

# Info Edge (India) Limited



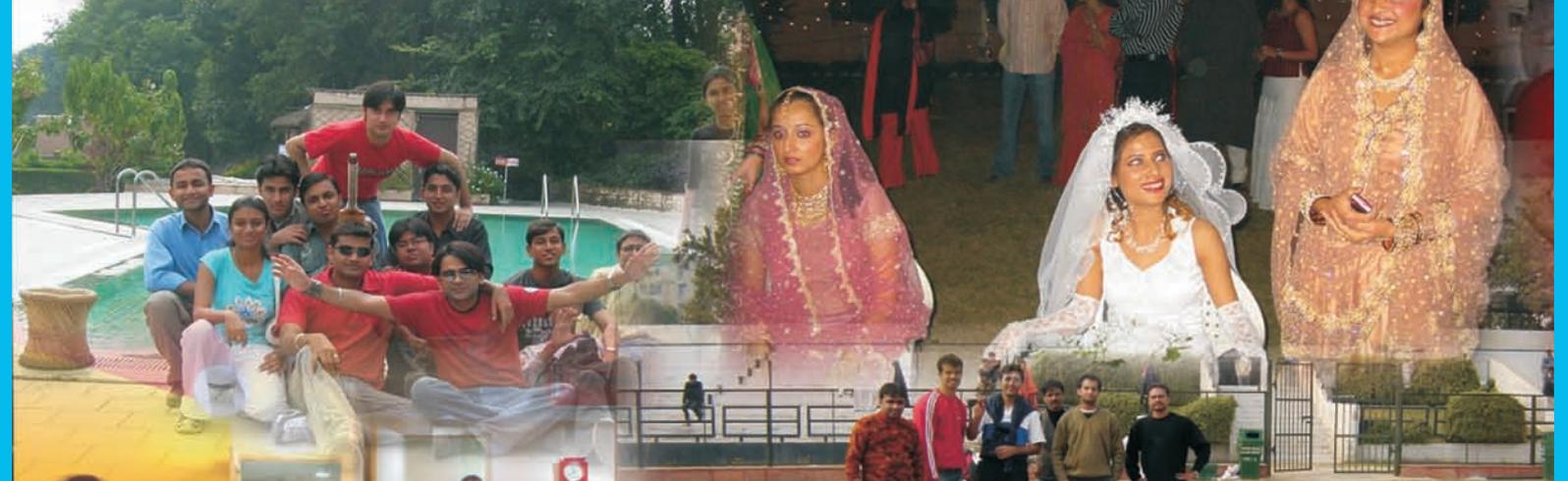
 **naukri.com**  
India's No 1 Job Site

 **99acres.com**  
India's Property Bazaar

 **Jeevansathi.com**

 **Quadrangle**

Annual Report 2006-07



## COMPANY INFORMATION

### Board of Directors

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

### Auditors

Price Waterhouse, Chartered Accountants, Gurgaon

### Bankers

ICICI Bank Limited, Preet Vihar, New Delhi

### Registered Office:

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

### Corporate Office:

A-88, Sector -2, Noida-201301

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# Director's Report

## Dear Members,

The Directors are pleased to present the Annual Report together with the audited statement of accounts for the year ended March 31, 2007.

## OVERVIEW

Your company continued to strengthen its position in all its businesses during the financial year 2006-07. Naukri.com, the online recruitment business of the Company, witnessed high growth and retained its position as the No. 1 job site in India. The other businesses namely Quadrangle, Jeevansathi.com and 99acres.com continued to witness high growth and currently occupy dominant positions in their business segments.

Key highlights of the financial year are as under:

### Operational

- Number of corporate customers (employers and placement firms/consultants) increased by 7,500 in Naukri.com
- Over 4 million resumes added in Naukri.com
- Over 0.8 million profiles added in Jeevansathi.com

### Financial

- Net sales up 69%
- Total income up 75%
- Profit before depreciation and tax up 86%
- Net profit up 104%

The performance of the Company has been discussed in detail elsewhere in this report

## FINANCIAL RESULTS

(Amount in Rs. million)

Particulars	Financial years	
	2006-07	2005-06
Net Sales	1,395.69	824.05
Other Income	75.94	16.50
<b>Total income</b>	<b>1,471.63</b>	<b>840.55</b>
Expenditure (including interest)	1,030.62	602.92
<b>Profit before depreciation &amp; tax</b>	<b>441.01</b>	<b>237.63</b>
Depreciation	46.19	27.56
<b>Profit before Tax</b>	<b>394.82</b>	<b>210.07</b>
Provision for Tax	124.15	77.25
<b>Profit after Tax</b>	<b>270.67</b>	<b>132.82</b>
Profit brought forward from previous year		
including Stock Options A/c	13.44	2.72
Profit available for appropriations	284.11	135.54
<b>Appropriations:</b>		
Proposed Dividend	20.47	16.38
Corporate Dividend Tax	3.48	2.30
Transferred to General Reserve including		
Employee Stock Options Outstanding Account	6.61	15.89
Profit carried forward	253.55	100.97

## FINANCIAL REVIEW

During the year, the Company showed an improvement in performance both in terms of revenue and profitability. Total income increased by 75% from Rs. 840.55 million in financial year 2005-06 to Rs. 1471.63

million in financial year 2006-07 while net sales increased by 69% from Rs. 824.05 million in financial year 2005-06 to Rs. 1395.69 million in financial year 2006-07. The profit after tax increased by 104% from Rs. 132.82 million in 2005-06 to Rs. 270.67 million in 2006-07.

## DIVIDEND

Your Directors are pleased to recommend dividend at the rate of 7.5% (Re. 0.75 per share) for the financial year 2006-07, subject to the approval of the shareholders. The proposed dividend together with corporate dividend tax would use up an amount of Rs. 23.95 million.

## INCREASE IN SHARE CAPITAL

During the year, the company offered 5,323,851 equity shares of Rs. 10 each to the public through an Initial Public Offering (IPO). The IPO was sold to Indian investors and on a restricted basis to foreign investors as a "Regulation S and Rule 144A (of the Securities Act of United States) compliant" offering. The IPO of the Company was extremely well received by the investor community and was over subscribed by more than 53 times. The Company's shares are listed on Bombay Stock Exchange Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE) with effect from November 21, 2006.

During the year, prior to the IPO, the Company had issued 135,203 equity shares of Rs. 10 each as preferential allotment to Independent/Nominee Directors.

## LIQUIDITY

We continue to be almost debt-free, and believe we maintain sufficient cash to meet our strategic objectives.

During the year, the Company issued fresh share capital due to which liquid assets (net of IPO expenses) of the company as on March 31, 2007 increased by Rs.1,599.76 million. These funds, pending usage, are currently invested conservatively in deposits with banks and liquid/ fixed maturity plans of mutual funds in line with the investment policy of the Company.

## PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956

Directors' Report, Audited Financial Statements & Auditor's report thereon in respect of our subsidiaries Naukri Internet Services Private Limited and Jeevansathi Internet Services Private Limited are annexed as part of the Annual Report.

## INDIAN ECONOMY

India's economy is on a high growth curve. The gross domestic product (GDP) growth rate has exceeded 9 percent during the last two years, and the prospects for 2007-08 continue to be favorable. The saving and investment rates have risen significantly, reinforcing the prospects of sustained high growth. Business confidence remains high. Some inflationary pressures have emerged, reflecting both demand factors and supply side constraints. More recently, strengthening of the rupee against the dollar (the currency most Indian exports are involved in) has led to erosion of export margins and reduced competitiveness of Indian Exports.

The service sector maintained its vigorous growth performance and there were distinct signs of sustained improvements on the industrial front. It

is estimated that the service sector accounted for over 50 per cent of the country's GDP. Growth in the services sector continues to be broad-based with trade, hotels, transport, financial services, communication services and real estate continuing to boost the sector by growing at double-digit rates for the fourth successive year. Impressive progress in information technology (IT) and information technology enabled services (ITES) coupled with fast growth of telephone connections, particularly mobiles, played a key role in such growth.

## BUSINESS

We provide recruitment classifieds and related services through Naukri.com and Quadrangle business divisions. This business generated about 91% and 94% of the net sales during the financial year 2006-07 and 2005-06 respectively. We also provide matrimonial and property related classifieds & related services through our Jeevansathi.com and 99acres.com divisions respectively. A substantial portion of our businesses are closely aligned with the economy and therefore we believe that the high growth in the economy would translate into improved business prospects for the Company.

### *Naukri.com*

The Company provides recruitment classifieds and related services to job seekers, employers and recruitment consultants through its website www.naukri.com, supported by a network of 48 offices in India in 31 cities, and two offices in Dubai. As of March 31, 2007, Naukri.com had a database of over 9 million registered job seekers, including their resumes, and over 80,000 live job listings from Corporate Customers (corporates and placement firms/consultants). During the financial year 2006-07, Naukri.com's services were used by approximately 27,500 Corporate Customers as compared to 20,000 in financial year 2005-06. An average of about 10,000 and 8,000 new resumes were added per day to the Naukri.com database in financial year 2006-07 and 2005-06, respectively.

During the year, the Company launched www.naukrigulf.com, a website dedicated to address the recruitment market in the gulf countries. The response has been encouraging and given the large migrant population from South Asian countries including India and in countries surrounding the Gulf region like Jordan, Egypt etc., we believe this will be an attractive market.

### *Quadrangle*

Quadrangle provides offline executive search and placement services for middle and senior level management personnel to Corporate Customers in various industries and a wider range of search & placement services to our Corporate Customers in the IT and ITES sector.

### *Jeevansathi.com*

The Company provides matrimonial classifieds and related services through its website www.jeevansathi.com. The website provides an information exchange service to prospective brides, grooms and their relatives, in India and in certain other countries, and is supported by our office network in India. During the financial year 2006-07 and 2005-06, approximately 2,300 and 1,700 new profiles of prospective brides and grooms were added per day to the Jeevansathi.com database, respectively. As of March 31, 2007, Jeevansathi.com had a database of more than 1.48 million profiles.

### *99 acres.com*

The Company provides real estate classifieds and related services through its website www.99acres.com, which is a relatively new business for the

company. Our website provides a convenient forum where lessors, lessees, buyers, sellers, developers, and brokers of residential/commercial/industrial real estate in India can exchange information concerning real estate properties with a view to entering into a transaction. We also provide advertising space on our website for property developers and brokers. As of March 31, 2007, 99acres.com had a database of more than 60,000 real estate/property listings located across 25 cities in India. In a relatively short time span, the site has gained popularity (in terms of traffic and revenues) with users both in India and overseas.

## FUTURE OUTLOOK

We are optimistic of the future prospects of the company. This view is emboldened by our expectation that the economy is expected to continue to maintain its high growth. Internet penetration and usage would increase at a rapid pace and complementary technologies will keep emerging, thus enhancing productivity of internet users.

In our recruitment business, we see robust demand with most employers, both due to growth & attrition, continuing to witness manpower shortage. Our market feedback indicates growing employment opportunities and higher attrition levels in certain industries. We also continuously develop and improve our products and technology to deliver better value to our customers. The response to our naukrigulf.com initiative has been encouraging. We would continue to explore opportunities to expand our existing businesses in newer geographies while deepening our offerings in existing markets.

We expect the matrimonial market will continue to grow with increase of internet penetration and continuous improvement in product features.

Real estate players have emerged as large consumers of advertising space be it print, outdoor or electronic media. The current online advertising by the real estate participants is in our opinion a fraction of the total real estate advertising spend. As internet gains popularity we expect real estate participants to increasingly use this as a medium for advertising/transacting. The growth witnessed in 99acres.com in financial year 2006-07 is encouraging and we expect to harness our knowledge and understanding more effectively in the future.

Our confidence in the future in all our businesses emanates from our faith in our employees who have taken challenges and delivered superior results in all streams. We aspire to retain and attract talent towards achieving our goals.

Apart from organic growth, we will also explore acquisitions or strategic alliances or seed/develop businesses which we feel can complement our growth objectives.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- In the preparation of Annual Accounts for the financial year ended March 31, 2007 the applicable accounting standards have been followed.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- 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.

- They have prepared the Annual Accounts for the financial year ended March 31, 2007 on a going concern basis.

#### BOARD OF DIRECTORS

The Board appointed Mr. Sandeep Murthy, as an Additional Director w.e.f. July 14, 2006. Mr. Murthy is a joint nominee of Murugan Capital and Sherpalo LLC Mauritius, both venture capital investors in the Company.

#### AUDITORS

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

#### CORPORATE GOVERNANCE

As per the requirement of clause 49 of the Listing Agreement with the Stock Exchanges, a detailed Report on Corporate Governance is annexed as part of the Annual Report.

#### HUMAN RESOURCES

Over the last financial year, we have grown rapidly. Recruiting quality talent has been a key focus for the HR team, and the Info Edge family has grown from about 870 employees as on March 31, 2006 to over 1200 as on March 31, 2007. Besides recruiting fresh talent from business schools, colleges and engineering colleges, we did substantial middle and senior level lateral hiring for our technology, product, business development, finance and marketing departments. Employee development was a thrust area in the last financial year. A number of training programs were conducted through the year to improve employee efficiency and productivity. We also instituted a formal induction program for our new associates, which has been well received.

Another important HR initiative has been the development and successful implementation of a robust Human Resource Information System which provides all kinds of reports and analysis at the click of a button and ensures that all details, personal records, employee history etc of an employee are easily accessible. We have also focused on strengthening internal communication by launching an internal quarterly e-magazine "Inside Edge" which covers all major happenings in the Company/ Department/Branch, introduction of new Products/technology, brief on any get-togethers or events, new appointments at senior level and major organizational changes/restructuring.

The particulars of employees required under Section 217 (2A) of the Companies Act, 1956 and the rules thereunder, 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.

#### EMPLOYEE STOCK OPTION PLAN

We had adopted an ESOP scheme in 2004 to include our employees in wealth sharing and in adopting a more retention oriented compensation program. As the Company was a private limited unlisted company at that time, therefore SEBI ESOP Guidelines were not applicable to our old

ESOP scheme. However, with the listing of Company's shares in November 2006, the Company introduced a new SEBI compliant ESOP scheme, which was approved by passing a special resolution in the Extra-ordinary General Meeting (EGM) held on March 26, 2007. The Company has not made any fresh Grants under this new ESOP Scheme till March 31, 2007.

The disclosures in compliance with clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchases Scheme) Guidelines, 1999 as amended from time to time in Annexure to the Directors Report.

#### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As the company is a services company, the information on conversion of energy and technology absorption is not required to be disclosed under this head. However the information regarding Foreign Exchange earnings and outgo are as below:

(Amount in Rs. million)

	2006-07	2005-06
<b>Foreign Exchange Earnings</b>		
Sales	138.03	60.47
<b>TOTAL INLOW</b>	<b>138.03</b>	<b>60.47</b>
<b>Foreign Exchange Outgo</b>		
Travel	1.34	0.94
Expenses on Server, etc.	38.86	22.07
Promotion & Marketing	35.33	14.29
IPO related Expenses	10.96	NIL
Others	3.55	1.65
<b>TOTAL OUTFLOW</b>	<b>90.04</b>	<b>38.95</b>

#### NOTES ON ACCOUNTS

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

#### ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors

Dated : May 30, 2007  
Place : Noida

sd/-  
(Kapil Kapoor)  
Chairman

# Annexure to Directors Report

## FORM A

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

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

##### 1. Conservation of energy

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

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

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

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

##### a. R&D initiative

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

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

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

##### d. 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.

##### e. Expenditure on R&D for the year ended March 31, 2007

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

### PARTICULARS OF ESOP

Sr. No.	Nature of Disclosure	Financial Year 2006-07														
a	Total number of options granted in FY 2006-07	218,375														
b	Pricing Formula /Exercise price	Rs. 245 per share for 17,900 options; and Rs. 280 per share for 200,475 options.														
c	Total number of options vested	221,900														
d	Total number of options exercised	97,976*														
e	Total number of Equity Shares arising as a result of exercise of options	97,976														
f	Total number of options lapsed/forfeited	34,142														
g	Variation of terms of options	N.A.														
h	Money realized by exercise of options	Rs. 1,199,220														
i	Total number of options in force	424,059														
j	Grant to Senior Management Personnel (during FY 2006-07)	<table border="1"> <thead> <tr> <th>Name</th> <th>Options granted</th> </tr> </thead> <tbody> <tr> <td>Mr. V. Suresh</td> <td>12,000</td> </tr> <tr> <td>Mr. Vineet Singh</td> <td>12,000</td> </tr> <tr> <td>Mr. Vibhore Sharma</td> <td>9,500</td> </tr> <tr> <td>Mr. Vivek Khare</td> <td>9,500</td> </tr> <tr> <td>Ms. Deepali Singh</td> <td>9,000</td> </tr> <tr> <td>Mr. Harveen Bedi</td> <td>9,000</td> </tr> </tbody> </table>	Name	Options granted	Mr. V. Suresh	12,000	Mr. Vineet Singh	12,000	Mr. Vibhore Sharma	9,500	Mr. Vivek Khare	9,500	Ms. Deepali Singh	9,000	Mr. Harveen Bedi	9,000
Name	Options granted															
Mr. V. Suresh	12,000															
Mr. Vineet Singh	12,000															
Mr. Vibhore Sharma	9,500															
Mr. Vivek Khare	9,500															
Ms. Deepali Singh	9,000															
Mr. Harveen Bedi	9,000															
k	Diluted Earning Per share (EPS) pursuant to issue of shares on exercise of options	11.31														
l	Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options)	Rs 35,706,331														
	Impact of this difference on our profits and EPS EPS would be Rs 9.82 per Equity Share.	Profit would be lower by Rs. 35,706,331 and the adjusted EPS would be Rs. 9.82 per share														
m	Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.														
n	Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines	N.A.														

\*includes 182,700 Options granted for Re. 1 per share consolidated into options for Rs. 10 per share.

# Management Discussion and Analysis

## I. Industry Structure & Developments

Internet is similar in many ways to mass communication media like print, television and radio. Internet however, offers significant advantages over other mediums like speed, interactivity, longer shelf life and ease of access resulting in its proliferation worldwide. Worldwide the internet companies typically earn revenue by charging a fee for providing/exchanging information or for advertising/selling products and services. Our businesses are similar to such businesses worldwide in terms of operations and revenue model.

### Our Business

We are primarily in the online classifieds business and help people and businesses meet. We are a leading provider of online recruitment, matrimonial and real estate classifieds and related services in India. Though the company operates in single segment as per the accounting rules, its businesses are managed through the following divisions:

#### Recruitment classifieds and related services

We provide recruitment classifieds and related services through our website [www.naukri.com](http://www.naukri.com) and the offline placement services through our division Quadrangle.

##### *Online recruitment classifieds and related services*

We provide online recruitment classifieds and related services to Corporate Customers (employers and recruitment consultants) and job seekers through our websites [www.naukri.com](http://www.naukri.com) and [www.naukrigulf.com](http://www.naukrigulf.com) supported by our network of 48 offices in 31 Indian cities, and two offices in Dubai. For job seekers, we also provide assistance in preparing resumes and listing them on our website and forwarding to consultants. For our employer and recruitment consultant customers, we list their job vacancies, provide tools to conduct searches in our database of resumes and provide job application screening programs. We also post advertisements on our websites for our Corporate Customers.

##### *Executive search services*

Through our Quadrangle division, we provide offline executive search and placement services for middle and senior level management personnel to our Corporate Customers in all industries and a wider range of search and placement services to our Corporate Customers in the IT and ITES industries.

#### Matrimonial classifieds and related services

We provide an information exchange service to prospective brides, grooms and their relatives, in India and in certain other countries, through our website [www.jeevansathi.com](http://www.jeevansathi.com), which is supported by our office network in India and a tele-calling operation. On [www.jeevansathi.com](http://www.jeevansathi.com), listing of profiles of prospective grooms and brides, as well as viewing of submitted profiles is free, expressing interest and acceptance of expression of interest is free as well. However, users are required to pay in order to view contact information of profiles for which mutual expression of interest has been made. The revenue model is similar to other match-making/matrimonial sites.

#### Real estate classifieds and related services

Our website [www.99acres.com](http://www.99acres.com) aims to provide a convenient forum where buyers, sellers, lessors, lessees and brokers of residential and commercial real estate in India can exchange information concerning real estate property with a view to entering into a transaction. We also sell advertising space on our website to property developers and brokers and in a limited way, to individuals seeking buyers/lessees for the properties.

