	1,737	928
	(Profit)/Loss on sale of Investments (net)	18	3
	Interest Income on Debentures	(2,663)	-
	Provision for Bad & Doubtful Debts	1,583	2,838
	Liability no longer required written back	(3,915)	(14,481)
	Provision for Gratuity & Leave Encashment	13,400	(10,666)
	TDS on revenue receipts	(168,070)	(111,794)
	Employee Stock Option Scheme Compensation Expense	17,667	7,565
	<b>Operating profit before working capital changes</b>	<b>857,068</b>	<b>571,394</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	19,140	(24,339)
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	(1,413)	(23,948)
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	427,703	100,872
	<b>Cash generated from operating activities</b>	<b>1,302,498</b>	<b>623,979</b>
	- Taxes (Paid) / Received (Net of TDS)	(201,810)	(147,292)
	<b>Net cash from operating activities</b>	<b>1,100,688</b>	<b>476,687</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Purchase of fixed assets	(413,135)	(35,159)
	Proceeds from Sale of fixed assets	4,241	609
	Proceeds from Sale of Investments	6,319,051	3,136,184
	Proceeds from Sale of Shares	63,464	-
	Purchase of Investments	(7,847,251)	(4,134,666)
	Interest Received	166,291	244,114
	Dividend Received	66,621	13,355
	Amount Paid on Acquisition of strategic investments	(175,973)	(120,329)
	<b>Net cash used in investing activities</b>	<b>(1,816,691)</b>	<b>(895,892)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Repayment of long term borrowings (Net)	1,042	2,728
	Interest Paid	(759)	(515)
	Dividend Paid	(20,471)	(20,471)
	Dividend Tax Paid	(3,479)	(3,479)
	<b>Net cash used in financing activities</b>	<b>(23,667)</b>	<b>(21,737)</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(739,670)</b>	<b>(440,942)</b>
	<b>Opening Balance of Cash and cash equivalents</b>	<b>2,777,142</b>	<b>3,218,084</b>
	<b>Closing Balance of Cash and cash equivalents</b>	<b>2,037,472</b>	<b>2,777,142</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash in hand	1,506	1,777
	<b>Balance with Scheduled Banks</b>		
	-in current accounts (Refer note 2 and 3 below)	90,700	100,565
	-in fixed deposits	1,943,840	2,672,598
	<b>Balance with Other Banks</b>		
	-in current accounts	1,426	2,202
	<b>Total</b>	<b>2,037,472</b>	<b>2,777,142</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 ₹122 Thousand (previous year ₹122 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 ₹62 Thousand (previous year ₹46 Thousand) in respect of unclaimed dividend, 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

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

Amitesh Dutta  
Partner  
Membership Number 58507

Place : Gurgaon  
Date : April 28, 2011

For and on behalf of the Board of Directors

Hitesh Oberoi  
Managing Director

Amit Gupta  
Company Secretary

Place : Noida  
Date : April 28, 2011

Ambarish Raghuvanshi  
Director & CFO

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars		As at	
		March 31, 2011	March 31, 2010
	(₹'000)	(₹'000)	(₹'000)
<b>SCHEDULE 1</b>			
<b>CAPITAL</b>			
<b>AUTHORIZED CAPITAL</b>			
60,000 Thousand Equity Shares of ₹10/- each (Previous year - 40,000 Thousand Equity Shares of ₹10/- each)		<b>600,000</b>	<b>400,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
54,591 Thousand Equity Shares of ₹10/- each fully paid up (Previous year - 27,295 Thousand Equity Shares of ₹10/- each fully paid up)		545,905	272,953
[Of the above, 49,000 Thousand Equity Shares of ₹10/- each (Previous year 21,705 Thousand Equity Shares of ₹10 each) were allotted as fully paid up by way of bonus shares out of Securities Premium, General Reserve and Profit & Loss Account]			
		<b>545,905</b>	<b>272,953</b>
<b>SCHEDULE 2</b>			
<b>Stock Options Outstanding Account</b>			
(Refer Note 11 on Schedule 18 & Note 14 on Schedule 19)			
Opening Balance	26,646		28,330
Add: Transfer during the year	17,667		7,565
Less: Adjusted against advance given to Info Edge Employees Stock Option Trust	140		40
Less: Transfer to Profit & Loss Account	13,555		9,209
		30,618	26,646
		<b>30,618</b>	<b>26,646</b>
<b>SCHEDULE 3</b>			
<b>RESERVES AND SURPLUS</b>			
<b>Securities Premium Account</b>			
Opening Balance	1,583,026		1,583,026
Less: Utilisation for issue of bonus shares	272,953	1,310,073	-
			1,583,026
<b>Profit &amp; Loss Account</b>			
Opening Balance	1,902,708		1,357,377
Add: Transfer from Profit & loss Account	791,975	2,694,683	545,331
			1,902,708
<b>General Reserve</b>			
Opening Balance	34,982		25,773
Add: Transfer from Profit and Loss Account (Stock Options Outstanding Account)	13,555	48,537	9,209
			34,982
		<b>4,053,293</b>	<b>3,520,716</b>
<b>SCHEDULE 4</b>			
<b>SECURED LOANS</b>			
Deferred payment liability (Refer Note 8 (i) on Schedule 18 and 6 on Schedule 19)			
(Secured by way of hypothecation of vehicles)		6,742	5,700
[Payable within one year ₹3,854 Thousand (Previous year ₹2,852 Thousand)]			
		<b>6,742</b>	<b>5,700</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

## SCHEDULE 5

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

(₹'000)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions during the year	Deletions/ Write off during the year	As at March 31, 2011	Up to April 1, 2010	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>OWN ASSETS</b>										
<b>Intangible Assets</b>										
Goodwill	265	-	-	265	265	-	-	265	-	-
Operating and Marketing Rights	27,560	-	-	27,560	27,560	-	-	27,560	-	-
Enterprise Resource Planning Software	15,834	4,596	-	20,430	1,578	3,738	-	5,316	15,114	14,256
Other Software Licenses	4,921	-	-	4,921	781	1,639	-	2,420	2,501	4,140
<b>Tangible Assets</b>										
Leasehold Land	202,457	144,491	-	346,948	6,598	3,987	-	10,585	336,363	195,859
Building	-	91,189	-	91,189	-	1,859	-	1,859	89,330	-
Leasehold Improvements	71,767	2,799	8,560	66,006	49,410	8,548	3,791	54,167	11,839	22,357
Computers	153,857	41,664	28,848	166,673	124,294	26,326	28,829	121,791	44,882	29,563
Plant and Machinery	15,994	17,578	54	33,518	12,170	10,827	49	22,948	10,570	3,824
Furniture and Fixtures	19,949	12,179	157	31,971	16,878	3,494	153	20,219	11,752	3,071
Office Equipment	40,455	7,283	46	47,692	34,334	6,567	16	40,885	6,807	6,121
Vehicles	733	-	-	733	717	16	-	733	-	16
<b>Assets taken on Lease</b>										
Vehicles	17,014	6,379	4,898	18,495	8,506	4,149	3,746	8,909	9,586	8,508
<b>Total</b>	<b>570,806</b>	<b>328,158</b>	<b>42,563</b>	<b>856,401</b>	<b>283,091</b>	<b>71,150</b>	<b>36,584</b>	<b>317,657</b>	<b>538,744</b>	<b>287,715</b>
Capital Advances *									154,236	69,260
<b>Previous year</b>	<b>527,079</b>	<b>48,841</b>	<b>5,114</b>	<b>570,806</b>	<b>225,602</b>	<b>61,066</b>	<b>3,577</b>	<b>283,091</b>	<b>287,715</b>	

\* Refer Note 2 on Schedule 19

Particulars		As at March 31, 2011 (₹'000)		As at March 31, 2010 (₹'000)
<b>SCHEDULE 6</b>				
<b>DEFERRED TAX ASSET/ (LIABILITY)</b>				
(Refer Note 9 on Schedule 18 and Note 3 on Schedule 19)				
Deferred Tax Asset / (Liability)				
- Opening Balance		33,742		19,096
- Adjustment for the current year		6,928		14,646
		<b>40,670</b>		<b>33,742</b>
<b>SCHEDULE 7</b>				
<b>INVESTMENTS</b>				
(Refer Note 6 on Schedule 18 and Note 7, 23 and 24 on Schedule 19)				
<b>Non Trade (Unquoted)</b>				
<b>Long term</b>				
Investments in Equity Shares of Subsidiary Companies	335,390		140,896	
Less: Provision for diminution in value of investment	41,484	293,906	37,737	103,159
Investment in Unsecured Optionally Fully Convertible Debentures of Subsidiary Company		50,000		-
<b>Other Investments</b>				
<b>- Long Term (Unquoted)</b>				
-Debt Mutual Funds		567,152		-
-Equity Shares of Associate Company and others		18,000		99,498
-Preference Shares of Associate Company		5,000		-
<b>- Short Term (Unquoted)</b>				
-Debt Mutual Funds		2,034,646		1,073,615
		<b>2,968,704</b>		<b>1,276,272</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2011		As at March 31, 2010	
	(₹'000)	(₹'000)	(₹'000)	(₹'000)
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS</b>				
(Unsecured, considered good unless otherwise stated)				
<b>Debts outstanding for a period exceeding six months</b>				
Considered doubtful	6,567		6,281	
Less: Provision for Doubtful Debts	6,567	-	6,281	-
<b>Other Debts</b>				
Considered good		38,850		59,573
Considered doubtful	302		602	
Less: Provision for Doubtful Debts	302	-	602	-
		<b>38,850</b>		<b>59,573</b>
<b>SCHEDULE 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash in hand		1,506		1,777
Bank Balances with scheduled banks: (Refer Note 22 on Schedule 19)				
-in Current Accounts		90,516		100,397
-in Fixed Deposit Accounts*		1,943,840		2,672,598
Bank Balances with other banks: (Refer Note 22 on Schedule 19)				
-in Current Accounts		1,426		2,202
Unpaid Application Money received by the company for allotment of securities and due for refund **		122		122
Unclaimed Dividend **		62		46
* includes ₹50,351 Thousand (Previous year ₹56,000 Thousand) as margin money with bank				
** (Not available for use by the company)				
		<b>2,037,472</b>		<b>2,777,142</b>
<b>SCHEDULE 10</b>				
<b>LOANS AND ADVANCES</b>				
(Unsecured, considered good)				
Advance to Subsidiary Company (Refer Note 13 on Schedule 19)		20,511		1,051
Advance to Associate Company (Refer Note 13 on Schedule 19)		-		69
Advance recoverable in cash or in kind or for value to be received *		54,886		58,789
Balance with Service Tax Authorities		1,927		6,022
Security Deposits		53,012		56,811
Advance Tax - Fringe Benefits	29,686		29,686	
Less: Provision for Tax - Fringe Benefits	28,685	1,001	28,685	1,001
		<b>131,337</b>		<b>123,743</b>
* Includes ₹(20) Thousand (Previous year ₹354 Thousand) outstanding with directors				
Maximum amount outstanding during the year ₹6,458 Thousand (Previous year ₹1,114 Thousand)				

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars		As at		As at
	(₹'000)	March 31, 2011 (₹'000)	(₹'000)	March 31, 2010 (₹'000)
<b>SCHEDULE 11</b>				
<b>OTHER CURRENT ASSETS</b>				
Interest Accrued on Fixed Deposits		68,468		58,818
Interest Accrued on Debentures		2,397		-
		<b>70,865</b>		<b>58,818</b>
<b>SCHEDULE 12</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors (Refer Note 4 on Schedule 19)				
- total outstanding dues of micro, small and medium enterprises	-		-	
- total outstanding dues of creditors other than micro, small and medium enterprises	236,326	236,326	196,315	196,315
Amount Due to Subsidiary Company (Refer Note 13 on Schedule 19)		36		124
Deferred Sales Revenue (Refer Note 5 on Schedule 18)		894,659		532,928
Accrued Bonus		54,487		34,843
Unpaid Application Money received by the company for allotment of securities and due for refund *		122		122
Unclaimed Dividend *		62		46
Other liabilities		29,893		27,418
Interest accrued but not due on loans		45		35
		<b>1,215,630</b>		<b>791,831</b>
* Will be credited to Investor Education and Protection Fund as and when due				
<b>PROVISIONS</b>				
Employee benefits (Refer Note 7 on Schedule 18 and Note 21 on Schedule 19)		37,149		23,749
Provision for Tax	1,434,884		1,028,120	
Less: Advance Tax	1,377,686	57,198	987,680	40,440
Proposed Dividend		40,943		20,471
Dividend Tax		6,800		3,479
		<b>142,090</b>		<b>88,139</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	Year Ended March 31, 2011 (₹'000)	Year Ended March 31, 2010 (₹'000)
<b>SCHEDULE 13</b>		
<b>OTHER INCOME (Refer Note 13 &amp; 14 on Schedule 18)</b>		
Interest Received/Receivable on Fixed Deposits with Banks [(Tax deducted at source ₹19,860 Thousand (Previous year ₹35,119 Thousand))]	195,801	275,750
Dividend Income from Mutual Funds	66,621	13,355
Interest on Debentures [Tax deducted at source ₹266 Thousand (Previous Year NIL)]	2,663	-
Provision no longer required written back	3,915	14,481
Miscellaneous Income	13,733	16,556
	<b>282,733</b>	<b>320,142</b>
<b>SCHEDULE 14</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Electricity and Water	25,246	22,638
Rent (Refer Note 5 on Schedule 19)	106,654	112,123
Repairs and Maintenance (Building)	16,281	11,036
Repairs and Maintenance (Machinery)	16,304	13,004
Legal and Professional Charges	23,552	19,589
Rates & Taxes	73	202
Insurance	1,349	1,679
Communication expenses	34,855	33,309
Travel & Conveyance	38,724	33,636
Provision for Doubtful Debts	1,583	2,838
Loss on sale of Investments (net)	18	3
Loss on sale of fixed assets (net)	1,737	928
Miscellaneous expenses	54,100	43,347
	<b>320,476</b>	<b>294,332</b>
<b>SCHEDULE 15</b>		
<b>PERSONNEL EXPENSES</b>		
(Refer Note 7 on Schedule 18 and Note 21 on Schedule 19)		
Salaries, Wages and Bonus	819,299	661,488
Contributions to Provident and other funds	36,041	21,343
Sales Incentives and Commissions	173,754	117,360
Staff Welfare and Benefits	56,707	45,469
Employee Stock Option Scheme Compensation (Refer Note 11 on Schedule 18 and Note 14 on Schedule 19)	17,667	7,565
Other Employee Expenses	33,657	26,273
	<b>1,137,125</b>	<b>879,498</b>
<b>SCHEDULE 16</b>		
<b>NETWORK, INTERNET AND OTHER DIRECT CHARGES</b>		
Internet and Server Charges	93,611	85,220
Others	6,767	4,458
	<b>100,378</b>	<b>89,678</b>
<b>SCHEDULE 17</b>		
<b>FINANCE AND BANK CHARGES</b>		
Interest on fixed loans	768	536
Bank Charges	20,975	18,715
	<b>21,743</b>	<b>19,251</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 (the 'Act') and the relevant provisions of the Act.

##### 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.

Profit/Loss on disposal of fixed assets is recognized in the Profit & Loss Account.

##### 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)
Building	20
Computers	3
Other Software Licenses	3
Enterprise Resource Planning Software	5
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 or equal to ₹5,000 are fully depreciated in the year of acquisition.

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 on fluctuation in foreign exchange rate between the transaction date and settlement date are recognized in the Profit and Loss Account. Foreign currency monetary assets and liabilities are restated at the exchange rate prevailing at the year end and the overall net gain/loss is adjusted to the Profit and Loss Account.

##### 5. Revenue Recognition

The Company earns revenue significantly from the following sources viz.

- Recruitment solutions through its career web site, Naukri.com:-  
Revenue is received in the form of fees, which is recognized prorata over the subscription / advertising agreement, usually ranging between one to twelve months.
- Matrimonial web site, Jeevansathi.com and Real Estate website, 99acres.com:-  
Revenue is received in the form of subscription fees, which is recognized over the period of subscription, usually ranging between one to twelve months.
- Placement search division, Quadrangle:-  
Revenue 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.
- Real Estate broking division:-  
Commission income on property bookings placed with builders/developers is accrued once the related services have been rendered by the company.
- Resume Sales Service:-  
The revenue from Resume Sale Services is earned in the form of fees and is recognized on completion of the related service.

In respect of a), b) and c) above, the unaccrued amounts are not recognized as revenue till all obligations are fulfilled and are reflected in the Balance sheet as Deferred Sales Revenue.

All the above sources of revenue are shown net of service tax and is not recognized in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognized on reasonable certainty of collection.

##### 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.

## SCHEDULES TO THE ACCOUNTS

### 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 valuations are recognized immediately in the Profit and Loss Account as income or expense.

### 8. Leased Assets

- 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 capitalized 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 amount paid is allocated between the liability and the interest cost, so as to maintain 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 and deferred 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/virtual 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 as amended from time to time. 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 a graded vesting basis over the vesting period.

### 12. Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

### 13. Dividend income

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectibility exists.

### 14. Interest Income

Interest income is recognized on the time basis determined by the amount outstanding including the tax credits and the rate applicable and where no significant uncertainty as to measurability or collectibility exists.

### 15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates.

## 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 on March 31, 2011 there is an advance of ₹154,236 Thousand (Previous Year ₹69,260 Thousand) outstanding against capital account contracts. This primarily includes the following:
  - ₹149,997 Thousand (Previous year ₹62,286 Thousand) relating to the project for construction of office building on leasehold land in respect of which the project for construction has commenced with an estimated value of contract of ₹782,000 Thousand to be executed on capital account.
  - ₹3,358 Thousand (Previous year ₹6,089 Thousand) relating to ERP implementation project with an estimated value of contract of ₹4,570 Thousand (Previous year ₹8,682 Thousand) to be executed on capital account.
  - ₹881 Thousand (Previous year ₹885 Thousand) advanced against multiple contracts with total estimated value of contracts of ₹1,370 Thousand (gross) (Previous year ₹1,281 Thousand) (gross) to be executed on capital account.

## 3. Deferred Taxes

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

Deferred Tax Asset/(Liability)	As at March 31, 2011 Amount (₹'000)	As at March 31, 2010 Amount (₹'000)
Provision for Leave Encashment	6,388	5,840
Provision for Doubtful Debts	2,282	2,340
Depreciation	21,011	16,497
Others	10,989	9,065
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>40,670</b>	<b>33,742</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, 2011.
- 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 recognized in the Profit & Loss Account amount to ₹107,796 Thousand (included in Schedule 14 – Administration and Other Expenses ₹106,654 Thousand and in Schedule 15 – Personnel Expenses ₹1,142 Thousand [(Previous Year ₹113,487 Thousand) (included in Schedule 14 – Administration and Other Expenses ₹112,123 Thousand and in Schedule 15 – Personnel Expenses ₹1,364 Thousand)]).
- Leased Assets included in vehicles where the company is a lessee under finance leases are:

Finance Lease Liabilities- minimum lease payments:	As at March 31, 2011 Amount (₹'000)	As at March 31, 2010 Amount (₹'000)
Not later than 1 year	4,328	3,323
Later than 1 year and not later than 5 years	3,035	3,064
<b>Total minimum lease payments</b>	<b>7,363</b>	<b>6,387</b>
Less: Future finance charges on finance leases	621	687
<b>Present value of finance lease liabilities</b>	<b>6,742</b>	<b>5,700</b>
Representing lease liabilities:		
-Current	3,854	2,852
-Non current	2,888	2,848
	<b>6,742</b>	<b>5,700</b>
The present value of finance lease liabilities may be analyzed as follows:		
Not later than 1 year	3,854	2,852
Later than 1 year and not later than 5 years	2,888	2,848
	<b>6,742</b>	<b>5,700</b>

## SCHEDULES TO THE ACCOUNTS

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

Details of Non Trade (Unquoted) Investments in Subsidiary Companies		Amount (₹'000)	
Name of the Subsidiary	As at March 31, 2011	As at March 31, 2010	
11,621 (Previous year – 5,945) shares of eTechAces Marketing and Consulting Pvt. Ltd. of ₹10/- each fully paid up. (Including share premium of ₹16,726.40/- per share).	194,494	-*	
7,865 (Previous year – 7,865) shares of Applect Learning Systems Pvt. Ltd. of ₹10/- each fully paid up. (Including share premium of ₹8,254.47/- per share).	65,000	65,000	
1,112,001(Previous year – 1,112,001) shares of Info Edge (India) Mauritius Limited of USD 1/- each fully paid up**	45,596	45,596	
9,800 (Previous year – 9,800) shares of Jeevansathi Internet Services Pvt. Ltd. Of ₹10/- each fully paid up. (two hundred shares are held by the nominees of the company)	100	100	
9,998 (Previous year – 9,998) shares of Naukri Internet Services Pvt. Ltd. Of ₹10/- each fully paid up. (two shares are held by the nominees of the company)	100	100	
3,009,999 (Previous year – 3,009,999) shares of Allcheckdeals India Pvt. Ltd. of ₹10/- each fully paid up. (One share is held by Naukri Internet Services Pvt Ltd)	30,100	30,100	
Info Edge USA Inc.***	-	-	
<b>TOTAL</b>	<b>335,390</b>	<b>140,896</b>	

\* Etechaces Marketing and Consulting Pvt. Ltd. was an "associate company" as on March 31, 2010 and became a subsidiary company during the year by virtue of control over composition of the Board of Directors.

\*\* Investment Company in Mauritius holding investment in US Company.

\*\*\* By virtue of control over composition of the Board of Directors.

Details of Other Investment in Long Term Unquoted Equity Shares of Associate Company and others		Amount (₹'000)	
Equity Shares (Unquoted)	As at March 31, 2011	As at March 31, 2010	
22,397 (Previous year – Nil) shares of DC Foodiebay Online Services Private Limited of ₹1/- each fully paid up. (Including share premium of ₹802.69/- per share).	18,000	-	
11,621(Previous year – 5,945) shares of eTechAces Marketing and Consulting Pvt. Ltd. of ₹10/- each fully paid up. (Including share premium of ₹16,726.40/- per share).	-*	99,498	
45,000 (Previous year - 45,000) shares of Only Research Pvt. Ltd. of ₹10/- each fully paid up. (Net carrying value ₹1/-)	-	-	
<b>TOTAL</b>	<b>18,000</b>	<b>99,498</b>	

\* Etechaces Marketing and Consulting Pvt. Ltd. hold the status of Subsidiary Company as at March 31, 2011.

Details of Other Investment in Long Term Unquoted Preference Shares of Associate Company		Amount (₹'000)	
Preference Shares (Unquoted)	As at March 31, 2011	As at March 31, 2010	
1,757 (Previous year – Nil) shares of Nogle Technologies Private Limited of ₹10/- each fully paid up. (Including share premium of ₹2835.76/- per share).	5,000	-	
<b>TOTAL</b>	<b>5,000</b>	<b>-</b>	

Details of Investment in Long Term Unsecured Optionally Fully Convertible Debentures of Subsidiary Company		Amount (₹'000)	
Debentures (Unquoted)	As at March 31, 2011	As at March 31, 2010	
10 No's, 6% Optionally Fully Convertible Debentures of ₹50 Lakh each. These debentures are redeemable in one or more tranches at the option of the investor at any time commencing from May 20, 2011	50,000	-	
<b>TOTAL</b>	<b>50,000</b>	<b>-</b>	

Detail of Other Investment in Long Term Unquoted Mutual Funds		Amount (₹'000)	
Name of the Debt Mutual Fund	As at March 31, 2011	As at March 31, 2010	
5,000,000 (Previous Year Nil) Units of ₹10/- each in ICICI Prudential FMP Series 54-1 Year Plan A Cumulative	50,000	-	
2,000,000 (Previous Year Nil) Units of ₹10/- each in DSP Blackrock Fixed Term Plan 12M Series 6- Growth	20,000	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in 5795 HDFC FMP 370D March 2011 (2) - Growth - Series XVI	50,000	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in 5778 HDFC FMP 370D March 2011 (2) - Growth - Series XVI	50,000	-	

**SCHEDULES TO THE ACCOUNTS**

<b>Detail of Other Investment in Long Term Unquoted Mutual Funds</b>		<b>Amount (₹'000)</b>	
<b>Name of the Debt Mutual Fund</b>	<b>As at March 31, 2011</b>	<b>As at March 31, 2010</b>	
5,000,000 (Previous Year Nil) Units of ₹10/- each in IDFC Fixed Maturity Yearly Series 38 Growth	50,000	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in IDFC Fixed Maturity Plan-Yearly Series 36 Growth	50,000	-	
4,055,158 (Previous Year Nil) Units of ₹10/- each in Kotak FMP Series 34-Growth	40,552	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in Kotak FMP Series 37-Growth	50,000	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in Kotak FMP Series 39-Growth	50,000	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in Kotak FMP Series 40-Growth	50,000	-	
5,660,000 (Previous Year Nil) Units of ₹10/- each in Fidelity FMP Series 5-Plan A-Growth	56,600	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in Axis Fixed Term Plan-Series 13-Growth Plan	50,000	-	
<b>TOTAL</b>	<b>567,152</b>	<b>-</b>	

<b>Detail of Other Investment in Short Term Unquoted Mutual Funds</b>		<b>Amount (₹'000)</b>	
<b>Name of the Debt Mutual Fund</b>	<b>As at March 31, 2011</b>	<b>As at March 31, 2010</b>	
1,705,617 (Previous Year 3,734,925) Units of ₹105.74/- each in ICICI Prudential Flexible Income Plan Premium - Daily Dividend	180,343	394,912	
7,038,997 (Previous Year Nil) Units of ₹10.07/- each in ICICI Prudential Banking and PSU Debt Fund Premium Plus Daily Dividend	70,883	-	
122,800 (Previous Year 71,460) Units of ₹1000.54/- each in DSP BlackRock Floating Rate Fund-Institutional Plan Daily Dividend	122,867	71,499	
5,000,000 (Previous Year Nil) Units of ₹10/- each in DSP Blackrock FMP 12M Series 13-Growth	50,000	-	
34,897,728 (Previous Year 37,322,709) Units of ₹10/- each in HDFC Cash Management Fund-Treasury Advantage Plan - Wholesale-Daily Dividend	350,076	374,403	
5,090,771 (Previous Year Nil) Units of ₹10/- each in Birla Sun Life Fixed Term Plan Series CW Growth	50,908	-	
22,362,958 (Previous Year Nil) Units of ₹10/- each in Birla Sun Life Saving Fund -Instl-Daily Div Reinvestment	223,782	-	
5,000,000 (Previous Year Nil) Units of ₹10/- each in Birla Sun Life Fixed Term Plan Series CR Growth	50,000	-	
22,672,465 (Previous Year 23,276,583) Units of ₹10/- each in GFCD IDFC Money Manager Fund - Treasury Plan – Super Inst Plan C Daily Dividend	226,759	232,801	
5,000,000 (Previous Year Nil) Units of ₹10/- each in IDFC Fixed Maturity Yearly Series 40 Growth	50,000	-	
15,000,586 (Previous Year Nil) Units of ₹10/- each in SBI SHF Ultra Short Term Fund IP Daily Div	150,096	-	
3,520,170 (Previous Year Nil) Units of ₹10/- each in Templeton India Ultra Short Bond Fund Institutional Plan Daily Dividend	35,241	-	
21,993,764 (Previous Year Nil) Units of ₹10/- each in Templeton India Ultra Short Bond Fund Super Institutional Plan Daily Dividend	220,193	-	
14,798,856 (Previous Year Nil) Units of ₹10/- each in Kotak Flexi Debt Scheme Institutional - Daily Dividend	148,691	-	
6,130,023 (Previous Year Nil) Units of ₹10/- each in Fidelity Ultra Short Term Debt Fund Super Instl - Daily Dividend	61,331	-	
43,417 (Previous Year Nil) Units of ₹10/- each in Reliance Money Manager Fund-Institutional Option-Daily Dividend	43,476	-	
<b>TOTAL</b>	<b>2,034,646</b>	<b>1,073,615</b>	

**(B). Investments purchased, reinvested and sold on various dates within the financial year are as follows: Amount (₹'000)**

<b>Financial Year 2010-11</b>				
<b>Particulars</b>	<b>Units (No's)</b>	<b>Purchased/ Reinvested</b>	<b>Units (No's)</b>	<b>Sale/ Redemption</b>
Debt based Mutual Funds	688,457,063	7,847,251	525,769,429	6,319,051

<b>Financial Year 2009-10</b>				
<b>Particulars</b>	<b>Units (No's)</b>	<b>Purchased/ Reinvested</b>	<b>Units (No's)</b>	<b>Sale/ Redemption</b>
Debt based Mutual Funds	314,392,208	4,134,666	255,490,678	3,136,184

## SCHEDULES TO THE ACCOUNTS

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

Particulars	Year ended March 31, 2011 (₹'000)	Year ended March 31, 2010 (₹'000)
Server Charges	54,301	56,896
Advertising, Promotion & Marketing Expenses	3,696	7,895
Travel Expenses	1,576	2,139
Foreign Branch Expenses	36,778	30,916
Others	4,941	7,338
<b>Total</b>	<b>101,292</b>	<b>105,184</b>

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

Particulars	Year ended March 31, 2011 (₹'000)	Year ended March 31, 2010 (₹'000)
Sales	289,494	244,539
<b>Total</b>	<b>289,494</b>	<b>244,539</b>

## 10. Auditor's Remuneration

Particulars	Year ended March 31, 2011 (₹'000)	Year ended March 31, 2010 (₹'000)
As Auditors	2,300	1,900
As Tax Auditors	200	100
Certification	215	225
Out of Pocket Expenses & Service Tax	366	204
<b>Total</b>	<b>3,081</b>	<b>2,429</b>

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit attributable to Equity Shareholders (₹'000)	839,718	569,281
Weighted average number of Equity Shares outstanding during the year (Nos.)	54,590,512	54,590,512*
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	<b>15.38</b>	<b>10.43</b>

\*27,295,256 equity shares were allotted on September 29, 2010 as bonus issue in the ratio of 1:1. As per AS-20 on "Earning Per Share" since the bonus issue is an issue without consideration, the issue is treated as if it has occurred at the beginning of the previous year.

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 Act, with regard to finished goods / raw materials and components consumed are not applicable.

## 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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:**

**Subsidiaries**

Jeevansathi Internet Services Private Limited ( JISPL)  
 Naukri Internet Services Private Limited (NISPL)  
 Info Edge (India) Mauritius Limited (IEIML)  
 Allcheckdeals India Pvt. Ltd. (ACDIPL)  
 Applect Learning Systems Pvt. Ltd. (ALSPL)  
 Info Edge USA Inc. (IEUI)  
 eTechAces Marketing & Consulting Pvt. Ltd. (EMCPL)

**Associates**

DC Foodiebay Online Services Private Limited (DCFOSPL)  
 Nogle Technologies Private Limited (NTPL)

## SCHEDULES TO THE ACCOUNTS

**Key Management Personnel (KMP) & Relatives**

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

**Enterprises over which KMP & Relatives have significant influence**

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

**Independent Directors- Non Executive**

Arun Duggal  
 Ashish Gupta  
 Bala Deshpande  
 Naresh Gupta  
 Saurabh Srivastava

**Non-Executive Directors**

Sandeep Murthy (resigned w.e.f April 30, 2010)  
 Kapil Kapoor

**B) Details of transactions with related party for the year ended March 31, 2011 in the ordinary course of business:**

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Subsidiary Companies	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non- Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
1	<b>License Fee Paid:</b> JISPL ₹ 100 NISPL ₹ 100	200	-	-	-	-	-	200
2	<b>Remuneration Paid:</b> Sanjeev Bikhchandani ₹ 18,754 Hitesh Oberoi ₹ 13,714 Ambarish Raghuvanshi ₹ 10,151 Surabhi Bikhchandani ₹ 1,356	-	-	43,975	-	-	-	43,975
3	<b>Advances Given for business purposes (net):</b> Sanjeev Bikhchandani ₹ 10 NISPL ₹ 64 JISPL ₹ 280 ACDIPL ₹ 10784	11,128	-	10	-	-	-	11,138
4	<b>Receipt of services:</b> Minik Enterprises ₹ 820 Oyster Learning ₹ 120 Divya Batra ₹ 254	-	-	254	-	-	940	1,194
5	<b>Dividend Paid:</b> Sanjeev Bikhchandani ₹ 7,213 Hitesh Oberoi ₹ 1,462 Ambarish Raghuvanshi ₹ 491 Surabhi Bikhchandani ₹ 280 Arun Duggal ₹ 15 Ashish Gupta ₹ 16 Bala Deshpande ₹ 20 Kapil Kapoor ₹ 801	-	-	9,446	51	801	-	10,298
6	<b>Services Rendered:</b> ACDIPL ₹ 7,282 EMCPL ₹ 198 ALSPL ₹ 82	7,562	-	-	-	-	-	7,562
7	<b>Reimbursements:</b> Receivable from ACDIPL ₹ 1,214	1,214	-	-	-	-	-	1,214

## SCHEDULES TO THE ACCOUNTS

Sr. No	Nature of relationship / transaction	Subsidiary Companies	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non- Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
8	<b>Investment in shares:</b> EMCPL ₹ 94,996 DCFOSPL ₹ 18,000 NTPPL ₹ 5,000	94,996	23,000	-	-	-	-	117,996
9	<b>Investment in Debentures:</b> ALSPL ₹ 50,000	50,000	-	-	-	-	-	50,000
10	<b>Sitting Fees paid:</b> Arun Duggal ₹ 150 Ashish Gupta ₹ 110 Bala Deshpande ₹ 60 Kapil Kapoor ₹ 60 Naresh Gupta ₹ 110 Saurabh Srivastava ₹ 110	-	-	-	540	60	-	600
11	<b>Commission paid/payable:</b> Arun Duggal ₹ 775 Ashish Gupta ₹ 688 Bala Deshpande ₹ 688 Naresh Gupta ₹ 687 Saurabh Srivastava ₹ 687	-	-	-	3,525	-	-	3,525
12	<b>Sale of Fixed Asset</b> Sanjeev Bikhchandani ₹ 45	-	-	45	-	-	-	45
13	<b>Reimbursements Paid:</b> Divya Batra ₹ 11	-	-	11	-	-	-	11
14	<b>Purchase of Shares from:</b> Sanjeev Bikhchandani ₹ 7,977	-	-	7,977	-	-	-	7,977
15	<b>Interest on Debentures Receivable:</b> ALSPL ₹ 2,663	2,663	-	-	-	-	-	2,663

1. Amounts paid to / on behalf of Info Edge Employee Stock Option Trust during the year are as below:

- (a) Dividend paid ₹ 351 Thousand  
(b) Advances paid (net) ₹ (6,169) Thousand

2. Amount due from Info Edge Employee Stock Option Trust as on March 31, 2011 is ₹13,400 Thousand.

**C) Amount due to/from related parties as at March 31, 2011**

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Subsidiary Companies	Associate Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>					
1	Outstanding Advances/Receivables	22,908	-	5	-	22,913
	Maximum amount outstanding during the year	104,113	-	6,300	-	110,413
	<b>Credit balances</b>					
1	Outstanding Payable	36	-	26	-	62

**13 (2) Related Party Transactions for the year ended March 31, 2010**

**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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2010:**

**Subsidiaries**

Jeevansathi Internet Services Private Limited ( JISPL)  
Naukri Internet Services Private Limited (NISPL)  
Info Edge (India) Mauritius Limited (IEIML)  
Allcheckdeals India Pvt. Ltd. (ACDIPL)  
Info Edge USA Inc.

**SCHEDULES TO THE ACCOUNTS**

**Associates**

eTechAces Marketing & Consulting Pvt. Ltd. (EMCPL)  
 Applect Learning Systems Pvt. Ltd. (ALSPL)

**Key Management Personnel (KMP) & Relatives**

Mr Sanjeev Bikhchandani  
 Ms Surabhi Bikhchandani (Spouse of Mr. Sanjeev 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 KMP & Relatives have significant influence**

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

**Independent Directors- Non Executive**

Arun Duggal  
 Ashish Gupta  
 Bala Deshpande  
 Naresh Gupta  
 Saurabh Srivastava

**Non-Executive Directors**

Sandeep Murthy  
 Kapil Kapoor

**B) Details of transactions with related party for the year ended March 31, 2010 in the ordinary course of business:**

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Subsidiary Companies	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non- Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
1	<b>License Fee Paid:</b> JISPL ₹ 100 NISPL ₹ 100	200	-	-	-	-	-	200
2	<b>Remuneration Paid:</b> Sanjeev Bikhchandani ₹ 13,240 Hitesh Oberoi ₹ 12,767 Ambarish Raghuvanshi ₹ 9,283 Surabhi Bikhchandani ₹ 1,212	-	-	36,502	-	-	-	36,502
3	<b>Advances Given for business purposes (net):</b> Sanjeev Bikhchandani ₹ 106 Hitesh Oberoi ₹ 3 Ambarish Raghuvanshi ₹ 65 NISPL ₹ 34 JISPL ₹ 24 IEUI ₹ 91 ACDIPL ₹ 6,070	6,219	-	174	-	-	-	6,393
4	<b>Receipt of services:</b> Minik Enterprises ₹ 733 Oyster Learning ₹ 359	-	-	-	-	-	1,092	1,092
5	<b>Dividend Paid:</b> Sanjeev Bikhchandani ₹ 8,851 Hitesh Oberoi ₹ 1,462 Ambarish Raghuvanshi ₹ 491 Surabhi Bikhchandani ₹ 280 Arun Duggal ₹ 15 Ashish Gupta ₹ 16 Bala Deshpande ₹ 27 Kapil Kapoor ₹ 905 Sandeep Murthy ₹ 30	-	-	11,084	58	935	-	12,077

## SCHEDULES TO THE ACCOUNTS

Sr. No	Nature of relationship / transaction	Subsidiary Companies	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non-Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
6	<b>Services Rendered:</b> ACDIPL ₹ 14,004 EMCPL ₹ 67	14,004	67	-	-	-	-	14,071
7	<b>Reimbursements:</b> Receivable from ACDIPL ₹ 1,263	1,263	-	-	-	-	-	1,263
8	<b>Investment in shares:</b> EMCPL ₹ 49,506 ALSPL ₹ 35,405 IEIML ₹ 5,418 ACDIPL ₹ 30,000	70,823	49,506	-	-	-	-	120,329
9	<b>Sitting Fees paid:</b> Arun Duggal ₹ 120 Ashish Gupta ₹ 90 Bala Deshpande ₹ 60 Kapil Kapoor ₹ 40 Naresh Gupta ₹ 120 Saurabh Srivastava ₹ 60	-	-	-	450	40	-	490
10	<b>Commission paid/payable:</b> Arun Duggal ₹ 500 Ashish Gupta ₹ 500 Bala Deshpande ₹ 500 Naresh Gupta ₹ 500 Saurabh Srivastava ₹ 500	-	-	-	2,500	-	-	2,500

1. Amounts paid to / on behalf of Info Edge Employee Stock Option Trust during the year are as below:

- (a) Dividend paid ₹ 451 Thousand  
(b) Advances paid (net) ₹3,470 Thousand

2. Amount due from Info Edge Employee Stock Option Trust as on March 31, 2010 is ₹19,720 Thousand.

**C) Amount due to/from related parties as at March 31, 2010**

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Subsidiary Companies	Associate Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>					
1	Outstanding Advances/Receivables	1,051	69	354	-	1,474
	Maximum amount outstanding during the year	31,031	69	1,114	-	32,214
	<b>Credit balances</b>					
1	Outstanding Payable	124	-	-	-	124

**14. Employee Stock Option Scheme**

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, 2011 have a vesting period of maximum of 3 years from the date of grant.

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

Particulars	2010-11		2009-10	
	Number	Weighted Average Price (₹)	Number	Weighted Average Price (₹)
Options outstanding at beginning of year	989,913	632.46	904,890	609.24
<b>Add:</b>				
Options granted *	1,179,897	89.48	239,600	633.67
<b>Less:</b>				
Options exercised	258,387	285.93	85,100	257.91
Options forfeited	109,702	388.49	69,477	792.89
Options outstanding at the end of year	1,801,721	345.36	989,913	632.46
Option exercisable at the end of year	937,372	312.16	427,614	459.36

\* During the year the company granted 222,000 (Previous Year 238,100) Stock Appreciation Rights (SAR) with a maximum exercise period of five years (Previous Year Five Years).

## SCHEDULES TO THE ACCOUNTS

The options outstanding at the end of year had exercise prices in the range of ₹10/- to ₹654/- (Previous Year ₹10/- to ₹1200/-) and a weighted average remaining contractual life of 5.41 years (Previous Year 6.6 years).

Exercise Amount Range (₹)	Options outstanding as at March 31, 2011	Options outstanding as at March 31, 2010
10-300	531,721	270,878
301-600	1,118,000	71,485
601-900	152,000	372,550
901-1200	-	275,000
1201-1500	-	-
<b>Grand Total</b>	<b>1,801,721</b>	<b>989,913</b>

In accordance with the above mentioned ESOP Scheme, ₹17,667 Thousand (Previous Year ₹7,565 Thousand) has been charged to the Profit and Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation.

15. (A) In respect of options vested during the year, had the fair value method been used, the profit for the year would be lower by ₹74,224 Thousand (Previous year 76,939 Thousand) and the EPS would be ₹14.02 (Previous year 9.02).

(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	2010-11		2009-10	
	ESOP 2007	ESOP 2007 SAR	ESOP 2007	ESOP 2007 SAR
Weighted average fair value of the options at the grant dates	930.32	315.19	375.09	291.79
Dividend Yield (%)	0.10%	0.10%	0.10%	0.10%
Risk free rate	7.18%	7.44%	6.59%	6.03%
Expected life (years)	4.07	3.67	6.13	3.65
Expected volatility	50.39%	47.51%	48.17%	50.62%
Weighted average share price	941.51	723.61	678.00	633.40

16. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of Intellectual Property Rights (IPR) 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. The company is primarily in the business of internet based service delivery operating in four service verticals through web portals in respective vertical namely Naukri.com for recruitment related services, Jeevansathi.com for matrimony related services, 99acres.com for real estate related services and Shiksha.com for education related services. The other activities comprise of placement search services and real estate broking services. The segment revenues, results and assets of the other activities do not constitute reportable segment under Accounting Standard 17 on Segment Reporting and accordingly no disclosure is required.
18. The Company had raised ₹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 ₹10/- each at a premium of ₹310/- per share. The utilisation out of such gross proceeds till March 31, 2011 is as given below. The balance amount of IPO proceeds remains invested in debt based mutual funds and fixed deposits in banks.

Particulars	As at March 31, 2011 Amount (₹'000)	As at March 31, 2010 Amount (₹'000)
<b>Amount raised through IPO</b>	<b>1,703,632</b>	<b>1,703,632</b>
<b>Utilisation of funds:</b>		
Purchase of Land	346,948	202,457
Purchase of Building	88,532	-
Acquisition /Strategic Alliances	378,159	210,159
Issue related expenses	103,873	103,873
Diversification into new businesses & markets	262,641	157,206
Development of new businesses & product enhancement	422,601	210,828
<b>Total Utilisation</b>	<b>1,602,754</b>	<b>884,523</b>
<b>Balance amount available for utilization</b>	<b>100,878</b>	<b>819,109</b>

19. As at March 31, 2011 the company had ₹122 Thousand (Previous Year ₹122 Thousand) outstanding with ICICI bank towards unpaid application money received by the company for allotment of securities and due for refund and ₹62 Thousand (Previous Year ₹46 Thousand) as unclaimed dividend outstanding with Kotak Mahindra Bank. These amounts are not available for use by the company and will be credited to Investor Education & Protection Fund as and when due.

## SCHEDULES TO THE ACCOUNTS

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Whole Time Directors (including Managing Director)</b>		
Salary	23,081	22,730
Reimbursements	1,299	1,060
Bonus	18,239	11,500
<b>Total Remuneration (A)</b>	<b>42,619</b>	<b>35,290</b>
<b>Non Whole Time Directors:</b>		
Commission	3,525	2,500
Sitting Fee	600	490
<b>Total Remuneration (B)</b>	<b>4,125</b>	<b>2,990</b>
<b>Total Managerial Remuneration Paid/Payable (A+B)</b>	<b>46,744</b>	<b>38,280</b>

The above amounts exclude company's contribution / provision for gratuity 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:**

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit before tax	1,243,302	924,504
Add: Depreciation as per accounts	71,150	61,066
Add: Wholetime Director's Remuneration	42,619	35,290
Add: Directors sitting Fee	600	490
Add: Commission to Non Whole time Directors	3,525	2,500
Add: Provision for Bad Debts	1,583	2,838
Add: Loss on sale of fixed assets (net)	1,737	3
Add: Loss on sale of Investments (net)	18	928
Less: Depreciation as per Section 350 of the Companies Act, 1956	71,150	61,066
Less: Profit on sale of fixed assets (net)	-	-
Less: Profit on sale of Investment (net)	-	-
<b>Net Profit for the year under section 349</b>	<b>1,293,384</b>	<b>966,553</b>
Maximum amount payable to Non whole time Directors (restricted to 1%)	12,934	9,666
Maximum amount payable to Whole time Directors (restricted to 10%)	129,338	96,655
<b>Maximum Amount payable to Directors</b>	<b>142,272</b>	<b>106,321</b>

## 21. Employee Benefits

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

**A. Defined Contribution Plans****Amount (₹'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 *	16,238
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**B. State Plans****Amount (₹'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*	2,636
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\*Included in Contributions 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, Group Gratuity Scheme

## b) Leave Encashment/ Compensated Absences for Employees

## SCHEDULES TO THE ACCOUNTS

Particulars	Leave Encashment / Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	8.25%	8.25%
Rate of increase in Compensation levels	15.0% in first 3 years, 10.0% in next 5 years, & 7% thereafter	15% in first 3 years, 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets	-	7.50%
Expected Average remaining working lives of employees (years)	-	12.42

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund Amount (₹'000)
<b>Present Value of Obligation as at April 1, 2010</b>	<b>44,962</b>
Interest Cost	4,222
Past Service Cost	12,513
Current Service Cost	9,979
Curtailement Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits paid	(3,684)
Actuarial (gain)/ loss on obligations	(5,110)
<b>Present Value of Obligation as at March 31, 2011</b>	<b>62,882</b>

(B) Changes in the Fair value of Plan Assets	Employee's Gratuity Fund Amount (₹'000)
<b>Fair Value of Plan Assets at the April 1, 2010</b>	<b>38,396</b>
Expected Return on Plan Assets	3,167
Actuarial Gains and (Losses)	1,349
Contributions	5,735
Benefits Paid	(3,684)
<b>Fair Value of Plan Assets at March 31, 2011</b>	<b>44,963</b>

Fair Value of Plan Assets as at March 31, 2011 confirmed by LIC is ₹4,654 Thousand.

(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets	Employee's Gratuity Fund Amount (₹'000)
<b>Present Value of funded Obligation as at March 31, 2011</b>	<b>(62,882)</b>
Fair Value of Plan Assets as at the end of the period	<b>44,963</b>
Funded Status	
<b>Present Value of unfunded Obligation as at March 31, 2011</b>	Nil
Unrecognized Actuarial (gains) / losses	Nil
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>	<b>(17,919)</b>
*included in Employee Benefits (Refer Schedule 12)	

(D) Expense recognized in the Profit and Loss Account	Employee's Gratuity Fund Amount (₹'000)
Current Service Cost	9,979
Past Service Cost	12,513
Interest Cost	4,223
Expected Return on Plan Assets	(3,168)
Curtailement Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain)/ loss recognized in the period	(6,460)
<b>Total Expenses recognized in the Profit &amp; Loss Account #</b>	<b>17,087</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 ₹19,230\* thousand as at March 31, 2011 The expense recognized in the profit & loss account is ₹15,059\*\* thousand.

\*included in Employee Benefits (Refer Schedule 12)

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

## SCHEDULES TO THE ACCOUNTS

## 21 (B) Employee Benefits for the previous financial year 2009-10:

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

**A. Defined Contribution Plans****Amount (₹'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 *	15,159
---	--------

**B. State Plans****Amount (₹'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 *	177
---	-----

\*Included in Contributions 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

Particulars	Leave Encashment / Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in Compensation levels	15.0% in first 4 years, 10.0% in next 5 years, & 7% thereafter	15% in first 4 years, 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets	-	7.50%
Expected Average remaining working lives of employees (years)	-	13.15

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund Amount (₹'000)
<b>Present Value of Obligation as at Apr 1, 2009</b>	<b>39,063</b>
Interest Cost	3,724
Past Service Cost	Nil
Current Service Cost	11,478
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits paid	(1,555)
Actuarial (gain)/ loss on obligations	(7748)
<b>Present Value of Obligation as at March 31, 2010</b>	<b>44,962</b>

(B) Changes in the Fair value of Plan Assets	Employee's Gratuity Fund Amount (₹'000)
<b>Fair Value of Plan Assets at the April 1, 2009</b>	<b>22,268</b>
Expected Return on Plan Assets	2,567
Actuarial Gains and Losses	(1,031)
Contributions	16,147
Benefits Paid	(1,555)
<b>Fair Value of Plan Assets at March 31, 2010</b>	<b>38,396</b>

(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets	Employee's Gratuity Fund Amount (₹'000)
<b>Present Value of funded Obligation as at March 31, 2010</b>	<b>(44,962)</b>
Fair Value of Plan Assets as at the end of the period	<b>38,396</b>
Funded Status	
<b>Present Value of unfunded Obligation as at March 31, 2010</b>	Nil
Unrecognized Actuarial (gains) / losses	Nil
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>	<b>(6,566)</b>
*included in Employee Benefits (Refer Schedule 12)	

## SCHEDULES TO THE ACCOUNTS

(D) Expense recognised in the Profit and Loss Account	Employee's Gratuity Fund Amount (₹'000)
Current Service Cost	11,478
Past Service Cost	Nil
Interest Cost	3,724
Expected Return on Plan Assets	(2,567)
Curtailement Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain)/ loss recognized in the period	(6,717)
<b>Total Expenses recognized in the Profit &amp; Loss Account #</b>	<b>5,918</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 ₹17,183\* thousand as at March 31, 2010. The expense recognized in the profit & loss account is ₹13,800\*\* thousand.

\*included in Employee Benefits (Refer Schedule 12)

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

## 22. Details of Bank Balances:

## A. Bank Balances with scheduled Banks:

## -In Current Accounts

Balance with Banks in India	As at March 31, 2011 (₹'000)	As at March 31, 2010 (₹'000)
ICICI Bank Ltd	73,456	87,239
HSBC Bank	15,993	12,418
Bank of India	519	15
HDFC Bank Ltd	250	502
Punjab National Bank	91	3
Oriental Bank of Commerce	46	10
Bank of Baroda	44	11
State Bank of Hyderabad	34	54
HDFC Bank (erstwhile Bank of Punjab Ltd.)	30	30
Canara Bank	28	23
State Bank of India	25	92
<b>Total</b>	<b>90,516</b>	<b>100,397</b>

## -In Fixed deposit accounts

Fixed Deposit in India	As at March 31, 2011 (₹'000)	As at March 31, 2010 (₹'000)
Bank of India	452,100	47,600
ICICI Bank Ltd	360,213	465,084
State Bank of Hyderabad	350,000	373,600
HDFC Bank Ltd	341,000	566,030
State Bank of India	255,000	228,931
Oriental Bank of Commerce	181,000	91,700
HSBC Bank	4,527	4,291
Bank of Baroda	-	170,000
Canara Bank	-	94,277
Punjab National Bank	-	631,085
<b>Total</b>	<b>1,943,840</b>	<b>2,672,598</b>

## B. Bank Balances with other banks:

## -In Current Accounts

Particulars	F.Y. 2010-11		F.Y. 2009-10	
	As at March 31, 2011 (₹'000)	Maximum Amount outstanding during the year (₹'000)	As at March 31, 2010 (₹'000)	Maximum Amount outstanding during the year (₹'000)
The Saudi Hollandi Bank	1,374	4,900	2,202	5,778
Emirates Bank	52	754	-	-
<b>Total (B)</b>	<b>1,426</b>	<b>5,654</b>	<b>2,202</b>	<b>5,778</b>

**SCHEDULES TO THE ACCOUNTS**

- 23.** Exceptional item in Profit & Loss Account represents provision for permanent diminution in carrying value of long term investment in Info Edge (India) Mauritius Limited and the capital gains of ₹55,487 Thousand (Net of Tax ₹37,055 Thousand) on account of sale of investment in equity shares of MakemyTrip, Mauritius.
- 24.** The company has made long term strategic investments in certain subsidiaries/associate companies, which are in their initial stage of operation and would generate growth and returns over a period of time. These subsidiaries/associates have incurred significant expenses for building the brand and market share which have added to the losses of these entities, thereby resulting in erosion of their net worth as at March 31, 2011. Based on the potential of the business model of these entities to generate profits, coupled with recent third party valuations, management is of the opinion that considering the nature of the industry and the stage of operations of these entities the diminution in carrying value of the investments as compared to their current net worth, is considered to be temporary in nature and therefore no provision is required at this stage (other than the investments referred in Note 23 above).
- 25.** Previous year's figures have been regrouped / recast to confirm to current year's presentation.

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

Amitesh Dutta  
Partner  
Membership Number 58507

Place : Gurgaon  
Date : April 28, 2011

For and on behalf of the Board of Directors

Hitesh Oberoi  
Managing Director

Amit Gupta  
Company Secretary

Place : Noida  
Date : April 28, 2011

Ambarish Raghuvanshi  
Director & CFO

**Auditor's Report on the Consolidated Financial Statements of Info Edge (India) Limited**

**THE BOARD OF DIRECTORS OF INFO EDGE (INDIA) LIMITED**

1. We have audited the attached consolidated Balance Sheet of Info Edge (India) Limited (the "Company") and its subsidiaries and associate companies; hereinafter referred to as the "Group" (refer Note 1 on Schedule 18 to the attached consolidated financial statements) as at March 31, 2011, the related 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 the 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 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. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached 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 state of affairs of the Group as at March 31, 2011;
  - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse & Co  
Firm Registration Number 007567S  
Chartered Accountants

Amitesh Dutta  
Partner  
Membership Number F-058507

Gurgaon  
Date : April 28, 2011

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	As at		As at	
		(₹'000)	March 31, 2011 (₹'000)	(₹'000)	March 31, 2010 (₹'000)
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS FUNDS</b>					
Capital	1		545,905		272,953
Stock Options Outstanding Account	2		31,003		27,807
Reserves and Surplus	3		3,774,361		3,445,733
<b>LOAN FUNDS</b>					
Secured Loans	4		6,742		6,132
<b>MINORITY INTEREST</b>					
			15,771		-
			<b>4,373,782</b>		<b>3,752,625</b>
<b>APPLICATION OF FUNDS</b>					
<b>GOODWILL ON CONSOLIDATION</b>					
(Refer Note 3 on Schedule 18)			28,930		253
<b>FIXED ASSETS</b>					
Gross Block	5	889,877		581,147	
Less : Depreciation		332,262		287,260	
Net Block		557,615		293,887	
Capital Advances		154,236	711,851	69,270	363,157
<b>DEFERRED TAX ASSETS</b>					
	6		58,845		33,742
<b>INVESTMENTS</b>					
	7		2,627,557		1,141,272
<b>ADVANCE RECOVERABLE FROM ESOP TRUST</b>					
(Refer Note 10 & 11 on Schedule 19)			13,613		20,291
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Sundry Debtors	8	148,845		79,545	
Cash and Bank Balances	9	2,076,379		2,790,691	
Loans and Advances	10	130,689		160,525	
Other Current Assets	11	69,619		58,848	
		2,425,532		3,089,609	
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
Current liabilities	12	1,357,872		811,910	
Provisions		134,674		83,789	
		1,492,546		895,699	
<b>NET CURRENT ASSETS</b>					
			932,986		2,193,910
			<b>4,373,782</b>		<b>3,752,625</b>

Significant Accounting Policies

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Notes to Accounts

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

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

Amitesh Dutta  
Partner  
Membership Number 58507

Place : Gurgaon  
Date : April 28, 2011

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

For and on behalf of the Board of Directors

Hitesh Oberoi  
Managing Director

Amit Gupta  
Company Secretary

Place : Noida  
Date : April 28, 2011

Ambarish Raghuvanshi  
Director & CFO

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	Year ended March 31, 2011 (₹'000)	Year ended March 31, 2010 (₹'000)
<b>INCOME</b>			
Sales (Refer Note 7 on Schedule 18)		3,217,305	2,370,807
Other Income	13	279,367	306,753
		<b>3,496,672</b>	<b>2,677,560</b>
<b>EXPENDITURE</b>			
Advertising and Promotion cost		505,931	394,373
Administration and Other expenses	14	495,060	339,804
Personnel expenses	15	1,278,651	920,424
Network, Internet and Other direct charges	16	110,107	90,800
Finance and Bank Charges	17	22,588	19,565
Depreciation	5	80,040	64,907
		<b>2,492,377</b>	<b>1,829,873</b>
<b>Net Profit before Exceptional item and Tax</b>		<b>1,004,295</b>	<b>847,687</b>
Exceptional Item- Net (Refer Note 18 on Schedule 19)		(51,740)	37,737
<b>Net Profit before Tax</b>		<b>1,056,035</b>	<b>809,950</b>
Tax Expense			
- Current Tax (including for earlier years)		425,522	332,193
- Deferred Tax	6	(25,103)	(14,646)
<b>Net Profit after Tax</b>		<b>655,616</b>	<b>492,403</b>
Share in loss of Associate Companies (Refer Note 2 on Schedule 19)		1,362	5,584
Share of Minority Interest in loss of Subsidiaries		(109,455)	(33,945)
Excess of Minority Interest in the losses of Subsidiaries absorbed (Refer Note 19 on Schedule 19)		132,278	-
<b>NET PROFIT FOR THE YEAR</b>		<b>631,431</b>	<b>520,764</b>
<b>Balance brought forward</b>		1,827,251	1,330,437
Transfer from Stock Options Outstanding Account		13,555	9,209
<b>Appropriations</b>			
Proposed dividend		40,943	20,471
Dividend Tax		6,800	3,479
Transfer to General Reserve (Employee Stock Options Outstanding Account)		13,555	9,209
<b>Balance carried to the balance sheet</b>		<b>2,410,939</b>	<b>1,827,251</b>

**Earnings Per Share - Basic and Diluted**

(Refer Note 8 on Schedule 19)

Significant Accounting Policies  
Notes to Accounts18  
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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.

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

For and on behalf of the Board of Directors

Hitesh Oberoi  
Managing DirectorAmbarish Raghuvanshi  
Director & CFOAmitesh Dutta  
Partner  
Membership Number 58507Amit Gupta  
Company SecretaryPlace : Gurgaon  
Date : April 28, 2011Place : Noida  
Date : April 28, 2011

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

S.No.	Particulars	For the year ended March 31, 2011 Amount (₹'000)	For the year ended March 31, 2010 Amount (₹'000)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net Profit before Exceptional item and Tax	1,004,295	847,687
	<b>Adjustments for:</b>		
	Depreciation	80,040	64,907
	Interest Expense	806	602
	Interest Income	(198,651)	(276,085)
	Dividend Income from Mutual Funds	(66,621)	(13,355)
	(Profit)/Loss on Fixed Assets sold (net)	1,627	928
	(Profit)/Loss on sale of Investments (net)	(292)	3
	Provision for Bad & Doubtful Debts	42,640	9,364
	Liability no longer required written back	(5,551)	(14,484)
	Provision for Gratuity & Leave Encashment	14,305	(9,021)
	TDS on revenue receipts	(187,313)	(116,175)
	Employee Stock Option Scheme Compensation Expense	18,023	8,726
	<b>Operating profit before working capital changes</b>	<b>703,308</b>	<b>503,097</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	(111,940)	(54,373)
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	96,187	(40,571)
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	555,783	116,494
	<b>Cash generated from operating activities</b>	<b>1,243,338</b>	<b>524,647</b>
	- Taxes (Paid) / Received (Net of TDS)	(205,396)	(148,626)
	<b>Net cash from operating activities</b>	<b>1,037,942</b>	<b>376,021</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Purchase of fixed assets	(433,614)	(44,355)
	Proceeds from Sale of fixed assets	4,782	609
	Proceeds from Sale of Investments	6,319,069	3,136,184
	Proceeds from Sale of Shares	63,464	-
	Purchase of Investments	(7,847,251)	(4,134,666)
	Interest Received (Revenue)	167,733	244,376
	Dividend Received	66,621	13,355
	Share in loss of Associate Companies	(1,362)	(5,584)
	Share of Minority Interest in loss of Subsidiary Company	(109,455)	(33,945)
	Amount Paid on Acquisition of strategic investments	41,898	39,747
	<b>Net cash used in investing activities</b>	<b>(1,728,115)</b>	<b>(784,279)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Repayment of long term borrowings (Net)	610	2,520
	Interest Paid	(799)	(583)
	Dividend Paid	(20,471)	(20,471)
	Dividend Tax Paid	(3,479)	(3,479)
	<b>Net cash used in financing activities</b>	<b>(24,139)</b>	<b>(22,013)</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(714,312)</b>	<b>(430,271)</b>
	<b>Opening Balance of Cash and cash equivalents</b>	<b>2,790,691</b>	<b>3,220,962</b>
	<b>Closing Balance of Cash and cash equivalents</b>	<b>2,076,379</b>	<b>2,790,691</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash in hand	1,592	1,804
	<b>Balance with Scheduled Banks</b>		
	-in current accounts (Refer note 2 and 3 below)	92,252	105,781
	-in fixed deposits	1,981,109	2,680,904
	<b>Balance with Other Banks</b>		
	-in current accounts	1,426	2,202
	<b>Total</b>	<b>2,076,379</b>	<b>2,790,691</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 ₹122 Thousand (previous year ₹122 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 ₹62 Thousand (previous year ₹46 Thousand) in respect of unclaimed dividend, which is not available for use by the company.
- Figures in brackets indicate cash outflow.