## II. Opportunities and Threats

### A. Opportunities

We seek to maintain our position as the leading provider of online recruitment solutions in India and further enhance our position as one of the leading providers of internet based matrimonial and real estate services. In addition, we seek to diversify into and establish a position of leadership in the diverse spectrum of the online classifieds market and other markets. In order to achieve the prevalent opportunities, we propose the following strategies:

#### Continued emphasis on innovation and customization of our products and services

The Company recognizes the importance of continued innovation of our products and services. We intend to enhance the utility and features of our existing products and services and create new products and services customized for our diverse groups of users based on their geographic location, interests and other criteria. For example, in the case of [Jeevansathi.com](http://www.jeevansathi.com), we are focusing on increasing our database across all segments and improving and increasing matching options for our users based on a number of criteria, e.g., religion, caste, region and linguistic preferences. With respect to [Naukri.com](http://www.naukri.com), we have launched a diverse portfolio of products and added new features to our products such as "online job fairs". We had during FY 2006-07 initiated the process of providing content on mobile phones, including short messaging services, WAP, GPRS, and voice segments. This arrangement was initially adopted for [Naukri.com](http://www.naukri.com), and was subsequently implemented for [Jeevansathi.com](http://www.jeevansathi.com) and [99acres.com](http://www.99acres.com) as well.

#### Enhancement and diversification of our advertising revenue streams

We believe that the popularity of our websites, particularly the status of [www.naukri.com](http://www.naukri.com) as one of the most visited websites in India (ranked 7<sup>th</sup> most visited website in India in April 2007 as per [www.alexa.com](http://www.alexa.com)), enhances our attractiveness as a location for advertising on the internet. We have an inventory of advertising space on our websites, which we currently sell to our Corporate Customers typically for periods not exceeding twelve months for job related advertising. We intend to enhance our revenues generated by advertising and diversify the revenue model to further strengthen our brand recall.

Our brands constitute one of our most important assets and we intend to continue to take steps to further develop and enhance our brands, through, among others, communication and

promotional initiatives such as advertising, interaction, participation in industry events and seminars. It will also provide us the platform from which we can launch new products in the online classified business.

#### **Developing alternate delivery models for our services**

The Company is focused on developing multi-channel delivery models for our services, particularly through mobile telephones, by entering into alliances which will enable us to provide systems integration and develop content for such services. We identified short messaging services (sms) of mobile telephones as a potential channel of communication with our users. We believe this has enabled us and our customers to access a larger number of users in real time as users would not need to access the internet to avail of some of the services provided by us.

#### **Expand the scope and geographical presence of our business**

The Company intends to open more offices in and outside India. In particular, we are currently focusing on the countries in the Middle East. As a step in this direction we have already opened two offices in Dubai. With respect to the international markets, we intend to customize our products to the extent necessary to cater to the local conditions of those markets, including the creation and operation of websites specific to such markets. In line with the above, the Company had launched [www.naukrigulf.com](http://www.naukrigulf.com) with a view to address the gulf market specifically.

#### **Growth through a combination of acquisitions and organic growth**

The Company recognizes, given the differing nature of the businesses of our divisions, our need for division-specific models of growth and expansion. We will continue to focus on growing each division based on a model most suitable for that division. We intend to evaluate acquisition opportunities as well as organic growth. We are also continually evaluating strategic alliances for the growth and expansion of our other businesses.

#### **Leverage offline relationships and associations to augment the growth of our online businesses**

The Company is focusing on integrating the print and online advertising and information exchange platforms in the sectors and industries that we are engaged in. For example, in the case of 99acres.com, we intend to build a client base of brokers who currently do not list their properties online and to actively solicit such brokers to list their databases on our website. We have built alliances with partners in the print media to enhance our reach.

#### **Diversification into providing online classified services in new market segments**

The Company believes that with the ever-expanding growth of the internet in India and elsewhere, the online classified market is poised to cover classifieds as extensively as it is currently covered by the print media, and that there is an opportunity to enter other online classifieds segments, such as automobiles, educational services and industrial products amongst other. We intend to capitalize on our experience in the classifieds business in recruitment and matrimonial services to diversify into such segments.

## **B. Threats**

Macroeconomic factors affecting our prospects:

#### **Overall economic scenario**

Growth of the online recruitment industry is very closely linked to that of the overall recruitment market, which in turn is dependent on the overall economic growth. According to the estimates of the Central Statistical Organization (CSO), India's GDP has grown over 9% in FY 2007 and the trend is likely to continue in FY 2008. However, more recently, some inflationary pressures have emerged, reflecting both demand factors and supply side constraints. Further, the recent strengthening of rupee against the dollar would lead to erosion of export margins and reduced competitiveness of Indian exports. These developments, if they continue on a prolonged basis in the economy, could have an impact on our business.

#### **Favorable demographic trends**

According to Census data of 2001, 54% of Indian population comprised of people below 25 years of age. This younger population on entering the workforce will increase demand for products and services including online recruitment, matrimonial and real estate. This age group is expected to be early and intensive users of the internet.

#### **Rapid growth in IT/ITES sector**

The IT and ITES sectors have grown at a fast pace during the last 5 – 6 years. Their contribution to the country's GDP is estimated to have grown from 1.2% in FY 2000 to about 4.8% in FY 2006. The total direct employment in the IT and ITES sector is estimated to have grown from about 0.28 million in FY 2000 to over 1.29 million in FY 2006. IT and ITES sectors have been the early adopters of online recruitment and in our opinion account for a sizeable share of the revenues of online recruitment industry. This sector accounted for about 32% of our net sales of the recruitment solution business in FY 2006-07.

#### **Internet and computer penetration**

India has among the lowest internet penetration rates in the world currently compared to other similar economies. India is experiencing a strong growth in internet and PC penetration. The frequent high quality internet users in India are expected to increase from 2.8 million in FY 2007 to 4.3 million by FY 2008 as per estimates of the Internet and Mobile Association of India ([www.iamai.in](http://www.iamai.in)). The Government of India has also adopted a number of policies that are promoting internet penetration in India e.g. lowering of prices of broad band access, better internet infrastructure, lower priced PCs etc.

#### **Cultural changes/Increase in mobility of individuals**

India has witnessed increase in urbanization and literacy rates, and this trend is likely to continue. These factors have also led to significant cultural changes in the workforce, including the change in the attitude of a typical employee to his or her job as being for more or less a certain period of time – instead of for life – and such changes are expected to increase the mobility of the Indian labor force. The enhanced mobility of the Indian labor force is likely to contribute to the growth of the

recruitment industry. Additionally, the younger population demands more choices and is more willing to take decisions affecting their lives like those pertaining to matrimony and buying real estate at a relatively younger age.

#### Online advertising market

The advertising industry in India is mainly comprised of newspaper, television, outdoor, magazine, radio, internet and cinema advertising. Internet advertising, which was almost non-existent till 1998, has grown at a fast pace in line with growth of the internet and is expected to become more and more prominent vis-à-vis the other mediums.

The online advertising market was estimated to have grown to Rs. 2.18 billion in FY 2007 (source: www.iamai.in).

### III Outlook, Risks & Concerns

We are India's leading online classifieds company. We believe that our innovative and creative management team has been successful in developing and introducing new, value-enhancing products and services for job seekers, employers and recruitment agencies in India in the case of Naukri.com, as well as an effective and cost-efficient medium for prospective brides and grooms residing in and outside of India to exchange personal information for the purpose of forming a marital relationship in the case of Jeevansathi.com.

#### Strengths

We believe that our management team has contributed to the development of the following competitive strengths:

##### Well-recognized and strong brand names

Naukri.com and Jeevansathi.com are well-established brands in India and enjoy high user recall. This enables our websites to gain the advantage of high recall amongst potential users. However, we pioneered the use of Indian website names in 1997 which is a fairly unique step. Our website www.naukri.com is currently the most-visited recruitment website in India. In addition, as of April 2007, Naukri.com was rated as India's seventh most visited website (Source: Traffic rankings as appearing on www.alexa.com). We believe that well-recognized and strong brand names will facilitate us to strengthen and enter new geographic markets in and outside of India.

##### Early mover advantage in the online employment segment in India

We are one of the first online providers of recruitment-related services in India. Our website www.naukri.com was launched in 1997. This has enabled us to enjoy an early-mover advantages, for example :

- it has enabled us to create well-established brand names;
- it has enabled us to establish relationships with a large number of corporate employers and recruitment consultants; and
- it has enabled us to create a large database of job seekers and their resumes.

The early mover advantage coupled with favourable economic factors and good execution capabilities has enabled us to consolidate our leadership position in this market.

#### Long-standing relationships with large number of Corporate Customers

During FY 2007 we provided recruitment services to over 27,500 Corporate Customers, in various sectors of the economy. We believe that our long-standing relationship with such customers enables us to customize our products more efficiently and to cater to the needs of such Corporate Customers.

#### Wide network of offices to support and augment our sales & client management effort

The Company currently maintains a network of 48 offices in 31 cities in India, and two offices in Dubai, where our staff endeavors to acquire new users, assists existing users on various services provided by us and undertakes collection of payment from Corporate Customers and other users for products and services offered by us. This network of offices also enables us to provide recruitment, matrimonial, real estate & other related services to our clients.

#### Technological expertise for the improvement and development of product portfolio

The Company has a competent technology team, which possesses the technological expertise to continually improve the product and service offerings on our websites, and introduce new products and services to our users to meet their needs. For example, during this financial year we integrated short messaging services (SMS) into our websites which has been well accepted by some Corporate Customers for their recruitment needs.

#### Highly experienced and stable management team

We have an experienced senior management team that has successfully expanded our business and increased our revenues, mostly through internal growth. There have been no significant changes in our key managerial personnel in the last three years, which is unusual in an industry known for its high attrition rate.

#### Well-qualified and highly motivated work force

As of March 31, 2007, we had a workforce of over 1200 employees from different professional backgrounds. We have a structured incentive program, including a performance-linked variable pay structure to motivate their performance, and have dedicated significant resources to training programs. Consequently, we feel we have a work force which is well-qualified and motivated to meet the needs of our customers/users and contribute to our growth.

#### Risks & Concerns

##### Branding

Brand recognition is critical to the success of our online business since our primary service delivery platform is currently the internet. It is critical that we establish strong visibility and awareness of our brands. If we do not succeed to the extent desired or anticipated by us in our brand-building efforts, our business may be adversely affected. However, we spend significant financial and other resources on advertising and publicizing our brands and would continue to invest in the existing/new brands in future.

### Competition

We also face significant competition from similar online businesses as also traditional media which is not internet based, such as newspapers, printed yellow pages, radio and television and from traditional recruitment, matrimonial agencies and property brokers. The contents of our database are provided by our Corporate Customers and other users who are not bound by any exclusivity with us and are therefore not prohibited from providing the same content to our competitors. Our inability to compete effectively with existing or future competitors could adversely affect our business and financial condition.

However, with the expectation of economy growing at about 8% for next few years and increase in the active internet population, we expect that more competition will expand the market. Also our ability to understand local needs and make necessary changes in our product offerings would help us compete effectively with our peers. We are also focusing on our products and technology innovation along with maintaining advertising interest to keep ahead of competition.

### Innovation and customization

Constant innovation and customization of our products & services and our service delivery platforms is key to ensure that we are able to maintain a steady growth in the number of users of our services and products. We continue to launch and improve our products and services. If we fail to continue to upgrade our infrastructure and service delivery platforms on a continuous basis, our business and financial condition may be adversely affected. The Company believes in its ability to attract and retain talent to deliver innovations and product improvements which is key to success.

### Internet usage

A substantial portion of our business is conducted online through our websites and any adverse change in the growth of internet usage in India would have a substantial impact on our business and results of operations. Any slowdown or decrease in the levels of internet penetration could reduce the number of resumes, profiles and properties listed on our websites. The Government of India has been adopting a number of policies that are promoting internet penetration in India e.g. lowering of prices of broad band access, better internet infrastructure, lower priced personal computers.

### Economic outlook and performance of key sectors

Any downturn in the Indian economy would adversely affect recruitments in the Indian employment market and have an adverse impact on our business. We are also dependent on the IT and financial services industries for our recruitment business. Trends in these industries, such as backlash against business process outsourcing in the developed economies, may reduce employment levels in these industries in India and would in turn have an adverse impact on our business and results of operations. More recently, the strengthening of the rupee against the dollar has led to erosions of export margins and may lead to IT& ITES companies reducing their recruitment plans. Further, the increase in interest rates may affect the growth rate of the economy which could lead to

companies slowing down their hiring plans. Both these may impact us adversely. However, we believe the economic outlook in India continues to look positive in the short and medium term. Also as a broad internet player, we are focusing on new industry categories which will help us spread the risk.

### Network and systems failures and misuse of our websites

A substantial portion of our business is conducted online, as such we are heavily dependent on uninterrupted operation of our network and systems for our ability to provide the products & services to the users of our websites in a secure, uninterrupted and efficient manner. Any interruptions or failures relating to the above could affect our operations & goodwill. We have made arrangements for back -up servers from alternate source and maintain electronic data back-up on a daily basis. However, in the event of a break down our services could be impacted. We also constantly review our disaster recovery procedures to strengthen off-site and on-site processes to provide trouble free services to our customers.

Transactions on our websites require the transmission of data over public networks. Loss, hacking or theft of sensitive data stored on our information technology systems could damage our reputation, cause users to lose confidence in our security systems and to not conduct transactions on our websites and also subject us to lawsuits, sanctions, fines or other penalties.

We are also exposed to misuse by third parties (who use our websites to send spam mail) of the postings on our websites. Spam that can be traced to our server poses the threat of our legitimate emails being blocked by anti-spam monitoring agencies and/or tools. However, we have integrated checks and controls in place to monitor outgoing mails to our users. Despite these checks SPAM mails may still be traced back as having originated from our servers. We constantly monitor & upgrade our benchmarks to global standards.

### Expansion into new markets

We believe that growth outside of India, in markets such as South Asia and West Asia, is important to the success of our business in the future, and our lack of adequate experience outside India may increase the risk that our international expansion efforts and operations may not be successful. It is likely that presence in these markets will increase gradually as we gain greater experiences about the environment & business practices.

## IV. Internal Control Systems

The Company has in place adequate systems of internal controls commensurate with its size and nature of its business processes. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transaction with proper authorizations and ensuring compliance with corporate policies.

The Company's internal control system is supplemented by extensive audits by the Internal Auditors which report to the Audit Committee. Regular internal audits and checks ensure that objectives of internal controls are achieved effectively.

The Audit Committee of the Board reviews periodically the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

## V. Financial Performance Review

### Income

We derive our total income from recruitment, matrimonial and real estate classifieds and related services and other income. The table below reflects the breakup of the total income for the financial year ended March 31, 2007:

Particulars	For the Year Ended March 31, 2007
	Amount (Rs. Million)
Recruitment Services (A)	1,277.02
Other Verticals (B)	118.67
Net Sales (A+B)	1,395.69
Other Income	75.94
<b>Total Income</b>	<b>1,471.63</b>
<b>Total Expenditure</b>	<b>1,030.62</b>
Profit Before Depreciation and Tax	441.01

### Expenditure (excluding Interest, Financial Charges and Depreciation)

Our expenditure consists primarily of advertising, marketing and promotion charges, employee salaries and sales incentives, administrative costs and costs of maintaining our network and system infrastructure, such as internet connection and server hosting charges.

Our advertising, marketing and promotion expenses increased from Rs. 184.24 million in FY 2006 to Rs. 297.62 million in FY 2007, which represents an increase of more than 61%. Large portion of this increase is due to promoting and building the newer brands jeevansathi.com and 99acres.com in addition to greater activity for naukri.com. We have similarly experienced increase in administrative costs, personnel expenses and infrastructure costs, in-line with increases in head count, revenues and opening of new offices.

For FY 2007, our total expenditure as a percentage of our total income was 70.02% and our profits before depreciation and tax as a percentage of total income was 29.98%.

### Employee Stock Option Compensation Costs

The profit before tax for FY 2007 and FY 2006 decreased by Rs. 7.3 million and Rs. 5.2 million, respectively, due to charges in the profit and loss account required on account of our employee stock option compensation cost. The charge to our profit before tax equal 0.8% and 0.4% of our total income for FY 2007 and FY 2006, respectively. ESOP is an important part of the compensation and a retention tool for key employees.

### Personnel Expenses

Personnel expenses consist of the payments made to the employees, such as salaries and wages, incentives, contributions to provident fund, gratuity and employee state insurance fund, bonus payments, leave encashment, staff welfare and other general employee expenses. Personnel expenses also include costs for training of employees, conference and seminars organized for employees and retainer fees paid by us to consultants. We expect our personnel expenses to increase in the future, as we intend to continue to benchmark compensation in line with that of industry, hire additional employees and spend more on staff welfare and other benefits.

### Network and Other Charges

Network and Other Charges comprises of expenses incurred in relation to our network and system infrastructure, including for the maintenance and upkeep of the infrastructure as well as expenses related to internet and server charges.

### Depreciation

We charge depreciation on assets on the Straight Line Method over the useful lives of the assets concerned softwares, computers and office equipments, form the bulk of our asset base, and are written off over a three year period, vehicles over a four year period, plant and machinery over a five year period and furniture and fixtures over a seven year period. The effective rates as per this method are above the rates prescribed under Schedule XIV of the Companies Act, 1956. New assets having a value of less than Rs. 5,000 are written off in the year of acquisition.

### Interest and Financial Charges

Interest and financial charges largely includes bank charges for cheque collections and remittances, fees to payment gateway service providers for collecting credit card payments. A small amount is paid by way of interest payments on outstanding vehicle financing loans or leases.

### Taxation

Our tax expense has increased as a result of the increase in profit before tax.

Effective tax rate is 31.44% for FY 2006-07 due to deferred tax asset and FBT.

## VI. Material Developments in Human Resources

The Company realizes that its people will drive the future growth. Therefore, recruitment and retention of talent has been identified as an important activity within the Company. There is a conscious effort on the part of the management to continuously develop knowledge, skills and attitudes of its employees through a variety of trainings specifically aimed at individual's needs with a special thrust on enhancing functional/domain knowledge across disciplines. Retention and motivation is achieved through a combination of compensation (fixed, variable, bonus, ESOP) career growth and providing an environment which provides opportunities to function independently. The Company sincerely acknowledges the contribution of all its employees in the excellent performance of the Company during the year.

## Report on Corporate Governance

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

### II BOARD OF DIRECTORS

#### COMPOSITION:

The Board of the Company comprises of 9 Directors out of which 3 are Whole-time Directors. The Chairman of the Board is Non-executive and more than one third of the total Board consists of Independent Directors.