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

For and on behalf of the Board of Directors

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

Hitesh Oberoi  
Managing Director

Ambarish Raghuvanshi  
Director & CFO

Amitesh Dutta  
Partner  
Membership Number 58507

Amit Gupta  
Company Secretary

Place : Gurgaon  
Date : April 28, 2011

Place : Noida  
Date : April 28, 2011

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Particulars		As at	
		March 31, 2011	March 31, 2010
	(₹'000)	(₹'000)	(₹'000)
<b>SCHEDULE 1</b>			
<b>CAPITAL</b>			
<b>AUTHORIZED CAPITAL</b>			
60,000 Thousand Equity Shares of ₹10/- each (Previous year - 40,000 Thousand Equity Shares of ₹10/- each)		<b>600,000</b>	<b>400,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
54,591 Thousand Equity Shares of ₹10/- each fully paid up (Previous year - 27,295 Thousand Equity Shares of ₹10/- each fully paid up)		545,905	272,953
[Of the above, 49,000 Thousand Equity Shares of ₹10/- each (Previous year 21,705 Thousand Equity Shares of ₹10 each) were allotted as fully paid up by way of bonus shares out of Securities Premium, General Reserve and Profit & Loss Account]		<b>545,905</b>	<b>272,953</b>
<b>SCHEDULE 2</b>			
<b>Stock Options Outstanding Account</b>			
(Refer Note 13 on Schedule 18 & Note 11 on Schedule 19)			
Opening Balance	27,807		28,330
Add: Transfer during the year	18,023		8,726
Less: Adjusted against advance given to Info Edge Employees Stock Option Trust	140		40
Less: Written back during the year	1,132		-
Less: Transfer to Profit & Loss Account	13,555		9,209
		31,003	27,807
		<b>31,003</b>	<b>27,807</b>
<b>SCHEDULE 3</b>			
<b>RESERVES AND SURPLUS</b>			
<b>Securities Premium Account</b>			
Opening Balance	1,583,026		1,583,026
Less: Utilisation for issue of bonus shares	272,953	1,310,073	-
			1,583,026
<b>Profit &amp; Loss Account</b>			
Opening Balance	1,827,251		1,330,437
Add: Transfer from Profit & loss Account	583,688	2,410,939	496,814
			1,827,251
<b>General Reserve</b>			
Opening Balance	34,982		25,773
Add: Transfer from Profit and Loss Account (Stock Options Outstanding Account)	13,555	48,537	9,209
			34,982
<b>Foreign Currency Translation Reserve</b>			
		4,812	474
		<b>3,774,361</b>	<b>3,445,733</b>
<b>SCHEDULE 4</b>			
<b>SECURED LOANS</b>			
Deferred payment liability (Refer Note 10 (i) on Schedule 18 and 7 on Schedule 19)			
(Secured by way of hypothecation of vehicles)		6,742	6,132
[Payable within one year ₹3,854 Thousand (Previous year ₹3,088 Thousand)]			
		<b>6,742</b>	<b>6,132</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## SCHEDULE 5

## FIXED ASSETS (Refer Note 4,5 and 10 (i) on Schedule 18)

(₹'000)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions during the year	Deletions/ Write off during the year	As at March 31, 2011	Up to April 1, 2010	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions/ Write Off	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>OWN ASSETS</b>										
<b>Intangible Assets</b>										
Goodwill	265	-	-	265	265	-	-	265	-	-
Operating and Marketing Rights	27,560	-	-	27,560	27,560	-	-	27,560	-	-
Enterprise Resource Planning Software	15,834	4,596	-	20,430	1,578	3,738	-	5,316	15,114	14,256
Other Software Licenses	4,921	-	-	4,921	781	1,639	-	2,420	2,501	4,140
<b>Tangible Assets</b>										
Leasehold Land	202,457	144,491	-	346,948	6,598	3,987	-	10,585	336,363	195,859
Building	-	91,189	-	91,189	-	1,859	-	1,859	89,330	-
Leasehold Improvements	75,071	2,862	8,560	69,373	50,512	9,251	3,791	55,972	13,401	24,559
Computers **	160,478	57,098	28,862	188,714	127,911	31,548	28,832	130,627	58,087	32,567
Plant and Machinery	16,768	17,719	54	34,433	12,332	10,914	49	23,197	11,236	4,436
Furniture and Fixtures	20,233	14,620	157	34,696	17,105	4,937	153	21,889	12,807	3,128
Office Equipment **	42,507	9,694	81	52,120	35,162	7,791	24	42,929	9,191	7,345
Vehicles	733	-	-	733	717	16	-	733	-	16
<b>Assets taken on Lease</b>										
Vehicles	17,872	6,379	5,756	18,495	8,762	4,360	4,212	8,910	9,585	9,110
<b>Total</b>	<b>584,699</b>	<b>348,648</b>	<b>43,470</b>	<b>889,877</b>	<b>289,283</b>	<b>80,040</b>	<b>37,061</b>	<b>332,262</b>	<b>557,615</b>	<b>295,416</b>
Capital Advances *									154,236	69,270
<b>Previous year</b>	<b>528,234</b>	<b>58,027</b>	<b>5,114</b>	<b>581,147</b>	<b>225,930</b>	<b>64,907</b>	<b>3,577</b>	<b>287,260</b>	<b>293,887</b>	

\* Refer Note 3 on Schedule 19

\*\* The Gross Block and Accumulated Depreciation as on April 01, 2010 includes ₹3,552 Thousand and ₹2, 023 Thousand respectively relating to fixed assets of Etechaces Marketing &amp; Consulting Private Limited which has become a subsidiary during the year

Particulars		As at March 31, 2011		As at March 31, 2010
	(₹'000)	(₹'000)	(₹'000)	(₹'000)
<b>SCHEDULE 6</b>				
<b>DEFERRED TAX ASSET/ (LIABILITY)</b>				
(Refer Note 11 on Schedule 18 and Note 4 on Schedule 19)				
Deferred Tax Asset / (Liability)				
- Opening Balance		33,742		19,096
- Adjustment for the current year		25,103		14,646
		<b>58,845</b>		<b>33,742</b>
<b>SCHEDULE 7</b>				
<b>INVESTMENTS</b>				
(Refer Note 8 on Schedule 18 and Note 2 and 18 on Schedule 19)				
<b>Other Investments</b>				
<b>- Long Term (Unquoted)</b>				
-Debt Mutual Funds		567,152		-
-Equity Shares of Associate Company and others [including Goodwill on acquisition of Associate Company amounting to ₹13,311 Thousand (Previous year ₹ 57,130Thousand)	63,125		105,394	
Less: Provision for diminution in value of investment	41,484	21,641	37,737	67,657
-Preference Shares of Associate Company [including Goodwill on acquisition of Associate Company amounting to ₹3,527 Thousand (Previous year ₹NIL Thousand)		4,118		-
<b>- Short Term (Unquoted)</b>				
-Debt Mutual Funds		2,034,646		1,073,615
		<b>2,627,557</b>		<b>1,141,272</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Particulars	As at		As at	
	(₹'000)	March 31, 2011 (₹'000)	(₹'000)	March 31, 2010 (₹'000)
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS</b> (Unsecured, considered good unless otherwise stated)				
<b>Debts outstanding for a period exceeding six months</b>				
Considered doubtful	31,710		10,456	
Less: Provision for Doubtful Debts	31,710	-	10,456	-
<b>Other Debts</b>				
Considered good		148,845		79,545
Considered doubtful	20,580		2,944	
Less: Provision for Doubtful Debts	20,580	-	2,944	-
		<b>148,845</b>		<b>79,545</b>
<b>SCHEDULE 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash in hand		1,592		1,804
Bank Balances with scheduled banks:				
-in Current Accounts		92,068		105,613
-in Fixed Deposit Accounts*		1,981,109		2,680,904
Bank Balances with other banks:				
-in Current Accounts		1,426		2,202
Unpaid Application Money received by the company for allotment of securities and due for refund **		122		122
Unclaimed Dividend **		62		46
* includes ₹50,351 Thousand (Previous year ₹56,000 Thousand) as margin money with bank				
** (Not available for use by the company)				
		<b>2,076,379</b>		<b>2,790,691</b>
<b>SCHEDULE 10</b>				
<b>LOANS AND ADVANCES</b> (Unsecured, considered good)				
Advance to Associate Company (Refer Note 10 on Schedule 19)		-		69
Share of Minority Interest		-		33,945
Advance recoverable in cash or in kind or for value to be received *		59,025		58,946
Balance with Service Tax Authorities		6,193		7,567
Security Deposits		64,465		58,986
Advance Tax - Fringe Benefits	29,696		29,697	
Less: Provision for Tax - Fringe Benefits	28,690	1,006	28,685	1,012
		<b>130,689</b>		<b>160,525</b>
* Includes ₹(20) Thousand (Previous year ₹354 Thousand) outstanding with directors				
Maximum amount outstanding during the year ₹6,458 Thousand (Previous year ₹1,114 Thousand)				

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Particulars		As at		As at
	(₹'000)	March 31, 2011 (₹'000)	(₹'000)	March 31, 2010 (₹'000)
<b>SCHEDULE 11</b>				
<b>OTHER CURRENT ASSETS</b>				
Interest Accrued on Fixed Deposits		69,619		58,848
		<b>69,619</b>		<b>58,848</b>
<b>SCHEDULE 12</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors (Refer Note 5 on Schedule 19)				
- total outstanding dues of micro, small and medium enterprises	-	-	-	-
- total outstanding dues of creditors other than micro, small and medium enterprises	351,549	351,549	209,455	209,455
Deferred Sales Revenue (Refer Note 7 on Schedule 18)		904,381		536,230
Accrued Bonus		56,222		34,992
Unpaid Application Money received by the company for allotment of securities and due for refund *		122		122
Unclaimed Dividend *		62		46
Other liabilities		45,491		31,027
Interest accrued but not due on loans		45		38
		<b>1,357,872</b>		<b>811,910</b>
* Will be credited to Investor Education and Protection Fund as and when due				
<b>PROVISIONS</b>				
Employee benefits (Refer Note 9 on Schedule 18 and Note 17 on Schedule 19)		39,699		25,394
Provision for Tax	1,453,399		1,028,355	
Less: Advance Tax	1,406,167	47,232	993,910	34,445
Proposed Dividend		40,943		20,471
Dividend Tax		6,800		3,479
		<b>134,674</b>		<b>83,789</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT &amp; LOSS ACCOUNT

Particulars	Year Ended March 31, 2011 (₹'000)	Year Ended March 31, 2010 (₹'000)
<b>SCHEDULE 13</b>		
<b>OTHER INCOME (Refer Note 15 &amp; 16 on Schedule 18)</b>		
Interest Received/Receivable on Fixed Deposits with Banks [(Tax deducted at source year to date ₹20,148 Thousand (Previous year ₹35,162 Thousand))]	198,651	276,085
Dividend Income from Mutual Funds	66,621	13,355
Profit on sale of Investment (net)	292	-
Provision no longer required written back	5,551	14,484
Miscellaneous Income	8,252	2,829
	<b>279,367</b>	<b>306,753</b>
<b>SCHEDULE 14</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Electricity and Water	29,879	23,484
Rent (Refer Note 6 on Schedule 19)	129,584	115,825
Repairs and Maintenance (Building)	19,346	12,136
Repairs and Maintenance (Machinery)	17,459	13,077
Legal and Professional Charges	28,986	22,262
Rates & Taxes	90	208
Insurance	1,537	8,849
Communication expenses	43,350	34,759
Travel & Conveyance	46,826	36,085
Provision for Doubtful Debts	42,640	9,364
Loss on sale of Investments (net)	-	3
Loss on sale of fixed assets (net)	1,627	928
Miscellaneous expenses *	133,736	62,824
(Includes goodwill on acquisition of associate companies written off)		
	<b>495,060</b>	<b>339,804</b>
<b>SCHEDULE 15</b>		
<b>PERSONNEL EXPENSES</b>		
(Refer Note 9 on Schedule 18 and Note 17 on Schedule 19)		
Salaries, Wages and Bonus	931,099	699,362
Contributions to Provident and other funds	42,078	23,498
Sales Incentives and Commissions	189,121	121,228
Staff Welfare and Benefits	61,805	39,609
Employee Stock Option Scheme Compensation	18,023	8,726
(Refer Note 13 on Schedule 18 and Note 11 & 12 on Schedule 19)		
Other Employee Expenses	36,525	28,001
	<b>1,278,651</b>	<b>920,424</b>
<b>SCHEDULE 16</b>		
<b>NETWORK, INTERNET AND OTHER DIRECT CHARGES</b>		
Internet and Server Charges	97,239	86,072
Others	12,868	4,728
	<b>110,107</b>	<b>90,800</b>
<b>SCHEDULE 17</b>		
<b>FINANCE AND BANK CHARGES</b>		
Interest on fixed loans	806	602
Bank Charges	21,782	18,963
	<b>22,588</b>	<b>19,565</b>

## SCHEDULES TO THE ACCOUNTS

### Schedule 18

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Background

Info Edge (India) Limited (the Company) was incorporated under the laws of India on May 1, 1995 and has six subsidiaries and two associate companies (The Group) as at March 31, 2011. The subsidiaries are Jeevansathi Internet Services Private Limited, Naukri Internet Services Private Limited, Info (Edge) India Mauritius Ltd, Allcheckdeals India Pvt. Ltd, Applect Learning Systems Pvt. Ltd and Etechaces Marketing & Consulting Pvt. Ltd. The associate companies are DC Foodiebay Online Services Private Limited and Nogle Technologies Private Limited.

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

The consolidated financial statements of the Group have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 to the extent applicable.

The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions in full as per Accounting Standard 21 on Consolidated Financial Statements.

Investment in associates (entity over which the company exercises significant influence, which is neither a subsidiary nor a joint venture) are accounted for using the equity method as per Accounting Standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements. The consolidated financial statements include the share of profit/loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit/loss of the associate company has been adjusted to the carrying amount of investment.

Reserves shown in the consolidated balance sheet represent the Group's share in the respective reserves of the Group companies.

##### 3. Goodwill

###### a) On Consolidation

Goodwill represents the difference between the cost of acquisition and the company's share in the net worth of a subsidiary/associate at each stage 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, if any, between the date of such financial statements and the date of the respective acquisition.

###### b) On acquisition of investment in associate

Goodwill arising on acquisition is amortised to expense on a straight line basis over a period of estimated benefit but not exceeding five years.

##### 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.

Profit/Loss on disposal of fixed assets is recognized in the Profit & Loss Account.

##### 5. 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)
Building	20
Computers	3
Other Software Licenses	3
Enterprise Resource Planning Software	5
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 or equal to ₹5,000 are fully depreciated in the year of acquisition.

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.

## SCHEDULES TO THE ACCOUNTS

### 6. Foreign Currency Transactions

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

### 7. Revenue Recognition

The Company earns revenue significantly from the following sources viz.

- a) Recruitment solutions through its career web site, Naukri.com:-  
Revenue is received in the form of fees, which is recognized pro-rata over the subscription / advertising agreement, usually ranging between one to twelve months.
- b) Matrimonial web site, Jeevansathi.com and Real Estate website, 99acres.com:-  
Revenue is received in the form of subscription fees, which is recognized over the period of subscription, usually ranging between one to twelve months.
- c) Placement search division, Quadrangle:-  
Revenue 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.
- d) Online Coaching Services :-  
Revenue from the online coaching is received in the form of subscription fee which is recognized over the period that coaching is imparted.
- e) Real Estate broking division:-  
Commission income on property bookings placed with builders/developers is accrued once the related services have been rendered by the company.
- f) Resume Sales Service:-  
The revenue from Resume Sale Services is earned in the form of fees and is recognized on completion of the related service.
- g) Online Insurance related Services:-  
Revenue is recognised on the basis of confirmation by customers for valid leads/ referrals and fixed fees as agreed with the customer. Revenue from marketing/co-promotional services and banner display providing technology platform infrastructure and call centre services is recognised based on the performance by the Company and fixed fees as agreed with the customer.

In respect of a), b), c) and d) above, the unaccrued amounts are not recognized as revenue till all obligations are fulfilled and are reflected in the Balance sheet as Deferred Sales Revenue.

All the above sources of revenue are shown net of service tax and is not recognized in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognized on reasonable certainty of collection.

### 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 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 valuations are recognized immediately in the Profit and Loss Account as income or expense.

### 10. Leased Assets

- 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 capitalized 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 amount paid is allocated between the liability and the interest cost, so as to maintain 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.

## SCHEDULES TO THE ACCOUNTS

### 11. Taxes on Income

Tax expense comprises of current tax and deferred 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/virtual 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 as amended from time to time. 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 graded vesting basis over the vesting period.

### 14. Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

### 15. Dividend income

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectibility exists.

### 16. Interest Income

Interest income is recognized on the time basis determined by the amount outstanding including the tax credits and the rate applicable and where no significant uncertainty as to measurability or collectibility exists.

### 17. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates.

## SCHEDULES TO THE ACCOUNTS

## Schedule 19

## NOTES TO ACCOUNTS

1. Info Edge (India) Limited (the Company) has six Subsidiaries (excluding one dissolved during the year) and two associate companies as at March 31, 2011, as given in the following table:

Name of the Company	Percentage of ownership interest as on March 31, 2011	Relationship	Date of Incorporation	Country of Origin	Date of Investment
Naukri Internet Services Private Limited (NISPL)*	99.98	Subsidiary	December 9, 1999	India	January 30, 2002
Jeevansathi Internet Services Private Limited (JISPL)*	98	Subsidiary	December 9, 1999	India	September 13, 2004
Info (Edge) India Mauritius Ltd. (IEIML)	100	Subsidiary	October 30, 2007	Mauritius	January 18, 2008
Allcheckdeals India Pvt. Ltd.* (ACDIPL)	99.99	Subsidiary	August 1, 2008	India	January 12, 2009
Infoedge USA Inc.** (IUI)	-	Subsidiary	May 14, 2008	USA	
Applect Learning Systems Pvt. Ltd.*** (ALSPL)	40.02	Subsidiary	April 4, 2001	India	June 12, 2008
Etechaces Marketing & Consulting Pvt. Ltd. **** (EMCPL)	48.30	Subsidiary	June 04, 2008	India	April 27, 2010
DC Foodiebay Online Services Private Limited (DCFOSPL)	15.93%	Associate	January 18, 2010	India	July 31, 2010
Nogle Technologies Private Limited (NTPL)	13%	Associate	January 18, 2011	India	March 18, 2011

\* The remaining shares are held by the nominees of the Company.

\*\* By virtue of control over composition of the Board of Directors. Dissolved during the year on November 17, 2010.

\*\*\* By virtue of control over composition of the Board of Directors.

\*\*\*\* Etechaces Marketing & Consulting Pvt. Ltd. was an "associate company" as on March 31, 2010 and became a subsidiary company during the year by virtue of control over composition of the Board of Directors.

2. **A) Particulars of Investment in Equity Shares of Associate as on March 31, 2011:** Amount (₹'000)

Particulars	Etechaces Marketing & Consulting Pvt. Ltd.*		DC Foodiebay Online Services Pvt. Ltd.	
	FY 10-11	FY 09-10	FY 10-11	FY 09-10
Cost of Investment at the beginning of the year	-	35,569	-	-
Add: Investment made during the year	-	49,506	18,000	-
Add: Share of post acquisition (loss)/profits (Net)	-	(5,584)	(1,362)	-
Less: Goodwill written off	-	(19,044)	(3,327)	-
<b>Carrying Value at the end of the year (A)</b>	-	<b>60,447</b>	<b>13,311</b>	-

\* Etechaces Marketing & Consulting Pvt. Ltd. was an "associate company" as on March 31, 2010 and became a subsidiary company during the year by virtue of control over composition of the Board of Directors.

**B) Particulars of Investment in Equity Shares of Others as on March 31, 2011** Amount (₹'000)

Particulars	Study Places Inc., USA	
	FY 10-11	FY 09-10
Cost of Investment at the beginning of the year	44,947	52,170
Add: Investment made during the year	-	4,503
Add: Adjustment on account of Foreign exchange *	4867	(11,726)
<b>Carrying Value at the end of the year (B)</b>	<b>49,814</b>	<b>44,947</b>
<b>Grand Total (A) + (B)</b>	<b>63,125</b>	<b>105,394</b>

\*The above investments are translated to the reporting currency using the closing rate for the respective year. The impact of difference in closing rate is disclosed in this figure for the purpose of reconciling the movement in the investments.

**C) Particulars of Investment in Preference Shares of Associate as on March 31, 2011:** Amount (₹'000)

Particulars	Nogle Technologies Pvt Ltd	
	FY 10-11	FY 09-10
Cost of Investment at the beginning of the year	-	-
Add: Investment made during the year	5,000	-
Add: Share of post acquisition (loss)/profits (Net)	-	-
Less: Goodwill written off	(882)	-
<b>Carrying Value at the end of the year (A)</b>	<b>4,118</b>	-

**SCHEDULES TO THE ACCOUNTS**

3. As on March 31, 2011 there is an advance of ₹154,236 Thousand (Previous Year ₹69,270 Thousand) outstanding against capital account contracts. This primarily includes the following:
- (i) ₹149,997 Thousand (Previous year ₹62,286 Thousand) relating to the project for construction of office building on leasehold land in respect of which the project for construction has commenced with an estimated value of contract of ₹782,000 Thousand to be executed on capital account.
  - (ii) ₹3,358 Thousand (Previous year ₹6,089 Thousand) relating to ERP implementation project with an estimated value of contract of ₹4,570 Thousand (Previous year ₹8,682 Thousand) to be executed on capital account.
  - (iii) ₹881 Thousand (Previous year ₹895 Thousand) advanced against multiple contracts with total estimated value of contracts of ₹1,370 Thousand (gross) (Previous year ₹1,291 Thousand) (gross) to be executed on capital account.

**4. Deferred Taxes**

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

Deferred Tax Asset/(Liability)	As at March 31, 2011 Amount (₹'000)	As at March 31, 2010 Amount (₹'000)
Provision for Leave Encashment	6,467	5,840
Provision for Doubtful Debts	15,205	2,340
Depreciation	20,498	16,497
Others	16,675	9,065
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>58,845</b>	<b>33,742</b>

5. 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, 2011.

6. 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 recognized in the Profit & Loss Account amount to ₹130,726 Thousand (included in Schedule 14 – Administration and Other Expenses ₹129,584 Thousand and in Schedule 15 – Personnel Expenses ₹1,142 Thousand [(Previous Year ₹117,189 Thousand) (included in Schedule 14 – Administration and Other Expenses ₹115,825 Thousand and in Schedule 15 – Personnel Expenses ₹1,364 Thousand)]).

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

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

Particulars	As at March 31, 2011 Amount (₹'000)	As at March 31, 2010 Amount (₹'000)
Not later than 1 year	4,328	3,599
Later than 1 year and not later than 5 years	3,035	3,271
<b>Total minimum lease payments</b>	<b>7,363</b>	<b>6,870</b>
Less: Future finance charges on finance leases	621	738
<b>Present value of finance lease liabilities</b>	<b>6,742</b>	<b>6,132</b>
Representing lease liabilities:		
-Current	3,854	3,088
-Non current	2,888	3,044
	<b>6,742</b>	<b>6,132</b>
The present value of finance lease liabilities may be analyzed as follows:		
Not later than 1 year	3,854	3,088
Later than 1 year and not later than 5 years	2,888	3,044
	<b>6,742</b>	<b>6,132</b>

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit attributable to Equity Shareholders (₹'000)	631,431	520,764
Weighted average number of Equity Shares outstanding during the year (Nos.)	54,590,512	54,590,512*
<b>Basic &amp; Diluted Earnings Per Equity Share of ₹10 each (₹)</b>	<b>11.57</b>	<b>9.54</b>

\*27,295,256 equity shares were allotted on September 29, 2010 as bonus issue in the ratio of 1:1. As per AS-20 on "Earning Per Share", since the bonus issue is an issue without consideration, the issue is treated as if it has occurred at the beginning of the previous year.

**SCHEDULES TO THE ACCOUNTS**

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 Act, 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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:**

**Associates**

DC Foodiebay Online Services Private Limited (DCFOSPL)  
Nogle Technologies Private Limited (NTPL)

**Key Management Personnel (KMP) & Relatives**

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

**Enterprises over which KMP & Relatives have significant influence**

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

**Independent Directors- Non Executive**

Arun Duggal  
Ashish Gupta  
Bala Deshpande  
Naresh Gupta  
Saurabh Srivastava

**Non-Executive Directors**

Sandeep Murthy (resigned w.e.f April 30, 2010)  
Kapil Kapoor

**B) Details of transactions with related party for the year ended March 31, 2011 in the ordinary course of business:**

Amount (₹' 000)

Sr. No	Nature of relationship / transaction	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non-Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
1	<b>Remuneration Paid:</b> Sanjeev Bikhchandani ₹ 18,754 Hitesh Oberoi ₹ 13,714 Ambarish Raghuvanshi ₹ 10,151 Surabhi Bikhchandani ₹ 1,356	-	43,975	-	-	-	43,975
2	<b>Advances Given for business purposes (net):</b> Sanjeev Bikhchandani ₹ 10	-	10	-	-	-	10
3	<b>Receipt of services:</b> Minik Enterprises ₹ 820 Oyster Learning ₹ 120 Divya Batra ₹ 254	-	254	-	-	940	1,194

## SCHEDULES TO THE ACCOUNTS

Sr. No	Nature of relationship / transaction	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non-Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
4	<b>Dividend Paid:</b> Sanjeev Bikhchandani ₹ 7,213 Hitesh Oberoi ₹ 1,462 Ambarish Raghuvanshi ₹ 491 Surabhi Bikhchandani ₹ 280 Arun Duggal ₹ 15 Ashish Gupta ₹ 16 Bala Deshpande ₹ 20 Kapil Kapoor ₹ 801	-	9,446	51	801	-	10,298
5	<b>Investment in shares:</b> DCFOSPL ₹ 18,000 NTPL ₹ 5,000	23,000	-	-	-	-	23,000
6	<b>Sitting Fees paid:</b> Arun Duggal ₹ 150 Ashish Gupta ₹ 110 Bala Deshpande ₹ 60 Kapil Kapoor ₹ 60 Naresh Gupta ₹ 110 Saurabh Srivastava ₹ 110	-	-	540	60	-	600
7	<b>Commission paid/payable:</b> Arun Duggal ₹ 775 Ashish Gupta ₹ 688 Bala Deshpande ₹ 688 Naresh Gupta ₹ 687 Saurabh Srivastava ₹ 687	-	-	3,525	-	-	3,525
8	<b>Sale of Fixed Asset</b> Sanjeev Bikhchandani ₹ 45	-	45	-	-	-	45
9	<b>Reimbursements Paid:</b> Divya Batra ₹ 11	-	11	-	-	-	11
10	<b>Purchase of Shares from:-</b> Sanjeev Bikhchandani ₹ 7,977	-	7,977	-	-	-	7,977

1. Amounts paid to / on behalf of Info Edge Employee Stock Option Trust during the year are as below:

- (a) Dividend paid ₹ 351 Thousand  
(b) Advances paid (net) ₹(6,169) Thousand

2. Amount due from Info Edge Employee Stock Option Trust as on March 31, 2011 is ₹13,400 Thousand.  
3. Amount given to Allcheckdeals Employees Stock Option Plan Trust during the Year is ₹10 Thousand.  
4. Amount due from Allcheckdeals Employee Stock Option Trust as on March 31, 2011 is ₹23 Thousand.  
5. Amount given to Applect Employees Stock Option Plan Trust during the Year is ₹7 Thousand.  
6. Amount due from Applect Employees Stock Option Plan Trust as on March 31, 2011 is ₹190 Thousand.

## C) Amount due to/from related parties as at March 31, 2011

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Associate Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>				
1	Outstanding Advances/Receivables	-	5	-	5
	Maximum amount outstanding during the year	-	6,300	-	6,300
	<b>Credit balances</b>				
1	Outstanding Payable	-	26	-	26

## 10 (2) Related Party Transactions for the year ended March 31, 2010

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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2010:

## SCHEDULES TO THE ACCOUNTS

**Associates**

eTechAces Marketing &amp; Consulting Pvt. Ltd. (EMCPL)

**Key Management Personnel (KMP) & Relatives**

Mr Sanjeev Bikhchandani

Ms Surabhi Bikhchandani (Spouse of Mr. Sanjeev 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 KMP & Relatives have significant influence**

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)

Oyster Learning ( Proprietorship concern of Ms. Rimy Oberoi)

**Independent Directors- Non Executive**

Arun Duggal

Ashish Gupta

Bala Deshpande

Naresh Gupta

Saurabh Srivastava

**Non-Executive Directors**

Sandeep Murthy

Kapil Kapoor

**B) Details of transactions with related party for the year ended March 31, 2010 in the ordinary course of business:**

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non-Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
1	<b>Remuneration Paid:</b> Sanjeev Bikhchandani ₹ 13,240 Hitesh Oberoi ₹ 12,767 Ambarish Raghuvanshi ₹ 9,283 Surabhi Bikhchandani ₹ 1,212	-	36,502	-	-	-	36,502
2	<b>Advances Given for business purposes (net):</b> Sanjeev Bikhchandani ₹ 106 Hitesh Oberoi ₹ 3 Ambarish Raghuvanshi ₹ 65	-	174	-	-	-	174
3	<b>Receipt of services:</b> Minik Enterprises ₹ 733 Oyster Learning ₹ 359	-	-	-	-	1,092	1,092
4	<b>Dividend Paid:</b> Sanjeev Bikhchandani ₹ 8,851 Hitesh Oberoi ₹ 1,462 Ambarish Raghuvanshi ₹ 491 Surabhi Bikhchandani ₹ 280 Arun Duggal ₹ 15 Ashish Gupta ₹ 16 Bala Deshpande ₹ 27 Kapil Kapoor ₹ 905 Sandeep Murthy ₹ 30	-	11,084	58	935	-	12,077
5	<b>Services Rendered:</b> EMCPL ₹ 67	67	-	-	-	-	67
6	<b>Investment in shares:</b> EMCPL ₹ 49,506	49,506	-	-	-	-	49,506

## SCHEDULES TO THE ACCOUNTS

Sr. No	Nature of relationship / transaction	Associate Companies	KMP & Relatives	Independent Directors- Non Executive	Non- Executive Directors	Enterprises over which KMP & Relatives have significant influence	Total
7	<b>Sitting Fees paid:</b> Arun Duggal ₹ 120 Ashish Gupta ₹ 90 Bala Deshpande ₹ 60 Kapil Kapoor ₹ 40 Naresh Gupta ₹ 120 Saurabh Srivastava ₹ 60	-	-	450	40	-	490
8	<b>Commission paid/payable:</b> Arun Duggal ₹ 500 Ashish Gupta ₹ 500 Bala Deshpande ₹ 500 Naresh Gupta ₹ 500 Saurabh Srivastava ₹ 500	-	-	2,500	-	-	2,500

1. Amounts paid to / on behalf of Info Edge Employee Stock Option Trust during the year are as below:

- (a) Dividend paid ₹ 451 Thousand  
(b) Advances paid (net) ₹3,470 Thousand

2. Amount due from Info Edge Employee Stock Option Trust as on March 31, 2010 is ₹19,720 Thousand.

3. Advance given to Applect Employees Stock Option Plan Trust during the year is ₹183 Thousand.

4. Amount due from Applect Employees Stock Option Plan Trust as on March 31, 2010 is ₹183 Thousand

5. Advance given to Allcheckdeals Employees Stock Option Plan Trust during the year is ₹388 Thousand.

6. Amount due from Allcheckdeals Employees Stock Option Plan Trust as on March 31, 2010 is ₹388 Thousand

## C) Amount due to/from related parties as at March 31, 2010

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Associate Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>				
1	Outstanding Advances/Receivables	69	354	-	423
2	Maximum amount outstanding during the year	69	1,114	-	1,183

## 11(1) 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, 2011 have a vesting period of maximum of 3 years from the date of grant.