The composition and category of Directors alongwith their other Directorships & Memberships in Board Committees as on March 31, 2007:

Name & Designation	Independent/Non Independent Director	Directorships in other Companies	Chairmanships/Memberships in Board Committees (as per clause 49) of other Companies
Mr. Kapil Kapoor Non- Executive Chairman	Non Independent Director	1. Timex Watches Limited 2. TMX Philippines, Inc. 3. Timex (Shanghai) Trading Company Limited	
Mr. Sanjeev Bikhchandani Managing Director & Chief Executive Officer	Non Independent Director	1. Jeevansathi Internet Services Private Limited 2. Naukri Internet Services Private Limited 3. MakeMyTrip (India) Private Limited 4. International Web Travel Private Ltd. (Mauritius)	
Mr. Hitesh Oberoi Whole Time Director & Chief Operating Officer	Non Independent Director	1. Jeevansathi Internet Services Private Limited 2. Naukri Internet Services Private Limited	
Mr. Ambarish Raghuvanshi Whole Time Director & Chief Financial Officer	Non Independent Director	1. Jeevansathi Internet Services Private Limited 2. Naukri Internet Services Private Limited	
Mr. Arun Duggal Non-executive Director	Independent Director	1. Jubilant Energy Limited, Canada 2. Patni Computer Systems Limited 3. Fidelity Fund Management Private Limited 4. Shriram Properties Ltd. 5. Petronet LNG Limited 6. Manipal AcuNova Limited 7. Zuari Industries Limited 8. Dish TV India Limited (Formerly ASC Entrp. Ltd.) 9. Carzonrent (India) Pvt. Ltd. 10. Shriram Transport Finance Limited 11. The Bellweather Microfinance Fund 12. International Asset Reconstruction Co. Pvt. Ltd. 13. Blackstone Investment Co. Pvt. Ltd. 14. Tanglewood Financial Advisors Pvt. Ltd.	Shareholders/Investor Grievance Committee <b>Member</b> Petronet LNG Ltd.  <u>Audit Committee</u>  <b>Chairman</b> Patni Computer Systems Ltd. Petronet LNG Ltd.  <b>Member</b> Zuari Industries Ltd.
Mr. Ashish Gupta Non-executive Director	Independent Director	1. Jigrahak Mobility Solutions Pvt. Ltd. 2. Meritrac Services Private Limited 3. Anantara Solutions Pvt. Ltd.	
Mr. Saurabh Srivastava Non-executive Director	Independent Director	1. Scicom Infotech Private Limited 2. Ascendant Consultancy Services Private Limited 3. Infinity Technology Investment Private Limited 4. Infinity Technology Trustee Private Limited 5. Opportunia Enterprises Private Limited 6. Kaleidoscope Entertainment Private Limited 7. Media Lab Asia 8. BOA Consultancy Services Pvt. Ltd. 9. Sanshadow Consultants Pvt. Ltd. 10. Fleetcorp India Pvt. Ltd. 11. Vienova Technology Pvt. Ltd.	
Ms. Bala Deshpande Non-executive Director	Independent Director	1. Tech Process Solutions Limited 2. Deccan Aviation Limited 3. Indus League Clothing Limited 4. Nagarjuna Constructions Company Limited 5. Pantaloon Retail (India) Limited 6. Home Solutions Retail (India) Ltd. 7. Subhiksha Trading Services Limited 8. Team Four Hospitality Services Private Limited 9. Traveljini.com Limited 10. Welspun India Limited 11. MITRA Technology Foundation 12. Sangam India Ltd.	<u>Audit Committee</u>  <b>Chairman</b> Subhiksha Trading Services Ltd.  <b>Member</b> TechProcess Solutions Ltd. Indus League Clothing Ltd. Welspun India Ltd. Deccan Aviation Limited
Mr. Sandeep Murthy Non-executive Director	Non Independent/ Nominee Director	1. Voyager Investment Advisors Pvt. Ltd. 2. C. E. Infosystems Pvt. Ltd. 3. Paymate India Pvt. Ltd.	

## Brief Resume of Directors seeking Appointment/Reappointment

### 1. Mr. Kapil Kapoor

**Mr. Kapil Kapoor**, an Indian national, is our Chairman and non-executive Director. He obtained a Bachelor of Arts degree in Economics from the University of Delhi and a Post Graduate Diploma in Management (PGDM) from Indian Institute of Management ("IIM"), Ahmedabad. Mr. Kapoor is currently the Managing Director of Timex Watches Limited – a position which he has held since October 2000, and also is Vice President – Asia of Timex Corporation. Mr. Kapoor started his professional career in 1987 with Nestle India Limited. He later worked with Bausch & Lomb, where he was part of the start up team that launched RayBan sunglasses and the Bausch & Lomb vision care range in India; and subsequently went on to manage the overseas marketing territories of Russia, Ukraine and East Africa in addition to the SAARC region. In 1996, Mr. Kapoor relocated to Thailand as the Country Manager for Bausch & Lomb and was promoted to Commercial Director in 1998 with regional responsibility for South East Asia and the SAARC region.

### 2. Mr. Ambarish Raghuvanshi

**Mr. Ambarish Raghuvanshi**, an Indian national, is our Whole Time Director and Chief Financial Officer & Head, Legal & Administration. Mr. Raghuvanshi obtained a Bachelor of Commerce degree from St. Xavier's College, Kolkata in 1983 and a Post Graduate Diploma in Business Management (PGDBM) from XLRI, Jamshedpur in 1987. He is a qualified Chartered Accountant. Mr. Raghuvanshi has a wide range of experience in corporate and investment banking in his earlier assignments with Standard Chartered Bank, HSBC, and the Bank of America, where he has assisted and advised corporates across a wide spectrum of the industries on capital raising, mergers and acquisitions, and raising working capital.

### 3. Ms. Bala Deshpande

**Ms. Bala Deshpande**, an Indian national, is an Independent Director on our Board. She has obtained a Master of Arts degree in Economics from the Bombay University and a Masters degree in Management Studies from the Jamnalal Bajaj Institute of Management Studies. Ms. Deshpande has a total of 17 years of professional experience, including 7 years of experience in private equity. At ICICI Ventures, she is using her operational experience to identify opportunities for investment and to play a strategic role in shaping the future of investee companies. Her private equity experience has seen the full cycle from nurturing young companies to executing over several exits including IPOs, buy-back, strategic sale and capital market divestments. She currently focuses on sectors such as retail, media, IT, ITES, telecom, construction as also some manufacturing related industries. Prior to joining ICICI Ventures, she had multi industry exposure and has worked with leading MNCs such as Bestfoods, Cadbury and ICI. She was part of the strategic planning team at Bestfoods and was also nominated for the Women Leadership Forum held at Bestfoods, New York.

### 4. Mr. Sandeep Murthy

**Mr. Sandeep Murthy**, a U.S National, is a partner at Sherpalo Ventures (www.sherpalo.com) focused on investment opportunities in India. Mr. Murthy also evaluates and manages investments in

India for Kleiner Perkins Caufield and Byers Holdings Inc. In 2005, Mr. Murthy has obtained an MBA from the Wharton School, USA. He also holds a Bachelor of Science Degree in Systems Engineering from the University of Pennsylvania and a Bachelor of Economics Degree from the Wharton School both obtained in 1998. Mr. Murthy began his career in investment banking at Credit Suisse First Boston in their Technology Group in Palo Alto, California. Mr. Murthy has spent the past few years in the internet space in the U.S.A most recently working at InterActive Corp (IAC) the owners of companies such as Expedia, Match.com, CitySearch, Gifts.com and other online businesses. Prior to joining IAC, Mr. Murthy worked at Sony Music in the new technology group where he focused on launching a digital music service for Sony Music.

## ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND LAST ANNUAL GENERAL MEETING:

During the financial year ended March 31, 2007, four Board meetings were held on May 4, 2006; July 14, 2006; October 3, 2006; & January 29, 2007.

The attendance of each Director at the Board Meetings and the last Annual General Meeting are as under :

Name of the Director	No. of Meetings	Attendance (% thereof)*	Whether attended Last AGM
Mr. Kapil Kapoor	3	75	No
Mr. Sanjeev Bikhchandani	4	100	Yes
Mr. Hitesh Oberoi	4	100	Yes
Mr. Ambarish Raghuvanshi	4	100	Yes
Ms. Bala Deshpande	1#	25	No
Mr. Arun Duggal	4	100	Yes
Mr. Ashish Gupta	1	25	No
Mr. Saurabh Srivastava	2	50	No
Mr. Sandeep Murthy	2	67	N. A.

\* Percentage computed by considering the meetings attended with the total meetings held during their tenure.

# Attended by Mr. Anand Vyas, Alternate Director to Ms. Bala Deshpande.

## III. AUDIT COMMITTEE COMPOSITION:

The Audit Committee comprises of 4 Directors of which 3 are Non-Executive and Independent Directors. The Chairman of the Committee is a Non-Executive Independent Director. All the Members of the Committee have good financial and accounting knowledge. The Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors are invitees to the meetings. The Company Secretary acts as a Secretary to the Committee. The minutes of the Audit Committee Meetings are placed for information in the subsequent Board Meeting.

The constitution of the Audit Committee as on March 31, 2007:

S. No.	Name	Designation & Category
1.	Mr. Arun Duggal	Chairman, Independent, Non-Executive
2.	Mr. Hitesh Oberoi	Director & Chief Operating Officer
3.	Mr. Saurabh Srivastava	Director, Independent, Non-Executive
4.	Mr. Ashish Gupta	Director, Independent, Non-Executive

The Chairman of Audit Committee was present in the last Annual General Meeting to answer shareholders queries.

**SCOPE & FUNCTIONS OF AUDIT COMMITTEE:**

The term of reference of Audit Committee includes overseeing the audit functions, review of Company's financial performance, review critical findings of Internal Audit, compliance with the Accounting Standards & all other matters specified under Clause 49 of the Listing Agreement of the Stock Exchange and in Section 292A of the Companies Act, 1956. The Audit Committee's role includes overview of our financial reporting process, recommending the appointment and removal of statutory auditors, fixing audit fees, reviewing management discussion and analysis, reviewing the annual financial statements with management prior to submitting these to the Board, reviewing related party transactions, reviewing our internal audit functions, reviewing findings of any internal investigations by the internal auditors and reviewing our financial & risk management policies.

**MEETINGS AND ATTENDANCE:**

During the financial year ended March 31, 2007, two Audit Committee meetings were held on June 12, 2006 and January 29, 2007.

The attendance of Audit Committee Meetings are as under:

Name of the Member	No. of Meetings Attended
Mr. Arun Duggal	2
Mr. Hitesh Oberoi	2
Mr. Saurabh Srivastava	Nil
Mr. Ashish Gupta*	1

\* Mr. Ashish Gupta was co-opted as member of Audit Committee on November 30, 2006

**IV COMPENSATION COMMITTEE**

The Compensation Committee comprises of 3 Directors, all Non-Executive and 2 being Independent Directors. The terms of reference of Compensation Committee includes approving remuneration & terms of Whole-time Directors within the overall ceiling approved by the Shareholders and administering Employee Stock Option schemes of the Company. The Chairman of the Committee is a Non-Executive Director. The decisions of the Compensation Committee are placed for information in the subsequent Board Meeting.

The constitution of the Compensation Committee as on March 31, 2007:

S. No.	Name	Designation & Category
1.	Mr. Kapil Kapoor	Chairman, Non-Executive
2.	Mr. Saurabh Srivastava	Director, Independent, Non-Executive
3.	Ms. Bala Deshpande	Director, Independent, Non-Executive

**REMUNERATION/SITTING FEES PAID TO DIRECTORS:**

(Amount in Rs'000)

S. No	Name of Directors	Salary, Allowances & Perquisites	Commission to Independent Director	Sitting Fees	Total
1.	Mr. Kapil Kapoor	–	–	40	40
2.	Mr. Sanjeev Bikhchandani	11,967	–	–	11,967
3.	Mr. Hitesh Oberoi	13,453	–	–	13,453
4.	Mr. Ambarish Raghuvanshi	8,760	–	–	8,760
5.	Ms. Bala Deshpande	–	–	–	–
6.	Mr. Arun Duggal	–	500	60	560
7.	Mr. Ashish Gupta	–	500	40	540
8.	Mr. Saurabh Srivastava	–	500	20	520
9.	Mr. Sandeep Murthy	–	–	–	–

**DETAILS OF SHARES HELD BY NON-EXECUTIVE DIRECTORS AS ON MARCH 31, 2007:**

S. No.	Name	No. of Shares	Percentage to total Paid-up Capital
1.	Mr. Kapil Kapoor	1,319,880	4.84
2.	Ms. Bala Deshpande	36,080	0.13
3.	Mr. Arun Duggal	20,000	0.07
4.	Mr. Ashish Gupta	49,703	0.18
5.	Mr. Saurabh Srivastava	17,500	0.06
6.	Mr. Sandeep Murthy	53,000	0.19

No Stock Options have been granted to any Non-Executive Directors.

**V. INVESTORS GRIEVANCE COMMITTEE****COMPOSITION:**

The Investor Grievance Committee constituted by the Board comprises of three members with a Non-Executive Director as Chairman of the Committee.

The constitution of the Investor Grievance Committee as on March 31, 2007:

S. No.	Name	Designation & Category
1.	Mr. Kapil Kapoor	Chairman, Non-Executive
2.	Mr. Ambarish Raghuvanshi	Director & Chief Financial Officer
3.	Ms. Bala Deshpande	Director, Independent, Non-Executive

**SCOPE & FUNCTIONS OF INVESTORS GRIEVANCE COMMITTEE:**

The scope & functions of the Committee includes approval of transfer and transmission of shares and other matters like consolidation/split of certificates, issue of duplicate share certificates, dematerialisation/rematerialisation of shares in stipulated period of time. The Committee also supervises the systems of redressal of Investor Grievances and ensures cordial

investors relation. Details of share transfer/rematerialisation/transmission etc. as approved by the Committee are placed at the Board Meetings from time to time.

Since the matters of shares transfers and remat requests are quite frequent, the Committee had passed some resolutions relating thereto through circulation. During the last year, the Committee met on January 29, 2007 and the attendance was as follows:

Name of the Member	No. of Meetings Attended
Mr. Kapil Kapoor	1
Mr. Ambarish Raghuvanshi	1
Ms. Bala Despande	Nil

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

The minutes and resolutions passed through circulation by Investor Grievance Committee are informed to the Board in the subsequent meetings.

#### DETAILS OF SHAREHOLDER COMPLAINTS RECEIVED & REPLIED TO THEIR SATISFACTION

The Company came out with an Initial Public Offering (IPO) & its shares were listed on November 21, 2007. During the year the Company received 767 complaints, out of which 20 complaints were pending as on March 31, 2007.

#### VI. GENERAL BODY MEETINGS

The location, date, time and venue of the last three Annual General Meetings are as under:

Meeting	Date	Time	Venue	No. of Special Resolutions Passed
9th AGM	25 <sup>th</sup> August, 2004	11.00 AM	Corporate Office B-77, Sector -5, Noida	1
10 <sup>th</sup> AGM	18 <sup>th</sup> July 2005	11.00 AM	Corporate Office, B-77, Sector -5, Noida	Nil
11 <sup>th</sup> AGM	12 <sup>th</sup> June, 2006	3.00 PM	Gymkhana Club, Safdarjung Road New Delhi.	1

During the year ended March 31, 2007 there have been no resolutions passed by the Company's shareholders through postal ballot.

#### VII. DISCLOSURES

##### Related Party Transactions

Transactions with related parties are being disclosed separately in notes to the Accounts in the Annual Report.

##### Compliances by the Company

During the last three years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any statutory authority for non-compliance of any matter related to capital markets.

#### VIII. MEANS OF COMMUNICATION

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 & 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)

Management Discussion & Analysis is separately annexed and forming part of the Annual Report.

#### IX. GENERAL SHAREHOLDER INFORMATION

##### (i) Annual General Meeting:

The next Annual General Meeting of the Company is scheduled to be held on 27<sup>th</sup> July 2007.

##### (ii) Financial Calendar (Tentative):

The Quarterly Results taken/will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30<sup>th</sup> June, 2007 On 27.07.2007

Quarter ending 30<sup>th</sup> September, 2007 On or before 31.10.2007

Quarter ending 31<sup>st</sup> December, 2007 On or before 31.01.2008

Quarter ending 31<sup>st</sup> March, 2008 On or before 15.05.2008

##### (iii) Date of Book Closure for Dividend: July 20, 2007 to July 27, 2007 (both days inclusive)

##### (iv) Dividend Payment Date: The Dividend, subject to the approval of the Shareholders, shall be paid on or after July 30, 2007

##### (v) Listing on Stock Exchanges:

The Company came out with an Initial Public Offering (IPO) and its shares were listed at BSE & NSE on November 21, 2007.

##### (vi) Stock Code:

Name of Stock Exchanges	Stock Code	Date of Listing
Bombay Stock Exchange	532777	21.11.2006
National Stock Exchange	Naukri	21.11.2006

ISIN Number : INE663F01024

##### (vii) & (viii) Market Price Data (for the period November 21, 2006 to March 31, 2007)

##### Share Price Performance in comparison with NSE (S&P CNX Nifty) Index:

Month	Naukri		S&P CNX Nifty Index	
	High (Rs.)	Low (Rs.)	High	Low
Nov'06	643.50	451.05	3976.80	3856.75
Dec'06	647.00	505.05	4046.85	3657.65
Jan'07	760.00	577.00	4167.15	3833.60
Feb'07	747.40	585.00	4245.30	3674.85
Mar'07	776.85	605.00	3901.75	3554.50

### Share Price Performance in comparison with BSE Sensex

Month	532777		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
Nov'06	643.80	480.00	13799.02	13434.58
Dec'06	646.90	512.00	14035.3	12801.65
Jan'07	755.00	577.80	14325.92	13303.22
Feb'07	749.00	590.00	14723.88	12800.91
Mar'07	778.00	610.15	13386.95	12316.1

#### (ix) Registrar and Share Transfer Agent:

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

<b>Name &amp; Address of R &amp; T Agent</b>	Intime Spectrum Registry Ltd. A-31, 3 <sup>rd</sup> Floor, Naraina Industrial Area, Phase-I Near PVR Naraina New Delhi 110028
<b>Tel no.</b>	011-41410592, 93,94
<b>Fax no.</b>	011-41410591
<b>E-mail id</b>	delhi@intimespectrum.com
<b>Website</b>	www.intimespectrum.com

#### (x) 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. In order to expedite the process of share transfer in line with Corporate Governance requirements, the Company has delegated the power of share transfer to R & T Agent 'Intime Spectrum Registry Limited'.

#### (xi) Distribution of Shareholding as on March 31, 2007:

Sr. No.	Category		No. of Share-holders	% of Share-holders	Amount (Rs.)	% of Amount
	From	To				
1.	1-	2500	17736	96.77	5,091,300	1.87
2.	2501-	5000	263	1.44	987,920	0.36
3.	5001-	10000	138	0.75	1,053,190	0.39
4.	10001-	20000	52	0.28	782,270	0.29
5.	20001-	30000	22	0.12	572,030	0.21
6.	30001-	40000	12	0.07	425,740	0.16
7.	40001-	50000	12	0.07	561,650	0.21
8.	50001-	100000	28	0.15	1,917,680	0.70
9.	100001	and above	66	0.36	261,560,780	95.83
<b>TOTAL</b>			<b>18329</b>	<b>100</b>	<b>272,952,560</b>	<b>100</b>

### Shareholding Pattern as on March 31, 2007:

S. No.	Category of Shareholder	Total number of shares	Shares held as a percentage of total number of shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group (Indian)</b>		
	Individuals	14530898	53.24
	Any Others(Relative & friends of Promoters)	373508	1.37
	Sub Total (A)	14904406	54.60
<b>(B)</b>	<b>Public shareholding</b>		
	Mutual Funds/UTI	931865	3.41
	Foreign Institutional Investors	5284171	19.36
	Bodies Corporate	395884	1.45
	Individuals	2377955	8.72
	Others	3400975	12.46
	Sub Total (B)	12390850	45.40
<b>GRAND TOTAL (A)+(B)</b>		<b>27295256</b>	<b>100</b>

### Statement Showing Shareholding of Persons Belonging to the Category "Promoter & Promoter Group" as on March 31, 2007

Sr. No.	Name of the shareholder	Number of shares	Shares held as a percentage of total number of shares
1.	Sanjeev Bikhchandani	11801373	43.24
2.	Hitesh Oberoi	2074441	7.60
3.	Ambarish Raghuvanshi	655084	2.40
4.	Surabhi Motihar Bikhchandani	373508	1.37
5.	Endeavour Holding Trust	0	0.00
<b>TOTAL</b>		<b>14904406</b>	<b>54.60</b>

### 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, 2007

Sr. No.	Name of the shareholder	Number of shares	Shares held as a percentage of total number of shares
1.	Mr. Kapil Kapoor	1319880	4.84
2.	Fidelity Funds (Mauritius) Limited	1140404	4.18
3.	Mr. Anil Lall	1125358	4.12
4.	Carlson Fund Equity - Asian Small Cap	643063	2.36
5.	Info Edge Employees Stock Option Plan Trust	638005	2.34
6.	Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunites Fund	584667	2.14
7.	Murugan Capital	557916	2.04
8.	Sherpalo Mauritius Llc	557913	2.04
9.	Citigroup Global Markets Mauritius Pvt. Ltd.	509495	1.87
10.	Matthews India Fund	476727	1.75
11.	Sandstone Capital India Master Fund Ltd.	387007	1.42
12.	Merrill Lynch Capital Markets Espana S.A. S.V	371875	1.36
<b>TOTAL</b>		<b>8312310</b>	<b>30.45</b>

**(xii) Dematerialisation of Shares and Liquidity:**

The shares of the Company are compulsorily traded in dematerialized form. More than 95% of equity shares have been dematerialized as on March 31, 2007. As per the SEBI DIP Guidelines, pre-issue equity of 14,363,120 equity shares aggregating to 52.62% is under lock-in upto November 13, 2007 and 5,459,051 equity shares aggregating to 20% is under lock-in upto November 13, 2009.

The equity shares of the Company are actively traded at BSE & NSE.

**(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company had not issued any GDRs/ADRs/Warrants etc.

**(xiv) Plant Locations:**

The Company has 48 offices as on March 31, 2007 spread in 31 cities across India and two offices in Dubai. The addresses of these offices are available on our corporate website.

**(xv) Address for Correspondence:**

Company Secretary,  
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

## Certificate regarding Compliance of conditions of Corporate Governance

To,  
The Members  
Info Edge (India) Ltd.

We have examined the compliance of conditions of Corporate Governance by Info Edge (India) Limited ("the Company"), for the year ended on 31 March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination 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.

We further 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 **V. K. Sharma & Co.**  
Company Secretaries

sd/-  
**V.K. Sharma**  
Proprietor  
FCS 3440

Dated : June 5, 2007  
Place : New Delhi

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

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

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2007 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 violative 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.

Dated : May 3, 2007

Place : Noida

sd/-  
Sanjeev Bikhchandani  
*Chief Executive Officer & Managing Director*

sd/-  
Ambarish Raghuvanshi  
*Chief Financial Officer & Director*

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

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

I confirm that the Company has in respect of financial year ended March 31, 2007 received from the members of the Board and Senior Management team of the company a declaration of the compliance with the Code of Ethics as applicable to them.

Dated : June 20, 2007

Place : Noida

sd/-  
(Sanjeev Bikhchandani)  
*Chief Executive Officer & Managing Director*

# Auditor's Report

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

[Formerly Known as Info Edge (India) Private Limited]

1. We have audited the attached Balance Sheet of Info Edge (India) Limited, as at March 31, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
  - (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
  - (ii) The Company does not maintain any inventory, accordingly clauses (ii)(a) to (ii)(c) of Para 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
  - (iii) The company has neither taken nor granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of Para 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
  - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
  - (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative market prices, the transactions made in pursuance of such contracts or arrangements and exceeding

the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
  - (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
  - (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
  - (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
  - (x) The company has no accumulated losses as at March 31, 2007 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
  - (xi) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
  - (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
  - (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
  - (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
  - (xvi) The company has not obtained any term loans.
  - (xvii) On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
  - (xviii) The company has made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.
  - (xix) The Company has neither issued any debentures during the year, nor are there any debentures outstanding at the year end.
  - (xx) The management has disclosed the end use of money raised by public issue (Refer Note 18 on Schedule 19) and the same has been verified by us.
  - (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have

been kept by the company so far as appears from our examination of those books;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors and taken on record by the Board of Directors at the meeting held on May 3, 2007, none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the

prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2007;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Dated : May 3, 2007  
Place : New Delhi

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

## Balance Sheet as at March 31, 2007

	Schedule	As at March 31, 2007		As at March 31, 2006	
		(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Capital	1		272,953		218,362
Stock Options Outstanding Account	2		4,851		6,253
Reserves and Surplus	3		1,856,959		22,719
<b>LOAN FUNDS</b>					
Secured Loans	4		3,829		1,811
Deferred Tax Liability (Net)	6		–		2,372
			<u>2,138,592</u>		<u>251,517</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	5		203,567		151,241
Less : Depreciation			102,023		56,358
Net Block			101,544		94,883
Capital Advances			2,012		–
Deferred Tax Asset (Net)	6		6,724		–
<b>INVESTMENTS</b>	7		2,180,297		126,019
<b>ADVANCE RECOVERABLE FROM ESOP TRUST</b>					
(Refer Note 13 & 14 on Schedule 19)			16,292		16,292
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Sundry Debtors	8		22,579		12,224
Cash and Bank Balances	9		415,159		321,002
Loans and Advances and Other Current Assets	10		97,870		63,420
			535,608		396,646
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	11		664,468		357,988
Provisions			39,417		24,635
			703,885		382,623
<b>NET CURRENT ASSETS</b>			(168,277)		14,023
<b>MISCELLANEOUS EXPENDITURE</b>					
(to the extent not written off or adjusted)	12		–		300
			<u>2,138,592</u>		<u>251,517</u>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>					
<b>NOTES TO ACCOUNTS</b>					

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

Kaushik Dutta  
Partner  
Membership No. F - 88540

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Dated : May 03, 2007  
Place : New Delhi

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

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director

Amit Gupta  
Company Secretary

## Profit and Loss Account for the year ended March 31, 2007

	Schedule	Year ended	
		March 31, 2007	Year ended
		(Rs.'000)	March 31, 2006
		(Rs.'000)	(Rs.'000)
<b>INCOME</b>			
Sales (Refer Note 5 on Schedule 18 )		1,575,152	915,192
Less : Service Tax		(179,457)	(91,138)
Other Income	13	75,938	16,501
		<b>1,471,633</b>	<b>840,555</b>
<b>EXPENDITURE</b>			
Advertising Cost		297,623	184,238
Administration and Other expenses	14	174,676	103,844
Personnel expenses	15	492,362	280,432
Network and Other charges	16	58,988	30,113
Finance and Bank charges	17	6,969	4,303
Depreciation	5	46,192	27,558
		<b>1,076,810</b>	<b>630,488</b>
<b>NET PROFIT BEFORE TAX</b>		<b>394,823</b>	<b>210,067</b>
Tax Expense			
- Current Tax		125,687	73,000
- Deferred Tax	6	(7,707)	655
- Fringe Benefit Tax		5,871	3,360
- In respect of earlier years		300	234
<b>NET PROFIT AFTER TAX</b>		<b>270,672</b>	<b>132,818</b>
<b>BALANCE BROUGHT FORWARD</b>		6,828	109
Transfer from Stock Options Outstanding Account		6,610	2,609
<b>APPROPRIATIONS</b>			
Proposed dividend		20,471	16,377
Dividend Tax		3,479	2,297
Transfer to General Reserve (Employee Stock Options Outstanding Account)		6,610	2,609
Transfer to General Reserve		-	13,282
<b>BALANCE CARRIED TO THE BALANCE SHEET</b>		<b>253,550</b>	<b>100,971</b>
<b>Earnings Per Share - Basic and Diluted</b>		11.31	6.08
(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

Kaushik Dutta  
Partner  
Membership No. F - 88540

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Dated : May 03, 2007  
Place : New Delhi

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

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director

Amit Gupta  
Company Secretary

## Cash Flow Statement for the year ended March 31, 2007

	For the year ended March 31, 2007 Amount (Rs'000)	For the year ended March 31, 2006 Amount (Rs'000)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax	394,823	210,067
Adjustments for:		
Depreciation	46,192	27,558
Interest Expense	259	117
Interest Income	(20,215)	(13,388)
Income from Investment - Dividends	(46,125)	(2,043)
(Profit)/Loss on Fixed Assets sold	(56)	(39)
(Profit)/Loss on sale of Investments	(9)	(73)
Provision for Bad & Doubtful Debts	4,000	2,200
Liability no longer required written back	(8,991)	(958)
Provision for Gratuity & Leave Encashment	4,756	2,602
Tax Deducted at source on sales	(44,763)	(25,035)
Employee Stock Option Scheme Compensation Expense	5,208	7,280
<b>Operating profit before working capital changes</b>	<b>335,079</b>	<b>208,288</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Sundry Debtors	(14,355)	(5,703)
- (Increase)/Decrease in Loans, Advances and Other Current Assets	(33,710)	(11,254)
- (Increase)/Decrease in Current Liabilities and Provisions	314,077	186,827
<b>Cash generated from operating activities</b>	<b>601,091</b>	<b>378,158</b>
- Taxes (Paid)/ Received (Net of TDS)	(81,128)	(50,044)
<b>Net cash from operating activities</b>	<b>519,963</b>	<b>328,114</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(53,618)	(61,188)
Proceeds from Sale of fixed assets	187	753
Proceeds from Sale of Investments	1,235,731	15,398
Purchase of Investments	(3,290,000)	(120,588)
Interest Received (Revenue)	15,051	10,298
Dividend Received	46,125	2,043
<b>Net cash used in investing activities</b>	<b>(2,046,524)</b>	<b>(153,284)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long term borrowings (Net)	2,018	1,048
Proceed from fresh issue of share capital (Net)	1,637,617	-
Interest Paid	(243)	(117)
Dividend Paid	(16,377)	(9,358)
Dividend Tax Paid	(2,297)	(1,313)
<b>Net Cash used in financing activities</b>	<b>1,620,718</b>	<b>(9,740)</b>
Net Increase/(Decrease) in Cash & Cash equivalents	94,157	165,090
Opening Balance of Cash and Cash equivalents	321,002	155,912
<b>Closing Balance of Cash and Cash equivalents</b>	<b>415,159</b>	<b>321,002</b>
<b>Cash and Cash equivalents comprise</b>		
Cash in hand	1,416	855
Balance with Scheduled Banks		
-in current accounts (Refer note 2 below)	96,031	47,869
-in fixed deposits	317,712	272,278
<b>Total</b>	<b>415,159</b>	<b>321,002</b>

### Notes :

- The above Cash Flow Statement has been prepared under the indirect method as set out in AS-3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- Balance with scheduled bank in current account includes Rs 2,291 Thousand (previous year Nil), not available for use by the company.
- Figures in brackets indicate cash outflow.

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

Kaushik Dutta  
Partner  
Membership No. F - 88540

For and on behalf of  
Price Waterhouse  
Chartered Accountants

New Delhi  
Date : May 03, 2007

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

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director

Amit Gupta  
Company Secretary

## Schedules forming part of the Balance Sheet

	As at March 31, 2007 (Rs.'000)		As at March 31, 2006 (Rs.'000)	
<b>SCHEDULE 1</b>				
<b>CAPITAL</b>				
<b>AUTHORISED CAPITAL</b>				
40,000 Thousand Equity shares of Rs.10/- each (Previous Year - 40,000 Thousand Equity shares of Rs. 10/- each)		400,000		400,000
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
27,295 Thousand Equity shares of Rs. 10/- each fully paid up (Previous Year - 21,836 Thousand Equity shares of Rs. 10/- each)		272,953		218,362
[Of the above 21,705 Thousand Equity Shares of Rs.10/- each (Previous Year 21,705 Thousand Equity Shares of Rs.10 each) were allotted as fully paid up by way of bonus shares out of Securities Premium, General Reserve and Profit & Loss Account)				
		<u>272,953</u>		<u>218,362</u>
<b>SCHEDULE 2</b>				
<b>STOCK OPTIONS OUTSTANDING ACCOUNT</b> (Refer Note 11 on Schedule 18 and Note 14 on Schedule 19)				
Opening Balance	6,253		1,582	
Add : Transfer during the year	5,208		7,280	
Less : Transfer to Profit & Loss Account	6,610	4,851	2,609	6,253
		<u>4,851</u>		<u>6,253</u>
<b>SCHEDULE 3</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Securities Premium</b>				
As per last Balance Sheet	–		9,392	
Add : Additions during the year	1,686,899		–	
Less : Utilisation for writing off expenses on issue of equity shares	103,873		–	
Less : Utilisation for Bonus Shares Issued	–	1,583,026	9,392	–
<b>Profit &amp; Loss Account Balance</b>				
As per last Balance Sheet	6,828		100,970	
Add : Transfer from Profit & loss Account	246,722		–	
Less : Utilisation for bonus shares issued	–	253,550	94,142	6,828
<b>General Reserve</b>				
Opening Balance	15,891		52,438	
Less : Additional charge on initial adoption of AS 15 (Revised 2005)- Employee Benefits*	2,118		–	
Less : Utilisation for Bonus Shares Issued	–		52,438	
Add : Transfer from Profit and Loss Account (Stock Options Outstanding Account)	6,610		2,609	
Add : Transferred from General Reserve	–	20,383	13,282	15,891
		<u>1,856,959</u>		<u>22,719</u>
* Refer Note 22 on Schedule 19				
<b>SCHEDULE 4</b>				
<b>SECURED LOANS</b>				
Deferred payment liability (Secured by way of hypothecation of vehicles)		3,829		1,811
(Payable within one year Rs. 1,682 Thousand (Previous Year Rs. 703 Thousand))		<u>3,829</u>		<u>1,811</u>

## Schedules forming part of the Balance Sheet

### SCHEDULE 5

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

Description	Gross Block (At Cost)			Depreciation				Net Block		
	As at April 1, 2006	Additions during the Year	Deletions during the Year	As at March 31, 2007	Up to April 1, 2006	Depreciation/ Amortisation for the Year	Accumulated Depreciation on Deletions	Up to March 31, 2007	As at March 31, 2007	As at March 31, 2006
(Rs.'000)										
<b>OWN ASSETS</b>										
<b>Intangible Assets</b>										
Goodwill	265	–	–	265	170	33	–	203	62	95
Operating and Marketing Rights	27,560	–	–	27,560	8,532	5,512	–	14,044	13,516	19,028
<b>Tangible Assets</b>										
Leasehold Improvements	29,072	6,765	–	35,837	4,540	9,713	–	14,253	21,584	24,532
Computers and Software	51,950	32,258	238	83,970	21,947	20,832	160	42,619	41,351	30,003
Plant and Machinery	10,469	775	–	11,244	6,593	1,058	–	7,651	3,593	3,876
Furniture and Fixtures	14,702	1,187	–	15,889	7,514	2,365	–	9,879	6,010	7,188
Office Equipment	11,741	7,454	–	19,195	5,050	4,967	–	10,017	9,178	6,691
Vehicles	365	368	–	733	365	76	–	441	292	–
<b>LEASED ASSETS</b>										
Vehicles	5,117	4,177	420	8,874	1,647	1,636	367	2,916	5,958	3,470
<b>Total</b>	<b>151,241</b>	<b>52,984</b>	<b>658</b>	<b>203,567</b>	<b>56,358</b>	<b>46,192</b>	<b>527</b>	<b>102,023</b>	<b>101,544</b>	<b>94,883</b>
Capital Advances									2,012	–
<b>Previous Year</b>	<b>88,155</b>	<b>64,370</b>	<b>1,284</b>	<b>151,241</b>	<b>29,370</b>	<b>27,558</b>	<b>570</b>	<b>56,358</b>	<b>94,883</b>	<b>58,785</b>

	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'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	(2,372)	(1,717)
- Deferred Tax asset on adoption of AS-15 (Revised 2005)	1,389	–
- Adjustment for the current year	7,707	(655)
	<u>6,724</u>	<u>(2,372)</u>
<b>SCHEDULE 7</b>		
<b>INVESTMENTS</b>		
(Refer Note 6 on Schedule 18 and Note 7 on Schedule 19)		
<b>Non Trade</b>		
<b>- Short Term (Unquoted)</b>		
NIL (Previous Year -545,724.92) Units of Rs. 10/- each in Templeton Mutual Fund Floating Rate Income Plan	–	5,462
3,000,000 (Previous Year-3,000,000) Units of Rs. 10/- each in Prudential ICICI FMP Series XXVIII - Institutional Cumulative	30,000	30,000
1,998,002 (Previous Year NIL) Units of Rs.10/- each in P133IG Prudential ICICI FMP Series XII Institutional 1 Growth	20,000	–
5,261,055 (Previous Year NIL) Units of Rs. 10/- each in -P163RD Prudential ICICI FMP Series35 Three months plan A Retail Dividend	52,612	–
10,000,000 (Previous Year Nil) Units of Rs. 10/- each in P168RD Prudential ICICI FMP Series34 Six months plan Retail Dividend	100,000	–
NIL (Previous Year 1,034,524.94) Units of Rs 10.0113/- each in G67 Std Chtd Liquidity Manager-Weekly Dividend	–	10,357
10,00,000 (Previous Year 1,000,000) Units of Rs 10/- each in HDFC FMP Institutional Plan Growth	10,000	10,000
3,038,229 (Previous Year Nil ) Units of Rs. 10/- each in HDFC FMP 90D March 2007 (4) Wholesale Plan- Dividend- Reinvest	30,383	–

## Schedules forming part of the Balance Sheet

SCHEDULE 7 (contd.)	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
1,000,000 (Previous Year 1,000,000) Units of Rs 10/- each in BIRLA FTP - Series H Growth	10,000	10,000
10,182,691 (Previous Year Nil) Units of Rs. 10/- each in B827D Birla FTP Half Yearly Series 2 Dividend Payout	101,827	—
5,000,000 (Previous Year Nil) Units of Rs. 10/- each in B840D Birla FTP Quarterly Series 11 Dividend Payout	50,000	—
1,000,000 (Previous Year 1,000,000) Units of Rs 10/- each in Deutche Fixed Term Fund	10,000	10,000
1,000,000 (Previous Year Nil Deutsche Fixed Term Fund- Series 14- Growth Option	10,000	—
10,000,000 (Previous Year Nil) Units of Rs. 10 each in Deutsche Fixed Term Fund- Series 23- Dividend Option	100,000	—
5,233,188 (Previous Year Nil) Units of Rs. 10 each in Deutsche Fixed Term Fund- Series 27- Dividend Option	52,332	—
10,000 (Previous Year 10,000) Units of Rs 1,000/- each in DSP Merrill Lynch Fixed Term Plan Series	10,000	10,000
122,863 (Previous Year - Nil) units of Rs. 1000/- each in DSP Merrill Lynch Fixed Term Plan series 1 I Dividend Institutional	122,863	—
2,000,000 (Previous Year 2,000,000) Units of Rs 10/- each in JM Fixed Maturity Fund	20,000	20,000
1,000,000 (Previous Year 1,000,000) Units of Rs 10/- each in HSBC Fixed Term Series 13 Inst Growth	10,000	10,000
2,000,000 (Previous Year Nil) units of Rs. 10/- each in OFTS9G HSBC Fixed Term Series 9-Growth	20,000	—
552,704 (Previous Year Nil) Units of Rs. 10.01/- each in OCFPDD HSBC Cash Fund Institutional Plus Daily Dividend UCC MFHSBC 004	5,530	—
10,000,000 (Previous Year Nil) Units of Rs. 10/- each in OF211G HSBC Fixed Term Series 21 Inst -growth	100,000	—
11,523,904 (Previous Year Nil) Units of Rs. 10/- each in OF261D HSBC Fixed Term Series 26 Inst -Dividend	115,239	—
1,000,000 (Previous Year 1,000,000) Units of Rs 10/- each in TATA Fixed Horizon Fund Series	10,000	10,000
7,154,214 (Previous Year Nil) units of Rs. 10/- each in TFDPR9 Tata Fixed Horizon Fund series 9- Scheme D Periodic Div RP	71,542	—
1,000,000 (Previous Year Nil) Units of Rs. 10/- each in TFHCD3 Tata Fixed Horizon Fund series 6- Scheme A Growth	10,000	—
11,784,984.317 (Previous Year Nil) Units of Rs. 10/- each in TFHHD6 Tata Fixed Horizon Fund series 6- Scheme H Dividend	117,851	—
14,377 (Previous Year Nil) Units of Rs. 1000/- each in -G70 Standard Chartered Liquidity Manager- Plus- Daily Dividend	14,378	—
10,084,700 (Previous Year Nil) units of Rs. 10/- each in G181Standard Chartered Fixed Maturity Plan- Quarterly Series 5- Dividend	100,847	—
10,000,000 (Previous Year Nil) Units of Rs. 10/- in G191Standard Chartered Fixed Maturity Plan- Half Yearly Series 2- Dividend	100,000	—
5,000,000 (Previous Year Nil) Units of Rs. 10/- each in Principal Pnb Fixed Maturity Plan (FMP-34) 91 DAYS Series VII Feb 07	50,000	—
6,226,253 (Previous Year Nil) Units of Rs. 10/- each in Principal Pnb Fixed Maturity Plan (FMP-35) 91 DAYS Series VIII Feb 07	62,263	—
1,000,000 (Previous Year Nil) Units of Rs. 10/- each in M131YG ABN AMRO FTP 3 Yearly Plan Growth	10,000	—
6,566,263 (Previous Year Nil) units of Rs. 10/- each M146QD ABN AMRO FTP Series 4 Quarterly Plan C - Dividend on maturity	65,666	—
10,198,970 (Previous Year Nil) units of Rs. 10/- each in M150QD ABN AMRO FTP Series 4 Quarterly Plan E - Dividend on maturity	101,991	—
5,088,774 (Previous Year Nil) Units of Rs. 10/- each in ABN AMRO FTP Series 6 Quarterly Plan C - Dividend on maturity	50,888	—
3,078,120.66 (Previous Year Nil) units of Rs. 10/- each in UTI FMP Quarterly Series QFMP 0207/I Dividend Plan- Reinvestment	30,781	—