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

Particulars	2010-11		2009-10	
	Number	Weighted Average Price (₹)	Number	Weighted Average Price (₹)
Options outstanding at beginning of year	989,913	632.46	904,890	609.24
<b>Add:</b>				
Options granted *	1,179,897	89.48	239,600	633.67
<b>Less:</b>				
Options exercised	258,387	285.93	85,100	257.91
Options forfeited	109,702	388.49	69,477	792.89
Options outstanding at the end of year	1,801,721	345.36	989,913	632.46
Option exercisable at the end of year	937,372	312.16	427,614	459.36

\* During the year the company granted 222,000 (Previous Year 238,100) Stock Appreciation Rights (SAR) with a maximum exercise period of five years (Previous Year Five Years)

The options outstanding at the end of year had exercise prices in the range of ₹10/- to ₹654/- (Previous Year ₹10/- to ₹1200/-) and a weighted average remaining contractual life of 5.41 years (Previous Year 6.6 years).

## SCHEDULES TO THE ACCOUNTS

Exercise Amount Range (₹)	Options outstanding as at March 31, 2011	Options outstanding as at March 31, 2010
10-300	531,721	270,878
301-600	1,118,000	71,485
601-900	152,000	372,550
901-1200	-	275,000
1201-1500	-	-
<b>Grand Total</b>	<b>1,801,721</b>	<b>989,913</b>

In accordance with the above mentioned ESOP Scheme, ₹17,667 Thousand (Previous Year ₹7,565 Thousand) has been charged to the Profit and Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation.

**11(2) Allcheckdeals (ACD) Employees Stock Option Plan 2009**

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, 2011 had a vesting period of maximum of 5 years from the date of grant.

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

Particulars	2010-11		2009-10	
	Number	Weighted Average Price (₹)	Number	Weighted Average Price (₹)
Options outstanding at beginning of year	410,300	1.77	-	-
<b>Add:</b>				
Options granted	-	-	418,400	1.93
<b>Less:</b>				
Options exercised	-	-	-	-
Options forfeited	395,200	1.46	8,100	10
Options outstanding at the end of year	15,100	10	410,300	1.77
<b>Option exercisable at the end of year</b>	<b>4530</b>	<b>10</b>	<b>37,500</b>	<b>1</b>

Exercise Amount Range (₹)	Options outstanding as at March 31, 2011	Options outstanding as at March 31, 2010
1-10	-	410,300
<b>Grand Total</b>	<b>-</b>	<b>410,300</b>

In accordance with the above mentioned ESOP Scheme, ₹Nil (Previous Year 1,132 Thousand) has been charged to the Profit and Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation.

**11(3) Applect Learning Systems Private Limited- ESOP Scheme 2009**

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, 2011 had a vesting period of maximum of 2 years from the date of grant.

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

Particulars	2010-11		2009-10	
	Number	Weighted Average Price (₹)	Number	Weighted Average Price (₹)
Options outstanding at beginning of year	1,138	10	-	-
<b>Add:</b>				
Options granted	-	-	1138	10
<b>Less:</b>				
Options exercised	-	-	-	-
Options forfeited	-	-	-	10
Options outstanding at the end of year	1,138	10	1138	10
<b>Option exercisable at the end of year</b>	<b>1,138</b>	<b>10</b>	<b>1138</b>	<b>10</b>

Exercise Amount Range (₹)	Options outstanding as at March 31, 2011	Options outstanding as at March 31, 2010
1-10	1,138	1,138
<b>Grand Total</b>	<b>-</b>	<b>1,138</b>

In accordance with the above mentioned ESOP Scheme, ₹47 Thousand (Previous Year ₹29 Thousand) has been charged to the Profit and Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation.

**SCHEDULES TO THE ACCOUNTS**

**11(4) Etechaces Marketing and Consulting Private Limited- Employees Stock Option Scheme 2010 (ESOP)**

The company has set up a trust to administer the ESOP scheme under which options have been granted to certain employees of the Company and one of its subsidiaries. Under this option, 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, 2011 have a vesting period of maximum 3 years 5 months from the date of grant.

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

Particulars	Number of options	Weighted average exercise price
Outstanding at start of year	-	-
Granted	371	₹10
Outstanding at end of year	371	₹10
Exercisable at end of year	112	₹10

The options outstanding at March 31, 2011 had an exercise price of ₹10 and a weighted average remaining contractual life of 30 years.

In accordance with the above mentioned ESOP Scheme, ₹300 Thousand has been charged to the Profit & Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation (including ₹104 Thousand relating to the options vested for employees of one of its subsidiary, Policybazaar Insurance Broking Private Limited)

- 12 (A) In respect of options vested during the year, had the fair value method been used, the profit for the year would be lower by ₹73,869 Thousand (Previous year 77,005 Thousand) and the EPS would be ₹10.21 (Previous year 8.13).

(B) - (1) 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	2010-11		2009-10	
	ESOP 2007	ESOP 2007 SAR	ESOP 2007	ESOP 2007 SAR
Weighted average fair value of the options at the grant dates	930.32	315.19	375.09	291.79
Dividend Yield (%)	0.10%	0.10%	0.10%	0.10%
Risk free rate	7.18%	7.44%	6.59%	6.03%
Expected life (years)	4.07	3.67	6.13	3.65
Expected volatility	50.39%	47.51%	48.17%	50.62%
Weighted average share price	941.51	723.61	678.00	633.40

(2) ACD ESOP Plan 2009	2010-11	2009-10
Weighted average fair value of the options at the grant dates	8.57	8.57
Dividend Yield (%)	0.00%	0.00%
Risk free rate	6.90%	6.90%
Expected life (years)	5.14	5.14
Expected volatility	0.00%	0.00%
Weighted average share price	10.05	10.05

(3) Employees Stock Option Scheme 2009 (ESOP)*	2010-11	2009-10
Weighted average fair value of the options at the grant dates	155.82	155.82
Dividend Yield (%)	0.00%	0.00%
Risk free rate	6.53%	6.53%
Expected life (years)	2.50	2.50
Expected volatility	0.00%	0.00%
Weighted average share price	164.36	164.36

\*For Applect Learning Systems Private Limited

(4) Employees Stock Option Scheme 2010 (ESOP)**	2010-11	2009-10
Weighted average fair value of the options at the grant dates	1,290.73	-
Dividend Yield (%)	0.00%	-
Risk free rate	6.20%	-
Expected life (years)	1.63	-
Expected volatility	0.00%	-
Weighted average share price	1,299.86	-

\*\*For Etechaces Marketing and Consulting Private Limited

**SCHEDULES TO THE ACCOUNTS**

13. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of Intellectual Property Rights (IPR) 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. The Group is primarily in the business of internet based service delivery operating in six service verticals through web portals in respective vertical namely Naukri.com for recruitment related services, Jeevansathi.com for matrimony related services, 99acres.com for real estate related services, Shiksha.com for education related services, meritnation.com for online coaching services and policybazaar.com for online insurance related services. The other activities comprise of placement search services and real estate broking services. The segment revenues, results and assets of the other activities do not constitute reportable segment under Accounting Standard 17 on Segment Reporting and accordingly no disclosure is required.
15. As at March 31, 2011 the company had ₹122 Thousand (Previous Year ₹122 Thousand) outstanding with ICICI bank towards unpaid application money received by the company for allotment of securities and due for refund and ₹62 Thousand (Previous Year ₹46 Thousand) as unclaimed dividend outstanding with Kotak Mahindra Bank. These amounts are 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 the Companies Act, 1956 to the Directors including Managing Director is:

Particulars	Amount (₹'000)	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>Whole Time Directors (including Managing Director)</b>		
Salary	23,081	22,730
Reimbursements	1,299	1,060
Bonus	18,239	11,500
<b>Total Remuneration (A)</b>	<b>42,619</b>	<b>35,290</b>
<b>Non Whole Time Directors:</b>		
Commission	3,525	2,500
Sitting Fee	600	490
<b>Total Remuneration (B)</b>	<b>4,125</b>	<b>2,990</b>
<b>Total Managerial Remuneration Paid/Payable (A + B)</b>	<b>46,744</b>	<b>38,280</b>

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

**17 (A) Employee Benefits for the financial year 2010-11**

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

A. Defined Contribution Plans	Amount (₹'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 *	20,313

B. State Plans	Amount (₹'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*	4,278

\*Included in Contributions 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

Particulars	Leave Encashment / Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	8 to 8.25%	8 to 8.25%
Rate of increase in Compensation levels	15.0% in first 3 years, 10.0% in next 5 years, & 7% thereafter	15% in first 3 years, 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets	-	7.50%
Expected Average remaining working lives of employees (years)	-	12.42 to 32.30

## SCHEDULES TO THE ACCOUNTS

<b>(A) Changes in the Present Value of Obligation</b>	<b>Employee's Gratuity Fund Amount (₹'000)</b>
<b>Present Value of Obligation as at Apr 1, 2010</b>	<b>46,405</b>
Interest Cost	4,378
Past Service Cost	12,513
Current Service Cost	11,250
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits paid	(3,684)
Actuarial (gain)/ loss on obligations	(5,492)
<b>Present Value of Obligation as at March 31, 2011</b>	<b>65,370</b>

<b>(B) Changes in the Fair value of Plan Assets</b>	<b>Employee's Gratuity Fund Amount (₹'000)</b>
<b>Fair Value of Plan Assets at the April 1, 2010</b>	<b>38,396</b>
Expected Return on Plan Assets	3,167
Actuarial Gains and (Losses)	1,403
Contributions	6,449
Benefits Paid	(3,684)
<b>Fair Value of Plan Assets at March 31, 2011</b>	<b>45,731</b>

<b>(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets</b>	<b>Employee's Gratuity Fund Amount (₹'000)</b>
<b>Present Value of funded Obligation as at March 31, 2011</b>	<b>(63,814)</b>
Fair Value of Plan Assets as at the end of the period	<b>45,731</b>
Funded Status	
<b>Present Value of unfunded Obligation as at March 31, 2011</b>	<b>(1,556)</b>
Unrecognized Actuarial (gains) / losses	Nil
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>	<b>(19,639)</b>

\*included in Employee Benefits (Refer Schedule 12)

<b>(D) Expense recognized in the Profit and Loss Account</b>	<b>Employee's Gratuity Fund Amount (₹'000)</b>
Current Service Cost	11,249
Past Service Cost	12,513
Interest Cost	4,379
Expected Return on Plan Assets	(3,168)
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain)/ loss recognized in the period	(6,895)
<b>Total Expenses recognized in the Profit &amp; Loss Account #</b>	<b>18,078</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 ₹20,060\* thousand as at March 31, 2011 The expense recognized in the profit & loss account is ₹16,045\*\* thousand.

\*included in Employee Benefits (Refer Schedule 12)

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

### 17(B) Employee Benefits for the previous financial year 2009-10:

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

<b>A. Defined Contribution Plans</b>	<b>Amount (₹'000)</b>
a) Provident Fund	
During the year, the Company has recognised the following amounts in the Profit and Loss Account -	
Employers' Contribution to Provident Fund *	16,371

<b>B. State Plans</b>	<b>Amount (₹'000)</b>
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 *	177

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

## SCHEDULES TO THE ACCOUNTS

## C. Defined Benefit Plans

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

Particulars	Leave Encashment / Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	7.5% to 8.00%	7.5% to 8.00%
Rate of increase in Compensation levels	15.0% in first 4 years, 10.0% in next 5 years, & 7% thereafter	15% in first 4 years, 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets	-	7.50%
Expected Average remaining working lives of employees (years)	-	11.60 to 31.38

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund Amount (₹'000)
<b>Present Value of Obligation as at Apr 1, 2009</b>	<b>39,209 \$</b>
Interest Cost	3,735
Past Service Cost	Nil
Current Service Cost	12,355
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits paid	(1,555)
Actuarial (gain)/ loss on obligations	(7,766)
<b>Present Value of Obligation as at March 31, 2010</b>	<b>45,978</b>

(B) Changes in the Fair value of Plan Assets	Employee's Gratuity Fund Amount (₹'000)
<b>Fair Value of Plan Assets at the April 1, 2009</b>	<b>22,268</b>
Expected Return on Plan Assets	2,567
Actuarial Gains and Losses	(1,031)
Contributions	16,147
Benefits Paid	(1,555)
<b>Fair Value of Plan Assets at March 31, 2010</b>	<b>38,396</b>

(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets	Employee's Gratuity Fund Amount (₹'000)
<b>Present Value of funded Obligation as at March 31, 2010</b>	<b>(44,962)</b>
Fair Value of Plan Assets as at the end of the period	<b>38,396</b>
Funded Status	
<b>Present Value of unfunded Obligation as at March 31, 2010</b>	<b>(1,016)</b>
Unrecognized Actuarial (gains) / losses	Nil
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>	<b>(7,582)</b>

\*included in Employee Benefits (Refer Schedule 12)

(D) Expense recognised in the Profit and Loss Account	Employee's Gratuity Fund Amount (₹'000)
Current Service Cost	12,355
Past Service Cost	Nil
Interest Cost	3,735
Expected Return on Plan Assets	(2,567)
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain)/ loss recognized in the period	(6,735)
<b>Total Expenses recognized in the Profit &amp; Loss Account #</b>	<b>6,788</b>

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

\$ includes amount in respect of Applect Learning Systems Pvt Ltd which was an "associate company" as on March 31, 2009 and becomes a subsidiary company during the year by virtue of control over composition of the Board of Directors.

In respect of leave encashment/compensated absence the present value of obligation is ₹17,812\* thousand as at March 31, 2010. The expense recognized in the profit & loss account is ₹14,546\*\* thousand.

\*included in Employee Benefits (Refer Schedule 12)

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

**INFO EDGE (INDIA) LIMITED**

**SCHEDULES TO THE ACCOUNTS**

- 18.** Exceptional item in Profit & Loss Account represents provision for permanent diminution in carrying value of long term investment in Info Edge (India) Mauritius Limited and the capital gains of ₹55,487 Thousand (Net of Tax ₹37,055 Thousand) on account of sale of investment in equity shares of MakemyTrip, Mauritius.
- 19.** As per the accounting and disclosure related requirements of Accounting Standard 21 on "Consolidated Financial Statements" the losses applicable to the minority interest to the extent they exceed the minority interest in the equity of the subsidiaries have been additionally charged to the consolidated Profit & Loss Account. The profits reported by these subsidiaries in subsequent periods will be allocated to the majority interest until this minority share of losses, as has been additionally absorbed by the majority have been recovered.
- 20.** Previous year's figures have been regrouped / recast to confirm to current year's presentation.

For Price Waterhouse & Co.  
Firm Registration Number 007567S  
Chartered Accountants

For and on behalf of the Board of Directors

Hitesh Oberoi  
Managing Director

Ambarish Raghuvanshi  
Director & CFO

Amitesh Dutta  
Partner  
Membership Number 58507

Amit Gupta  
Company Secretary

Place : Gurgaon  
Date : April 28, 2011

Place: Noida  
Date: April 28, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.	68021	State Code	55
Balance Sheet Date	March 31, 2011		

**II. Capital Raised during the year (Amount in ₹Thousand)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	272,952	Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in ₹Thousand)**

Total Liabilities	4,636,558	Total Assets	4,636,558
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**Sources of Funds:**

Paid-up Capital	545,905
Secured Loans	6,742
Stock Options Outstanding	30,618
Reserves and Surplus	4,053,293
Unsecured Loans	NIL

**Application of Funds:**

Net Fixed Assets	692,980
Investments	2,968,704
Net Current Assets	934,204
Deferred Tax	40,670
Misc. Expenditure	NIL

**IV. Performance of the Company (Amount in ₹Thousand)**

Turnover (including other income)	3,218,938	Total Expenditure	2,031,123
Profit before tax*	1,239,555	Profit after tax	839,718
* net of exceptional item of (51,740)			
Earnings per Share in ₹ (Weighted Average)	15.38	Dividend Rate (%)	7.50%

**V. 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, 2011**

1	Name of subsidiary company	Jeevansathi Internet Services Pvt. Ltd.	Naukri Internet Services Pvt. Ltd.	Info Edge (India) Mauritius Limited (Refer Note 1)	Allcheckdeals India Pvt. Ltd.	Infoedge USA Inc. (Refer Note 1 & 2)	Applect Learning Systems Pvt. Ltd. (Refer Note 3)	Etechaces Marketing and Consulting Pvt Ltd (Refer Note 4)
2	Financial Year of the Subsidiary ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
3	Date from which it became subsidiary	September 13, 2004	January 30, 2002	January 18, 2008	January 12, 2009	May 14, 2008	June 12, 2008	April 27, 2010
4	<b>Extent of Interest</b>							
	a) Number of Shares held in subsidiary company at the end of the financial year	9,800	9,998	1,112,001	3,009,999	-	7,865	11,621
	b) Extent of Holding	98%	99.98%	100%	99.99%	-	40.02%	48.30%
5	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	57,082	67,808	(4,074,065)	4,609,745	(59,956)	(41,081,385)	(78,985,472)
	(ii) For the previous financial years of the subsidiaries since it became the holding company's subsidiary	(151,044)	261,765	(43,922,013)	(26,097,867)	(108,426)	(56,594,135)	(82,933,627)
	<b>b) Dealt with in the holding company's accounts:</b>							
	(i) For the Financial year of the subsidiaries as aforesaid	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	(ii) For the previous financial years of the subsidiaries since it became the holding company's subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note 1: The standalone financial statement of Info Edge (India) Mauritius Limited & Infoedge USA Inc. has been reported in US Dollar.

Note 2: Infoedge USA Inc. was subsidiary by virtue of control over composition of the Board of Directors. Dissolved during the year on November 17, 2010.

Note 3: Applect Learning Systems Pvt Ltd is subsidiary by virtue of control over composition of the Board of Directors.

Note 4: Etechaces Marketing and Consulting Pvt. Ltd was an "associate company" as on March 31, 2010 and became a subsidiary company during the year by virtue of control over composition of the Board of Directors.

## 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 March 31, 2011.

### Financial Results

Your company has earned a profit after tax of ₹67,808 in financial year 2010-11 as compared to ₹67,340 in financial year 2009-10.

### 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 directors convey their special gratitude towards bankers, associates and shareholders of the company for their continuous and whole-hearted cooperation.

**For and on behalf of the Board**

Sanjeev Bikhchandani  
Ambarish Raghuvanshi  
(Directors)

Place: Noida  
Date: April 27, 2011

**NAUKRI INTERNET SERVICES PRIVATE LIMITED**

**AUDITORS' 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, 2011 and also the Profit and Loss Account and the cash flow statement 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 and cash flow statement 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 and cash flow statement 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 March 31 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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 March 31, 2010; and
  - (b) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sharma Goel & Co.  
Firm Registration Number 000643N  
Chartered Accountants

Place: New Delhi  
Dated: April 27, 2011

Rajesh Mittal  
Partner  
Membership No.- 95681

**BALANCE SHEET AS AT MARCH 31, 2011**

Particulars	Schedule	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)
<b>FUNDS EMPLOYED</b>			
<b>Shareholders Funds</b>			
Share Capital	<b>A</b>	100,000	100,000
Reserve & Surplus		329,572	261,765
<b>Loan Funds</b>			
Secured Loans		-	-
Unsecured Loans		-	-
<b>TOTAL</b>		<b>429,572</b>	<b>361,765</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>		-	-
<b>Investments</b>	<b>B</b>	10	10
<b>Current Assets, Loans &amp; Advances</b>	<b>C</b>		
Sundry Debtors		-	-
Cash & Bank Balances		487,461	343,963
Loans & Advances		141,704	196,367
		<b>629,165</b>	<b>540,330</b>
<b>Less :Current Liabilities and Provisions</b>	<b>D</b>		
Current Liabilities		199,603	178,576
		<b>199,603</b>	<b>178,576</b>
<b>Net Current Assets</b>		<b>429,562</b>	<b>361,755</b>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted )	<b>E</b>	-	-
<b>TOTAL</b>		<b>429,572</b>	<b>361,765</b>
<b>Accounting Policies</b>	<b>F</b>		
<b>Notes to the Accounts</b>	<b>G</b>		

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

Rajesh Mittal  
Partner  
Membership No.- 95681  
For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

Place: New Delhi  
Date: April 27, 2011

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

For and on behalf of the Board of Directors

Ambarish Raghuvanshi  
Director

Sanjeev Bikhchandani  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

Particulars	Schedule	Year Ended March 31, 2011 Amount (₹)	Year Ended March 31, 2010 Amount (₹)
<b>INCOME</b>			
License Fees (Refer Note 3 on Schedule F)		100,000	100,000
Interest on Fixed Deposit		25,284	5,477
Excess provision for tax written back		-	2,835
<b>TOTAL</b>		<b>125,284</b>	<b>108,312</b>
<b>EXPENDITURE</b>			
Auditor Remuneration		8,273	8,273
Professional Charges		3,800	-
Rent, Rates & Taxes		-	600
Preliminary Expenses written off		-	548
Subscription & Fees		-	110
<b>TOTAL</b>		<b>12,073</b>	<b>9,531</b>
<b>Net Profit Before Tax</b>		113,212	98,782
Tax Expense			
- Current year		45,404	31,442
<b>Net Profit after tax</b>		67,808	67,340
Balance Brought Forward		261,765	194,425
<b>Balance carried to the balance sheet</b>		<b>329,572</b>	<b>261,765</b>

**Earnings Per Share- Basic & Diluted**

(Refer Note 5 on Schedule F and Note 3 on Schedule G)

6.78

6.73

**Accounting Policies**

**F**

**Notes to Accounts**

**G**

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.

Rajesh Mittal  
Partner  
Membership No.- 95681  
For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Place: New Delhi  
Date: April 27, 2011

Ambarish Raghuvanshi  
Director

Sanjeev Bikhchandani  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

S.No.	Particulars	For the year ended March 31, 2011 Amount (₹)	For the year ended March 31, 2010 Amount (₹)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before tax	113,212	98,782
	<b>Adjustments for:</b>		
	Preliminary expenditure written off	-	548
	Interest received on Fixed Deposits	(25,284)	(5,477)
	Excess provision for tax written back	-	(2,835)
	<b>Operating profit before working capital changes</b>	<b>87,928</b>	<b>91,018</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	-	-
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	87,837	(66,441)
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	8,273	8,273
	<b>Cash generated from operating activities</b>	<b>184,037</b>	<b>32,849</b>
	- Taxes (Paid) / Received (Net of TDS)	(68,489)	(29,799)
	<b>Net cash from operating activities</b>	<b>115,548</b>	<b>3,050</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Interest received on Fixed Deposits	27,950	2,811
	<b>Net cash used in investing activities</b>	<b>27,950</b>	<b>2,811</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>143,498</b>	<b>5,861</b>
	<b>Opening Balance of Cash and cash equivalents</b>	<b>343,963</b>	<b>338,102</b>
	<b>Closing Balance of Cash and cash equivalents</b>	<b>487,461</b>	<b>343,963</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash in hand	80	80
	<b>Balance with Scheduled Banks</b>		
	-in current accounts	103,919	271,179
	-in fixed deposits	383,462	72,704
	<b>Total</b>	<b>487,461</b>	<b>343,963</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
- Figures in brackets indicate cash outflow.

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

Rajesh Mittal  
Partner  
Membership No.- 95681  
For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Place: New Delhi  
Date: April 27, 2011

Ambarish Raghuvanshi  
Director

Sanjeev Bikhchandani  
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)
<b>SCHEDULE A SHARE CAPITAL</b>		
<b>AUTHORISED</b> 10,000 Equity Shares of ₹10/- each (Previous Year - 10,000 Equity Shares of ₹10/- each)	<b>100,000</b>	<b>100,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b> 10,000 Equity Shares of ₹10/- each, fully paid up (Previous Year - 10,000 Equity Shares of ₹10/- each)	100,000	100,000
	<b>100,000</b>	<b>100,000</b>
<b>SCHEDULE B INVESTMENTS (Refer Note 2 on Schedule F)</b>		
Shares in Allcheckdeals India Pvt Ltd 1 (Previous Year 1) Equity Share of ₹10/- fully paid up)	10	10
	<b>10</b>	<b>10</b>
<b>SCHEDULE C 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)	-	-
	-	-
<b>(ii) Cash and Bank Balances</b>		
(a) Cash in Hand	80	80
(b) Balance with Scheduled Banks:		
- ICICI Bank	103,919	271,179
(c) Fixed Deposit with ICICI Bank	383,462	72,704
	<b>487,461</b>	<b>343,963</b>
<b>(iii) Loans &amp; Advances</b>		
Info Edge (India) Ltd.	36,260	124,097
Advance Tax	105,444	69,604
Interest accrued on fixed deposit	-	2,666
	<b>141,704</b>	<b>196,367</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)
<b>SCHEDULE D</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 1 on Schedule G)	-	-
Provision for Income Tax	132,993	120,238
<b>Expenses Payable:</b>		
Audit Fees Payable	66,610	58,338
	<b>199,603</b>	<b>178,576</b>
<b>SCHEDULE E</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses	-	548
Less: Written off during the period	-	548
	-	-

**SCHEDULES TO THE ACCOUNTS**

**Schedule F**

**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 (the 'Act') and the relevant provisions of the Companies Act, 1956.

**2. 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.

**3. Revenue Recognition**

Naukri Internet Services Pvt. Ltd. has entered into an agreement with Info Edge (India) Pvt. Ltd. dated September 13, 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 annual license fee of ₹100,000/- to Naukri Internet Services Pvt. Ltd. as License fee for usage of its domain name(s), trade mark(s) etc.

**4. Taxes on Income**

As a measure of prudence the Deferred Tax Assets (Net) in terms of Accounting Standard No. 22 specified in Companies (Accounting Standard) Rules, 2006 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

**5. 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.

**Schedule G**

**Notes to Accounts**

1. 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, 2011.

**2. Auditor's Remuneration**

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
As Auditors	7500	7,500
In capacity of Tax Auditors	-	-
Certification	-	-
Out of Pocket Expenses & Service Tax	773	773
<b>Total</b>	<b>8,273</b>	<b>8,273</b>

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

	Year ended March 31, 2011	Year ended March 31, 2010
Profit attributable to Equity Shareholders (₹)	67,808	67,340
Weighted average number of Equity Shares outstanding during the year (Nos.)	10,000	10,000
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	<b>6.78</b>	<b>6.73</b>

4. 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.

**5. (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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:**

**SCHEDULES TO THE ACCOUNTS**

**Holding Company**

Info Edge (India) Limited

**Key Management Personnel & Relatives**

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

**Enterprises over which KMP & Relatives have significant influence**

None

**B) Details of transactions with related party for the year ended March 31, 2011 in the ordinary course of business: Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	License Fee Received:	100,000	-	-	100,000
2	Advances received for business purposes (net):	63,740	-	-	63,740

**C) Amount due to/from related parties as at March 31, 2011 Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>				
1	Outstanding Advances	36,260	-	-	36,260
	Maximum amount outstanding during the year	43,260	-	-	43,260
	<b>Credit balances</b>				
1	Outstanding Payable	-	-	-	-

**5 (2) Related Party Transaction for the year ended March 31, 2010**

**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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2010:-**

**Holding Company**

Info Edge (India) Limited

**Key Management Personnel & Relatives**

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

**Enterprises over which KMP & Relatives have significant influence**

None

**B) Details of transactions with related party for the year ended March 31, 2010 in the ordinary course of business: Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	License Fee Received	100,000	-	-	100,000
2	Advances received for business purposes (net)	33,559	-	-	33,559

**C) Amount due to/from related parties as at March 31, 2010 Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>				
1	Outstanding Advances	124,097	-	-	124,097
	Maximum amount outstanding during the year	124,097	-	-	124,097
	<b>Credit balances</b>				
1	Outstanding Payable	-	-	-	-

**SCHEDULES TO THE ACCOUNTS**

6. No disclosure is required under Accounting Standard 17 on Segment Reporting specified in Companies (Accounting Standard) Rules, 2006 as the Company is having the income from license fees received for the usage of its domain name, trademark etc.
7. **Employee Benefits**  
The requirements of AS-15 on Employee Benefits specified in Companies (Accounting Standard) Rules, 2006 are not applicable on the company since there was no employee employed by the company during the year.
8. Previous year's figures have been regrouped / recast to confirm to current year's presentation.

## **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 March 31, 2011.

### **Financial Results**

Your company has earned a profit after tax of ₹57,082 in financial year 2010-11 as compared to ₹58,031 in financial year 2009-10.

### **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 directors convey their special gratitude towards bankers, associates and shareholders of the company for their continuous and whole-hearted cooperation.

**For and on behalf of the Board**

Place: Noida  
Date: April 27, 2011

Sanjeev Bikhchandani  
Ambarish Raghuvanshi  
(Directors)

**JEEVANSATHI INTERNET SERVICES PRIVATE LIMITED**

**AUDITORS' REPORT**

**TO THE MEMBERS OF JEEVANSATHI INTERNET SERVICES PVT. LTD.**

We have audited the attached Balance Sheet of Jeevansathi Internet Services Pvt. Ltd. as at March 31, 2011 and also the Profit and Loss Account and the cash flow statement 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 and the cash flow statement 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 and the cash flow statement 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 March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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 March 31, 2010; and
  - b) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sharma Goel & Co.  
Firm Registration Number 000643N  
Chartered Accountants

Place: New Delhi  
Dated: April 27, 2011

Rajesh Mittal  
Partner  
Membership No.- 95681

**BALANCE SHEET AS AT MARCH 31, 2011**

Particulars	Schedule	Amount (₹)	As at March 31, 2011 Amount (₹)	Amount (₹)	As at March 31, 2010 Amount (₹)
<b>FUNDS EMPLOYED</b>					
<b>Shareholders Funds</b>					
Share Capital	<b>A</b>		100,000		100,000
Reserve & Surplus			-		-
<b>Loan Funds</b>					
Secured Loans			-		-
Unsecured Loans	<b>B</b>		278,556		98,736
<b>TOTAL</b>			<b>378,556</b>		<b>198,736</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	<b>C</b>				
Gross Block		296,805		296,805	
Less: Depreciation		293,705	3,100	291,638	5,167
<b>Current Assets, Loans &amp; Advances</b>	<b>D</b>				
Sundry Debtors		-		-	
Cash & Bank Balances		119,303		122,893	
Loans & Advances		347,354		90,180	
		466,657		213,073	
<b>Less : Current Liabilities and Provisions</b>	<b>E</b>				
Current Liabilities		185,162		170,548	
		185,162	281,494	170,548	42,525
<b>Profit &amp; Loss A/c</b>			93,962		151,044
<b>TOTAL</b>			<b>378,556</b>		<b>198,736</b>
<b>Accounting Policies</b>	<b>F</b>				
<b>Notes to the Accounts</b>	<b>G</b>				

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.