## Schedules forming part of the Balance Sheet

	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
1,511,361 (Previous Year Nil) units of Rs. 10/- each in UTI FMP (HFMP/0207/I) - Dividend Plan - Reinvestment	151,114	-
5,030,737.84 (Previous Year Nil) units of Rs. 10/- each in UTI FMP Quarterly Plan (QFMP 0207/II) - Dividend Plan - Reinvestment	50,307	-
10,002,000 (Previous Year Nil) Units of Rs. 10/- each in DBS Chola FMP Series 6 Qtrly Plan 3 Div	100,020	-
5,087,920 (Previous Year Nil) units of Rs. 10/- each in Sundaram BNP Paribas FTP Series XXII (90 Days) Div Plan	50,879	-
5,078,406 (Previous Year Nil) units of Rs. 10/- each in Reliance Fixed Horizon Fund II Qtrly Plan Series IV Retail Dividend Plan	50,784	-
<b>- Long Term (Unquoted)</b>		
<b>Investments in Subsidiary Companies</b>		
9,998 (Previous Year - 9,998) shares of Naukri Internet Services Pvt. Ltd. of Rs. 10/- each fully paid up	100	100
10,000 (Previous Year - 10,000) shares of Jeevansathi Internet Services Pvt. Ltd. of Rs. 10/- each fully paid up	100	100
<b>Other Investments</b>		
45,000 (Previous Year - 45,000) shares of Only Research Pvt. Ltd. of Rs. 10/- each fully paid up	-	-
	<b>2,180,297</b>	<b>126,019</b>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good unless specifically indicated)		
<b>Debts outstanding for a period exceeding six months</b>		
Considered doubtful	329	519
Less : Provision for Doubtful Debts	329	519
<b>Other Debts</b>		
Considered good	22,579	12,224
Considered doubtful	3,671	1,681
Less : Provision for Doubtful Debts	3,671	1,681
	<b>22,579</b>	<b>12,224</b>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	1,416	855
Bank Balances with scheduled banks in current account	93,740	47,869
Fixed Deposit Accounts	317,712	272,278
Unpaid Application Money received by the company for allotment of securities and due for refund *	2,291	-
	<b>415,159</b>	<b>321,002</b>

\* Not available for use by the company

## Schedules forming part of the Balance Sheet

	As at March 31, 2007		As at March 31, 2006	
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
<b>SCHEDULE 10</b>				
<b>LOANS AND ADVANCES AND OTHER CURRENT ASSETS</b>				
(Unsecured, considered good)				
Advance to Subsidiary		344		427
Advance recoverable in cash or in kind or for value to be received *		23,834		16,724
Balance with Service Tax Authorities		9,358		1,709
Security Deposits		43,339		24,005
Advance Tax	256,611		131,139	
Less: Provision for Tax	236,921	19,690	110,934	20,205
Interest Accrued on Fixed Deposits		1,305		350
		<u>97,870</u>		<u>63,420</u>
* Includes Rs 1,106 Thousand (Previous Year Rs 248 Thousand) outstanding with directors Maximum amount outstanding during the year Rs 2,072 Thousand (Previous Year Rs 1,245 Thousand)				
<b>SCHEDULE 11</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors ( Refer Note 4 on Schedule 19)		141,957		74,348
Amount Due to Subsidiary Company		100		–
Deferred Sales Revenue (Refer Note 5 on Schedule 18)		477,578		255,104
Accrued Bonus		23,360		18,276
Unpaid Application Money received by the company for allotment of securities and due for refund *		2,291		–
Other liabilities		19,162		10,256
Interest accrued but not due on loans		20		4
		<u>664,468</u>		<u>357,988</u>
* 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 22 on schedule 19)		14,352		6,089
Provision for Fringe Benefit Tax (Net of Advance Tax 8,116 Thousand Previous Year Rs. 3,488 Thousand)		1,115		(128)
Proposed Dividend		20,471		16,377
Dividend Tax		3,479		2,297
		<u>39,417</u>		<u>24,635</u>
<b>SCHEDULE 12</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)				
Opening Balance		300		–
Add: Additions during the year		103,573		300
Less: Written off against securities premium		103,873		–
		<u>–</u>		<u>300</u>

## Schedules forming part of the profit and loss account

	Year ended March 31, 2007 (Rs.'000)	Year ended March 31, 2006 (Rs.'000)
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Interest Received:		
On Fixed Deposits	20,215	12,653
(Tax deducted at source Rs. 4,209 Thousand Previous Year Rs. 2,808 Thousand)z		
Others	—	735
Dividend Income from Mutual Funds	46,125	2,043
Profit on Sale of Investment	9	73
Profit on sale of Fixed Assets (net)	56	39
Provision no longer required written back	8,991	958
Miscellaneous Income	542	—
	<u>75,938</u>	<u>16,501</u>
<b>SCHEDULE 14</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Electricity and Water	13,475	7,573
Rent (Refer Note 5 on Schedule 19)	38,544	18,440
Repairs and Maintenance (Building)	8,166	5,096
Repairs and Maintenance (Machinery)	5,340	4,156
Legal and Professional Charges	10,931	10,046
Rates & Taxes	2	2,060
Insurance	3,003	1,271
Communication expenses	25,970	16,383
Travel & Conveyance	30,619	18,378
Bad Debts	4,879	—
Provision for Doubtful Debts	4,000	2,200
Marketing and Promotion expenses	2,754	1,771
Miscellaneous expenses	26,993	16,470
	<u>174,676</u>	<u>103,844</u>
<b>SCHEDULE 15</b>		
<b>PERSONNEL EXPENSES</b>		
(Refer Note 7 on Schedule 18 and Notes 22 on Schedule 19)		
Salaries, Wages and Bonus	319,881	175,997
Contributions to Provident and other funds	18,162	10,952
Sales Incentives and Commissions	100,467	62,608
Staff Welfare and Benefits	20,311	9,884
Employee Stock Option Scheme Compensation	5,208	7,280
(Refer Note 11 on Schedule 18 and Note 14 on Schedule 19)		
Other Employee Expenses	28,333	13,711
	<u>492,362</u>	<u>280,432</u>
<b>SCHEDULE 16</b>		
<b>NETWORK AND OTHER CHARGES</b>		
Internet and Server Charges	51,525	29,218
Others	7,463	895
	<u>58,988</u>	<u>30,113</u>
<b>SCHEDULE 17</b>		
<b>FINANCE AND BANK CHARGES</b>		
Interest on fixed loans	259	117
Bank Charges	6,710	4,186
	<u>6,969</u>	<u>4,303</u>

# Schedules to the Accounts

## SCHEDULE 18

### SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements have been prepared in accordance with the historical cost convention, generally accepted accounting principles in India, relevant disclosure requirements of the Companies Act, 1956 ("the Act") and mandatory accounting standards ("AS") as issued by the Institute of Chartered Accountants of India ("ICAI").

#### 2. Fixed Assets

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

Intangible assets are stated at their cost of acquisition.

#### 3. Depreciation

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

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

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

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

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

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

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

#### 4. Foreign Currency Transactions

Transactions in foreign currency are accounted for at the rate prevailing on the date of the transaction. Gain/Loss arising out of fluctuation in rate between the transaction date and settlement date in respect of revenue items are recognised in the Profit and Loss Account while in the case of Fixed Assets, these are adjusted to the carrying cost of the respective assets. Foreign currency current assets and current 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 four sources viz.

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

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

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

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

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

## 6. Investments

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

## 7. Employee Benefits (Refer Note 22 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 plan namely Employee State Insurance Fund is charged to revenue every year.

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

Termination benefits are recognized as an expense immediately.

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

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

## 8. Leased Assets

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

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

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

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

## 9. Taxes on Income

Tax expense comprises of both 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 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

The Company calculates the compensation cost based on the intrinsic value method. The excess of fair value price of underlying options as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option scheme of the Company is recognised as employee stock option scheme compensation cost over the vesting period on a straight-line basis. The fair value price is determined on the basis of the latest arm's length transaction price available on the grant date of options.

## Schedule 19

## Notes to Accounts

- The Company has been converted to a public limited company and its name has been changed to Info Edge (India) Limited with effect from April 27, 2006.
- As at March 31, 2007 the estimated value of contracts remaining to be executed on capital account and not provided for is Rs 5,409 Thousand (Previous Year Rs. NIL) net of advances of Rs 2,012 Thousand (Previous Year of Rs. NIL).

3. **Deferred Taxes**

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

	As at March 31, 2007 Amount (Rs.'000)	As at March 31, 2006 Amount (Rs.'000)
<b>Deferred tax asset/(liability)</b>		
Provision for Leave Encashment	4,046	146
Provision for Doubtful Debts	1,360	236
Depreciation	1,318	(2,754)
<b>Net Deferred Tax Asset/(Liability)</b>	<b>6,724</b>	<b>(2,372)</b>

- As at March 31, 2007 the Company had no outstanding dues towards small- scale industrial undertakings.
- Operating Leases where the company is a lessee:  
The company has entered into lease transactions mainly for leasing of office premises for periods between 1 to 9 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognised in the Profit & Loss Account amount to Rs. 38,544 Thousand (Previous Year Rs. 18,440 Thousand) for the leases, which commenced on or after April 1, 2001.
- Leased Assets included in vehicles where the company is a lessee under finance leases are:

<b>Finance lease liabilities – minimum lease payments:</b>	As at March 31, 2007 (Rs. '000)	As at March 31 2006 (Rs. '000)
Not later than 1 year	1,927	837
Later than 1 year and not later than 5 years	2,271	1,204
<b>Total minimum lease payments</b>	<b>4,198</b>	<b>2,041</b>
Less: Future finance charges on finance leases	369	230
<b>Present value of finance lease liabilities</b>	<b>3,829</b>	<b>1,811</b>
Representing lease liabilities:		
- Current	1,682	703
- Non current	2,147	1,108
	<b>3,829</b>	<b>1,811</b>
The present Value of Finance lease liabilities may be analysed as follows:		
Not later than 1 year	1,682	703
Later than 1 year and not later than 5 years	2,147	1,108
	<b>3,829</b>	<b>1,811</b>

- Details of investment purchased, reinvested and sold on various dates within the financial year are as follows:

(Rs. '000)

Name of the Investment	Year ended March 31, 2007			
	Purchase		Sale/Redemption	
	Units (Nos)	Amount	Units (Nos)	Amount
ABN Amro Cash Fund Instl Plus Daily Dividend	11,500,000	115,000	11,501,801	115,019
ABN Amro FTP Quarterly	1,000,131	10,001	-	-
ABN Amro FTP Quarterly Series 2 Plan E	-	-	1,014,398	10,144
ABN Amro FTP Quarterly Series 3 Plan G	3,000,000	30,000	3,047,232	30,472
ABN Amro FTP Quarterly Series 3 Plan H	10,000,000	100,000	10,157,635	101,576
ABN Amro FTP Series 4 Qtrly Plan B Dividend on Mat	5,000,000	50,000	5,088,774	50,888

(Rs. '000)

Name of the Investment	Year ended March 31, 2007			
	Purchase		Sale/Redemption	
	Units (Nos)	Amount	Units (Nos)	Amount
ABN Amro FTP Series 4 Qtrly Plan C	6,500,235	65,002	-	-
ABN Amro FTP Series 4 Qtrly Plan E	10,157,635	101,576	-	-
ABN Amro FTP Series 6 Qtrly Plan C	5,088,774	50,888	-	-
ABN Amro FTP Yearly	1,000,000	10,000	-	-
ABN Amro Instl Daily Dividend	1,000,000	10,000	1,000,131	10,001
BIRLA Cash Plus Inst Prem daily Dividend	24,951,345	250,000	25,133,680	251,827
BIRLA FTP Half Yearly Series 2 Dividend Payout	10,182,691	101,827	-	-
BIRLA FTP Qtrly Series 11 Dividend Payout	5,000,000	50,000	-	-
BIRLA FTP Qtrly Series 4 Dividend Payout	5,000,000	50,000	-	50,000
DBS Chola FMP Series 5 Qtrly Plan 3	10,000,000	100,000	10,002,000	100,020
DBS Chola FMP Series 6 Qtrly Plan 3	10,002,000	100,020	-	-
Deutsche Cash Plus Fund Inst Plan Daily Dividend	24,951,345	250,000	25,184,080	252,331
Deutsche Daily Dividend	970,780	10,000	979,531	10,090
Deutsche Series 14 Growth	1,000,000	10,000	-	-
Deutsche Series 23 Dividend Option	10,000,000	100,000	-	-
Deutsche Series 27 Dividend Option	5,233,189	52,332	-	-
DSP Daily Dividend	999,001	10,000	1,009,524	10,105
DSP FTP Series 1 E Dividend	50,000	50,000	50,766	50,776
DSP FTP Series 1 I Dividend Institutional	122,130	122,130	-	-
DSP Liquid Plus Inst Plan Daily Dividend	219,956	220,000	222,086	222,130
Franklin Templeton	-	-	548,216	5,489
Franklin Templeton TMA Super Inst Daily Dividend	249,938	250,000	252,626	252,689
HDFC Cash Mgt Fund Savings Plan Daily Dividend	2,820,503	30,000	2,856,445	30,382
HDFC FMP 90D Mar 07 (4) Wholesale Dividend Plan	3,038,229	30,382	-	-
HSBC Cash Fund Inst Plus Daily Dividend	32,515,478	325,337	31,982,863	320,008
HSBC Fixed Term Series 21 Inst Growth	10,000,000	100,000	-	-
HSBC Fixed Term Series 26 Inst Dividend	11,523,905	115,239	-	-
HSBC Floating Short term Dividend Inst Option	2,496,704	25,000	2,530,347	25,337
HSBC Growth Series 9	2,000,000	20,000	-	-
HSBC Liquid Plus Inst Plus Daily Dividend	36,994,559	370,008	37,488,568	375,239
ICICI FMP Series 34 Six Mths Plan	10,000,000	100,000	-	-
ICICI FMP Series 35 Three Mths Plan A	5,190,465	51,905	-	-
ICICI Inst Growth XII	1,998,002	20,000	-	-
ICICI Super Inst Daily Dividend	10,000,000	100,000	10,190,465	101,905
ING VYSYA Daily Dividend	998,971	10,000	1,010,273	10,113
Principal Cash Mgt Fund Liq Option daily Dividend	24,998,250	250,000	25,186,968	251,887
Principal Daily Dividend	3,499,755	35,000	2,505,492	25,057
Principal Floating Rate Fund Daily Dividend	-	-	1,037,449	10,375
Principal FMP 91 Days	2,505,667	25,057	2,505,667	25,057
Principal FMP-34 91 Days Series VII	5,000,000	50,000	-	-

(Rs. '000)

Name of the Investment	Year ended March 31, 2007			
	Purchase		Sale/Redemption	
	Units (Nos)	Amount	Units (Nos)	Amount
Principal FMP-35 91 Days Series VIII	6,226,253	62,263	-	-
Reliance FHF 1 Qtr Plan B Series III Dividend Plan	5,000,000	50,000	5,078,406	50,784
Reliance FHF II Qtr Plan Series IV Retail Dividend Plan	5,078,406	50,784	-	-
Std Chtd Daily Dividend	259,974	260,000	-	-
Std Chtd FMP- Half Yearly Series 2- Dividend	10,000,000	100,000	-	-
Std Chtd FMP- Qtrly Series 5- Dividend	10,000,000	100,000	-	-
Std Chtd Liquidity Manager-Plus-Daily Dividend	-	-	249,975	250,000
Std Chtd Weekly Option	-	-	1,042,194	10,431
Sundaram BNP Paribas FTP Series XVII 90 days Dividend Plan	5,000,000	50,000	5,087,920	50,879
Sundaram BNP Paribas FTP Series XXII 90 days Dividend Plan	5,087,920	50,879	-	-
TATA Daily Dividend	31,404	35,000	22,609	25,199
TATA FHF Series 5 Dividend Schm D Dividend	1,519,853	15,199	1,541,574	15,421
TATA FHF Series 6 Sch H Dividend	11,542,129	115,421	-	-
TATA FHF Series 6 Scheme A Growth	1,000,000	10,000	-	-
TATA FHF Series 9 Sch D Periodic Dividend RP	7,108,392	71,084	-	-
TATA Liquid Super High Invest fund Daily Dividend	53,835	60,000	63,780	71,084
UTI FMP (HFMP/0207/I)- Dividend Plan	15,000,000	150,000	-	-
UTI FMP Quarterly Plan (QFMP/0207/II)-	5,000,000	50,000	-	-
UTI FMP Quarterly Series QFMP/0207/I	3,046,823	30,468	-	-
UTI QFMP/1106/I Dividend Plan Reinvestment	3,000,000	30,000	3,046,823	30,468
UTI QFMP/1106/II Dividend Plan Payout	5,000,000	50,000	5,000,000	50,000
<b>Total</b>		<b>5,267,802</b>		<b>3,253,183</b>

(Rs. '000)

Name of the Investment	Year ended March 31, 2006			
	Purchase		Sale/Redemption	
	Units (Nos)	Amount	Units (Nos)	Amount
HSBC Floating Rate Fund-Short Term Series	1,997,363	20,000	2,033,706	20,364
HSBC Fixed Term Series	1,000,000	10,000	-	-
HDFC Cash Management Fund- Savings Plus Plan- Dividend	1,995,072	20,000	2,030,796	20,338
HDFC FMP Institutional Plan Growth	1,000,000	10,000	-	-
Grindlays Floating Rate Fund	993,996	10,000	1,022,200	10,328
Standard Chartered Liquidity Manager - Weekly Dividend	1,031,644	10,328	-	-
Tata Short term Bond Fund- Dividend	915,340	10,000	931,899	10,156
TATA Fixed Horizon Fund Series	1,000,000	10,000	-	-
JM Fixed Maturity Fund	2,000,000	20,000	-	-
Deutsche Fixed Term Fund	1,000,000	10,000	-	-
DSP Merrill Lynch Fixed Term Plan Series	10,000	10,000	-	-
Birla FTP - Series H Growth	1,000,000	10,000	-	-
Prudential ICICI FMP Plan Institutional Cumulative XXVIII- Dividend	3,000,000	30,000	-	-
Prudential ICICI Short Term Plan- Dividend Reinvestment-Fortnightly	930,207	10,000	942,946	10,097
Prudential ICICI Long Term Floating Rate Plan A- Dividend	996,939	10,000	996,939	10,029
Prudential ICICI FMP Quarterly Series XXVI	-	-	1,043,300	10,441
Prudential ICICI FMP Quarterly Series XXV	-	-	505,429	5,054
<b>Total</b>		<b>200,328</b>		<b>96,807</b>

8. Expenditure in Foreign Currency (on cash basis)	Year ended March 31, 2007 (Rs.'000)	Year ended March 31, 2006 (Rs.'000)
Server Charges	38,862	22,071
Advertising, Promotion & Marketing Expenses	35,331	14,295
IPO related Expenses	10,963	-
Travel Expenses	1,338	935
Others	3,554	1,650
<b>Total</b>	<b>90,048</b>	<b>38,951</b>
9. Earnings in Foreign Exchange (on cash basis)	Year ended March 31, 2007 (Rs.'000)	Year ended March 31, 2006 (Rs.'000)
Sales	138,035	60,470
<b>Total</b>	<b>138,035</b>	<b>60,470</b>
10. Auditors' Remuneration:	Year ended March 31, 2007 (Rs.'000)	Year ended March 31, 2006 (Rs.'000)
As Auditors	1,700	900
In other capacity of Tax Auditors	100	80
Certification	6,700	-
Out of Pocket Expenses & Service Tax	984	20
<b>Total</b>	<b>9,484</b>	<b>1,000</b>
11. Basic and Diluted Earnings per share (EPS):	Year ended March 31, 2007 (Rs.'000)	Year ended March 31, 2006 (Rs.'000)
Profit attributable to Equity Shareholders (Rs.'000)	270,672	132,818
Weighted average number of Equity Shares outstanding during the year (Nos.)	23,935,783	21,836,202
Basic & Diluted Earnings Per Equity Share of Rs. 10 each (Rs.)	<b>11.31</b>	<b>6.08</b>

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



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

(Rs. '000)

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

**13 (2) Related Party Transactions for year ended 31st March, 2006**

a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2006

**Subsidiaries**

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

**Key Management Personnel & Relatives**

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

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

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)

b) **Details of transactions with related party for the year ended March 31, 2006 in the ordinary course of business:**

(Rs. '000)

Sr. No.	Nature of relationship/transaction (1)	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	License Fee Paid JISPL                      Rs. 100 NISPL                      Rs. 100	200	-	-	200
2	Remuneration Paid (2) Sanjeev Bikhchandani      Rs. 5,529 Hitesh Oberoi                Rs. 7,304 Ambarish Raghuvanshi      Rs. 3,430	-	17,525	-	17,525
3	Advances Given for business purposes Sanjeev Bikhchandani      Rs. 886 Hitesh Oberoi                Rs. 629 Ambarish Raghuvanshi      Rs. 611	-	2,136	-	2,136
4	Receipt of services Minik Enterprises            Rs. 24,175	-	24,175	-	24,175
5	Bonus shares issued Sanjeev Bikhchandani      Rs. 87,227 Hitesh Oberoi                Rs. 15,597	-	121,329	-	121,329
6	Dividend Paid Sanjeev Bikhchandani      Rs. 5,234 Hitesh Oberoi                Rs. 936	-	7,280	-	7,280

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation -13 (ASI-13) issued by The Institute of Chartered Accountants of India
2. This does not include the management bonus which will be finalised after June 30, 2006.
3. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
  - Advances given for business purposes Rs 1,500
  - Bonus shares issued Rs 5,737
  - Dividend paid Rs 324
- (b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2006 is Rs 16,292 Thousand

**c) Amount due to/from related parties as at March 31, 2006**

					(Rs. '000)
Sr. No.	Nature of relationship/transaction (1)	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Outstanding Advances	427	248	-	675
	Maximum amount outstanding	537	-	-	537

**14. Employee Stock Option Plan (ESOP) 2003**

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 31st 2007 have a vesting period of maximum of 3.5 years from the date of grant.