Rajesh Mittal  
Partner  
Membership No.- 95681  
For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Place: New Delhi  
Date: April 27, 2011

Ambarish Raghuvanshi  
Director

Sanjeev Bikhchandani  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

Particulars	Schedule	Year Ended March 31, 2011 Amount (₹)	Year Ended March 31, 2010 Amount (₹)
<b>INCOME</b>			
License Fees (Refer Note 4 on Schedule F)		100,000	100,000
Other Income		210	-
		<b>100,210</b>	<b>100,000</b>
<b>EXPENDITURE</b>			
Auditor Remuneration		8,273	8,273
Depreciation		2,067	3,445
Professional Charges		3,800	-
ROC fees		-	600
Subscription & fees		-	110
		<b>14,139</b>	<b>12,428</b>
<b>Net Profit Before Tax</b>		86,071	87,572
<b>Tax Expense</b>			
- Current year		28,988	29,542
<b>Net Profit after tax</b>		57,082	58,030
Balance Brought Forward		(151,044)	(209,074)
<b>Balance carried to the balance sheet</b>		<b>(93,962)</b>	<b>(151,044)</b>

**Earnings Per Share- Basic & Diluted**

(Refer Note 6 on Schedule F and Note 3 on Schedule G)

5.71

5.80

**Accounting Policies**

**G**

**Notes to Accounts**

**H**

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

Rajesh Mittal  
Partner  
Membership No.- 95681  
For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Place: New Delhi  
Date: April 27, 2011

Ambarish Raghuvanshi  
Director

Sanjeev Bikhchandani  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

S.No.	Particulars	For the year ended March 31, 2011 Amount (₹)	For the year ended March 31, 2010 Amount (₹)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before tax	86,071	87,573
	<b>Adjustments for:</b>		
	Depreciation	2,067	3,445
	<b>Operating profit before working capital changes</b>	<b>88,138</b>	<b>91,018</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	-	-
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	-	-
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	188,093	(68,482)
	<b>Cash generated from operating activities</b>	<b>276,231</b>	<b>22,536</b>
	- Taxes (Paid) / Received (Net of TDS)	(279,821)	(22,646)
	<b>Net cash from operating activities</b>	<b>(3,590)</b>	<b>(110)</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	<b>Net cash used in investing activities</b>	-	-
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	<b>Net cash used in financing activities</b>	-	-
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(3,590)</b>	<b>(110)</b>
	<b>Opening Balance of Cash and cash equivalents</b>	<b>122,893</b>	<b>123,003</b>
	<b>Closing Balance of Cash and cash equivalents</b>	<b>119,303</b>	<b>122,893</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash in hand	315	315
	<b>Balance with Scheduled Banks</b>		
	-in current accounts	118,988	122,578
	<b>Total</b>	<b>119,303</b>	<b>122,893</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
- Figures in brackets indicate cash outflow.

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

Rajesh Mittal  
Partner  
Membership No.- 95681  
For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Place: New Delhi  
Date: April 27, 2011

Ambarish Raghuvanshi  
Director

Sanjeev Bikhchandani  
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011 Amount (₹)	As at March 31, 2010 Amount (₹)
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,000 Equity Shares of ₹10/- each (Previous Year - 10,000 Equity Shares of ₹10/- each)	100,000	100,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
10,000 Equity Shares of ₹10/- each, fully paid up (Previous Year - 10,000 Equity Shares of ₹10/- each)	100,000	100,000
	<b>100,000</b>	<b>100,000</b>
<b>SCHEDULE B</b>		
<b>UNSECURED LOANS</b>		
Infoedge (India) Ltd.	278,556	98,736
	<b>278,556</b>	<b>98,736</b>

**SCHEDULE-C**

**FIXED ASSETS (Refer Note 2 & 3 on Schedule F)**

Amount (₹)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	Up to April 1, 2010	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>Tangible Assets</b>										
Computers and Software	296,805			296,805	291,638	2,067		293,705	3,100	5,167
<b>Total</b>	<b>296,805</b>	<b>-</b>	<b>-</b>	<b>296,805</b>	<b>291,638</b>	<b>2,067</b>	<b>-</b>	<b>293,705</b>	<b>3,100</b>	<b>5,167</b>
Capital Advances									-	-
<b>Previous Year</b>	<b>296,805</b>	<b>-</b>	<b>-</b>	<b>296,805</b>	<b>288,193</b>	<b>3,445</b>	<b>-</b>	<b>291,638</b>	<b>5,167</b>	<b>-</b>

Particulars	AMOUNT AS AT March 31, 2011 (₹)	AMOUNT AS AT March 31, 2010 (₹)
<b>SCHEDULE D</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)	-	-
	<b>-</b>	<b>-</b>
<b>(ii) Cash and Bank Balances</b>		
(a) Cash in Hand	315	315
(b) Balance with Scheduled Banks		
i) Citibank	83,950	83,950
ii) ICICI Bank	35,038	38,628
	<b>119,303</b>	<b>122,893</b>
<b>(iii) Loans &amp; Advances</b>		
Advance Tax	347,354	90,180
	<b>347,354</b>	<b>90,180</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	AMOUNT AS AT March 31, 2011 (₹)	AMOUNT AS AT March 31, 2010 (₹)
<b>SCHEDULE E</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 1 on Schedule G)	-	-
Provision for Income Tax	121,361	115,020
<b>EXPENSES PAYABLE</b>		
Audit Fees Payable	63,801	55,528
Service Tax Payable	-	-
	<b>185,162</b>	<b>170,548</b>

**SCHEDULES TO THE ACCOUNTS**

**Schedule F**

**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.

**3. Depreciation**

Depreciation has been provided on Fixed Assets on Written down Value method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 on Pro-rata basis.

**4. Revenue Recognition**

Jeevansathi Internet Services Pvt. Ltd. has entered into an agreement with Info Edge (India) Pvt. Ltd. Dated September 13, 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 annual license fee of ₹100,000/- to Jeevansathi Internet Services Pvt. Ltd. as License fee for usage of its domain name(s), trade mark(s) etc.

**5. Taxes on Income**

As a measure of prudence the Deferred Tax Assets (Net) in terms of Accounting Standard No. 22 specified in Companies (Accounting Standard) Rules, 2006 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

**6. 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.

**SCHEDULES TO THE ACCOUNTS**

**Schedule G**

**Notes to Accounts**

1. 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, 2011.

**2. Auditor's Remuneration**

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
As Auditors	7,500	7,500
In capacity of Tax Auditors	-	-
Certification	-	-
Out of Pocket Expenses & Service Tax	773	773
<b>Total</b>	<b>8,273</b>	<b>8,273</b>

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit attributable to Equity Shareholders (₹)	57,082	58,031
Weighted average number of Equity Shares outstanding during the year (Nos.)	10,000	10,000
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	<b>5.71</b>	<b>5.80</b>

4. 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.

**5. (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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:**

**Holding Company**

Info Edge (India) Limited

**Key Management Personnel & Relatives**

Mr. Sanjeev Bikhchandani

Mr. Hitesh Oberoi

Mr. Ambarish Raghuvanshi

**Enterprises over which KMP & Relatives have significant influence**

None

**B) Details of transactions with related party for the year ended March 31, 2011 in the ordinary course of business: Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	<b>License Fee Received:</b>	100,000	-	-	100,000
2	<b>Advances received for business purposes (net):</b>	279,820	-	-	279,820

**C) Amount due to/from related parties as at March 31, 2011 Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>				
1	Outstanding Advances	-	-	-	-
	Maximum amount outstanding during the year	-	-	-	-
	<b>Credit balances</b>				
1	Outstanding Payable	278,556	-	-	278,556

## SCHEDULES TO THE ACCOUNTS

## 7 (2) Related Party Transaction for the year ended March 31, 2010

- 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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2010:

**Holding Company**

Info Edge (India) Limited

**Key Management Personnel & Relatives**

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

**Enterprises over which KMP & Relatives have significant influence**

None

**B) Details of transactions with related party for the year ended March 31, 2010 in the ordinary course of business: Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	License Fee Received	100,000	-	-	100,000
2	Advances received for business purposes (net)	23,246	-	-	23,246

**C) Amount due to/from related parties as at March 31, 2010 Amount (₹)**

Sr. No	Nature of relationship / transaction	Holding Company	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	<b>Debit balances</b>				
1	Outstanding Advances	-	-	-	-
	Maximum amount outstanding during the year	198,136	-	-	198,136
	<b>Credit balances</b>				
1	Outstanding Payable	98,736	-	-	98,736

6. No disclosure is required under Accounting Standard 17 on Segment Reporting specified in Companies (Accounting Standard) Rules, 2006 as the Company is having the only income from license fees received for the usage of its domain name, trademark etc.
7. **Employee Benefits**  
The requirements of AS-15 on Employee Benefits specified in Companies (Accounting Standard) Rules, 2006 are not applicable on the company since there was no employee employed by the company during the year.
8. Previous year's figures have been regrouped / recast to confirm to current year's presentation.

**INFO EDGE (INDIA) MAURITIUS LIMITED**

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the Company for the year ended March 31, 2011.

**PRINCIPAL ACTIVITY**

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

**BUSINESS REVIEW AND DIVIDEND**

The loss for the year ended March 31, 2011 was **USD 8,355** (March 31, 2010 – USD 10,695).

The directors do not recommend the payment of dividend for the year under review.

**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, 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 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 have confirmed 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 General Meeting.

**By Order of the Board**

**SECRETARY**

Date: April 26, 2011

**SECRETARY'S REPORT**

**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 year ended March 31, 2011, all such returns as are required of the Company under the Mauritian Companies Act 2001.

**Corporate Secretary**  
**Abax Corporate Services Ltd**

Date: April 26, 2011

## AUDITORS' REPORT TO THE MEMBER OF INFO EDGE (INDIA) MAURITIUS LIMITED

### Report on the Financial Statements

1. We have audited the financial statements of Info Edge (India) Mauritius Limited on pages 7 to 19 which comprise the statement of financial position at March 31, 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

2. The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, the financial statements on pages 7 to 19 give a true and fair view of the financial position of the Company at March 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

### Report on Other Legal and Regulatory Requirements

7. The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:
  - (a) we have no relationship with or interests in the Company other than in our capacity as auditors;
  - (b) we have obtained all the information and explanations we have required; and
  - (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

### Other matters

8. This report, including the opinion, has been prepared for and only for the Company's member, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do 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.

Shareef Ramjan & Associates

Date: April 26, 2011

Shareef Ramjan  
Signing partner

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2011

Particulars	2011 USD	2010 USD
<b>INCOME</b>		
Interest income	-	-
	-	-
<b>EXPENSES</b>		
Licence fees	1,500	1,500
Secretarial fees	1,950	3,000
Accountancy fees	500	800
Audit fees	985	1,265
Directors fees	2,000	1,800
Domiciliation and compliance fees	1,000	800
Registration fees	250	250
Disbursements	-	195
Certification charges	-	800
Bank charges	170	285
	<b>8,355</b>	<b>10,695</b>
<b>LOSS BEFORE TAXATION</b>	(8,355)	(10,695)
Taxation (Note 4)	-	-
<b>NET LOSS FOR THE YEAR</b>	<b>(8,355)</b>	<b>(10,695)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Losses recognised directly in equity:</i>		
Fair value loss on available-for-sale financial assets	(81,610)	(939,907)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(89,965)</b>	<b>(950,602)</b>

The 'Notes to Financial Statements' are an integral part of these financial statements

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2011

Particulars	USD 2011	USD 2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
Available-for-sale financial assets (note 5)	78,483	160,093
<b>Current assets</b>		
Other receivables (note 6)	375	375
Cash and cash equivalents (Note 7)	975	6,565
	<b>1,350</b>	<b>6,940</b>
<b>Total assets</b>	<b>79,833</b>	<b>167,033</b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Stated capital (Note 8)	1,112,001	1,112,001
Retained earnings	(38,350)	(29,995)
Fair value reserve (Note 5)	(1,021,517)	(939,907)
<b>Total equity</b>	<b>52,134</b>	<b>142,099</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Amount due to ultimate holding company (Note 9)	19,999	19,999
Accruals	7,700	4,935
	<b>27,699</b>	<b>24,934</b>
<b>Total equity and liabilities</b>	<b>79,833</b>	<b>167,033</b>

Authorised for issue by the Board of Directors on and signed on its behalf by

Director

Director

The 'Notes to Financial Statements' are an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Stated capital USD	Retained earnings USD	Fair value reserve * USD	Total equity USD
At April 1, 2009	1,000,001	( 19,300)	-	980,701
<b>Transaction with owners</b>				
Issue of shares	112,000	-	-	112,000
Net loss for the year	-	(10,695)	-	(10,695)
<b>Other comprehensive income</b>				
Fair value loss on available-for-sale financial assets	-	-	(939,907)	(939,907)
At March 31, 2010	1,112,001	(29,995)	(939,907)	142,099
Loss for the year	-	(8,355)	-	(8,355)
<b>Other comprehensive income</b>				
Fair value loss on available-for-sale financial assets	-	-	(81,610)	(81,610)
<b>At March 31, 2011</b>	<b>1,112,001</b>	<b>(38,350)</b>	<b>(1,021,517)</b>	<b>52,134</b>

\* Fair value reserve represents the movement in the fair value of available for sale financial asset.

The 'Notes to Financial Statements' are an integral part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

Particulars	2011 USD	2010 USD
<b><i>Cash flows from operating activities</i></b>		
Loss before taxation	(8,355)	(10,695)
Increase in accruals	2,765	485
<b>Net cash used in operations</b>	<b>(5,590)</b>	<b>(10,210)</b>
<b><i>Cash flows from investing activities</i></b>		
Payments for acquisition of available-for-sale financial assets	-	(100,000)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(100,000)</b>
<b><i>Cash flows from financing activities</i></b>		
Issue of share capital	-	112,000
<b>Net cash from financing activities</b>	<b>-</b>	<b>112,000</b>
<b>Net movement in cash and cash equivalents</b>	<b>(5,590)</b>	<b>1,790</b>
Cash and cash equivalents at beginning of year	6,565	4,775
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>975</b>	<b>6,565</b>

The 'Notes to Financial Statements' are an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2011

### 1 GENERAL INFORMATION

Info Edge (India) Mauritius Limited (the "Company") is a limited liability company incorporated and domiciled in Mauritius. The address of its registered office is c/o Abax Corporate Services Ltd, 6<sup>th</sup> Floor, Tower A, 1 Cybercity, Ebene, Mauritius. The Company holds a Category 1 Global Business Licence and its main activity is to act as an investment holding company.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

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

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention as modified by the fair valuation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company does not have any areas involving a higher degree of judgement or complexity, nor any areas where assumptions and estimates are significant to the financial statements.

#### *(a) Standards, amendments and interpretations to published standards effective in the current year.*

During the financial year ended March 31, 2011, the company adopted the standards which were effective in the current period and relevant to its operations. The adoption of these standards did not result in substantial changes to the company's accounting policies and did not have any significant impact on the financial statements for the year ended March 31, 2011.

#### *(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company*

The directors have assessed the relevance of standards, interpretations and amendments to existing standards that have been published and are mandatory for the Company's accounting periods beginning on or after April 1, 2011 and which the Company has not early adopted, and have concluded that these will not have a significant impact on the financial statements for the year ended March 31, 2011.

#### ***Current and deferred income tax***

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations is subject to interpretations and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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.

#### ***Foreign currency translation***

##### ***(a) Functional and presentation 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").

##### ***(b) Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2011

### **Available-for-sale financial assets**

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any other categories.

They are included in non-current assets unless management intends to dispose the investment within 12 months of the reporting date.

Available-for-sale investments are initially recognised at fair value plus transaction costs. They are subsequently remeasured at fair value. Gains and losses arising from changes in fair value of securities classified as available-for-sale are recognised in equity.

Fair values for unlisted equity securities are estimated using comparable recent arm's length transactions, applicable price/book value, price/earnings or price/cash flow ratios or discounted cash flow analysis refined to reflect the specific circumstances of the issuer. Fair value of quoted securities are derived from quoted bid prices. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

On disposal of an investment, the cumulative gain or loss that was recognised in equity plus the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

### **Cash and cash equivalents**

Cash and cash equivalents includes deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### **Revenue recognition**

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

### **Expense recognition**

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

### **Equity**

Ordinary shares are classified as equity.

### **Impairment of available-for-sale investment**

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the debt instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### **Financial instruments**

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value. Subsequent to the initial recognition, they are measured as set out below:

### **Trade and other payables**

Trade and other payables are stated at their nominal value.

### **Amount due to ultimate holding company**

Amount due to ultimate holding company is recognised at proceeds received net of capital repayment.

### **Derecognition of financial assets and financial liabilities**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired;

The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or

## NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2011

The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### **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.

### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## **3 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to the various types of risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

### **Currency profile**

The Company's financial assets and liabilities are denominated in United States dollars.

### **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has no significant currency risk exposure as all its financial assets and liabilities are denominated in USD.

### **Interest rate risk**

The Company has no significant exposure to interest-rate risk.

### **Price risk**

The Company is exposed to equity securities price risk as it has classified its investment in Study Places Inc. ("SPI") as available-for-sale financial assets which are valued on the basis of the market value of SPI's investments in Educomp Solutions Ltd ("ESL").

The Company monitors the market value of ESL and management assesses the risk of potential loss to the company of holding these shares on a long-term or short-term basis. These shares are readily marketable as ESL is listed on the National Stock Exchange of India.

The fair value at March 31, 2011 would have been higher / lower by 3,924 if the price of ESL would have increased / decreased by 5 % respectively. Accordingly, fair value reserve would have been higher / lower by an equivalent amount.

### **Credit risk**

Credit risk also arises from deposits with banks. Credit risk is the risk that one party will be unable to pay amounts in full when due. The Company has no significant concentrations of credit risk.

## NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2011

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Group's main credit risk concentration is cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2011 date was:

Particulars	2011	2010
	USD	USD
Cash and cash equivalents	975	6,575

*Liquidity risk*

The Company manages liquidity risk by maintaining sufficient cash reserves, through funding from its ultimate holding company. The table below summarises the maturity profile of its financial liabilities at March 31, 2011 based on contractual undiscounted payments.

Particulars	2011	2011	2010	2010
	USD	USD	USD	USD
	On demand	Within 1 year	On demand	Within 1 year
Amount due to ultimate holding company	19,999	-	19,999	-
Other payable	-	7,700	-	4,935
At March 31,	<b>19,999</b>	<b>7,700</b>	<b>19,999</b>	<b>4,935</b>

*Capital risk management*

The Company manages its capital to ensure that it will be able to have sufficient funding to finance its investments and to continue as going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital management process is determined and managed at the ultimate holding company level.

*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.

**4 TAXATION**

The Company is liable to income tax in Mauritius on its chargeable income at **15%**. It is however entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and **80%** of the Mauritius tax on its foreign source income.

At March 31, 2011, the Company has accumulated tax losses of **USD 35,265** (2010 – USD 26,910) and is, therefore, not liable to income tax. The tax losses are available for set off against taxable profits of the Company up to the year ending March 31, 2015.

The foregoing is based on current interpretation and practice and is subject to any future changes in Mauritius tax laws.

*Tax reconciliation*

The reconciliation between the actual income tax rate of **0.00%** (2010 - 0.00%) and the applicable income tax rate of **15.00%** (2010 - 15.00%) is as follows:

Particulars	2011	2010
	%	%
Applicable income tax rate	15.00	15.00
Impact of:		
Unrecognised deferred tax	(15.00)	(15.00)
	-	-

*Deferred tax*

The temporary difference on which a deferred tax asset had not been recognised at March 31, 2011 relates to accumulated tax losses. The directors consider that it is not probable that the future taxable profit will be available against which the unused tax losses can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2011

## 5 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Particulars	2011 USD	2010 USD
At April 1	160,093	1,000,000
Additions during the year	-	100,000
Fair value loss	(81,610)	(939,907)
At March 31	<b>78,483</b>	<b>160,093</b>

Available for sale financial assets represent 14.41% stake in Study Places Inc. ("SPI"), a company incorporated in the USA, which is engaged in the provision of services related to Education and other related areas.

In 2010, Zaptive Internet Services Pvt Ltd ("ZISPL"), subsidiary of SPI has been allotted equity shares in Educomp Solutions Ltd ("ESL") for an amount equivalent to USD 900,000 resulting from transfer of Study Places business including domain name and other assets in ZISPL. ESL is a diversified education solutions company listed on National Stock Exchange in India.

The fair value of the investment in SPI is based on the value of its investment in ZISPL and ZISPL's further holding in ESL which is the primary asset after transfer of the ZISPL business and assets.

## 6 OTHER RECEIVABLES

Particulars	2011 USD	2010 USD
Prepayment	375	375
	<b>375</b>	<b>375</b>

## 7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

Particulars	2011 USD	2010 USD
Cash at bank	975	6,465

## 8 STATED CAPITAL

Particulars	2011 Number	2011 USD	2010 Number	2010 USD
<b>Ordinary shares of no par value</b>				
Issued and fully paid up	<b>1,112,001</b>	<b>1,112,001</b>	<b>1,112,001</b>	<b>1,112,001</b>

## 9 RELATED PARTY TRANSACTIONS

The nature, volume of transactions and balance involving the Company and its ultimate holding company are as follows:

Particulars	2011 USD	2010 USD
<b>Amount due to ultimate holding company:</b>		
<b>Info Edge (India) Limited</b>		
At April 1	19,999	19,999
Advances received during the year	-	-
At March 31	<b>19,999</b>	<b>19,999</b>

The amount due to parent company is interest free, unsecured and has no fixed terms of repayment and repayable on demand.

Particulars	2011 USD	2010 USD
<b>Key Management Personnel</b>		
Directors' fees	<b>2,000</b>	<b>1,800</b>

## 10 PARENT AND ULTIMATE PARENT 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.

## **DIRECTOR'S REPORT**

Dear Shareholders,

We are pleased to present the First Annual Report and Audited Statement of Accounts of the company for the financial year ended March 31, 2011.

### **Financial Results**

The Company made a token profit of ₹4,609,745 in Financial year 2010-11 as compared to net loss of ₹23,677,358 in Financial year 2009-10.

### **Directors**

During the year, Mr. Prashan Agarwal resigned from Directorship w.e.f. December 24, 2010.

### **Auditors**

M/s Price Waterhouse & Co., Chartered Accountants Statutory Auditors being eligible offer themselves for re-appointment in the ongoing AGM.

### **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 directors convey their special gratitude towards bankers, associates and shareholders of the company for their continuous and whole-hearted cooperation.

**For and on behalf of the Board**

Place: Noida  
Dated: April 28, 2011

Hitesh Oberoi  
Ambarish Raghuvanshi  
(Directors)

**AUDITORS' REPORT**

**To the Members of Allcheckdeals India Private Limited**

1. We have audited the attached Balance Sheet of Allcheckdeals India Private Limited (the "Company") as at March 31, 2011, 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 (together the "Order") 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 fixed assets.
    - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
    - (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 paragraph 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the year.
  - (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the 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) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
  - (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 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 a dispute.
  - (x) As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the 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.

## ALLCHECKDEALS INDIA PRIVATE LIMITED

- (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 year end.
  - (xx) The Company has not raised any money by public issues during the year.
  - (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 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, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

Place: Gurgaon  
Date: April 28, 2011

Amitesh Dutta  
Partner  
Membership Number F58507

## BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	As at	
		March 31, 2011	March 31, 2010
		(₹)	(₹)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Capital	1	30,475,000	30,475,000
Stock Options Outstanding Account	2	-	1,131,692
<b>LOAN FUNDS</b>			
Secured Loans	4	-	431,995
		<b>30,475,000</b>	<b>32,038,687</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		5,404,268	2,099,675
Less : Depreciation		1,556,557	407,545
Net Block		3,847,711	1,692,130
Capital Advances		-	9,980
		3,847,711	1,702,110
<b>DEFERRED TAX ASSETS</b>		18,174,839	-
(Refer Notes 8 on Schedule 15 and 15 on Schedule 16)			
<b>ADVANCE RECOVERABLE FROM ESOP TRUST</b>		398,500	388,500
(Refer Note 9 on Schedule 16)			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	6	53,818,951	19,972,089
Cash and Bank Balances	7	16,086,390	3,414,997
Loans and Advances and Other Current Assets	8	8,696,594	6,671,266
		78,601,935	30,058,352
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	9		
Current liabilities		91,087,961	24,922,118
Provisions		948,146	1,286,024
		92,036,107	26,208,142
<b>NET CURRENT ASSETS</b>		(13,434,172)	3,850,210
<b>PROFIT AND LOSS ACCOUNT</b>	3	21,488,122	26,097,867
		<b>30,475,000</b>	<b>32,038,687</b>

SIGNIFICANT ACCOUNTING POLICIES 15

NOTES TO ACCOUNTS 16

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

For Price Waterhouse & Co.  
Firm Registration Number 050032S  
Chartered Accountants

Amitesh Dutta  
Partner  
Membership Number F 58507

Place : Gurgaon  
Date : April 28, 2011

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

For and on behalf of the Board of Directors

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place : Noida  
Date : April 28, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

Particulars	Schedule	Year ended	
		March 31, 2011	March 31, 2010
		(₹)	(₹)
<b>INCOME</b>			
Commission Income (Refer Note 5 on Schedule 15)		159,805,156	44,659,235
Other Income	10	3,601,866	288,503
		<b>163,407,022</b>	<b>44,947,738</b>
<b>EXPENDITURE</b>			
Advertising and Promotion cost		23,050,073	9,986,014
Administration and Other expenses	11	71,445,034	28,607,899
Personnel expenses	12	58,941,774	28,904,246
Network and Other charges	13	3,455,389	691,739
Finance and Bank charges	14	205,900	68,789
Depreciation	5	1,615,028	366,409
		<b>158,713,198</b>	<b>68,625,096</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		<b>4,693,824</b>	<b>(23,677,358)</b>
Tax Expense			
- Current Tax		18,258,918	-
- Deferred Tax		(18,174,839)	-
<b>NET PROFIT AFTER TAX</b>		<b>4,609,745</b>	<b>(23,677,358)</b>
<b>BALANCE BROUGHT FORWARD</b>		<b>(26,097,867)</b>	<b>(2,420,509)</b>
<b>BALANCE CARRIED TO THE BALANCE SHEET</b>		<b>(21,488,122)</b>	<b>(26,097,867)</b>

**Earnings Per Share - Basic and Diluted**

1.51

(1,292.29)

(Refer Note 7 on Schedule 16)

SIGNIFICANT ACCOUNTING POLICIES 15

NOTES TO ACCOUNTS 16

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

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

For Price Waterhouse & Co.  
Firm Registration Number 050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number F 58507

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place : Gurgaon  
Date : April 28, 2011

Place : Noida  
Date : April 28, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

S.No.	Particulars	For the year ended March 31, 2011 Amount (₹)	For the year ended March 31, 2010 Amount (₹)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit/(loss) before tax	<b>4,693,824</b>	<b>(23,677,358)</b>
	Adjustments for:		
	Depreciation	1,615,028	366,409
	Interest Expense	38,365	66,055
	Interest Income	(581,663)	(107,252)
	(Profit)/Loss on sale of fixed assets	(110,029)	-
	Liability no longer required written back	(1,635,498)	-
	Provision for Bad & Doubtful Debts	41,056,716	6,525,118
	Provision for Gratuity & Leave Encashment	(337,878)	1,286,024
	TDS on revenue receipts	(15,606,721)	(4,371,030)
	Employee Stock Option Scheme Compensation Expense	-	1,131,692
	<b>Operating profit before working capital changes</b>	<b>29,132,143</b>	<b>(18,780,342)</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	(74,903,578)	(22,334,156)
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	(5,705,940)	(1,582,967)
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	67,804,447	15,007,761
	<b>Cash generated from operating activities</b>	<b>16,327,072</b>	<b>(27,689,704)</b>
	- Taxes (Paid) / Received (Net of TDS)	(55,109)	(5,730)
	<b>Net cash from operating activities</b>	<b>16,271,963</b>	<b>(27,695,434)</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Purchase of fixed assets	(4,152,599)	(1,251,669)
	Proceeds from Sale of fixed assets	501,999	-
	Interest Received (Revenue)	523,496	95,368
	<b>Net cash used in investing activities</b>	<b>(3,127,104)</b>	<b>(1,156,301)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Repayments of long term borrowings (Net)	(431,995)	(208,284)
	Proceed from fresh issue of share capital (Net)	-	30,375,000
	Interest Paid	(41,471)	(67,404)
	<b>Net cash used in financing activities</b>	<b>(473,466)</b>	<b>30,099,312</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>12,671,393</b>	<b>1,247,577</b>
	<b>Opening Balance of Cash and cash equivalents</b>	<b>3,414,997</b>	<b>2,167,420</b>
	<b>Closing Balance of Cash and cash equivalents</b>	<b>16,086,390</b>	<b>3,414,997</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash in hand	36,725	26,935
	<b>Balance with Scheduled Banks</b>		
	-in current accounts	-	1,426,779
	-in fixed deposits	16,049,665	1,961,283
		<b>16,086,390</b>	<b>3,414,997</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.
- Figures in brackets indicate cash outflow.