**- Number of Options granted, exercised and forfeited during the period:**

	2006-07		2005-06	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	337,802	166.80	419,400	1.00
Add:				
Options granted	218,375	277.13	270,550	205.78
Less:				
Options exercised	97,976*	18.12	67,258*	10.00
Options forfeited	34,142	215.79	35,100	1.00
Options outstanding at the end of year	424,059	253.96	337,802	166.80
Option exercisable at the end of year	16,682	245.00	17,570	10.00

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

The options outstanding at the end of year had exercise prices in the range of Rs. 10/- to Rs. 280/- (Previous Year Rs. 1/- to Rs. 245) and a weighted average remaining contractual life of 9 years (Previous Year 7 years).

In accordance with the above mentioned ESOP Scheme, Rs. 5,208 Thousand (Previous Year Rs 7,280 Thousand) has been charged to the Profit and Loss Account in relation to the options vested and exercised during the year ended March 31, 2007 as Employee Stock Option Scheme Compensation.

Members of the Company have approved a new SEBI compliant ESOP Plan "EMPLOYEE STOCK OPTION SCHEME 2007" by passing a special resolution in the EGM held on March 26, 2007. However, the Company has not made any grant of options under the new scheme up to March 31, 2007.

15. In respect of options vesting during the year under the intrinsic value method, had the fair value method been used, the profit for the year would be lower by Rs 35,706 Thousand (Previous Year 1,809 Thousand) and the EPS would be Rs 9.82 (Previous Year 6.00)
16. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation suits in relation to the business activities carried on by it. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.

17. No disclosure is required under Accounting Standard 17 on Segment Reporting issued by The Institute of Chartered Accountants of India as the Company is operating in single business/geographical segment of internet based service delivery.
18. The Company has raised Rs 1,703,632 Thousand through Initial Public Offer of Shares (IPO) in the month of November, 2006 by issuance of 5,323,851 equity shares of Rs. 10/- each at a premium of Rs. 310/- per share. The company has, till 31st March, 2007, not utilised any money out of such gross proceeds. The IPO proceeds have been invested in debt based mutual funds. The IPO expenses of Rs. 103,873 Thousand have been offset against securities premium account.
19. During the year the company made preferential allotment of 135,203 equity shares of Rs. 10/- each to its independent Directors at Rs 280/- per share.
20. As at March 31, 2007, the company had Rs 2,291 Thousand as outstanding in the refund account with ICICI bank towards unpaid application money received by the company for allotment of securities and is due for refund. This amount is not available for use by the company and will be credited to Investor Education & Protection Fund as and when due.
21. The aggregate managerial remuneration under section 198 of Companies Act, 1956 to the directors including managing director is:

(Rs '000)

Particulars	Year ended March 31, 2007
<b>Whole Time Directors:</b>	
Salary	15,617
Perquisites and Reimbursements	1,262
Incentive/Bonus	17,301
<b>Total Remuneration (A)</b>	<b>34,180</b>
<b>Non Whole Time Directors:</b>	
Commission	1,500
Sitting Fee	160
<b>Total Remuneration (B)</b>	<b>1,660</b>
<b>Total Managerial Remuneration paid/payable (A+B)</b>	<b>35,840</b>

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

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

(Rs '000)

Particulars	Year ended March 31, 2007
Net Profit before tax	394,823
Add, Whole time Director's Remuneration	34,180
Add, Directors sitting Fee	160
Add, Commission to Non Whole time Directors	1,500
Add, Provision for Bad Debts	4,000
Less, Bad Debts Written off	4,879
<b>Net Profit/(Loss) for the year under section 349</b>	<b>429,784</b>
Maximum amount paid/payable to Non whole time Directors (restricted to 1%)	4,298
Maximum amount paid/payable to Whole time Directors (restricted to 10%)	42,978
<b>Maximum Amount paid/payable to Directors</b>	<b>47,276</b>

The Company became a public limited company in the current year. The provisions of the Companies Act, 1956 in respect of managerial remuneration were not applicable to the company in the previous year. Accordingly previous year figures have not been given above.

**22. Employee Benefits:**

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

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

1.2 The Company has classified the various benefits provided to employees as under - Amount  
(Rs.'000)

A. Defined Contribution Plans

a) Provident Fund

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

Employers' Contribution to Provident Fund \* 10,773

B. State Plans Amount

a) Employers' Contribution to Employee's State Insurance (Rs.'000)

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

Employers' Contribution to Employee's State Insurance \* 254

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

C. Defined Benefit Plans

a) Contribution to Gratuity Funds – Life Insurance Corporation of India

b) Leave Encashment/ Compensated Absences for Employees – ( Earned leave and Special leave)

	Leave Encashment/ Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	8.50%	8.50%
Rate of increase in Compensation levels	15% in first 5 years, 10% in next 5 years, & 7% thereafter	15% in first 5 years 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets		7.50%
Expected Average remaining working lives of employees (years)		8.37

	<b>Employee's Gratuity Fund</b> Amount (Rs. '000)
<b>(A) Changes in the Present Value of Obligation</b>	
Present Value of Obligation as at Apr 1, 2006	6,570
Interest Cost	493
Past Service Cost	Nil
Current Service Cost	2,205
Curtailment Cost/(Credit)	Nil
Settlement Cost/(Credit)	Nil
Benefits paid	(79)
Actuarial (gain)/loss on obligations	4,949
<b>Present Value of Obligation as at Mar 31, 2007</b>	<b>14,138</b>

	Employee's Gratuity Fund Amount (Rs. '000)
<b>(B) Changes in the Fair value of Plan Assets</b>	
Fair Value of Plan Assets at the April 1, 2006	3,364
Expected Return on Plan Assets	266
Actuarial Gains and Losses	246
Contributions	3,825
Benefits Paid	(79)
<b>Fair Value of Plan Assets at March 31, 2007</b>	<b>7,622</b>
	Employee's Gratuity Fund Amount (Rs. '000)
<b>(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets</b>	
Present Value of funded Obligation as at March 31, 2007	14,138
Fair Value of Plan Assets as at the end of the period	7,622
Funded Status	
Present Value of unfunded Obligation as at March 31, 2007	Nil
Unrecognized Actuarial (gains)/losses	Nil
<b>Unfunded Net Asset/(Liability) Recognized in Balance Sheet *</b>	<b>6,516</b>
*included in Employee Benefits (Refer Schedule 11)	
	Employee's Gratuity Fund Amount (Rs. '000)
<b>(D) Expense recognised in the Profit and Loss Account</b>	
Current Service Cost	2,205
Past Service Cost	Nil
Interest Cost	493
Expected Return on Plan Assets	(266)
Curtailment Cost/(Credit)	Nil
Settlement Cost/(Credit)	Nil
Net actuarial (gain)/loss recognized in the period	4703
<b>Total Expenses recognized in the Profit &amp; Loss Account **</b>	<b>7,135</b>

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

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

\* included in Employee Benefits (Refer Schedule 11)

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

The charge to Profit & Loss account, had the company applied the accounting policy of the previous year, is not readily available. However, the difference in charge as compared to the amount now charged under the new accounting policy is not expected to be material.

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

# Auditor's Report

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

1. We have audited the attached consolidated balance sheet of Info Edge (India) Limited and its subsidiaries (The Group) as at 31st March, 2007, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Info Edge (India) Limited and its subsidiaries included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Info Edge (India) Limited and its aforesaid subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31st March 2007;
  - (b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Group for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year then ended on that date.

**Kaushik Dutta**  
*Partner*

Membership No. F - 88540

Dated : May 3, 2007  
Place : New Delhi

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

## Consolidated Balance Sheet as at March 31, 2007

	Schedule	As at	
		March 31, 2007 (Rs.'000)	March 31, 2006 (Rs.'000)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	272,953	218,362
Stock Options Outstanding Account	2	4,851	6,253
Reserves and Surplus	3	1,856,981	22,609
<b>LOAN FUNDS</b>			
Secured Loans	4	3,829	1,811
Unsecured Loans	5	4	52
Deferred Tax Liability (Net)	7	—	2,372
		<b>2,138,618</b>	<b>251,459</b>
<b>APPLICATION OF FUNDS</b>			
Goodwill (Refer Note 3 on Schedule 19)		253	253
<b>FIXED ASSETS</b>			
Gross Block	6	203,864	151,538
Less : Depreciation		102,296	56,615
Net Block		101,568	94,923
Capital Advances		2,012	—
Deferred Tax Asset (Net)	7	6,724	—
<b>INVESTMENTS</b>			
8		2,180,097	125,819
<b>ADVANCE RECOVERABLE FROM ESOP TRUST</b> (Refer Note 11 & 12 on Schedule 20)			
		16,292	16,292
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	9	22,579	12,224
Cash and Bank Balances	10	415,532	321,338
Loans and Advances and Other Current Assets	11	97,424	62,998
		535,535	396,560
Less : Current Liabilities and Provisions	12		
Current Liabilities		664,446	358,053
Provisions		39,417	24,635
		703,863	382,688
<b>NET CURRENT ASSETS</b>			
		(168,328)	13,872
<b>MISCELLANEOUS EXPENDITURE</b> ( to the extent not written off or adjusted )			
13		—	300
		<b>2,138,618</b>	<b>251,459</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
19			
<b>NOTES TO ACCOUNTS</b>			
20			

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

Kaushik Dutta  
Partner  
Membership No. F - 88540

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : New Delhi  
Dated : May 03, 2007

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

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director

Amit Gupta  
Company Secretary

## Consolidated Profit and Loss Account for the year ended March 31, 2007

	Schedule	Year ended March 31, 2007		Year ended March 31, 2006	
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
<b>INCOME</b>					
Sales (Refer Note 7 on Schedule 19 )		1,575,152		915,192	
Less : Service Tax		(179,457)	1,395,695	(91,138)	824,054
Other Income	14		75,990		16,518
			<b>1,471,685</b>		<b>840,572</b>
<b>EXPENDITURE</b>					
Advertising Cost			297,623		184,238
Administration and Other expenses	15		174,512		103,685
Personnel expenses	16		492,362		280,433
Network and Other charges	17		58,988		30,114
Finance and Bank charges	18		6,969		4,303
Depreciation	6		46,208		27,584
			<b>1,076,662</b>		<b>630,357</b>
<b>NET PROFIT BEFORE TAX</b>			<b>395,023</b>		<b>210,215</b>
Tax Expense					
– Current Tax			125,756		73,052
– Deferred Tax	7		(7,707)		655
– Fringe Benefit Tax			5,871		3,360
– In respect of earlier years			300		234
<b>NET PROFIT AFTER TAX</b>			<b>270,803</b>		<b>132,914</b>
<b>BALANCE BROUGHT FORWARD</b>					
			6,719		(97)
Transfer from Stock Options Outstanding Account			6,610		2,609
<b>APPROPRIATIONS</b>					
Proposed dividend			20,471		16,377
Dividend Tax			3,479		2,297
Transfer to General Reserve					
(Employee Stock Options Outstanding Account)			6,610		2,609
Transfer to General Reserve			—		13,282
<b>BALANCE CARRIED TO THE BALANCE SHEET</b>			<b>253,572</b>		<b>100,861</b>
<b>Earnings Per Share - Basic and Diluted</b>					
(Refer Note 9 on Schedule 20)			11.31		6.09
SIGNIFICANT ACCOUNTING POLICIES	19				
NOTES TO ACCOUNTS	20				

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

Kaushik Dutta  
Partner  
Membership No. F - 88540

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : New Delhi  
Dated : May 03, 2007

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

For and on behalf of the Board of Directors

Sanjeev Bikhchandani  
Managing Director

Ambarish Raghuvanshi  
Director

Amit Gupta  
Company Secretary

## Consolidated Cash Flow Statement for the year ended March 31, 2007

	For the year ended March 31, 2007 (Rs '000)	For the year ended March 31, 2006 (Rs '000)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax	395,023	210,215
Adjustments for:		
Depreciation	46,208	27,584
Interest Expense	259	117
Interest Income	(20,219)	(13,391)
Income from Investment - Dividends	(46,125)	(2,043)
(Profit)/Loss on Fixed Assets sold	(56)	(39)
(Profit)/Loss on sale of Investments	(9)	(73)
Provision for Bad & Doubtful Debts	4,000	2,200
Liability no longer required written back	(9,039)	(972)
Provision for Gratuity & Leave Encashment	4,756	2,602
Tax Deducted at Source on sales	(44,763)	(25,035)
Employee Stock Option Scheme Compensation Expense	5,208	7,280
Operating profit before working capital changes	<b>335,243</b>	<b>208,445</b>
Adjustments for changes in working capital :		
– (Increase)/Decrease in Sundry Debtors	(14,355)	(5,703)
– (Increase)/Decrease in Other Receivables	(33,750)	(11,316)
– Increase/(Decrease) in Trade and Other Payables	313,991	186,832
Cash generated from operations	<b>601,129</b>	<b>378,258</b>
- Taxes (Paid)/Received (Net of TDS)	(81,133)	(50,058)
Net cash from operating activities	<b>519,996</b>	<b>328,200</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(53,618)	(61,188)
Proceeds from Sale of fixed assets	187	753
Proceeds from Sale of Investments	1,235,731	15,398
Purchase of Investments	(3,290,000)	(120,588)
Interest Received (Revenue)	15,055	10,301
Dividend Received	46,125	2,043
Net cash used in investing activities	<b>(2,046,520)</b>	<b>(153,281)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from long term borrowings (Net)	2,018	1,048
Proceed from fresh issue of share capital (Net)	1,637,617	-
Interest Paid	(243)	(117)
Dividend Paid	(16,377)	(9,358)
Dividend Tax Paid	(2,297)	(1,313)
Net cash used in financing activities	<b>1,620,718</b>	<b>(9,740)</b>
Net Increase(Decrease) in Cash & Cash Equivalents	94,194	165,179
Opening Balance of Cash and Cash Equivalents	321,338	156,159
Closing Balance of Cash and Cash Equivalents	<b>415,532</b>	<b>321,338</b>
<b>Cash and Cash equivalents comprise</b>		
Cash in hand	3,708	856
Balance with Scheduled Banks		
– in current accounts (Refer Note 2 below)	94,051	48,147
– in fixed deposits	317,773	272,335
<b>Total</b>	<b>415,532</b>	<b>321,338</b>

## Notes :

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Balance with Scheduled Banks in current accounts include Rs.2,291Thousand) (Previous Year NIL), not available for use by the Company.
3. Figures in brackets indicate cash outflow.

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

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

Kaushik Dutta  
Partner

For and on behalf of the Board of Directors

Membership No. F - 88540  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

Sanjeev Bikhchandani  
Managing Director

Amit Gupta  
Company Secretary

Dated : May 03, 2007  
Place : New Delhi

Ambarish Raghuvanshi  
Director

## Schedules forming part of the Consolidated Balance Sheet

	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
40,000 Thousand Equity shares of Rs. 10/- each (Previous Year - 40,000 Thousand) Equity shares of Rs. 10/- each)	400,000	400,000
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
27,295 Thousand Equity shares of Rs. 10/- each fully paid up (Previous Year - 21,836 Thousand) Equity shares of Rs. 10/- each)	272,953	218,362
[Of the above 21,705 Thousand) Equity Shares of Rs.10/- each (Previous Year 21,705 Thousand) Equity Shares of Rs.10 each) were allotted as fully paid up by way of bonus shares out of Securities Premium, General Reserve and Profit & Loss Account)		
	<u>272,953</u>	<u>218,362</u>
<b>SCHEDULE 2</b>		
<b>STOCK OPTIONS OUTSTANDING ACCOUNT</b>		
(Refer Note 13 on Schedule 19 and Note 12 on Schedule 20)		
Opening Balance	6,253	1,582
Add : Transfer during the year	5,208	7,280
Less : Transfer to Profit & Loss Account	6,610	4,851
	<u>4,851</u>	<u>6,253</u>
<b>SCHEDULE 3</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium</b>		
As per last Balance Sheet	—	9,392
Add : Additions during the year	1,686,899	—
Less : Utilisation for writing off expenses on issue of Equity Shares	103,873	—
Less : Utilisation for Bonus Shares Issued	—	1,583,026
	<u>1,583,026</u>	<u>9,392</u>
<b>Profit &amp; Loss Account Balance</b>		
As per last Balance Sheet	6,718	—
Add: Transfer from Profit & Loss Account	246,853	100,861
Less: Utilisation for Bonus Shares Issued	—	253,572
	<u>253,572</u>	<u>94,142</u>
<b>General Reserve</b>		
Opening Balance	15,891	52,438
Less : Additional charge on initial adoption of AS 15 (Revised 2005)- Employee Benefits*	2,118	—
Less : Utilisation for Bonus Shares Issued	—	52,438
Add : Transfer from Profit and Loss Account (Stock Options Outstanding Account)	6,610	2,609
Add : Transferred from General Reserve	—	20,383
	<u>20,383</u>	<u>13,282</u>
* Refer Note 20 on Schedule 20	<u>1,856,981</u>	<u>22,609</u>
<b>SCHEDULE 4</b>		
<b>SECURED LOANS</b>		
Deferred payment liability (Secured by way of hypothecation of vehicles) (Payable within one year Rs. 1,682 Thousand) (Previous Year Rs. 703 Thousand))	3,829	1,811
	<u>3,829</u>	<u>1,811</u>

## Schedules forming part of the Consolidated Balance Sheet

	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
<b>SCHEDULE 5</b>		
<b>UNSECURED LOANS</b>		
Amount payable to parties (other than Banks)	—	52
Payable to Director	4	—
	<u>4</u>	<u>52</u>