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

For Price Waterhouse & Co.  
Firm Registration Number 050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place: Gurgaon  
Date: April 28, 2011

Place: Noida  
Date: April 28, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars		As at March 31, 2011 (₹)		As at March 31, 2010 (₹)
<b>SCHEDULE 1 SHARE CAPITAL</b>				
<b>AUTHORISED CAPITAL</b> 5,000,000 Equity shares of ₹10/- each (Previous Year - 5,000,000 shares of ₹10/- each)		50,000,000		50,000,000
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b> 3,047,500 Equity shares of ₹10/- each fully paid up * (Previous Year - 3,047,500 Equity shares of ₹10/- each) (* 3,010,000 equity shares (Previous Year 3,010,000 shares) of ₹10/- each are held by Info Edge (India) Limited, the holding company and it's nominee)		30,475,000		30,475,000
		<b>30,475,000</b>		<b>30,475,000</b>
<b>SCHEDULE 2 STOCK OPTIONS OUTSTANDING ACCOUNT</b> (Refer Note 10 on Schedule 15 and Notes 10 & 11 on Schedule 16)				
Opening Balance	1,131,692		-	
Add: Transfer during the year	-		1,131,692	
Less: Written Back during the year	1,131,692		-	
		-		1,131,692
		-		<b>1,131,692</b>
<b>SCHEDULE 3 PROFIT &amp; LOSS ACCOUNT</b>				
As per last Balance Sheet	(26,097,867)		(2,420,509)	
Add: Transfer from Profit & loss Account	4,609,745	(21,488,122)	(23,677,358)	(26,097,867)
		<b>(21,488,122)</b>		<b>(26,097,867)</b>
<b>SCHEDULE 4 SECURED LOANS</b>				
Deferred payment liability (Refer Note 7 on Schedule 15 & Note 3 on Schedule 16) (Secured by way of hypothecation of vehicles) [Payable within one year ₹Nil (Previous Year ₹235,454)]			-	431,995
			-	<b>431,995</b>

**SCHEDULE 5**

**FIXED ASSETS (Refer Note 3,4 and 7(i) on Schedule 15)**

(₹)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	Up to April 1, 2010	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>OWN ASSETS</b>										
<b>Tangible Assets</b>										
Computers and Software	429,282	3,348,039	-	3,777,321	27,947	808,053	-	836,000	2,941,321	401,335
Office Equipment	812,407	814,540	-	1,626,947	123,965	596,592	-	720,557	906,390	688,442
<b>ASSETS TAKEN ON LEASE</b>										
Vehicles	857,986	-	857,986	-	255,633	210,383	466,016	-	-	602,353
<b>Total</b>	<b>2,099,675</b>	<b>4,162,579</b>	<b>857,986</b>	<b>5,404,268</b>	<b>407,545</b>	<b>1,615,028</b>	<b>466,016</b>	<b>1,556,557</b>	<b>3,847,711</b>	<b>1,692,130</b>
Capital Advances									-	9,980
<b>Previous Year</b>	<b>857,986</b>	<b>1,241,689</b>	<b>-</b>	<b>2,099,675</b>	<b>41,136</b>	<b>366,409</b>	<b>-</b>	<b>407,545</b>	<b>1,692,130</b>	

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars		As at March 31, 2011 (₹)		As at March 31, 2010 (₹)
<b>SCHEDULE 6</b>				
<b>SUNDRY DEBTORS</b>				
(Unsecured, Considered good unless otherwise stated)				
<b>Debts outstanding for a period exceeding six months</b>				
Considered doubtful	24,308,574		4,174,395	
Less: Provision for Doubtful Debts	24,308,574	-	4,174,395	-
<b>Other Debts</b>				
Considered good		53,818,951		19,972,089
Considered doubtful	21,112,405		2,342,076	
Less: Provision for Doubtful Debts	21,112,405	-	2,342,076	-
		<b>53,818,951</b>		<b>19,972,089</b>
<b>SCHEDULE 7</b>				
<b>CASH AND BANK BALANCES</b>				
Cash in hand		36,725		26,935
Bank Balances with scheduled banks :-				
-in Current Accounts		-		1,426,779
-in Fixed Deposit Accounts		16,049,665		1,961,283
		<b>16,086,390</b>		<b>3,414,997</b>
<b>SCHEDULE 8</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		1,625,073		477,501
Balance with Service Tax Authorities		106,734		304,557
Security Deposits		4,864,500		1,250,000
Advance Tax	20,358,778		4,638,781	
Less: Provision for Tax	18,258,918	2,099,860	-	4,638,781
Advance Fringe Benefit Tax	5,730		5,730	
Less: Provision for Fringe Benefit Tax	5,303	427	5,303	427
		<b>8,696,594</b>		<b>6,671,266</b>
<b>SCHEDULE 9</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors (Refer Note 1 on Schedule 16)				
- total outstanding dues of micro and small enterprises	-		-	
- total outstanding dues of creditors other than micro and small enterprises	52,662,768	52,662,768	21,533,729	21,533,729
Amount payable to Holding Company		19,296,259		16,527
Book Overdraft		5,580,399		-
Accrued Bonus		750,000		-
Other liabilities		12,798,535		3,368,756
Interest accrued but not due on loans		-		3,106
		<b>91,087,961</b>		<b>24,922,118</b>
<b>PROVISIONS</b>				
Employee benefits		948,146		1,286,024
(Refer Note 6 on Schedule 15 and Note 14 on Schedule 16)		<b>948,146</b>		<b>1,286,024</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
<b>SCHEDULE 10 OTHER INCOME</b>		
Interest Received:		
- On Fixed Deposits	581,663	107,252
(Tax deducted at source ₹58,167 Previous year ₹11,884 )		
Profit on sale of fixed asset	110,029	-
Provision no longer required written back	1,131,692	-
Miscellaneous Income	1,778,482	181,251
	<b>3,601,866</b>	<b>288,503</b>
<b>SCHEDULE 11 ADMINISTRATION AND OTHER EXPENSES</b>		
Electricity and Water	1,846,511	327,461
Rent (Refer Note 2 on Schedule 16)	6,733,564	1,002,000
Repairs and Maintenance (Building)	962,487	617,629
Repairs and Maintenance (Machinery)	115,358	73,137
Legal and Professional Charges	538,010	648,260
Rates & Taxes	4,200	4,610
Insurance	9,347	-
Communication expenses	2,298,227	686,972
Travel & Conveyance	4,209,697	2,374,649
Provision for Doubtful Debts	41,056,716	6,525,118
Miscellaneous expenses	5,854,952	2,388,987
Infrastructure & Business Support Expenses	7,815,965	13,959,076
	<b>71,445,034</b>	<b>28,607,899</b>
<b>SCHEDULE 12 PERSONNEL EXPENSES</b>		
(Refer Note 6 on Schedule 15 and Note 14 on Schedule 16)		
Salaries, Wages and Bonus	36,899,378	19,848,261
Contributions to Provident and other funds	1,994,352	1,398,899
Sales Incentives and Commissions	14,984,417	3,740,134
Staff Welfare and Benefits	2,907,096	1,534,904
Employee Stock Option Scheme Compensation	-	1,131,692
(Refer Note 10 on Schedule 15 and Note 10 on Schedule 16)		
Other Employee Expenses	2,156,531	1,250,356
	<b>58,941,774</b>	<b>28,904,246</b>
<b>SCHEDULE 13 NETWORK AND OTHER CHARGES</b>		
Internet and Server Charges	404,080	27,412
Others	3,051,309	664,327
	<b>3,455,389</b>	<b>691,739</b>
<b>SCHEDULE 14 FINANCE AND BANK CHARGES</b>		
Interest on fixed loans	38,365	66,055
Bank Charges	167,535	2,734
	<b>205,900</b>	<b>68,789</b>

## SCHEDULES TO THE ACCOUNTS

### Schedule 15

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Background

Allcheckdeals India Private Limited (the Company) was incorporated on August 1, 2008 under the Companies Act, 1956 (the 'Act') and is engaged in the business of providing services in relation to property bookings placed with builders / real estate developers.

##### 2. 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 (the 'Act') and the relevant provisions of the Act.

##### 3. Fixed Assets

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

Profit/Loss on disposal of fixed assets is recognized in the Profit & Loss Account.

##### 4. Depreciation

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

Asset	Estimated life (Years)
Vehicle	4
Computers & Software	3
Office Equipment	3

Assets costing less than or equal to ₹5,000 are fully depreciated in the year of acquisition.

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

##### 5. Revenue Recognition

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

The income is shown net of service tax and is not recognized in instances where there is uncertainty with regard to ultimate collection. In such cases income is recognized on reasonable certainty of collection.

##### 6. Employee Benefits (Refer Note 14 on Schedule 16 to Accounts)

The company has Defined Contribution plan for 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 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.

Termination benefits are recognized as an expense immediately.

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

##### 7. Leased Assets

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 capitalized 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 amount paid is allocated between the liability and the interest cost, so as to maintain 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.

## SCHEDULES TO THE ACCOUNTS

### 8. Taxes on Income

Tax expense comprises of current tax and deferred 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/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

### 9. 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.

### 10. Employee Stock Option Based Compensation

Stock options granted to the employees who accepted the grant under the Company's Stock Option Plan are accounted in accordance with the Guidance Note on Accounting for Employee Share based payment issued by Institute of Chartered Accountants of India. The Company follows the intrinsic value method and accordingly, the excess, if any, of the fair value 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 amortized on straight line basis over the vesting period.

### 11. Foreign Currency Transactions

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

### 12. Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

**SCHEDULES TO THE ACCOUNTS**

**Schedule 16**

**Notes to Accounts**

1. 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, 2011.

2. Operating Leases where the company is a lessee:

The company has entered into lease transaction mainly for leasing of office premise for a period of 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 recognized in the Profit & Loss Account amount to ₹6,733,564 (Previous Period ₹1,002,000) included in Schedule 11 – Administration and Other Expenses.

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

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

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Not later than 1 year	-	275,688
Later than 1 year and not later than 5 years	-	206,771
<b>Total minimum lease payments</b>	-	<b>482,459</b>
Less: Future finance charges on finance leases	-	50,464
<b>Present value of finance lease liabilities</b>	-	<b>431,995</b>
Representing lease liabilities:		
-Current	-	235,454
-Non current	-	196,541
	-	<b>431,995</b>
The present value of finance lease liabilities may be analyzed as follows:		
Not later than 1 year	-	235,454
Later than 1 year and not later than 5 years	-	196,541
	-	<b>431,995</b>

4. **Earnings in Foreign Currency (on cash basis)**

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
	NIL	NIL

5. **Expenditure in Foreign Exchange (on cash basis)**

	Year ended March 31, 2011	Year ended March 31, 2010
Travel Expenses	66,321	NIL
Others	23,502	NIL
<b>Total</b>	<b>89,823</b>	<b>NIL</b>

6. **Auditor's Remuneration**

Particulars	Year ended March 31, 2011 (₹)	Period ended March 31, 2010 (₹)
As Auditors	200,000	200,000
As Tax Auditors	50,000	50,000
Out of Pocket Expenses & Service Tax	41,848	37,001
	<b>291,848</b>	<b>287,001</b>

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

Particulars	Year ended March 31, 2011	Period ended March 31, 2010
Profit attributable to Equity Shareholders (₹)	4,609,745	(23,677,358)
Weighted average number of Equity Shares outstanding during the year (Nos.)	3,047,500	18,322
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	<b>1.51</b>	<b>(1,292.29)</b>

8. 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 Act, with regard to finished goods / raw materials and components consumed are not applicable.

## SCHEDULES TO THE ACCOUNTS

## 9. (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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:**

**Holding Company**

Info Edge (India) Limited (IEIL)

**Key Management Personnel (KMP) & Relatives**

Mr. Sanjeev Bikhchandani

Mr. Hitesh Oberoi

Mr. Ambarish Raghuvanshi

Mr. Prashan Agarwal (Resigned w.e.f January 08, 2011)

**Fellow Subsidiaries**

Jeevansathi Internet Services Private Limited (JISPL)

Naukri Internet Services Private Limited (NISPL)

Info Edge (India) Mauritius Limited (IEIML)

Info Edge USA Inc.

Applect Learning Systems Private Limited (ALSPL)

Etechaces Marketing and Consulting Private Limited (EMCPL)

**B) Details of transactions with related party for the year ended March 31, 2011 in the ordinary course of business:**

Amount (₹)

Sr. No	Nature of relationship / transaction	Holding Company	KMP & Relatives	Fellow Subsidiaries	Total
1	Remuneration Paid: Prashan Agarwal	-	2,994,232	-	2,994,232
2	Advances Received for business purposes (net):	10,783,734	-	-	10,783,734
3	Receipt of services: (inclusive of service tax)	7,282,296	-	-	7,282,296
4	Reimbursements payable to:	1,213,702	-	-	1,213,702

1. Amount paid to/on behalf of Allcheckdeals Employee Stock Option Plan Trust during the year are as follows:

(a). Advance given for business purpose ₹10,000

2. Amount due from Allcheckdeals Employees Stock Option Plan Trust as on March 31, 2011 is ₹398,500

**C) Amount due to related parties as at March 31, 2011**

Amount (₹)

Sr. No	Nature of relationship / transaction	Holding Company	KMP & Relatives	Total
	<b>Credit balance</b>			
1	Outstanding Payable	19,296,259	-	19,296,259

## 9. (2) 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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2010:**

**Holding Company**

Info Edge (India) Limited (IEIL)

**Key Management Personnel (KMP) & Relatives**

Mr. Sanjeev Bikhchandani

Mr. Hitesh Oberoi

Mr. Ambarish Raghuvanshi

Mr. Prashan Agarwal

**Fellow Subsidiaries**

Jeevansathi Internet Services Private Limited (JISPL)

Naukri Internet Services Private Limited (NISPL)

Info Edge (India) Mauritius Limited (IEIML)

Info Edge USA Inc.

Applect Learning Systems Private Limited (ALSPL)

## SCHEDULES TO THE ACCOUNTS

## B) Details of transactions with related party for the year ended March 31, 2010 in the ordinary course of business:

Amount (₹)

Sr. No	Nature of relationship/transaction	Holding Company	KMP & Relatives*	Fellow Subsidiaries	Total
1	Remuneration Paid: Prashan Agarwal	-	3,476,380	-	3,476,380
2	Advances Received for business purposes (net):	6,070,728	-	-	6,070,728
3	Receipt of services: (inclusive of service tax)	14,003,624	-	-	14,003,624
4	Reimbursements payable to:	1,263,134	-	-	1,263,134
5	Issue of shares:	30,000,000	-	-	30,000,000

\*Grant of 375,000 options under the ESOP scheme to Prashan Agarwal.

- Amount paid to/on behalf of Allcheckdeals Employee Stock Option Plan Trust during the year are as follows:
  - Issue of 37,500 shares of ₹10/- each ₹375,000
  - Advance given for business purpose ₹ 13,500
- Amount due from Allcheckdeals Employees Stock Option Plan Trust as on March 31, 2010 is ₹388,500

## C) Amount due to related parties as at March 31, 2010

Amount (₹)

Sr. No	Nature of relationship / transaction	Holding Company	KMP & Relatives	Total
	<b>Credit balance</b>			
1	Outstanding Payable	16,527	-	16,527

## 10. ACD ESOP Plan 2009

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, 2011 had a vesting period of maximum of 5 years from the date of grant.

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

Particulars	2010-11		2009-10	
	Number	Weighted Average Price (₹)	Number	Weighted Average Price (₹)
Options outstanding at beginning of year	410,300	1.77	-	-
<b>Add:</b>				
Options granted	-	-	418,400	1.93
<b>Less:</b>				
Options exercised	-	-	-	-
Options forfeited	395,200	1.46	8,100	10
Options outstanding at the end of year	15,100	10	410,300	1.77
Option exercisable at the end of year	4,530	10	37,500	1

Exercise Amount Range (₹)	Options outstanding as at March 31, 2011	Options outstanding as at March 31, 2010
1-10	-	410,300
<b>Grand Total</b>	-	<b>410,300</b>

In accordance with the above mentioned ESOP Scheme, ₹Nil (Previous Year 1,131,692) has been charged to the Profit and Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation.

- (A) - In respect of options vested during the year, had the fair value method been used, the profit for the year would be lower by ₹12,162 (Previous year 65,748) and the EPS would be ₹1.51 [Previous year (1,295.88)].

## SCHEDULES TO THE ACCOUNTS

(B) - The fair value of each option is estimated on the date of grant using the Black Scholes model with the below listed assumptions:

<b>ACD ESOP Plan 2009</b>	<b>2010-11</b>	<b>2009-10</b>
Weighted average fair value of the options at the grant dates	8.57	8.57
Dividend Yield (%)	0.00%	0.00%
Risk free rate	6.90%	6.90%
Expected life (years)	5.14	5.14
Expected volatility	0.00%	0.00%
Weighted average share price	10.05	10.05

12. No disclosure is required under Accounting Standard 17 on Segment Reporting specified in Companies (Accounting Standard) Rules, 2006 as the Company is operating in single business/geographical segment of earning commission income on property bookings.

13. The aggregate managerial remuneration under section 198 of the Companies Act, 1956 to the Director is: **Amount (₹)**

<b>Particulars</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
<b>Whole Time Director</b>		
Salary	2,044,480	2,490,680
Reimbursements	149,752	185,700
Bonus	800,000	800,000
<b>Total Remuneration</b>	<b>2,994,232</b>	<b>3,476,380</b>
<b>Total Managerial Remuneration Paid</b>	<b>2,994,232</b>	<b>3,476,380</b>
The above amounts exclude company's contribution to provision for gratuity 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:**

<b>Particulars</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
Net Profit before tax	4,693,826	(23,677,358)
Add: Depreciation as per accounts	1,615,028	366,409
Add: Wholetime Director's Remuneration	2,994,232	3,476,380
Add: Provision for Bad Debts	41,056,716	6,525,118
Less: Depreciation as per Section 350 of the Companies Act, 1956	1,615,028	366,409
Less: Profit on sale of fixed assets (net)	110,029	-
<b>Net Profit for the year under section 349</b>	<b>48,634,745</b>	<b>(13,675,860)</b>
Maximum amount payable to Whole time Directors (restricted to 10%)	4,863,475	
<b>Maximum Amount payable to Directors</b>		

During the current financial year, approval from Central Government has been obtained for payment of managerial remuneration in excess of the limits laid down in Schedule XIII of the Companies Act, 1956. In the Current year the payment is within the approved limits.

**14. (1) Employee Benefits for the year ended March 31, 2011:**

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

**A. Defined Contribution Plans**

**Amount (₹)**

a) Provident Fund

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

Employers' Contribution to Provident Fund *	1,441,886
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\*Included in Contribution to Provident and Other Funds under Personnel expenses (Refer Schedule 12)

## SCHEDULES TO THE ACCOUNTS

**B. State Plans**

## 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 *	383,512
---	---------

\*Included in Contribution to Provident and Other Funds under Personnel expenses (Refer Schedule 12)

Particulars	Leave Encashment / Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	8.25%	8.25%
Rate of increase in Compensation levels	15.0% in first 3 years, 10.0% in next 5 years, & 7% thereafter	15% in first 3 years, 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets	-	7.5%
Expected Average remaining working lives of employees (years)	-	10.58

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund Amount (₹)
<b>Present Value of Obligation as at Apr 1, 2010</b>	<b>714,052</b>
Interest Cost	96,770
Past Service Cost	Nil
Current Service Cost	496,516
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits paid	Nil
Actuarial (gain)/ loss on obligations	(375,678)
<b>Present Value of Obligation as at March 31, 2011</b>	<b>931,660</b>

(B) Changes in the Fair value of Plan Assets	Employee's Gratuity Fund Amount (₹)
<b>Fair Value of Plan Assets at the April 1, 2010</b>	<b>Nil</b>
Expected Return on Plan Assets	Nil
Actuarial Gains and Losses	53,554
Contributions	714,052
Benefits Paid	Nil
<b>Fair Value of Plan Assets at March 31, 2011</b>	<b>767,606</b>

(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets	Employee's Gratuity Fund Amount (₹)
<b>Present Value of funded Obligation as at March 31, 2011</b>	<b>931,660</b>
Fair Value of Plan Assets as at the end of the period	<b>767,606</b>
Funded Status	
<b>Present Value of unfunded Obligation as at March 31, 2011</b>	<b>Nil</b>
Unrecognized Actuarial (gains) / losses	Nil
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>	<b>164,054</b>

\*included in Employee Benefits (Refer Schedule 9)

(D) Expense recognized in the Profit and Loss Account	Employee's Gratuity Fund Amount (₹)
Current Service Cost	496,516
Past Service Cost	Nil
Interest Cost	96,770
Expected Return on Plan Assets	Nil
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain)/ loss recognized in the period	(429,232)
<b>Total Expenses recognized in the Profit &amp; Loss Account**</b>	<b>164,054</b>

\*\*Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 12)

In respect of leave encashment/compensated absence the present value of obligation is ₹784,092\* as at March 31, 2011. The expense recognized in the profit & loss account is ₹950,123\*\*.

\*included in Employee Benefits (Refer Schedule 9)

\*\*Included in Staff Welfare and Benefits under Personnel Cost (Refer Schedule 12)

## SCHEDULES TO THE ACCOUNTS

## 14 (2) Employee Benefits for the year ended March 31, 2010:

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

**A. Defined Contribution Plans**

Amount (₹)

## a) Provident Fund

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

Employers' Contribution to Provident Fund *	683,465
---	---------

\*Included in Contribution to Provident and Other Funds under Personnel expenses (Refer Schedule 12)

Particulars	Leave Encashment / Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in Compensation levels	15.0% in first 4 years, 10.0% in next 5 years, & 7% thereafter	15% in first 4 years, 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets	-	-
Expected Average remaining working lives of employees (years)	-	11.60

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund Amount (₹)
<b>Present Value of Obligation as at Apr 1, 2009</b>	-
Interest Cost	Nil
Past Service Cost	Nil
Current Service Cost	714,052
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits paid	Nil
Actuarial (gain)/ loss on obligations	Nil
<b>Present Value of Obligation as at March 31, 2010</b>	<b>714,052</b>

(B) Changes in the Fair value of Plan Assets	Employee's Gratuity Fund Amount (₹)
<b>Fair Value of Plan Assets at the April 1, 2009</b>	<b>Nil</b>
Expected Return on Plan Assets	Nil
Actuarial Gains and Losses	Nil
Contributions	Nil
Benefits Paid	Nil
<b>Fair Value of Plan Assets at March 31, 2010</b>	<b>Nil</b>

(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets	Employee's Gratuity Fund Amount (₹)
<b>Present Value of funded Obligation as at March 31, 2010</b>	<b>Nil</b>
Fair Value of Plan Assets as at the end of the period	<b>Nil</b>
Funded Status	
<b>Present Value of unfunded Obligation as at March 31, 2010</b>	714,052
Unrecognized Actuarial (gains) / losses	Nil
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>	<b>714,052</b>
*included in Employee Benefits (Refer Schedule 9)	

(D) Expense recognized in the Profit and Loss Account	Employee's Gratuity Fund Amount (₹)
Current Service Cost	714,052
Past Service Cost	Nil
Interest Cost	Nil
Expected Return on Plan Assets	Nil
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain)/ loss recognized in the period	Nil
<b>Total Expenses recognized in the Profit &amp; Loss Account**</b>	<b>714,052</b>

\*\*Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule 12)

In respect of leave encashment/compensated absence the present value of obligation is ₹571,972\* as at March 31, 2010. The expense recognized in the profit & loss account is ₹711,012\*\*.

\*included in Employee Benefits (Refer Schedule 9)

\*\*Included in Staff Welfare and Benefits under Personnel Cost (Refer Schedule 12)

## SCHEDULES TO THE ACCOUNTS

## 15. Deferred Taxes

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

<b>Deferred Tax Asset/ (Liability)</b>	<b>As at March 31, 2011 Amount (₹)</b>	<b>As at March 31, 2010 Amount (₹)*</b>
Provision for Leave Encashment	78,516	-
Provision for Doubtful Debts	12,923,105	-
Depreciation	(212,713)	-
Others	5,385,931	-
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>18,174,839</b>	<b>-</b>

\*In the absence of virtual certainty that deferred tax asset created on the carry forward tax loss for the period will be realized against future taxable profits, the company has not recognized the deferred tax asset.

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

For Price Waterhouse & Co.  
Firm Registration Number 050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number F 58507

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place : Gurgaon  
Date : April 28, 2011

Place: Noida  
Date : April 28, 2011

## APPLECT LEARNING SYSTEMS PRIVATE LIMITED

### DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Tenth Annual Report on the operations of the Company together with audited Profit and Loss Account for the year ending March 31, 2011 and the Balance Sheet as on that date.

#### Financial Results

	Year ended March 31, 2011 (₹)
(a) Turnover & other income	16,528,035
(b) Profit/ (Loss) (after depreciation)	(40,759,080)
Less: Provision for Tax	322,305
(c) Profit/ (Loss) after Tax	(41,081,385)
Add: Prior Period Item	NIL
Add: Profit/Loss Brought Forward	(56,594,135)
<b>Balance carried to Balance Sheet</b>	<b>(97,675,520)</b>

#### Dividend

The Company did not declare any dividend for strengthening the financial position of the Company.

#### Directors

There is no change in the Board of Directors of the Company during the year.

#### Auditors Report

Observation made by the Auditors in their Report are self explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

#### Statutory Auditors

M/s Price Waterhouse & Co., Chartered Accountants are the retiring auditors and are eligible to be re-appointed as Statutory Auditors to hold their office from the conclusion of the forthcoming Annual General Meeting to the conclusion of the next Annual General Meeting. They also have confirmed that if they would be appointed as statutory auditors of the Company, their appointment would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

#### Directors Responsibility Statement

In terms of the provisions of Section 217 (2AA) of the Companies Act, 1956, your directors declare as follows:

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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;
- (iv) That the directors had prepared the annual accounts on a going concern basis.

#### Particulars of Employees

None of the employees of your Company is getting salary in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

#### The Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Particulars relating to conservation of energy, technology absorption are NIL

Foreign exchange earning: NIL

Foreign exchange expenditure : NIL

#### Acknowledgement

Your board places on record its gratitude to Company's valued Customers, Dealers, Central and State Government and Bankers for their continued support and confidence in the Company.

**For and on behalf of the Board**

Place: New Delhi  
Dated: April 28, 2011

**Pawan Chauhan**  
**CHAIRMAN**

**AUDITORS' REPORT**

**To the Members of Applect Learning Systems Private Limited**

1. We have audited the attached Balance Sheet of Applect Learning Systems Private Limited (the "Company") as at March 31, 2011, 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 (together the "Order") 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 fixed assets.
    - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
    - (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 paragraph 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the year.
  - (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the 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 inventory, 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) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
  - (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, except dues in respect of income-tax, where delay was noted in few cases, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, 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, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2011 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of certain expenses	1,225,352	AY 2007-08	Commissioner of Income Tax, Appeals

## APPLECT LEARNING SYSTEMS PRIVATE LIMITED

- (x) The Company has accumulated losses as at March 31, 2011 which is more than fifty percent of its net worth and it has incurred cash losses in the financial year ended on that date and 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) During the year, the Company has issued 6% unsecured optionally fully convertible debentures amounting to ₹50,000,000 to Info Edge (India) Ltd. on which no security or charge is required to be created as the debentures are unsecured.
  - (xx) The Company has not raised any money by public issues during the year.
  - (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 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, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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, 2011;
    - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

Place: Gurgaon  
Date: April 28, 2011

Amitesh Dutta  
Partner  
Membership Number: F58507

**APPLECT LEARNING SYSTEMS PRIVATE LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2011**

Particulars	Schedule	As at	
		March 31, 2011	March 31, 2010
		(₹)	(₹)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Capital	1		196,550
Stock Options Outstanding (Refer Note 9 on Schedule 13)			76,665
Reserves and Surplus	2		65,664,309
<b>LOAN FUNDS</b>			
Unsecured Loan			
6% Optionally fully convertible Debentures (Refer Note 14 on Schedule 13)	3		50,000,000
			<b>115,937,524</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	4		
Gross Block		11,670,446	7,944,123
Less : Depreciation		6,044,906	3,468,505
Net Block			5,625,540
<b>Deferred Tax Assets</b> (Refer Note 2 on Schedule 13)			-
<b>Amount recoverable from ESOP Trust</b> (Refer Note 8 on Schedule 13)			190,000
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and Bank Balances	5	24,973,879	9,209,774
Loans and Advances and Other Current Assets	6	6,129,398	3,912,583
		31,103,277	13,122,357
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	7		
Current liabilities		18,122,798	8,448,293
Provisions		534,015	358,986
		18,656,813	8,807,279
<b>NET CURRENT ASSETS</b>			12,446,464
<b>PROFIT &amp; LOSS ACCOUNT</b>			97,675,520
			<b>115,937,524</b>
			<b>65,890,136</b>
SIGNIFICANT ACCOUNTING POLICIES	12		
NOTES TO ACCOUNTS	13		

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 Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number: F-58507

Pavan Chauhan  
Director

Ritesh Hemrajani  
Director

Place : Gurgaon  
Date : April 28, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

Particulars	Schedule	Year ended	
		March 31, 2011	March 31, 2010
		(₹)	(₹)
<b>INCOME</b>			
Sales (Refer Note 5 on Schedule 12)		14,039,680	3,922,234
Other Income	8	2,488,355	225,544
		<b>16,528,035</b>	<b>4,147,778</b>
<b>EXPENDITURE</b>			
Advertising and Promotion Cost		11,837,375	10,385,652
Administration and Other expenses	9	15,525,979	7,938,413
Personnel expenses	10	24,684,344	20,450,042
Financial Expenses	11	2,663,014	-
Depreciation	4	2,576,403	1,611,928
		<b>57,287,115</b>	<b>40,386,035</b>
<b>Net (Loss) before Tax</b>		<b>(40,759,080)</b>	<b>(36,238,257)</b>
Tax Expense			
- Current Tax		-	-
- Deferred Tax (Refer Note 2 on Schedule 13)		322,305	(322,305)
<b>Net (Loss) after Tax</b>		<b>(41,081,385)</b>	<b>(35,915,952)</b>
Balance brought forward		(56,594,135)	(20,678,183)
Transfer to General Reserve		-	-
<b>Balance carried to the balance sheet</b>		<b>(97,675,520)</b>	<b>(56,594,135)</b>
<b>Earnings Per Share - Basic and Diluted</b>		(2,090)	(2,290)

(Refer Note 6 on Schedule 13)

SIGNIFICANT ACCOUNTING POLICIES 12  
 NOTES TO ACCOUNTS 13

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.

For Price Waterhouse & Co.  
 Firm Registration Number:050032S  
 Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
 Partner  
 Membership Number: F-58507

Pavan Chauhan  
 Director

Ritesh Hemrajani  
 Director

Place : Gurgaon  
 Date : April 28, 2011

**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011**

Sr. No.	Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax	<b>(40,759,080)</b>	<b>(36,238,257)</b>
	Adjustments for:		
	Interest Income	(2,242,633)	(222,252)
	Depreciation	2,576,401	1,611,928
	Liability no longer required written back	(243,722)	(3,292)
	Employee Stock Option Scheme Compensation Expense	47,388	29,277
	Operating Profit /(Loss) before working capital changes	<b>(40,621,646)</b>	<b>(34,822,596)</b>
	Adjustments for changes in working capital changes:		
	- (Increase)/Decrease in Loans and Advances and Other Current Assets	(869,348)	(934,497)
	- Increase/(Decrease) in Trade payables and other liabilities	10,093,256	5,487,825
	Cash generated from operating activities	<b>(31,397,738)</b>	<b>(30,269,268)</b>
	Direct Taxes (Paid) / Received	(224,263)	(62,870)
	<b>Net Cash used in Operating Activities</b>	<b>(31,622,001)</b>	<b>(30,332,138)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(3,726,323)	(1,188,563)
	Interest received	1,119,429	201,224
	<b>Net Cash used in Investing Activities</b>	<b>(2,606,894)</b>	<b>(987,339)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issue of equity shares	-	35,421,891
	Proceeds from issue of debentures	50,000,000	-
	Loan given to ESOP trust	(7,000)	(183,000)
	<b>Net Cash from Financing Activities</b>	<b>49,993,000</b>	<b>35,238,891</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>15,764,105</b>	<b>3,919,414</b>
	<b>Opening balance of Cash and Cash Equivalents</b>	<b>9,209,774</b>	<b>5,290,360</b>
	<b>Closing balance of Cash and Cash Equivalents</b>	<b>24,973,879</b>	<b>9,209,774</b>

**Notes:**

- Cash and Cash Equivalents comprise Cash & Bank balances as per Schedule-5 of the accounts.
- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard(AS) - 3 on Cash Flow Statements, prescribed under Companies (Accounting Standards) Rules 2006, as notified by the Central Government vide its notification dated December 7, 2006.
- Previous year's figures have been regrouped / rearranged, wherever necessary to confirm to current year's presentation.