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

### SCHEDULE 6

#### FIXED ASSETS (Refer Notes 4,5 and 10 on Schedule 19)

Description	Gross Block (At Cost)			As at March 31, 2007	Up to April 1, 2006	Depreciation		Net Block		
	As at April 1, 2006	Additions during the Year	Deletions during the Year			Up to March 31, 2007	Depreciation/ Amortisation for the Year	Accumulated Depreciation on Deletions	As at March 31, 2007	As at March 31, 2006
OWN ASSETS										
Intangible Assets										
Goodwill	265	-	-	265	170	33	-	203	62	95
Operating and Marketing Rights	27,560	-	-	27,560	8,532	5,512	-	14,044	13,516	19,028
Tangible Assets										
Leasehold Improvements	29,072	6,765	-	35,837	4,540	9,713	-	14,253	21,584	24,532
Computers and Software	52,247	32,258	238	84,267	22,204	20,848	160	42,892	41,375	30,043
Plant and Machinery	10,469	775	-	11,244	6,593	1,058	-	7,651	3,593	3,876
Furniture and Fixtures	14,702	1,187	-	15,889	7,514	2,365	-	9,879	6,010	7,188
Office Equipment	11,741	7,454	-	19,195	5,050	4,967	-	10,017	9,178	6,691
Vehicles	365	368	-	733	365	76	-	441	292	-
Leased Assets										
Vehicles	5,117	4,177	420	8,874	1,647	1,636	367	2,916	5,958	3,470
<b>Total</b>	<b>151,538</b>	<b>52,984</b>	<b>658</b>	<b>203,864</b>	<b>56,615</b>	<b>46,208</b>	<b>527</b>	<b>102,296</b>	<b>101,568</b>	<b>94,923</b>
Capital Advances									2,012	-
<b>Previous Year</b>	<b>88,452</b>	<b>64,370</b>	<b>1,284</b>	<b>151,538</b>	<b>29,601</b>	<b>27,584</b>	<b>570</b>	<b>56,615</b>	<b>94,923</b>	<b>58,851</b>

	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
<b>SCHEDULE 7</b>		
<b>DEFERRED TAX ASSET/(LIABILITY)</b>		
(Refer Note 11 on Schedule 19 and Note 3 on Schedule 20)		
Deferred Tax Asset/(Liability)		
– Opening Balance	(2,372)	(1,717)
– Deferred Tax asset on adoption of AS-15 (Revised 2005)	1,389	0
– Adjustment for the current year	7,707	(655)
	<u>6,724</u>	<u>(2,372)</u>
<b>SCHEDULE 8</b>		
<b>INVESTMENTS</b>		
(Refer Note 8 on Schedule 19 and Note 7 on Schedule 20)		
<b>Non Trade</b>		
<b>- Short Term (Unquoted)</b>		
NIL (Previous Year -545,724.92) Units of Rs. 10/- each		
in Templeton Mutual Fund Floating Rate Income Plan	—	5,462
3,000,000 (Previous Year 3,000,000) Units of Rs. 10/- each in		

## Schedules forming part of the Consolidated Balance Sheet

SCHEDULE 8 (Contd.)	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
Prudential ICICI FMP Series XXVIII - Institutional Cumulative 1,998,002 (Previous Year Nil) Units of Rs. 10/- each in P133IG Prudential ICICI FMP Series-XII Institutional 1 Growth	30,000	30,000
5,261,055 (Previous Year Nil) Units of Rs. 10/- each in -P163RD Prudential ICICI FMP Series35 Three months plan A Retail Dividend	20,000	—
10,000,000 (Previous Year Nil) Units of Rs. 10/- each in P168RD Prudential ICICI FMP Series 34 Six months plan Retail Dividend	52,611	—
Nil (Previous Year 1,034,524.94) Units of Rs. 10.0113 /- each in G67 Std Chtd Liquidity Manager- Weekly Dividend	100,000	—
1,000,000 (Previous Year 1,000,000) Units of Rs. 10/- each in HDFC FMP Institutional Plan Growth	—	10,357
3,038,229 (Previous Year Nil ) Units of Rs. 10/- each in HDFC FMP 90D March 2007 (4) - Wholesale Plan - Dividend - Reinvest	10,000	10,000
1,000,000 (Previous Year 1,000,000) Units of Rs. 10/- each in Birla FTP - Series H Growth	30,383	—
10,182,691 (Previous Year Nil ) Units of Rs. 10/- each in B827D Birla FTP Half Yearly Series 2 Dividend Payout	10,000	10,000
5,000,000 (Previous Year Nil ) Units of Rs. 10/- each in B840D Birla FTP Quarterly Series 11 Dividend Payout	101,827	—
1,000,000 (Previous Year 1,000,000) Units of Rs 10/- each in Deutsche Fixed Term Fund	50,000	—
1,000,000 (Previous Year Nil Deutsche Fixed Term Fund- Series 14-Growth Option	10,000	10,000
10,000,000 (Previous Year Nil ) Units of Rs. 10 each in Deutsche Fixed Term Fund- Series 23- Dividend Option)	10,000	—
5,233,188 (Previous Year Nil) Units of Rs. 10 each in Deutsche Fixed Term Fund - Series 27- Dividend Option	100,000	—
10,000 (Previous Year 10,000) Units of Rs 1,000/- each in DSP Merrill Lynch Fixed Term Plan Series	52,332	—
122,863 (Previous Year - Nil ) Units of Rs. 1000/- each in DSP Merrill Lynch Fixed Term Plan Series 1 I Dividend Institutional	10,000	10,000
2,000,000 (Previous Year 2,000,000) Units of Rs. 10/- each in JM Fixed Maturity Fund	122,863	—
1,000,000 (Previous Year 1,000,000) Units of Rs. 10/- each in HSBC Fixed Term Series 13 Inst Growth	20,000	20,000
2,000,000 (Previous Year Nil ) Units of Rs. 10/- each in OFTS9G HSBC Fixed Term Series 9-growth	10,000	10,000
552,704 (Previous Year Nil) Units of Rs. 10.01/- each in OCFPDD HSBC Cash Fund Institutional Plus Daily Dividend UCC MFHSBC 004	20,000	—
10,000,000 (Previous Year Nil ) Units of Rs. 10/- each in OF211G HSBC Fixed Term Series 21 Inst -growth	5,530	—
11,523,904 (Previous Year Nil ) Units of Rs. 10/- each in OF261D HSBC Fixed Term Series 26 Inst -Dividend	100,000	—
1,000,000 (Previous Year 1,000,000) Units of Rs 10/- each in TATA Fixed Horizon Fund Series	115,239	—
7,154,214 (Previous Year Nil ) Units of Rs. 10/- each in TFDRP9 Tata Fixed Horizon Fund Series 9- Scheme D Periodic Div RP	10,000	10,000
	71,542	—

## Schedules forming part of the Consolidated Balance Sheet

SCHEDULE 8 (Contd.)	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
1,000,000 (Previous Year Nil ) Units of Rs. 10/- each in TFHCD3 Tata Fixed Horizon Fund Series 6- Scheme A Growth	10,000	—
11,784,984.317 (Previous Year Nil ) Units of Rs. 10/- each in TFHHD6 Tata Fixed Horizon Fund Series 6- Scheme H Dividend	117,851	—
14,377 (Previous Year Nil) Units of Rs. 1000/- each in -G70 Standard Chartered Liquidity Manager- Plus- Daily Dividend	14,378	—
10,084,700 (Previous Year Nil) Units of Rs. 10/- each in G181Standard Chartered Fixed Maturity Plan- Quarterly Series 5- Dividend	100,847	—
10,000,000 (Previous Year Nil ) Units of Rs. 10/- in G191Standard Chartered Fixed Maturity Plan- Half Yearly Series 2- Dividend	100,000	—
5,000,000 (Previous Year Nil ) Units of Rs. 10/- each in Principal Pnb Fixed Maturity Plan (FMP-34) 91 DAYS Series VII Feb 07	50,000	—
6,226,253 (Previous Year Nil ) Units of Rs. 10/- each in Principal Pnb Fixed Maturity Plan (FMP-35) 91 DAYS Series VIII Feb 07	62,263	—
1,000,000 (Previous Year Nil ) Units of Rs. 10/- each in M131YG ABN AMRO FTP 3 Yearly Plan Growth	10,000	—
6,566,263 (Previous Year Nil ) Units of Rs. 10/- each M146QD ABN AMRO FTP Series 4 Quarterly Plan C - Dividend on maturity	65,666	—
10,198,970 (Previous Year Nil) units of Rs. 10/- each in M150QD ABN AMRO FTP Series 4 Quarterly Plan E - Dividend on maturity	101,991	—
5,088,774 (Previous Year Nil) Units of Rs. 10/- each in ABN AMRO FTP Series 6 Quarterly Plan C - Dividend on maturity	50,888	—
3,078,120.66 (Previous Year Nil ) Units of Rs. 10/- each in UTI FMP Quarterly Series QFMP/0207/I Dividend Plan- Reinvestment	30,781	—
1,511,361 (Previous Year Nil) Units of Rs. 10/- each in UTI FMP (HFMP/0207/I)- Dividend Plan- Reinvestment	151,114	—
5,030,737.84 (Previous Year Nil) Units of Rs. 10/- each in UTI FMP Quarterly Plan (QFMP/0207/II)- Dividend Plan- Reinvestment	50,307	—
10,002,000 (Previous Year Nil) Units of Rs. 10/- each in DBS Chola FMP Series 6 Qtrly Plan 3 Div	100,020	—
5,087,920 (Previous Year Nil) Units of Rs. 10/- each in Sundaram BNP Paribas FTP Series XXII (90 Days) Div Plan	50,879	—
5,078,406 (Previous Year Nil) Units of Rs. 10/- each in Reliance Fixed Horizon Fund II Qtrly Plan Series IV Retail Dividend Plan	50,784	—
<b>– Long Term (Unquoted)</b>		
<b>Other Investments</b>		
45,000 (Previous Year - 45,000) shares of Only Research Pvt. Ltd. of Rs. 10/- each fully paid up	—	—
	<b>2,180,097</b>	<b>125,819</b>

## Schedules forming part of the Consolidated Balance Sheet

	As at March 31, 2007 (Rs.'000)	As at March 31, 2006 (Rs.'000)
<b>SCHEDULE 9</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good unless specifically indicated)		
Debts outstanding for a period exceeding six months		
Considered doubtful	329	519
Less: Provision for Doubtful Debts	329	519
<b>Other Debts</b>		
Considered good	22,579	12,224
Considered doubtful	3,671	1,681
Less : Provision for Doubtful Debts	3,671	1,681
	<u>22,579</u>	<u>12,224</u>
<b>SCHEDULE 10</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	1,417	856
Bank Balances with scheduled banks in current account	94,051	48,147
Fixed Deposit Accounts	317,773	272,335
Unpaid Application Money received by the company for allotment of securities and due for refund *	2,291	—
	<u>415,532</u>	<u>321,338</u>
* (Not available for use by the Company)		
<b>SCHEDULE 11</b>		
<b>LOANS AND ADVANCES AND OTHER CURRENT ASSETS</b>		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received *	23,834	16,767
Balance with Service Tax Authorities	9,358	1,709
Security Deposits	43,339	24,005
Advance Tax	256,616	131,139
Less: Provision for Tax	237,028	110,972
Interest Accrued on Fixed Deposits	1,305	350
	<u>97,424</u>	<u>62,998</u>
* Includes Rs. 1,106 Thousand (Previous Year Rs. 248 Thousand) outstanding with Directors Maximum amount outstanding during the year Rs. 2,072 Thousand) (Previous Year Rs. 1,245 Thousand)		
<b>SCHEDULE 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 4 on Schedule 20)	142,035	74,413
Deferred Sales Revenue (Refer Note 7 on Schedule 19)	477,578	255,104
Accrued Bonus	23,360	18,276
Unpaid Application Money received by the Company for allotment of securities and due for refund *	2,291	—
Other liabilities	19,162	10,256
Interest accrued but not due on loans	20	4
	<u>664,446</u>	<u>358,053</u>
* Will be credited to Investor Education and Protection Fund as and when due		
<b>PROVISIONS</b>		
Employee benefits	14,352	6,089
(Refer Note 9 on Schedule 19, and Note 20 on Schedule 20)		
Provision for Fringe Benefit Tax (Net of Advance Tax 8,116 Thousand) Previous Year Rs. 3,488 Thousand))	1,115	(128)
Proposed Dividend	20,471	16,377
Dividend Tax	3,479	2,297
	<u>39,417</u>	<u>24,635</u>

## Schedules forming part of the Consolidated Profit and Loss Account

	Year ended March 31, 2007 (Rs.'000)	Year ended March 31, 2006 (Rs.'000)
<b>SCHEDULE 13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Opening Balance	300	—
Add : Additions during the year	103,573	300
Less : Written off against securities premium	103,873	—
	<u>—</u>	<u>300</u>
<b>SCHEDULE 14</b>		
<b>OTHER INCOME</b>		
Interest Received:		
On Fixed Deposits	20,219	12,656
(Tax deducted at source Rs. 4,209 Thousand) (Previous Year Rs. 2,808 Thousand )		
Others	—	735
	<u>20,219</u>	<u>13,391</u>
Dividend Income from Mutual Funds	46,125	2,043
Profit on Sale of Investment	9	73
Profit on sale of Fixed Assets (net)	56	39
Provision no longer required written back	9,039	972
Miscellaneous Income	542	—
	<u>75,990</u>	<u>16,518</u>
<b>SCHEDULE 15</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Electricity and Water	13,475	7,574
Rent (Refer Note 5 on Schedule 20)	38,568	18,464
Repairs and Maintenance (Building)	8,166	5,096
Repairs and Maintenance (Machinery)	5,340	4,156
Legal and Professional Charges	10,931	10,059
Rates & Taxes	2	2,062
Insurance	3,003	1,271
Communication expenses	25,970	16,383
Travel & Conveyance	30,619	18,378
Bad Debts	4,879	—
Provision for Doubtful Debts	4,000	2,200
Marketing and Promotion expenses	2,754	1,771
Miscellaneous expenses	26,805	16,271
	<u>174,512</u>	<u>103,685</u>
<b>SCHEDULE 16</b>		
<b>PERSONNEL EXPENSES</b>		
(Refer Note 9 on Schedule 19 and Notes 20 on Schedule 20)		
Salaries,Wages and Bonus	319,881	175,998
Contributions to Provident and other funds	18,162	10,952
Sales Incentives and Commissions	100,467	62,608
Staff Welfare and Benefits	20,311	9,884
Employee Stock Option Scheme Compensation	5,208	7,280
(Refer Note 13 on Schedule 19 and Note 12 on Schedule 20)		
Other Employee Expenses	28,333	13,711
	<u>492,362</u>	<u>280,433</u>
<b>SCHEDULE 17</b>		
<b>NETWORK AND OTHER CHARGES</b>		
Internet and Server Charges	51,525	29,219
Others	7,463	895
	<u>58,988</u>	<u>30,114</u>
<b>SCHEDULE 18</b>		
<b>FINANCE AND BANK CHARGES</b>		
Interest on fixed loans	259	117
Bank Charges	6,710	4,186
	<u>6,969</u>	<u>4,303</u>

## Schedules to the Consolidated Accounts

### SCHEDULE 19

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Background

Info Edge (India) Limited (the Company) was incorporated under the laws of India on May 1, 1995 and has two Subsidiaries as at March 31, 2007 i.e. Jeevansathi Internet Services Private Limited (wholly owned subsidiary) and Naukri Internet Services Private Limited.

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

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements of Info Edge (India) Limited include the accounts of Naukri Internet Services Private Limited (NISPL) and Jeevansathi Internet Services Private Limited (JISPL) (collectively referred to as the “Group”) after elimination of all inter company accounts and transactions and are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India. Reserves shown in the consolidated balance sheet represent the Group’s share in the respective reserves of the Group companies.

##### 3. Goodwill on consolidation

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

##### 4. Fixed Assets

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

Intangible assets are stated at their cost of acquisition.

##### 5. Depreciation

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

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

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

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

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

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

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

##### 6. Foreign Currency Transactions

Transactions in foreign currency are accounted for at the rate prevailing on the date of the transaction. Gain/Loss arising out of fluctuation in rate between the transaction date and settlement date in respect of revenue items are recognised in the Profit and Loss Account while in the case of Fixed Assets, these are adjusted to the carrying cost of the respective assets. Foreign currency current assets and current liabilities are restated at the exchange rate prevailing at the year end and the overall net gains/loss is adjusted to the Profit and Loss Account.

## 7. Revenue Recognition

The Company earns revenue significantly from four sources viz.

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

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

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

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

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

## 8. Investments

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

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

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

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

Termination benefits are recognized as an expense immediately.

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

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

## 10. Leased Assets

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

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

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

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

**11. Taxes on Income**

Tax expense comprises of both 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 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**

The Company calculates the compensation cost based on the intrinsic value method. The excess of fair value price of underlying options as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option scheme of the Company is recognised as employee stock option scheme compensation cost over the vesting period on a straight-line basis. The fair value price is determined on the basis of the latest arm's length transaction price available on the grant date of options.

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

1. Info Edge (India) Limited (the Company) has two Subsidiaries as at March 31, 2007 i.e. Jeevansathi Internet Services Private Limited (wholly owned subsidiary) and Naukri Internet Services Private Limited with the dates of incorporation and country of origin of respective subsidiary given below:

Name of the Subsidiary	Date of Incorporation	Country of Origin	Date of Acquisition
Naukri Internet Services Private Limited (NISPL)*	December 9, 1999	India	January 30, 2002
Jeevansathi Internet Services Private Limited (JISPL)	December 9, 1999	India	September 13, 2004

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

The Company has 100% of share holding in JISPL as on March 31, 2007.

2. As at March 31, 2007 the estimated value of contracts remaining to be executed on capital account and not provided for is Rs. 5,409 thousand (Previous Year Rs. Nil) net of advances of Rs. 2,012 thousand (Previous Year of Rs. Nil).
3. **Deferred Taxes**

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

	As at March 31, 2007 Amount (Rs.'000)	As at March 31, 2006 Amount (Rs.'000)
<b>Deferred tax asset/(liability)</b>		
Provision for Leave Encashment	4,046	146
Provision for Doubtful Debts	1,360	236
Depreciation	1,318	(2,754)
<b>Net Deferred Tax Asset/(liability)</b>	<b>6,724</b>	<b>(2,372)</b>

4. As at March 31, 2007 the Company had no outstanding dues towards small-scale industrial undertakings.
5. Operating Leases where the Company is a lessee:

The Company has entered into lease transactions mainly for leasing of office premises for periods between 1 to 9 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognised in the Profit & Loss Account amount to Rs. 38,568 thousand (Previous Year Rs. 18,464 thousand) for the leases, which commenced on or after April 1, 2001.