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

For Price Waterhouse & Co.  
Firm Registration Number:050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number: F-58507

Pavan Chauhan  
Director

Ritesh Hemrajani  
Director

Place: Gurgaon  
Date : April 28, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011 (₹)		As at March 31, 2010 (₹)	
<b>SCHEDULE 1 CAPITAL</b>				
<b>AUTHORISED CAPITAL</b> 2,50,000 Equity Shares of ₹10/- each (Previous year - 2,50,000 Equity Shares of ₹10/- each)		<b>2,500,000</b>		<b>2,500,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b> 19,655 Equity Shares of ₹10/- each fully paid up (Previous year - 19,655 Equity Shares of ₹10/- each fully paid up) Of the above, 7,865 Equity Shares of ₹10/- each fully paid up (Previous year - 7,865 Equity Shares of ₹10/- each fully paid up) are held by the Holding Company Info Edge (India) Limited (Refer Note 1 on Schedule 13)		196,550		196,550
		<b>196,550</b>		<b>196,550</b>
<b>SCHEDULE 2 RESERVES AND SURPLUS</b>				
<b>Securities Premium Account</b> Opening Balance Additions during the year (Refer Note 1 on Schedule 13)	65,664,309 -	65,664,309	30,302,158 35,362,151	65,664,309
		<b>65,664,309</b>		<b>65,664,309</b>
<b>SCHEDULE 3 LOAN FUNDS</b> (Unsecured Loans)				
6% Optionally fully convertible Debentures (10 nos., 6% Optionally fully convertible Debentures of ₹50 Lacs each. These debentures are redeemable in one of more tranches at the option of the investor at any time commencing from May 20, 2011) (Refer Note 14 on Schedule 13)		50,000,000		-
		<b>50,000,000</b>		<b>-</b>

**SCHEDULE 4  
FIXED ASSETS (Refer Note 2 and 3 on Schedule 12)**

(All amounts in ₹)

Description	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Leasehold Improvements	3,304,097	63,000	-	3,367,097	1,101,365	703,475	-	1,804,840	1,562,257	2,202,732
Computers and Software	3,018,179	2,962,199	-	5,980,378	1,655,569	1,358,437	-	3,014,006	2,966,372	1,362,610
Furniture and Fixtures	283,698	257,090	-	540,788	226,421	267,457	-	493,877	46,911	57,277
Office Equipment	564,123	303,165	-	867,288	323,646	159,104	-	482,750	384,538	240,477
Plant and Machinery	774,026	140,869	-	914,895	161,504	87,930	-	249,433	665,462	612,522
<b>Total</b>	<b>7,944,123</b>	<b>3,726,323</b>	<b>-</b>	<b>11,670,446</b>	<b>3,468,505</b>	<b>2,576,403</b>	<b>-</b>	<b>6,044,906</b>	<b>5,625,540</b>	<b>4,475,618</b>
<b>Previous year</b>	<b>6,755,560</b>	<b>1,188,563</b>	<b>-</b>	<b>7,944,123</b>	<b>1,856,577</b>	<b>1,611,928</b>	<b>-</b>	<b>3,468,505</b>	<b>4,475,618</b>	

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011		As at March 31, 2010	
	(₹)	(₹)	(₹)	(₹)
<b>SCHEDULE 5</b>				
<b>CASH AND BANK BALANCES</b>				
Bank Balances with scheduled banks:-				
- in Current Accounts		4,137,942		2,938,058
-in Fixed Deposit Accounts		20,835,937		6,271,716
		<b>24,973,879</b>		<b>9,209,774</b>
<b>SCHEDULE 6</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		919,852		283,883
Advance to Vendors		111,590		-
Security Deposits		1,430,000		925,000
Balance with Service tax Authorities		865,924		1,249,135
Advance Tax	3,040,063		2,815,800	
Less: Provision for Tax	1,394,310	1,645,753	1,394,310	1,421,490
Advance Tax -Fringe Benefits	248,980		248,980	
Less : Provision for Tax - Fringe Benefits	243,168	5,812	243,168	5,812
Interest Accrued on Fixed Deposits		1,150,467		27,263
		<b>6,129,398</b>		<b>3,912,583</b>
<b>SCHEDULE 7</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors				
- total outstanding dues of Micro and Small Enterprises (Refer Note 3 on Schedule 13)	-		-	
- total outstanding dues of Creditors other than Micro and Small enterprises	5,398,614	5,398,614	4,895,816	4,895,816
Deferred Sale Revenue		9,721,906		3,301,256
Advance from customers		21,516		2,276
6% Debenture Interest Payable		2,396,713		-
Other liabilities		584,049		248,945
		<b>18,122,798</b>		<b>8,448,293</b>
<b>PROVISIONS</b>				
Provision for Leave Encashment*		45,619		57,624
Provision for Gratuity*		488,396		301,362
* (Refer Note 6 on Schedule 12 and Note 11 on Schedule 13)				
		<b>534,015</b>		<b>358,986</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
<b>SCHEDULE 8</b>		
<b>OTHER INCOME</b>		
Interest Received:		
- On Fixed Deposits	2,242,633	222,252
[Tax deducted at source ₹2,24,263 (Previous year - ₹30,774)]		
Liability no longer required written back	243,722	3,292
Miscellaneous Income	2,000	-
	<b>2,488,355</b>	<b>225,544</b>
<b>SCHEDULE 9</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Books & Periodicals	29,259	45,857
Domain Name Expenses	12,479	15,482
Electricity & Water Expenses	621,640	497,414
Foreign Exchange Variation	36,480	-
Office Expenses	244,648	232,081
Postage & Courier	465,424	63,100
Printing & Stationery	202,814	238,635
Printed Educational Material	2,975,196	-
Server Hire Charges	1,479,044	685,024
Insurance Expenses	10,027	919
Import Services Expenses (TDS paid u/s 195)	174,749	-
Rent (Refer Note 4 on Schedule 13)	3,447,000	2,700,000
Repairs and Maintenance -Others	787,862	503,214
Legal and Professional Charges	2,202,883	1,370,878
Auditors' remuneration (excluding service tax)		
- Audit Fee	200,000	200,000
- Tax Audit Fee	50,000	50,000
Rates & Taxes	12,466	5,086
Recruitment & Training Expenses	286,445	83,581
Communication Expenses	1,216,985	811,464
Transaction Charges	429,384	226,634
Travel & Conveyance	280,598	74,520
Bank Charges	197,239	78,150
Web Development Expenses	74,964	-
Miscellaneous Expenses	88,393	56,374
	<b>15,525,979</b>	<b>7,938,413</b>
<b>SCHEDULE 10</b>		
<b>PERSONNEL EXPENSES</b>		
(Refer Note 6 on Schedule 12 and Note 11 on Schedule 13)		
Salaries, Wages and Bonus	21,833,439	19,280,049
Contributions to Provident and Other Funds	930,851	600,276
Staff Welfare and Benefits	1,920,054	569,717
	<b>24,684,344</b>	<b>20,450,042</b>
<b>SCHEDULE 11</b>		
<b>FINANCIAL EXPENSES</b>		
(Refer Note 8(1)(B) on Schedule 13)		
Interest on 6% Convertible Debentures	2,663,014	-
	<b>2,663,014</b>	<b>-</b>

## SCHEDULES TO THE ACCOUNTS

### Schedule 12

#### 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 (the "Act") and the relevant provisions of the Act.

##### 2. Fixed Assets

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

##### 3. Depreciation/Amortization

Fixed assets are depreciated under written down value method at the rates and in the manner prescribed in Schedule XIV to the Act.

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

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

##### 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 foreign exchange rate between the transaction date and settlement date are recognized in the Profit and Loss Account. Foreign currency monetary assets and 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 primarily earns revenue from online coaching services.

Revenue from online coaching is received in the form of subscription fee which is recognized over the period that coaching is imparted. Revenue is shown net of service tax and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

##### 6. Employee Benefits (Refer Note 11 on Schedule 13 to Accounts)

The company has Defined Contribution plan for 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 has Defined Benefit plans namely leave encashment and gratuity for employees (both unfunded), the liabilities for which are determined on the basis of actuarial valuations at the end of the year.

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

##### 7. 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.

##### 8. Taxes on Income

Tax expense comprises of current tax and deferred 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/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

##### 9. Earnings Per Share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the net profit/loss 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.

**SCHEDULES TO THE ACCOUNTS**

**10 Employee Stock Option based Compensation**

Stock options granted to the employees who accepted the grant under the Company's Stock Option Plan are accounted in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Company follows the intrinsic value method and accordingly, the excess, if any, of the fair value of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognised as employee compensation cost and amortised on straight line basis over the vesting period.

**11 Provisions and Contingencies**

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

**Schedule 13**

**NOTES TO ACCOUNTS**

- The Company had entered into an investment cum shareholder agreement with Info Edge (India) Limited on May 12, 2008 for subscription of 7,865 ordinary shares (to be freshly issued) of ₹65,000,000 at a premium of ₹8,254.47 per share, by virtue of which the Company had issued 3,581 equity shares of ₹10 each to Info Edge (India) Limited at an aggregate share premium amounting to ₹29,559,257 during the financial year 2008-09 and 4,284 equity shares of ₹10 each at an aggregate share premium amounting to ₹35,362,151 during the previous year.  
Info Edge (India) Ltd. is the holding Company by virtue of control over the composition of the Board of Directors of the Company.

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

<b>Deferred Tax Asset /(Liability)</b>	<b>As at March 31, 2011</b>	<b>As at March 31, 2010</b>
Depreciation	-	200,286
Provision for Gratuity	-	102,433
Provision for Leave Encashment	-	19,586
<b>Net Deferred Tax Asset */(Liability)</b>	<b>-</b>	<b>322,305</b>

Deferred tax asset created in earlier years has been written off in the current year as the Company continues to be in losses without any taxable income.

- 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, 2011.
- Operating Leases where the company is a lessee :  
The operating lease payments recognised in the Profit & Loss Account amount to ₹3,447,000 (Previous year - ₹2,700,000) (included in Schedule 9- Administration and Other Expenses).

<b>Total of future minimum lease payments under non-cancellable operating leases</b>	<b>Amount (₹)</b>
Not later than one year	4,976,333
Later than one year and not later than five years	6,550,000

**5. Auditor's Remuneration\***

<b>Particulars</b>	<b>Year ended March 31, 2011 (₹)</b>	<b>Year ended March 31, 2010 (₹)</b>
As Auditors	200,000	200,000
As Tax Auditors	50,000	50,000
Out of Pocket Expenses	15,000	20,000
<b>Total</b>	<b>265,000</b>	<b>270,000</b>

\* Excluding service tax

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

<b>Particulars</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
Profit/(Loss) attributable to Equity Shareholders (₹)	(41,081,385)	(35,915,952)
Weighted average number of Equity Shares outstanding during the year (Nos.)	19,655	15,686
<b>Basic Earnings Per Equity Share of ₹10 each (₹)</b>	<b>(2,090)</b>	<b>(2,290)</b>

- 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 Act, with regard to finished goods / raw materials and components consumed are not applicable.

**SCHEDULES TO THE ACCOUNTS**

**8. (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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011.**

**Holding Company**

Info Edge (India) Limited

**Key Management Personnel (KMP)**

Mr. Ritesh Hemrajani (Director)  
Mr. Pavan Chauhan (Director)  
Mr. Sudhir Bhargava (Director)

- B) Details of transactions with related party for the year ended March 31, 2011 in the ordinary course of business:**

(All amounts in ₹)

Sr.No	Nature of relationship / transaction	Info Edge (India) Limited	KMP	Total
1	Amount received towards issue of 6% optionally fully convertible debenture	50,000,000	-	50,000,000
2	Amount paid towards 6 months Resdex Premium services taken on Naukri.com	81,622	-	81,622
3	Amount given to Mr. Ritesh Hemrajani as unsecured loan	-	50,000	50,000
4	Amount received from Mr. Ritesh Hemrajani towards unsecured loan	-	50,000	50,000
5	6% Debenture interest payable (Gross of TDS)	2,663,014	-	2,663,014

1 Loan given to Applect Employees Stock Option Plan Trust during the year ₹7,000

2 Amount due from Applect Employees Stock Option Plan Trust as on March 31, 2011 is ₹190,000.

3 The directors do not take any remuneration.

**8 (2) Related Party Disclosures for the year ended March 31, 2010**

- 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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2010**

**Investing Party in respect of which the Company is an associate**

Info Edge (India) Limited

**Key Management Personnel (KMP)**

Mr. Ritesh Hemrajani (Director)  
Mr. Pavan Chauhan (Director)  
Mr. Sudhir Bhargava (Director)

- B) Details of transactions with related party for the year ended March 31, 2010 in the ordinary course of business:**

(All amount in ₹)

Sr.No	Nature of relationship / transaction	Info Edge India Limited	KMP	Total
1	Amount received towards share subscription	35,400,057	-	35,400,057

**9. Employees Stock Option Scheme 2009 (ESOP)**

The company has set up a trust to administer the ESOP scheme under which options have been granted to the employees. Under this option, 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, 2011 have a vesting period of 2 years from the date of grant.

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

Particulars	Number of options	Weighted average exercise price
Outstanding at start of year	1,138	₹10
Granted during the year	-	-
Forfeited during the year	393	₹10
Outstanding at end of year	745	₹10
Exercisable at end of year	-	-

The options outstanding at March 31, 2011 had an exercise price of ₹10 and the employees to whom these have been granted have a weighted average remaining employment life of 26 years.

**SCHEDULES TO THE ACCOUNTS**

In accordance with the above mentioned ESOP Scheme, ₹47,389 (Previous Year ₹29,277) has been charged to the Profit & Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation.

<b>Stock Options Outstanding</b>	<b>As at March 31, 2011</b>	<b>As at March 31, 2010</b>
Opening Balance	29,277	-
Add: Transfer during the year	47,388	29,277
<b>Closing Balance</b>	<b>76,665</b>	<b>29,277</b>

In respect of the options vested during the year, had the fair value method been used, the loss for the year would be higher by ₹831 and the EPS would be ₹(2,090).

10. Contingent Liabilities not provided for Income Tax assessments disputed in appeals ₹1,225,352 (Previous Year – ₹1,225,352)  
The future cash flows on account of above cannot be determined unless the judgement / decision is received from the appropriate forum.

**11. Employee Benefits**

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

**A. Defined Contribution Plan**

Provident Fund

Employee State Insurance

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

<b>Particulars</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
	(₹)	(₹)
Employers Contribution to Provident Fund*	645,518	5,29,265
Employers Contribution to Employee State Insurance*	198,722	NIL

\*Included in Contribution to Provident and Other Funds under Personnel expenses (Refer Schedule 10)

**B. Defined Benefit Plans**

(a) Gratuity payable to employees: The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on retirement or termination of service, whichever is earlier.

(b) Leave Encashment for Employees

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

<b>Particulars</b>	<b>Leave Encashment/ Compensated Absence</b>		<b>Gratuity payable to employees</b>	
	<b>As on March 31, 2011</b>	<b>As on March 31, 2010</b>	<b>As on March 31, 2011</b>	<b>As on March 31, 2010</b>
Present value of Obligation as at April 1, 2010	57,624	25,450	3,01,362	1,45,939
Interest Cost	4,610	1,909	24,109	10,945
Current Service Cost	15,854	37,512	1,84,915	1,62,502
Benefits Paid	(47,740)	(2,725)	-	-
Actuarial (gain) / loss on Obligations	15,271	(4,522)	(21,990)	(18,024)
Present value of Obligation as at March 31, 2011	<b>45,619</b>	<b>57,624</b>	<b>4,88,396</b>	<b>3,01,362</b>

**(B) Reconciliation of Present value of Defined Benefit Obligation and Fair value of Assets:**

<b>Particulars</b>	<b>Leave Encashment/ Compensated Absence</b>		<b>Gratuity payable to employees</b>	
	<b>As on March 31, 2011</b>	<b>As on March 31, 2010</b>	<b>As on March 31, 2011</b>	<b>As on March 31, 2010</b>
Present value of unfunded Obligation as at March 31, 2011	45,619	57,624	488,396	301,362
Unrecognised Actuarial (gains)/losses	-	-	-	-
Unfunded Net (Asset)/ Liability recognized in Balance Sheet **	45,619	57,624	488,396	301,362

\*\* shown under Provisions (Refer Schedule 7)

SCHEDULES TO THE ACCOUNTS

(C) Expenses Recognised in Profit and Loss Account:

Particulars	Leave Encashment/ Compensated Absence		Gratuity payable to employees	
	As on March 31, 2011	As on March 31, 2010	As on March 31, 2011	As on March 31, 2010
Current service cost	15,854	37,512	1,84,915	1,62,502
Interest Cost	4,610	1,909	24,109	10,945
Net Actuarial (gain) / loss recognized during the year	15,271	(4,522)	(21,990)	(18,024)
Total Expense recognized in Profit and Loss Account **	<b>35,735</b>	<b>34,899</b>	<b>1,87,034</b>	<b>1,55,423</b>

\*\* included in "Salaries, Wages and Bonus" under Personnel expenses (Refer Schedule 10)

The principal actuarial assumptions used at the balance sheet date for actuarial valuation of gratuity and leave encashment are as follows:

Particulars	Leave Encashment/ Compensated Absence		Gratuity payable to employees	
	As on March 31, 2011	As on March 31, 2010	As on March 31, 2011	As on March 31, 2010
Discount Rate (per annum)	8.00%	7.50%	8.00%	7.50%
Rate of increase in compensation levels (per annum)	5.00%	4.50%	5.00%	4.50%
Expected Average remaining working lives of employees (years)	31.51	31.38	31.51	31.38

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, future salary increases, seniority, promotion and other relevant factors on long term basis.

12. The Company is in the business of internet based service delivery which constitute a single business segment, therefore there is no reportable segment as per the requirements of Accounting Standards – 17 on "Segment Reporting" prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 7, 2006.
13. The Company's business activities, together with the factors likely to affect its future development and performance along with the financial position of the Company and its projected cash flows have been reviewed by the Board of Directors and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, although the net worth has eroded as at the year-end. Thus the Company has continued to adopt the going concern basis of accounting in preparing the financial statements.
14. During the year, the Company has issued 10 nos. 6% optionally fully convertible debentures of ₹50 Lacs each. These debentures are redeemable in one of more tranches at the option of the investor at any time commencing from May 20, 2011. The transfer to Debenture Redemption Reserve could not be made in the current year due to absence of profit. The shortfall in such transfer will be made good out of profits in the subsequent years before redemption of the Debentures commence.
15. Previous year's figures have been regrouped / rearranged, wherever necessary to confirm to current year's presentation.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and behalf of the Directors

Amitesh Dutta  
Partner  
Membership Number: F-58507

Place: Gurgaon  
Date: April 28, 2011

Pawan Chauhan  
(Director)

Ritesh Hemrajani  
(Director)

**BALANCE SHEET AS AT MARCH 31, 2011**

Particulars	Schedule	As at March 31, 2011 (US Dollar)	As at March 31, 2010 (US Dollar)
<b>ASSETS</b>			
Total Current Assets		-	-
Total Other Assets		-	-
<b>Total Assets</b>		-	-
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Trade Payables		3,718	2,394
<b>Total Current Liabilities</b>	<b>1</b>	<b>3,718</b>	<b>2,394</b>
<b>Total Liabilities</b>		<b>3,718</b>	<b>2,394</b>
<b>Stockholders' Equity</b>			
Common Stock (refer notes 2 to schedule 3)		-	-
Retained earnings		(3,718)	(2,394)
<b>Total Stockholders' Equity</b>		<b>(3,718)</b>	<b>(919)</b>
<b>Total Liabilities and Stockholders' Equity</b>		-	-

Notes to Accounts

3

The schedules referred to above form an integral part of these financial statements

Approved by the Board of Directors on April 28, 2011

For and on behalf of Board of Directors

Sanjeev Bikhchandani  
(Director)Ambarish Raghuvanshi  
(Director)

## STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	For the Year ended March 31, 2011 (US Dollar)	For the Year ended March 31, 2010 (US Dollar)
Income			
Services		-	-
<b>Total Revenues</b>		-	-
<b>Operating Expenses</b>			
<b>General and Administrative Expenses</b>		1,324	1,475
<b>Total Operating Expenses</b>	<b>2</b>	<b>1,324</b>	<b>1,475</b>
<b>Operating Income</b>		<b>(1,324)</b>	<b>(1,475)</b>
Interest Expense		-	-
<b>Income before Income Taxes</b>		<b>(1,324)</b>	<b>(1,475)</b>
Income Tax Expense		-	-
<b>Net Income for the year/period</b>		<b>(1,324)</b>	<b>(1,475)</b>
<b>Earnings Per Share</b>			
Basic & Diluted		-	-

The schedules referred to above form an integral part of these financial statements

Approved by the Board of Directors on April 28, 2011  
For and on behalf of Board of Directors

Sanjeev Bikhchandani  
(Director)

Ambarish Raghuvanshi  
(Director)

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011 (US Dollar)	As at March 31, 2010 (US Dollar)
<b>SCHEDULE 1</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
-Stradling Yocca Carlson & Rauth	1,924	600
Payable to Holding Company	1,794	1,794
	<b>3,718</b>	<b>2,394</b>

**SCHEDULES FORMING PART OF THE INCOME STATEMENT**

Particulars	For the year ended March 31, 2011 (US Dollar)	For the year ended March 31, 2010 (US Dollar)
<b>SCHEDULE 2</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Annual Filing Fees	125	25
Franchisee Tax	125	75
Attorney Support Service	127	215
Bank Charges	-	62
Professional Charges	947	1,099
	<b>1,324</b>	<b>1,475</b>

**SCHEDULES TO THE ACCOUNTS****SCHEDULE 3  
NOTES TO ACCOUNTS****1. Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (US GAAP).

**2. Share Capital**

Per the by-laws of the corporation it is authorized to issue 1000 shares of common stock of USD 0.0001 par value per share. During the year no shares were issue and subscribed.

**3. Dissolution and Current Status**

Due to the changes in the economic environment and absence of operations the management decided to dissolve the corporation and accordingly the "Certificate of Dissolution" was filed with Division of Corporations, Secretary of State, State of Delaware USA on November 15, 2010 and duly authenticated by State of Delaware on November 17, 2010.

**4. 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.

**5. Related Party Transactions**

Transactions and balances involving the Company and its ultimate holding company were as follows:

Particulars	FY 2010-11	FY 2009-10
	USD	USD
Expenses paid by ultimate holding company	1,794	1,794
<b>Total</b>	<b>1,794</b>	<b>1,794</b>

**DIRECTOR'S REPORT**

**To,  
The Members  
ETECHACES MARKETING AND CONSULTING PVT. LTD.**

The Directors here by present their 3<sup>rd</sup> Annual Report on the business and operations of the Company and the financial accounts for the year ending March 31, 2011.

**1. FINANCIAL RESULTS**

	<b>For the period April 1, 2010 to March 31, 2011 (₹)</b>
Income	108,655,326
Expenditure	187,539,896
Net Loss after tax for the period	78,985,472

**2. REVIEW OPERATION**

The Directors bring to you that during the third year of operation the Company has earned income of Rs. 108,655,326 and incurred expenditure amounted to Rs. 187,539,896 and incurred net loss of Rs. 78,985,472 during the year ending March 31, 2011.

Company has been maintaining a constant high revenue growth trend since its inception. Its revenue has been increased by 112 % since last financial year.

During 2011-12 the company has plans to hire more resources in order to fulfill the requirements of existing and new customers.

It is also observed that during the year 2010-11, its subsidiary company 'Policybazaar Insurance Broking Private Ltd.' has suffered net loss of Rs. 21.94 Lacs and the net worth of the company (i.e. Policybazaar Insurance Broking Private Ltd) has been fully eroded as at the year-end. The board feels that it is an strategic investment and confident about the future profitability of the company after commencement of its commercial operation subsequent to receipt of the broking licence for which necessary application has been made to regulatory authorities in the earlier years and is currently awaited.

Further during the financial year 2010-11 company has acquired another company, Best e Cluster Soft Services Private limited in January 2011. Best e Cluster Soft Services Private Limited, the second subsidiary of company has suffered a net loss of Rs. 10.59 Lacs in current financial year and the net worth of the company has been fully eroded. The board feels that the diminution of the net worth of this subsidiary is temporary and due to initial setup expenditure. The company is in the process of setting up of necessary infrastructure, facilities, and approvals etc for starting telemarketing and other ancillary business activities. The subsidiary is likely to start generating revenue in next few months.

**3. DEPOSITS**

The Company has not accepted any Fixed Deposits, or loans, secured or unsecured, form companies, firms or from the public during the period under view.

**4. MANAGEMENT**

There has been no change or addition in the Board of Directors of the company.

**5. EMPLOYEE RELATIONS**

The relations of the Employees are cordial. The company has been constantly making efforts to provide maximum satisfaction to its employees.

**6. INFORMATION IN ACCORDANCE WITH THE PROVISION OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE, 1988**

Information regarding Energy conservation and Technology absorption required to be disclosed under Section 217(1)(e) of the Companies Act, 1988 is not applicable as the Company is solely engaged in the business of Online Insurance Aggregation.

**7. PERSONNEL**

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

**8. FOREIGN EXCHANGE EARNING AND OUT GO**

The Company during the year 2010-11 of its operation does not have any foreign earning nor made any foreign exchange payment.

**9. DIRECTORS RESPONSIBILITY STATEMENT**

As per provision of Section 217 (2AA) of the Companies Act, 1956, the Directors states:-

- That in preparation of the annual accounts for the period ending March 31, 2011, the applicable accounting standards have been followed along with proper explanation, that there were no material departures in the applicable accounting standards followed while preparing the annual accounts;
- That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ending March 31, 2011 and of the profit or loss of the company for the period April 1, 2010 to March 31, 2011;
- That the directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provision of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- That the directors had prepared the annual accounts for the year ending March 31, 2011, on a going concern basis.

**10. THE BOARD**

The Board of directors is dully constituted and has been continuing the same as that since the 1<sup>st</sup> Annual General Meeting of the Company. There has been no such change or addition of any new directors.

**ETECHACES MARKETING AND CONSULTING PRIVATE LIMITED**

**11. AUDITORS**

Pursuant to the provision of Section 244 of the Companies Act, 1956, M/s. Price Waterhouse & Co, Chartered Accountants, Building 8, 7<sup>th</sup> & 8<sup>th</sup> Floor, Tower- B, DLF Cyber City, Gurgaon-122002, Haryana, to hold office until the conclusion of the ensuring annual general meeting and are recommended for reappointment.

**12. STATUTORY COMPLIANCE**

The Company has in all aspect complied with the concerned provision relating to statutory compliance with regards to the affairs of the company.

**13. STATEMENT OF SUBSIDIARY**

In Compliance with Sec.212 (1) of the Company's Act 1956, the copy of balance sheet, profit and loss account, reports of the board of Directors, Auditors report of the subsidiary companies have been attached in the balance Sheet of the Company.

There are two subsidiary companies as on March 31, 2011 and the detail of the subsidiary company as well as the extent of the shareholding therein are provided as Annexure1 of this Directors report which forms integral part of this Directors Report

**14. ACKNOWLEDGEMENTS**

Your directors would like to express their sincere thanks for the co-operation, gratitude and gratefulness to the shareholders of the company for the confidence reposed in the management. They wish to place on record their appreciation of the assistance received by the company from shareholders, customers, banks, government and other agencies, advisors and professionals and look forward to their continued support in the coming year as well. Your directors also wish to place on record their appreciation for sincere services, enthusiastic co-operation, hard work and dedication rendered by all the employees of the Company.

For and behalf of the Board of Directors of  
Etechaces Marketing and Consulting Pvt. Ltd.

Mr. Avaneesh Nirjar  
Chairman & Director

Mr. Alok Bansal  
Director

**(ANNEXURE-I)**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATED TO SUBSIDIARY COMPANIES**

S. No.	Name of the subsidiary company	Financial year of the subsidiary company ended on	Interest of the company in the subsidiary companies at the end of their respective financial years		Net aggregate of profit/(loss) of the subsidiary company so far it concerns the members of Etechaces Marketing and Consulting Pvt. Ltd			
			Shareholding (no. of shares)	Extent of holding (%)	Deal within the accounts of the company amounted to (Rs. In Thousand)		Not deal within the accounts of the company amounted (Rs. In Thousand)	
					For subsidiary's Financial Year ended on March 31, 2011	For Previous Financial years of the subsidiary since it became subsidiary of Etechaces Marketing and Consulting Pvt. Ltd	For subsidiary's Financial year ended on March 31, 2011	For previous financial year of the subsidiary since it became subsidiary of Etechaces Marketing and Consulting Pvt. Ltd
1	POLICYBAZAAR INSURANCE BROKING PVT.LTD	March 31, 2011	469999	99.99	Nil	Nil	2190	2506
2	BEST e CLUSTER SOFT SERVICES PVT. LTD.	March 31, 2011	999	99.90	Nil	Nil	1059	Nil

For and behalf of the Board of Directors of  
Etechaces Marketing and Consulting Pvt. Ltd.

Mr. Avaneesh Nirjar  
Mr. Alok Bansal  
Director

Place: Gurgaon  
Date: April 30, 2011

**AUDITORS' REPORT**

**To the Members of Etechaces Marketing and Consulting Private Limited**

1. We have audited the attached Balance Sheet of Etechaces Marketing and Consulting Private Limited (the "Company") as at March 31, 2011, 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 (together the "Order") 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 fixed assets.
    - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
    - (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 paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the year.
  - (iii)
    - (a) The Company has granted unsecured loan, to a director covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to ₹2,047,774 and ₹Nil, respectively.
    - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
    - (c) In respect of the aforesaid loan, the party is repaying the principal amount as stipulated and is also regular in payment of interest, where applicable.
    - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
    - (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(f) and (iii)(g) of paragraph 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the 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, no major weakness have been noticed or reported.
  - (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, there are no 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, which have been made at prices which are not 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, custom duty, excise duty and cess which have not been deposited on account of any dispute.
  - (x) As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.

## ETECHACES MARKETING AND CONSULTING PRIVATE LIMITED

- (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 debenture outstanding at year end.
  - (xx) The Company has not raised any money by public issues during the year.
  - (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 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, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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, 2011;
    - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

Place : Gurgaon  
Date : April 28, 2011

Amitesh Dutta  
Partner  
Membership Number F58507

**BALANCE SHEET AS AT MARCH 31, 2011**

Particulars	Schedule	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders funds</b>			
Capital	1	240,590	183,830
Stock Options Outstanding		299,099	-
Reserves and Surplus	2	194,377,514	99,438,458
		<b>194,917,203</b>	<b>99,622,288</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross Block	3	16,031,144	3,479,828
Less : Depreciation		6,657,820	1,995,923
Net Block		<b>9,373,324</b>	<b>1,483,905</b>
<b>Investments</b>	4	<b>4,799,900</b>	<b>8,000,000</b>
<b>Deferred Tax Assets</b> (Refer Note 2 on Schedule 14)		-	<b>100,902</b>
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	5	55,341,152	23,234,326
Cash and Bank Balance	6	2,567,398	2,424,430
Loans and Advances and Other Current Assets	7	21,881,851	9,079,239
		<b>79,790,401</b>	<b>34,737,995</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	8	59,897,161	27,205,541
Provisions	9	1,068,360	428,600
		<b>60,965,521</b>	<b>27,634,141</b>
<b>Net Current Assets</b>		<b>18,824,880</b>	<b>7,103,854</b>
<b>Profit &amp; Loss Account</b>		<b>161,919,099</b>	<b>82,933,627</b>
		<b>194,917,203</b>	<b>99,622,288</b>

**Significant Accounting Policies**

**13**

**Notes to Accounts**

**14**

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 Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number: F-58507

Yashish Dahiya  
Director

Alok Bansal  
Director

Place : Gurgaon  
Date : April 28, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

Particulars	Schedule	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
<b>INCOME</b>			
Sales (Refer Note 5 on Schedule 13)		107,534,616	50,272,794
Other Income	<b>10</b>	1,120,710	873,074
		<b>108,655,326</b>	<b>51,145,868</b>
<b>EXPENDITURE</b>			
Advertising and Promotion Cost		90,886,222	45,863,585
Administration and Other expenses	<b>11</b>	38,837,538	21,175,060
Personnel expenses	<b>12</b>	53,142,901	33,147,891
Depreciation	<b>3</b>	4,673,235	1,142,930
		<b>187,539,896</b>	<b>101,329,466</b>
<b>Net Loss before Tax</b>		<b>(78,884,570)</b>	<b>(50,183,598)</b>
Tax Expense			
- Current Tax		-	-
- Deferred Tax charge/(gain)		100,902	(100,902)
<b>Net Loss after Tax</b>		<b>(78,985,472)</b>	<b>(50,082,696)</b>
Balance brought forward		<b>(82,933,627)</b>	<b>(32,850,931)</b>
<b>Balance carried to balance sheet</b>		<b>(161,919,099)</b>	<b>(82,933,627)</b>
<b>Earnings Per Share - Basic and Diluted</b> (Refer note 8 on Schedule 14)		<b>(3,655.55)</b>	<b>(2,938.31)</b>
<b>Significant accounting policies</b>	<b>13</b>		
<b>Notes to Accounts</b>	<b>14</b>		

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

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

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number: F-58507

Yashish Dahiya  
Director

Alok Bansal  
Director

Place : Gurgaon  
Date : April 28, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

S.No.	Particulars		Year ended March 31,2011 (₹)
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Loss Before Tax		(78,884,570)
	Adjustment for:		
	Depreciation		4,673,235
	Employee stock option Scheme compensation expenses		299,099
	Advances written off		724,631
	Interest income		(198,353)
	Provision for Doubtful debts		834,887
	Profit on sale of Investments		(310,038)
	Provision for employee benefits		639,760
	<b>Operating Loss Before Working Capital Changes</b>		<b>(72,221,349)</b>
	<b>Adjustment for Changes in Working Capital:</b>		
	(Increase) / Decrease in Sundry Debtors		(32,941,713)
	(Increase) / Decrease in Loans and Advances		(9,366,276)
	Increase (Decrease) in Current Liabilities		32,691,620
	<b>Cash Generated from Operations</b>		<b>(81,837,718)</b>
	Income Tax paid		(4,192,176)
	- Current Tax (represents Tax deducted at source)		
	<b>Net Cash used in Operating Activities</b>	(a)	<b>(86,029,894)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets		(12,600,866)
	Investment in shares of subsidiaries		(1,799,900)
	Proceeds from Sale of Investments		5,310,038
	Interest received		267,774
	<b>Net Cash used in Investing Activities</b>	(b)	<b>(8,822,954)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issuance of shares		94,995,816
	<b>Net Cash used from Financing Activities</b>	(c)	<b>94,995,816</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	(a+b+c)	<b>142,968</b>
	<b>Cash and Bank Balances at the Beginning of the Year</b>		2,424,430
	<b>Cash and Bank Balances at the End of the Year</b>		2,567,398
			<b>142,968</b>

**Note :**

- 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.
- Previous year's figures have not been given as AS-3 has become applicable for the Company in the current year only

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

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number: F-58507

Yashish Dahiya  
Director

Alok Bansal  
Director

Place : Gurgaon  
Date : April 28, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars		As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>SCHEDULE - 1</b>			
<b>Capital</b>			
<b>Authorised Capital</b>			
100,000 equity shares of ₹10 each (Previous year - 1,00,000) equity shares of ₹10 each		1,000,000	1,000,000
<b>Issued, Subscribed and Paid Up Capital</b>			
24,059 (Previous Year -18,383) equity shares of ₹10 each, fully paid up [Out of the above, 11,621 (Previous year: 5,945) Equity Shares are held by Info Edge (India) Ltd., the holding company] (Refer Note 1 on Schedule 14)		240,590	183,830
		<b>240,590</b>	<b>183,830</b>
<b>SCHEDULE - 2</b>			
<b>Reserves &amp; Surplus</b>			
Securities Premium Account			
Opening Balance		99,438,458	49,961,762
Additions during the year (Refer Note 1 on Schedule 14)		94,939,056	49,476,696
		<b>194,377,514</b>	<b>99,438,458</b>

**SCHEDULE - 3**

Fixed assets (Refer Note 2 and 3 on Schedule 13)

(All amounts in ₹)

Description	Gross block (at cost)				Depreciation			Net block		
	As at April 01, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 01, 2010	Depreciation/for the year	Accumulated Depreciation on Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Computers and Software	2,804,010	9,123,774	14,550	11,913,234	1,615,694	3,029,368	3,348	4,641,714	7,271,520	1,188,316
Office Equipment	675,818	1,293,206	35,000	1,934,024	380,229	468,358	7,990	840,597	1,093,427	295,589
Furniture & Fixtures	-	2,183,886	-	2,183,886	-	1,175,509	-	1,175,509	1,008,377	-
<b>Total</b>	<b>3,479,828</b>	<b>12,600,866</b>	<b>49,550</b>	<b>16,031,144</b>	<b>1,995,923</b>	<b>4,673,235</b>	<b>11,338</b>	<b>6,657,820</b>	<b>9,373,324</b>	<b>1,483,905</b>
<b>Previous year</b>	<b>2,653,682</b>	<b>826,146</b>	<b>-</b>	<b>3,479,828</b>	<b>852,993</b>	<b>1,142,930</b>	<b>-</b>	<b>1,995,923</b>	<b>1,483,905</b>	

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars		As at March 31, 2011 (₹)		As at March 31, 2010 (₹)
<b>SCHEDULE - 4</b>				
<b>Investments</b>				
<b>(Refer Note 6 on Schedule 13 and Note 5 on Schedule 14)</b>				
<b>Non Trade ( Unquoted)</b>				
<b>Long Term</b>				
<b>Investment in Subsidiary Companies</b>				
470,000 (Previous year - 300,000) equity shares in Policybazaar Insurance Broking Private Limited of ₹10 each fully paid up		4,700,000		3,000,000
999 (Previous year - Nil) equity shares in Best E Cluster Soft Services Private Limited of ₹100 each fully paid up		99,900		-
<b>Other Investments</b>				
<b>Current ( Unquoted)</b>				
(Previous year - 417,146 Units of ₹11.99 each) in SBI - SHF -Ultra Short Term Fund Institutional Plan Growth		-		5,000,000
		<b>4,799,900</b>		<b>8,000,000</b>
Aggregate amount of unquoted investments ₹4,799,900 (Previous year - ₹8,000,000)				
<b>SCHEDULE - 5</b>				
<b>Sundry Debtors</b>				
(Unsecured)				
<b>Debts outstanding for a period exceeding six months</b>				
Considered Good				
Due from Subsidiary Company	293,467		-	
Others debts	4,930,011	5,223,478	2,819,866	2,819,866
Considered Doubtful				
Others debts		834,887		-
		6,058,365		2,819,866
Less: Provision for Doubtful Debts		834,887		-
		5,223,478		2,819,866
<b>Other Debts - considered good</b>				
Due from Subsidiary Company			293,467	
Other Debts	50,117,674	50,117,674	20,120,993	20,414,460
		<b>55,341,152</b>		<b>23,234,326</b>
<b>SCHEDULE - 6</b>				
<b>Cash and Bank Balances</b>				
Cash in hand		20,588		59,725
Bank Balances with scheduled banks:				
- in Current accounts		2,546,810		2,364,705
		<b>2,567,398</b>		<b>2,424,430</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars		As at March 31, 2011 (₹)		As at March 31, 2010 (₹)
<b>SCHEDULE - 7</b>				
<b>Loans and Advances and Other Current Assets</b>				
(Unsecured, Considered good)				
Advances recoverable in cash or in kind or for value to be received *		6,416,802		1,706,527
Advance Tax		6,017,947		1,825,771
Advance Tax - Fringe Benefits	249,500		249,500	
Less: Provision for tax - Fringe Benefits	249,500	-	249,500	-
Balance with Service Tax Authorities		3,197,627		1,690,084
Loans to Directors, including interest thereon ₹Nil (Previous year ₹199,921)#		-		1,979,921
Share application money given to Best E Cluster Soft Services Private Limited pending allotment		814,214		-
Advance to Suppliers		277,461		31,036
Security Deposits		5,157,800		1,845,900
		<b>21,881,851</b>		<b>9,079,239</b>
# Maximum amount outstanding during the year ₹2,047,774 (Previous year-₹1,979,921). Refer Note 10(1)(B) on Schedule 14.				
* includes amount receivable from Directors of the Company ₹4,509,900/- (Previous year-₹Nil), maximum amount outstanding at any point of time during the year ₹4,509,900/- (Previous year-₹Nil). Refer Note 11 on Schedule 14.				
<b>SCHEDULE - 8</b>				
<b>Current Liabilities</b>				
Sundry Creditors				
- total outstanding dues of Micro and Small Enterprises (Refer Note 3 on Schedule 14)		-		-
- total outstanding dues of Creditors other than Micro and Small Enterprises		55,543,766		25,679,457
Advance against Share Capital (Refer Note 1 on Schedule 14)		-		2,092
Other Liabilities		4,353,395		1,523,992
		<b>59,897,161</b>		<b>27,205,541</b>
<b>SCHEDULE - 9</b>				
<b>Provisions</b>				
Employee Benefits - Gratuity (Refer Note 7 on Schedule 13 and Note 12 on Schedule 14)		1,068,360		428,600
		<b>1,068,360</b>		<b>428,600</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
<b>SCHEDULE - 10</b>		
<b>Other Income</b>		
Interest Received on Fixed Deposits and employee loans [Tax Deducted at source ₹NIL (Previous year - ₹NIL)]	130,500	77,561
Interest on Loan to Directors	67,853	160,200
Profit on sale of Investments	310,038	233,524
Rent Income	-	83,880
Miscellaneous Income	612,319	317,909
	<b>1,120,710</b>	<b>873,074</b>
<b>SCHEDULE - 11</b>		
<b>Administration and Other Expenses</b>		
Electricity and Water	2,637,407	1,496,054
Rent (Refer Note 4 on Schedule 14)	12,749,840	2,995,208
Repair and Maintenance - Building	2,858,608	3,121,119
Repair and Maintenance - Machinery	828,958	233,691
Legal and Professional Charges	2,009,246	671,025
Rates & Taxes	36,276	14,019
Insurance	168,761	258,358
Communication Expenses	4,259,447	2,229,888
Travel and Conveyance	3,366,720	4,450,078
Computer and Equipment Rental	4,566,575	2,780,872
Internet and Server Charges	1,446,103	903,826
Recruitment Expenses	394,043	946,693
Printing and Stationery	306,435	244,462
Training and Seminar	19,500	239,790
Audit Fee	285,996	250,000
Brokerage Charges	1,008,000	-
Bank Charges	3,724	10,741
Provision for Doubtful debts	834,887	-
Advances written off	724,631	-
Miscellaneous Expenses	332,381	329,236
	<b>38,837,538</b>	<b>21,175,060</b>
<b>SCHEDULE - 12</b>		
<b>Personnel expenses</b>		
(Refer Note 7 on Schedule 13 and Note 12 and 18 on Schedule 14)		
Salaries, Wages and Bonus	49,121,907	30,951,247
Employee Stock Option Scheme Compensation	299,099	-
Contributions to Provident and Other Funds	2,253,294	1,027,904
Staff Welfare and Benefits	1,468,601	1,168,740
	<b>53,142,901</b>	<b>33,147,891</b>

## SCHEDULES TO THE ACCOUNTS

### Schedule 13

#### 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 (the "Act") and the relevant provisions of the Act.

##### 2. Fixed Assets

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

##### 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 Equipments	3
Furniture & Fixtures	7

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

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 on fluctuation in foreign exchange rate between the transaction date and settlement date are recognized in the Profit and Loss Account. Foreign currency monetary assets and 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 following sources viz.

- Leads Sales Revenue
- Commission income on selling loan products
- Providing Marketing and Co-promotional Services.
- Banner Display Revenue
- Providing technology platform infrastructure and call centre services

Revenue is recognised on the basis of confirmation by customers for valid leads/ referrals and fixed fees as agreed with the customer. Revenue from marketing/co-promotional services and banner display providing technology platform infrastructure and call centre services is recognised based on the performance by the Company and fixed fees as agreed with the customer.

All the above sources of revenue are shown net of service tax and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

##### 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

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 plan, namely gratuity for employees (unfunded), the liability for which is determined on the basis of an actuarial valuation at the end of the year.

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

Short term employee benefits are recognised as an expense in the profit and loss account of the year in which the related service is rendered.

##### 8. Leased Assets

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.

**SCHEDULES TO THE ACCOUNTS**

**9. Taxes on Income**

Tax expense comprises of current tax and deferred 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/virtual 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/loss 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 equity shares outstanding during the year and diluted EPS is computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year adjusted for dilutive equity equivalent shares outstanding at the year end, except where the results would be anti dilutive.

**11. Employee Stock Option based Compensation**

Stock options granted to the employees (including employees of subsidiary companies) who accepted the grant under the Company’s Stock Option Plan are accounted in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Company follows the intrinsic value method and accordingly, the excess, if any, of the fair value of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognised as employee compensation cost and amortised on straight line basis over the vesting period.

**12. Provisions and Contingencies**

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

**Schedule 14: Notes to Accounts**

1. The Company had entered into an investment cum shareholder agreement with Info Edge (India) Limited on September 23, 2008 for subscription of 11,950 ordinary shares (to be freshly issued) of ₹200,000,000 at a premium of ₹16,726.40 per share, by virtue of which the Company had issued 5,945 equity shares of ₹10 each to Info Edge (India) Limited at an aggregate share premium amounting to ₹99,438,458 during the previous years and 5,676 equity shares of ₹10 each at an aggregate share premium amounting to ₹94,939,056 during the current year and accordingly the Company has got converted into a subsidiary of Info Edge (India) Limited from earlier status of associate company by virtue of control over composition of the Board of Directors.

**2. Deferred Taxes**

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

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>Deferred Tax Asset /(Liability)</b>		
Depreciation	(300,474)	(44,779)
Provision for Gratuity	300,474	145,681
<b>Net Deferred Tax Asset/(Liability)</b>	- *	<b>100,902</b>

\*Based on the principle of prudence, deferred tax assets have been recognised only to the extent of deferred tax liability resulting into a net deferred tax position of ₹Nil.

3. 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, 2011.

**4. Operating Leases where the company is a lessee :**

The company has entered into lease transactions mainly for leasing of office premises for periods between 11 months 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 ₹12,749,840 (Previous year ₹2,995,208) (included in Schedule 11 - Administration and Other Expenses). Future minimum lease payments of non-cancelable operating leases are as follows:

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
Not later than one year	12,096,000	-
Later than one year and not later than five years	34,997,600	-

**SCHEDULES TO THE ACCOUNTS**

**5. Investments**

Investments purchased, reinvested and sold on various dates within the financial year are as follows: **Year ended March 31, 2011**

Particulars	Units (Nos)	Purchased/Reinvested(₹)	Units (Nos)	Sale/Redemption (₹)
Debt based Mutual Funds	4,746,594	58,000,000	5,163,741	63,310,038

**Year ended March 31, 2010**

Particulars	Units (Nos)	Purchased/Reinvested(₹)	Units (Nos)	Sale/Redemption (₹)
Debt based Mutual Funds	3,754,444	4,40,00,000	3,949,514	46,236,851

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

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
Payment towards marketing expense	Nil	1,21,156

**7. Auditor's Remuneration\***

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
As Auditors	200,000	200,000
As Tax Auditors	50,000	50,000
Certification	-	-
Out of Pocket Expenses	35,996	11,300
<b>Total</b>	<b>285,996</b>	<b>261,300</b>

\* Excluding Service Tax

**8. Earnings per share (EPS):**

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit/(Loss) attributable to Equity Shareholders (₹)	(78,985,472)	(50,082,696)
Weighted average number of Equity Shares outstanding during the year (Nos.)	21,607	17,045
Basic and Diluted Earnings per Equity Share of ₹10 each (₹)	<b>(3,655.55)</b>	<b>(2,938.31)</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 Act, 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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011**

**Investing party in respect of which the Company is a subsidiary**

Info Edge (India) Limited

**Subsidiary**

Policybazaar Insurance Broking Private Limited  
Best E Cluster Soft Services Private Limited

**Key Management Personnel (KMP)**

Mr. Yashish Dahiya  
Mr. Avaneesh Nirjar  
Mr. Alok Bansal  
Mr. Sudhir Bhargava

**SCHEDULES TO THE ACCOUNTS**

**B) Details of transactions with related party for the year ended March 31, 2011 in the ordinary course of business :**

(All amounts in ₹)

S. No.	Nature of relationship / transaction	Info Edge (India) Limited	Subsidiary Company	KMP	Total
1	<b>Remuneration Paid :</b> Yashish Dahiya Avaneesh Nirjar Alok Bansal	-	-	1,065,033 1,035,033 990,034	1,065,033 1,035,033 990,034
2	<b>Interest received/accrued on loans given by the Company</b> Avaneesh Nirjar	-	-	67,853	67,853
3	<b>Repayment of loan given by Company</b> Avaneesh Nirjar	-	-	^ 2,047,774	2,047,774
4	<b>Amount paid for services received</b> Info Edge (India) Limited	179,500	-	-	179,500
5	<b>Amount received towards share subscription</b> Info Edge (India) Limited (net)	94,995,816	-	-	94,995,816
6	<b>Amount paid towards share subscription and share application money</b> Policybazaar Insurance Broking Private Limited Best E Cluster Soft Services Private Limited	-	1,700,000 914,114	-	1,700,000 914,114

^ This loan was given to the Director prior to its becoming subsidiary of a public company, accordingly provisions of Section 295 of the Companies Act, 1956 are not applicable vide department Circular no. 13/94/CL-VI/67 dated February 24, 1971.

**C) Amount due to/from related parties as at March 31, 2011**

(All amounts in ₹)

S. No.	Nature of relationship / transaction	Info Edge (India) Limited	Subsidiary Company	KMP	Total
1	<b>Debit balances</b> Outstanding debtors/advances	-	293,467	4,509,900	4,803,367

**10 (2) Related Party Disclosures for the year ended March 31, 2010**

**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 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2010**

**Investing party in respect of which the Company is an associate**

Info Edge (India) Limited

**Subsidiary**

Policybazaar Insurance Broking Private Limited

**Key Management Personnel (KMP)**

Mr. Yashish Dahiya  
Mr. Avaneesh Nirjar  
Mr. Alok Bansal  
Mr. Sudhir Bhargava

**B) Details of transactions with related party for the year ended March 31, 2010 in the ordinary course of business:**

(All amounts in ₹)

S. No.	Nature of relationship / transaction	Info Edge (India) Limited	Subsidiary Company	KMP	Total
1	<b>Remuneration Paid :</b> Yashish Dahiya Avaneesh Nirjar Alok Bansal	-	-	3,000,000 2,600,000 2,000,000	30,00,000 26,00,000 2,000,000
2	<b>Interest received/accrued on loans given by the Company</b> Avaneesh Nirjar	-	-	160,200	160,200
3	<b>Amount received for services rendered</b> Policybazaar Insurance Broking Pvt. Ltd.	-	83,880	-	83,880

**SCHEDULES TO THE ACCOUNTS**

S. No.	Nature of relationship / transaction	Info Edge (India) Limited	Subsidiary Company	KMP	Total
4	<b>Amount paid for services received</b> Info Edge (India) Limited	67,007	-	-	67,007
5	<b>Amount received towards share subscription</b> Info Edge (India) Limited (net)	49,500,000	-	-	49,500,000
6	<b>Amount paid towards share subscription and share application money</b> Policybazaar Insurance Broking Private Limited	-	2,000,000	-	2,000,000

**C) Amount due to/from related parties as at March 31, 2010**

(All amounts in ₹)

S. No.	Nature of relationship / transaction	Info Edge (India) Limited	Subsidiary Company	KMP	Total
1	<b>Debit balances</b> Outstanding debtors/loans	-	293,467	1,979,921	2,273,388
2	<b>Credit balances</b> Outstanding Payable	69,099	-	-	69,099

**11. Directors' Remuneration:**

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
Salary and other allowances	3,062,020	7,571,920
Contribution to Provident and other Funds	28,080	28,080
<b>Total</b>	<b>3,090,100</b>	<b>7,600,000</b>

The contribution to gratuity fund has been made on a group basis and separate figure applicable to an individual employee is not available and therefore, contribution to gratuity fund has not been taken into account in the above computation.

During the year the Company had paid excess remuneration amounting to ₹4,509,900/-to three whole time Directors of the Company for which it is in the process of obtaining approval from the Central Government. Pending such approval this amount has been considered as amount recoverable from them [included under Loans & Advances (Refer Schedule 7)]. Should such approval not be received, the Directors would refund the above amount to the Company.

**12. Employee Benefits**

The company has classified the various benefits provided to employees as under;

**A. Defined Contribution Plan**

Provident Fund

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

Particulars	Year ended March 2011 (₹)	Year ended March 2010 (₹)
Employers Contribution to Provident Fund*	1,987,159	906,467

\* Included in "Contribution to Provident and Other Funds" under Personnel Expenses (Refer Schedule12)

**B. State Plans**

Employee State Insurance:

During the year, the Company has recognized the following amount in the Profit and Loss Account:

Particulars	Year ended March 2011 (₹)	Year ended March 2010 (₹)
Employers Contribution to Employee State Insurance**	1,059,640	-

\*\* Included in "Salaries, Wages and Bonus" under Personnel Expenses (Refer Schedule12)

**C. Defined Benefit Plans**

Gratuity payable to employees: The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on retirement or termination of service, whichever is earlier.

**SCHEDULES TO THE ACCOUNTS**

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

Particulars	Year ended March 2011 (₹)	Year ended March 2010 (₹)
Present value of Obligation as at April 1, 2010	428,600	203,336
Current Service Cost	588,638	299,996
Interest Cost	35,263	16,222
Benefits Paid	-	-
Actuarial (gain) / loss on Obligations	15,859	(90,454)
Present value of Obligation as at March 31, 2011	<b>1,068,360</b>	<b>428,600</b>

**(B) Reconciliation of Present value of Defined Benefit Obligation and Fair value of Assets:**

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Present value of unfunded Obligation as at March 31, 2011	<b>1,068,360</b>	<b>428,600</b>
Unrecognised Actuarial (gains)/losses	-	-
Unfunded Net (Asset)/ Liability recognized in Balance Sheet **	<b>1,068,360</b>	<b>428,600</b>

\*\* shown under Provisions (Refer Schedule 9)

**(C) Expenses Recognised in Profit and Loss Account:**

Gratuity payable to employees	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
Current service cost	588,638	299,996
Interest Cost	35,263	162,22
Net Actuarial (gain) / loss recognized during the year	15,859	(90,954)
Total Expense recognized in Profit and Loss Account **	<b>639,760</b>	<b>225,264</b>

\*\*\* included in "Salaries, Wages and Bonus" under Personnel expenses (Refer Schedule 12)

The principal actuarial assumptions used at the balance sheet date for actuarial valuation of the gratuity liability are as follows;

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Discount Rate (per annum)	8.25%	8%
Rate of Increase in Compensation levels	5%	5%
Expected average remaining working lives of employees (years)	32.3	32

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, future salary increases, seniority, promotion and other relevant factors on long term basis.

**Amounts for the current annual period and previous three annual periods of the present value of the defined benefit obligation (PBO), the fair value of plan assets and the surplus or deficit in the plan for gratuity:**

Particulars	As on March 31, 2011	As on March 31, 2010	As on March 31, 2009
a) PBO	1,068,360	428,600	203,336
b) Plan Assets	-	-	-
c) Net Assets [Surplus/(Deficit)]	1,068,360	428,600	203,336

13. The Company was a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under section 211(3C) of the Companies Act, 1956 upto March 31, 2010 and accordingly, it had availed the exemptions or relaxations available to SMC's. However, in the current year, the Company being no longer qualifying for the relevant exemptions or relaxation, has complied with the Accounting Standards as applicable to Non-SMC's

14. The Company is in the business of internet based service delivery which constitute a single business segment, therefore there is no reportable segment as per the requirements of Accounting Standards – 17 on "Segment Reporting" prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 7, 2006.

**SCHEDULES TO THE ACCOUNTS**

**15. Material event subsequent to Balance Sheet**

The Company has entered into a share subscription agreement with Intel Capital (Mauritius) Limited (Intel), Info Edge (India) Limited (Info Edge) and Key Shareholders of the Company dated April 19, 2011 whereby ₹30 crore and ₹10 crore would be invested by Intel and Info Edge respectively, over a period of 2 years from the date of the Balance Sheet in three equal tranches, by way of issuance of fully compulsorily convertible preference shares

16. The Company's business activities, together with the factors likely to affect its future development and performance along with the financial position of the Company and its projected cash flows considering the fresh investments to be made pursuant to the new agreement entered subsequent to the year-end have been reviewed by the Board of Directors and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, although the networth has eroded significantly as at the year-end. Thus the Company has continued to adopt the going concern basis of accounting in preparing the financial statements.

17. The Company has certain investments in Policybazaar Insurance Broking Private Limited, a wholly owned subsidiary, the net worth of which has fully eroded as at the year-end. The management however considers this as a strategic investment and is confident about the future profitability of the company after commencement of its commercial operation subsequent to receipt of the broking licence for which necessary application had been made to the regulatory authorities in the earlier years and is currently awaited.

**18. Employees Stock Option Scheme 2010 (ESOP)**

The company has set up a trust to administer the ESOP scheme under which options have been granted to certain employees of the Company and one of its subsidiaries. Under this option, 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, 2011 have a vesting period of maximum 3 years 5 months from the date of grant.

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

Particulars	Number of options	Weighted average exercise price
Outstanding at start of year	-	-
Granted	371	₹10
Outstanding at end of year	371	₹10
Exercisable at end of year	112	₹10

The options outstanding at March 31, 2011 had an exercise price of ₹10 and a weighted average remaining contractual life of 30 years

In accordance with the above mentioned ESOP Scheme, ₹299,099 has been charged to the Profit & Loss Account in relation to the options vested during the year ended March 31, 2011 as Employee Stock Option Scheme Compensation (including ₹104,119 relating to the options vested for employees of one of its subsidiary, Policybazaar Insurance Broking Private Limited)

In respect of the options vested during the year, had the fair value method been used, the loss for the year would be higher by ₹201 and the EPS would be ₹(3,655.56).

The fair value of each option is estimated on the date of grant using the Black Scholes model with the below listed assumptions:

Particulars	For the year ended March 31, 2011
Weighted average fair value of the options at the grant date	1,290.73
Dividend Yield (%)	0.00%
Risk free rate	6.20%
Expected life (years)	1.63
Expected volatility	0.00%
Weighted average share value	1,299.86

19. Previous year's figures have been regrouped / rearranged, wherever necessary to confirm to current year's presentation.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

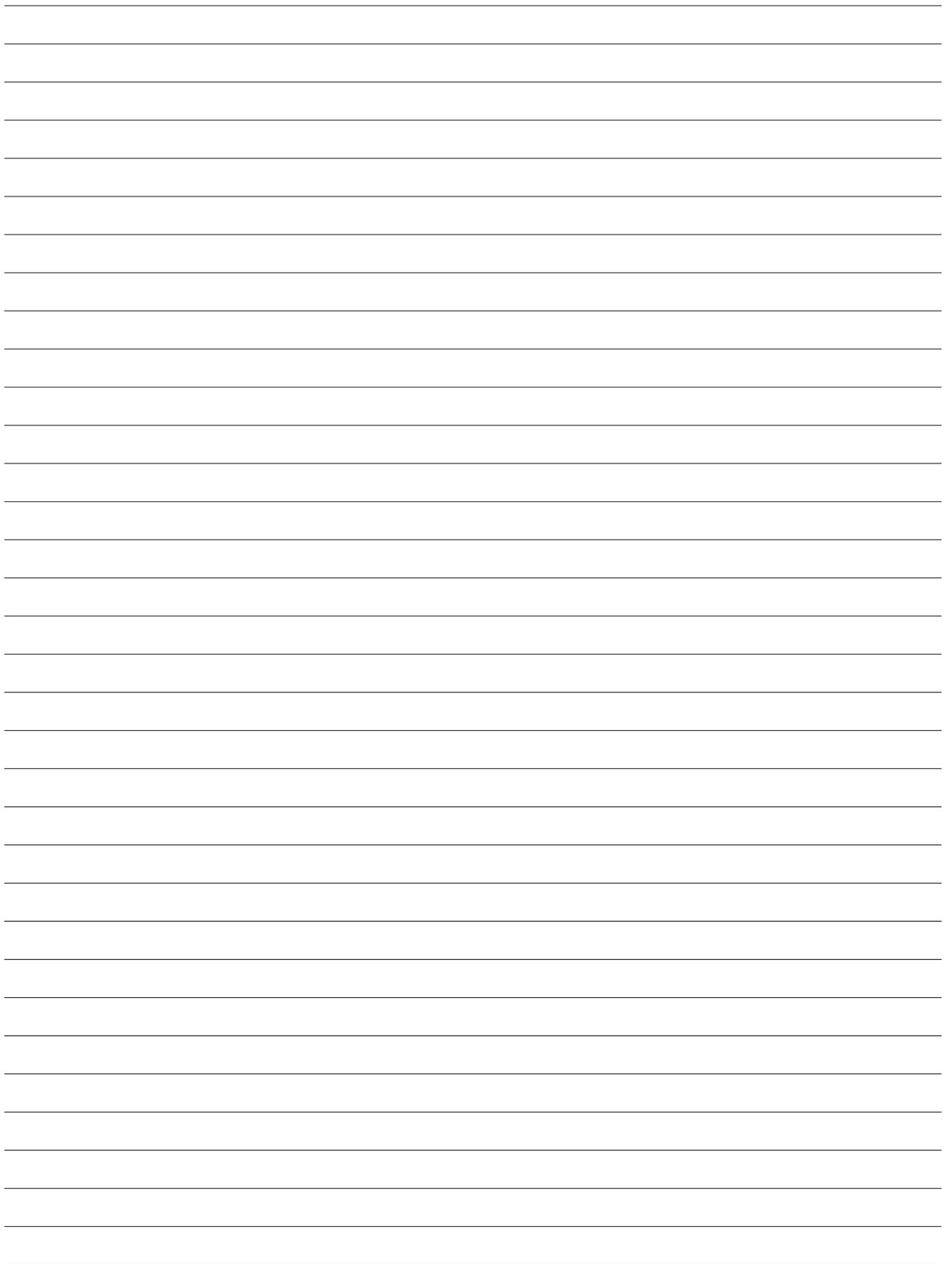
For and behalf of the Directors

Amitesh Dutta  
Partner  
Membership Number: F-58507

Yashish Dahiya  
Director

Alok Bansal  
Director

Place: Gurgaon  
Date : April 28, 2011





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