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

<b>Finance lease liabilities – minimum lease payments:</b>	<b>As at March 31, 2007 (Rs. '000)</b>	<b>As at March 31 2006 (Rs. '000)</b>
Not later than 1 year	1,927	837
Later than 1 year and not later than 5 years	2,271	1,204
<b>Total minimum lease payments</b>	<b>4,198</b>	<b>2,041</b>
Less: Future finance charges on finance leases	369	230
<b>Present value of finance lease liabilities</b>	<b>3,829</b>	<b>1,811</b>
Representing lease liabilities:		
– Current	1,682	703
– Non current	2,147	1,108
	<b>3,829</b>	<b>1,811</b>
The present Value of Finance lease liabilities may be analysed as follows:		
Not later than 1 year	1,682	703
Later than 1 year and not later than 5 years	2,147	1,108
	<b>3,829</b>	<b>1,811</b>

7. Details of investment purchased, reinvested and sold on various dates within the financial year are as follows:

(Rs. 's000)

<b>Name of the Investment</b>	<b>Year ended March 31, 2007</b>			
	<b>Purchase</b>		<b>Sale/Redemption</b>	
	<b>Units (Nos)</b>	<b>Amount</b>	<b>Units (Nos)</b>	<b>Amount</b>
ABN Amro Cash Fund Instl Plus Daily Dividend	11,500,000	115,000	11,501,801	115,019
ABN Amro FTP Quarterly	1,000,131	10,001	—	—
ABN Amro FTP Quarterly Series 2 Plan E	—	—	1,014,398	10,144
ABN Amro FTP Quarterly Series 3 Plan G	3,000,000	30,000	3,047,232	30,472
ABN Amro FTP Quarterly Series 3 Plan H	10,000,000	100,000	10,157,635	101,576
ABN Amro FTP Series 4 Qtrly Plan B Dividend on Mat	5,000,000	50,000	5,088,774	50,888
ABN Amro FTP Series 4 Qtrly Plan C	6,500,235	65,002	—	—
ABN Amro FTP Series 4 Qtrly Plan E	10,157,635	101,576	—	—
ABN Amro FTP Series 6 Qtrly Plan C	5,088,774	50,888	—	—
ABN Amro FTP Yearly	1,000,000	10,000	—	—
ABN Amro Instl Daily Dividend	1,000,000	10,000	1,000,131	10,001
BIRLA Cash Plus Inst Prem daily Dividend	24,951,345	250,000	25,133,680	251,827
BIRLA FTP Half Yearly Series 2 Dividend Payout	10,182,691	101,827	—	—
BIRLA FTP Qtrly Series 11 Dividend Payout	5,000,000	50,000	—	—
BIRLA FTP Qtrly Series 4 Dividend Payout	5,000,000	50,000	—	50,000
DBS Chola FMP Series 5 Qtrly Plan 3	10,000,000	100,000	10,002,000	100,020
DBS Chola FMP Series 6 Qtrly Plan 3	10,002,000	100,020	—	—
Deutsche Cash Plus Fund Inst Plan Daily Dividend	24,951,345	250,000	25,184,080	252,331
Deutsche Daily Dividend	970,780	10,000	979,531	10,090
Deutsche Series 14 Growth	1,000,000	10,000	—	—

Name of the Investment	Year ended March 31, 2007			
	Purchase		Sale/Redemption	
	Units (Nos.)	Amount	Units (Nos)	Amount
Deutsche Series 23 Dividend Option	10,000,000	100,000	—	—
Deutsche Series 27 Dividend Option	5,233,189	52,332	—	—
DSP Daily Dividend	999,001	10,000	1,009,524	10,105
DSP FTP Series 1 E Dividend	50,000	50,000	50,766	50,776
DSP FTP Series 1 I Dividend Institutional	122,130	122,130	—	—
DSP Liquid Plus Inst Plan Daily Dividend	219,956	220,000	222,086	222,130
Franklin Templeton	—	—	548,216	5,489
Franklin Templeton TMA Super Inst Daily Dividend	249,938	250,000	252,626	252,689
HDFC Cash Mgt Fund Savings Plan Daily Dividend	2,820,503	30,000	2,856,445	30,382
HDFC FMP 90D Mar 07 (4) Wholesale Dividend Plan	3,038,229	30,382	—	—
HSBC Cash Fund Inst Plus Daily Dividend	32,515,478	325,337	31,982,863	320,008
HSBC Fixed Term Series 21 Inst Growth	10,000,000	100,000	—	—
HSBC Fixed Term Series 26 Inst Dividend	11,523,905	115,239	—	—
HSBC Floating Short term Dividend Inst Option	2,496,704	25,000	2,530,347	25,337
HSBC Growth Series 9	2,000,000	20,000	—	—
HSBC Liquid Plus Inst Plus Daily Dividend	36,994,559	370,008	37,488,568	375,239
ICICI FMP Series 34 Six Mths Plan	10,000,000	100,000	—	—
ICICI FMP Series 35 Three Mths Plan A	5,190,465	51,905	—	—
ICICI Inst Growth XII	1,998,002	20,000	—	—
ICICI Super Inst Daily Dividend	10,000,000	100,000	10,190,465	101,905
ING VYSYA Daily Dividend	998,971	10,000	1,010,273	10,113
Principal Cash Mgt Fund Liq Option daily Dividend	24,998,250	250,000	25,186,968	251,887
Principal Daily Dividend	3,499,755	35,000	2,505,492	25,057
Principal Floating Rate Fund Daily Dividend	—	—	1,037,449	10,375
Principal FMP 91 Days	2,505,667	25,057	2,505,667	25,057
Principal FMP-34 91 Days Series VII	5,000,000	50,000	—	—
Principal FMP-35 91 Days Series VIII	6,226,253	62,263	—	—
Reliance FHF 1 Qtr Plan B Series III Dividend Plan	5,000,000	50,000	5,078,406	50,784
Reliance FHF II Qtr Plan Series IV Retail Dividend Plan	5,078,406	50,784	—	—
Std Chtd Daily Dividend	259,974	260,000	—	—
Std Chtd FMP- Half Yearly Series 2- Dividend	10,000,000	100,000	—	—
Std Chtd FMP- Qtrly Series 5- Dividend	10,000,000	100,000	—	—
Std Chtd Liquidity Manager-Plus-Daily Dividend	—	—	249,975	250,000
Std Chtd Weekly Option	—	—	1,042,194	10,431
Sundaram BNP Paribas FTP Series XVII 90 days Dividend Plan	5,000,000	50,000	5,087,920	50,879
Sundaram BNP Paribas FTP Series XXII 90 days Dividend Plan	5,087,920	50,879	—	—
TATA Daily Dividend	31,404	35,000	22,609	25,199
TATA FHF Series 5 Dividend Schm D Dividend	1,519,853	15,199	1,541,574	15,421
TATA FHF Series 6 Sch H Dividend	11,542,129	115,421	—	—

Name of the Investment	Year ended March 31, 2007			
	Purchase		Sale/Redemption	
	Units (Nos.)	Amount	Units (Nos.)	Amount
TATA FHF Series 6 Scheme A Growth	1,000,000	10,000	—	—
TATA FHF Series 9 Sch D Periodic Dividend RP	7,108,392	71,084	—	—
TATA Liquid Super High Invest fund Daily Dividend	53,835	60,000	63,780	71,084
UTI FMP (HFMP/0207/I)- Dividend Plan	15,000,000	150,000	—	—
UTI FMP Quarterly Plan (QFMP/0207/II)-	5,000,000	50,000	—	—
UTI FMP Quarterly Series QFMP/0207/I	3,046,823	30,468	—	—
UTI QFMP/1106/I Dividend Plan Reinvestment	3,000,000	30,000	3,046,823	30,468
UTI QFMP/1106/II Dividend Plan Payout	5,000,000	50,000	5,000,000	50,000
<b>Total</b>		<b>5,267,802</b>		<b>3,253,183</b>

Name of the Investment	Year ended March 31, 2006			
	Purchase		Sale/Redemption	
	Units (Nos.)	Amount	Units (Nos.)	Amount
HSBC Floating Rate Fund-Short Term Series	1,997,363	20,000	2,033,706	20,364
HSBC Fixed Term Series	1,000,000	10,000	—	—
HDFC Cash Management Fund- Savings Plus Plan- Dividend	1,995,072	20,000	2,030,796	20,338
HDFC FMP Institutional Plan Growth	1,000,000	10,000	—	—
Grindlays Floating Rate Fund	993,996	10,000	1,022,200	10,328
Standard Chartered Liquidity Manager - Weekly Dividend	1,031,644	10,328	—	—
Tata Short Term Bond Fund- Dividend	915,340	10,000	931,899	10,156
TATA Fixed Horizon Fund Series	1,000,000	10,000	—	—
JM Fixed Maturity Fund	2,000,000	20,000	—	—
Deutsche Fixed Term Fund	1,000,000	10,000	—	—
DSP Merrill Lynch Fixed Term Plan Series	10,000	10,000	—	—
Birla FTP - Series H Growth	1,000,000	10,000	—	—
Prudential ICICI FMP Plan Institutional Cumulative XXVIII- Dividend	3,000,000	30,000	—	—
Prudential ICICI Short Term Plan-Dividend Reinvestment-Fortnightly	930,207	10,000	942,946	10,097
Prudential ICICI Long Term Floating Rate Plan A- Dividend	996,939	10,000	996,939	10,029
Prudential ICICI FMP Quarterly Series XXVI	—	—	1,043,300	10,441
Prudential ICICI FMP Quarterly Series XXV	—	—	505,429	5,054
<b>Total</b>		<b>200,328</b>		<b>96,807</b>

#### 8. Auditors' Remuneration:

	Year ended March 31, 2007 (Rs.'000)	Year ended March 31, 2006 (Rs.'000)
As Auditors	1,700	900
In other capacity of Tax Auditors	100	80
Certification	6,700	-
Out of Pocket Expenses & Service Tax	984	20
<b>Total</b>	<b>9,484</b>	<b>1,000</b>

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

Description	Year ended March 31, 2007	Year ended March 31, 2006
Profit attributable to Equity Shareholders (Rs. '000)	270,803	132,914
Weighted average number of Equity Shares outstanding during the year (Nos.)	23,935,783	21,836,202
Basic & Diluted Earnings Per Equity Share of Rs. 10 each (Rs.)	11.31	6.09

10. 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.

11. (1) **Related Party Disclosures**

- a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2007

**Subsidiaries**

Jeevansathi Internet Services Private Limited (JISPL)

Naukri Internet Services Private Limited (NISPL)

**Key Management Personnel & Relatives**

Mr. Sanjeev Bikhchandani

Ms. Surabhi Bikhchandani

Mr. Sushil Bikhchandani (Brother of Mr Sanjeev Bikhchandani)

Mr. Hitesh Oberoi

Mr. Ambarish Raghuvanshi

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

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)

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

Sr. No.	Nature of relationship/transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid: Sanjeev Bikhchandani Rs. 11,967 Hitesh Oberoi Rs. 13,453 Ambarish Raghuvanshi Rs. 8,760	34,180	—	34,180
2	Advances Given for business purposes: Sanjeev Bikhchandani Rs. 294 Hitesh Oberoi Rs. 46 Ambarish Raghuvanshi Rs. 395	735	—	735
3	Receipt of services: Minik Enterprises Rs. 39,441	39,441	—	39,441
4	Dividend Paid: Sanjeev Bikhchandani Rs. 9,159 Hitesh Oberoi Rs. 1638 Ambarish Raghuvanshi Rs. 491 Surabhi Bikhchandani Rs. 608	11,896	—	11,896

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation – 13(ASI-13) issued by the Institute of Chartered Accountants of India.
- (a) Amounts paid to Info Edge Employee Stock Option Trust as:
  - Dividend paid Rs 552 thousand

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

Sr. No.	Nature of relationship/transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1.	Debit balances Outstanding Advances	1,106	—	1,106
	<b>Credit balances</b>			
1.	Outstanding Payable	13,395	—	13,395

#### 11. (2) Related Party Transactions for year ended 31st March, 2006

- a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2006

##### Subsidiaries

Jeevansathi Internet Services Private Limited (JISPL)

Naukri Internet Services Private Limited (NISPL)

##### Key Management Personnel & Relatives

Mr. Sanjeev Bikhchandani

Ms. Surabhi Bikhchandani

Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)

Mr. Anil Lall

Mr. Hitesh Oberoi

Mr. Ambarish Raghuvanshi

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

Minik Enterprises (Proprietorship concern of Mr. Sushil Bikhchandani)

- b) Details of transactions with related party for the year ended March 31, 2006 in the ordinary course of business: (Rs. '000)

Sr. No.	Nature of relationship/transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1.	Remuneration Paid (2) Sanjeev Bikhchandani Rs. 5,529 Hitesh Oberoi Rs. 7,304 Ambarish Raghuvanshi Rs. 3,430	17,525	—	17,525
2.	Advances Given for business purposes Sanjeev Bikhchandani Rs. 886 Hitesh Oberoi Rs. 629 Ambarish Raghuvanshi Rs. 611	2,136	—	2,136
3.	Receipt of services Minik Enterprises Rs. 24,175	24,175	—	24,175
4.	Bonus shares issued Sanjeev Bikhchandani Rs. 87,227 Hitesh Oberoi Rs. 15,597	121,329	—	121,329
5.	Dividend Paid Sanjeev Bikhchandani Rs. 5,234 Hitesh Oberoi Rs. 936	7,280	—	7,280

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation -13(ASI-13) issued by the Institute of Chartered Accountants of India
- This does not include the management bonus which will be finalised after June 30, 2006.
- (a) Amounts paid to Info Edge Employee Stock Option Trust as:
 

– Advances given for business purposes	Rs. 1,500
– Bonus shares issued	Rs. 5,737
– Dividend paid	Rs. 324

- (b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2006 is Rs. 16,292
- (c) Amount due to/from related parties as at March 31, 2006

Sr. No	Nature of relationship/transaction	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Outstanding Advances	248	—	248

## 12. Employee Stock Option Plan (ESOP) 2003

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, 2007 have a vesting period of maximum of 3.5 years from the date of grant.

### - Number of Options granted, exercised and forfeited

	2006-07		2005-06	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	337,802	166.80	419,400	1.00
Add:				
Options granted	218,375	277.13	270,550	205.78
Less:				
Options exercised	97,976*	18.12	67,258*	10.00
Options forfeited	34,142	215.79	35,100	1.00
Options outstanding at the end of year	424,059	253.96	337,802	166.80
Option exercisable at the end of year	16,682	245.00	17,570	10.00

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

The options outstanding at the end of year had exercise prices in the range of Rs. 10 to Rs. 280 (Previous Year Rs. 1 to Rs. 245) and a weighted average remaining contractual life of 9 years (Previous Year 7 years).

In accordance with the above mentioned ESOP Scheme, Rs. 5,208 thousand (Previous Year Rs 7,280 thousand) has been charged to the Profit and Loss Account in relation to the options vested and exercised during the year ended March 31, 2007 as Employee Stock Option Scheme Compensation.

Members of the Company have approved a new SEBI compliant ESOP Plan "EMPLOYEE STOCK OPTION SCHEME 2007" by passing a special resolution in the EGM held on March 26, 2007. However, the Company has not made any grant of options under the new scheme up to March 31, 2007.

13. In respect of options vesting during the year under the intrinsic value method, had the fair value method been used, the profit for the year would be lower by Rs 35,706 Thousand (Previous Year Rs. 1809 Thousand) and the EPS would be Rs. 9.82 (Previous Year Rs. 6.00)
14. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation suits in relation to the business activities carried on by it. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.
15. No disclosure is required under Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India as the Company is operating in single business/geographical segment of internet based service delivery
16. The Company has raised Rs 1,703,632 thousand through Initial Public Offer of Shares (IPO) in the month of November, 2006 by issuance of 5,323,851 Equity shares of Rs. 10/- each at a premium of Rs. 310/- per share. The Company has, till March 31, 2007, not utilised any money out of such gross proceeds. The IPO proceeds have been invested in debt based mutual funds. The IPO expenses of Rs. 103,873 thousand have been offset against securities premium account.
17. During the year the Company made preferential allotment of 135,203 Equity shares of Rs. 10/- each to its Independent Directors at Rs. 280/- per share.
18. As at March 31, 2007, the Company had Rs. 2,291 thousand as outstanding in the refund account with ICICI bank towards unpaid application money received by the Company for allotment of securities and is due for refund. This amount is not available for use by the Company and will be credited to Investor Education & Protection Fund as and when due.

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

(Rs '000)

Particulars	Year ended March 31, 2007
<b>Whole Time Directors:</b>	
Salary	15,617
Perquisites and Reimbursements	1,262
Incentive/Bonus	17,301
<b>Total Remuneration (A)</b>	<b>34,180</b>
<b>Non Whole Time Directors:</b>	
Commission	1,500
Sitting Fee	160
<b>Total Remuneration (B)</b>	<b>1,660</b>
<b>Total Managerial Remuneration paid/payable (A+B)</b>	<b>35,840</b>

The amount excludes Company's contribution/provision for gratuity cost and leave encashment for the year, which is determined annually on actuarial basis.

The Company became a public limited company in the current year. The provisions of the Companies Act, 1956 in respect of managerial remuneration were not applicable to the Company in the previous year. Accordingly previous year figures have not been given above.

**20. Employee Benefits:**

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

(Rs.'000)

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

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

- A. Defined Contribution Plans (Rs.'000)
- a) Provident Fund

During the year, the Company has recognised the following amounts in the Profit and Loss Account -  
Employers' Contribution to Provident Fund \* 10,773

- B State Plans

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

During the year, the Company has recognised the following amounts in the Profit and Loss Account Amount  
(Rs.'000)

Employers' Contribution to Employee's State Insurance \* 254

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

## C. Defined Benefit Plans

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

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined 'benefit' plans based on the following assumptions:

	Leave Encashment/ Compensated Absences	Employee's Gratuity Fund
Discount Rate (per annum)	8.50%	8.50%
Rate of increase in Compensation levels	15% in first 5 years, 10% in next 5 years, & 7% thereafter	15% in first 5 years 10% in next 5 years, & 7% thereafter
Rate of Return on Plan Assets		7.50%
Expected Average remaining working lives of employees (years)		8.37

Amount (Rs. '000)

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund
Present Value of Obligation as at April 1, 2006	6,570
Interest Cost	493
Past Service Cost	Nil
Current Service Cost	2,205
Curtailment Cost/(Credit)	Nil
Settlement Cost/(Credit)	Nil
Benefits paid	(79)
Actuarial (gain)/loss on obligations	4,949
<b>Present Value of Obligation as at March 31, 2007</b>	<b>14,138</b>
(B) Changes in the Fair value of Plan Assets	Employee's Gratuity Fund
Fair Value of Plan Assets at the April 1, 2006	3,364
Expected Return on Plan Assets	266
Actuarial Gains and Losses	246
Contributions	3,825
Benefits Paid	(79)
<b>Fair Value of Plan Assets at March 31, 2007</b>	<b>7,622</b>
(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets	Employee's Gratuity Fund
Present Value of funded Obligation as at March 31, 2007	14,138
Fair Value of Plan Assets as at the end of the period	7,622
Funded Status	
Present Value of unfunded Obligation as at March 31, 2007	Nil
Unrecognized Actuarial (gains)/losses	Nil
<b>Unfunded Net Asset/(Liability) Recognized in Balance Sheet *</b>	<b>6,516</b>

\*included in Employee Benefits (Refer Schedule 11)

Amount (Rs. '000)

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

	<b>Employee's Gratuity Fund</b>
Current Service Cost	2,205
Past Service Cost	Nil
Interest Cost	493
Expected Return on Plan Assets	(266)
Curtailment Cost/(Credit)	Nil
Settlement Cost/(Credit)	Nil
Net actuarial (gain)/loss recognized in the period	4,703
<b>Total Expenses recognized in the Profit &amp; Loss Account **</b>	<b>7,135</b>

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

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

\* Included in Employee Benefits (Refer Schedule 11)

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

The charge to Profit & Loss Account, had the Company applied the accounting policy of the previous year, is not readily available. However, the difference in charge as compared to the amount now charged under the new accounting policy is not expected to be material.

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

# Director's Report

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## Dear Shareholders,

We are pleased to present Annual Report and Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March 2007.

## Financial Results

Your company has earned a profit after tax of Rs. 66,109 in financial year 2006-07 as compared to Rs. 34,214 in financial year 2005-06.

## Directors

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

## Auditors

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

## Personnel

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

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

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

## Directors Responsibility Statement

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

- That in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the directors had prepared the annual account on a going concern basis.

## Acknowledgement

Your company conveys their special gratitude towards bankers, associates and shareholders of the company for their continuous and whole-hearted cooperation.

For and on behalf of the Board

sd/-

Sanjeev Bikhchandani

Ambarish Raghuvanshi

*Directors*

Dated : May 31, 2007

Place : Noida

## Auditor's Report

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### 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, 2007 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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.

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

We report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with 'the books of account';
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956.
- v. On the basis of written representations received from the directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner. so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
  - b) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

For Sharma Goel & Co.  
*Chartered Accountants*

Rajesh Mittal  
*Partner*

Membership No. F - 95681

Place : New Delhi  
Dated : 24.04.2007

## Balance Sheet as at March 31, 2007

PARTICULARS	Schedule	As at March 31, 2007 (Rs.)	As at March 31, 2006 (Rs.)
<b>FUNDS EMPLOYED</b>			
1. Shareholders' Funds			
a) Share Capital	<b>A</b>	100,000.00	100,000.00
b) Reserve & Surplus		—	—
2. Loan Funds			
a) Secured Loans		—	—
b) Unsecured Loans	<b>B</b>	343,817.38	475,397.07
	<b>TOTAL</b>	<b>443,817.38</b>	<b>575,397.07</b>
<b>APPLICATION OF FUNDS</b>			
1. Fixed Assets	<b>D</b>	23,921.28	39,868.80
2. Current Assets, Loans & Advances	<b>E</b>		
a) Sundry Debtors		—	—
b) Cash & Bank Balances		208,236.52	175,083.52
c) Loans & Advances		4,583.00	42,968.22
		212,819.52	218,051.74
Less : Current Liabilities and Provisions	<b>C</b>	79,274.00	35,258.00
		133,545.52	182,793.74
3. Miscellaneous Expenditure ( to the extent not written off or adjusted )	<b>F</b>		
Preliminary Expenses		548.00	822.00
4. Profit & Loss A/c		285,802.58	351,912.53
	<b>TOTAL</b>	<b>443,817.38</b>	<b>575,397.07</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

Dated : April 24, 2007

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

For and on behalf of the Board of Director

Sanjeev Bikchandani  
Director

Ambarish Raghuvanshi  
Director

## Profit and Loss Account for the year ending March 31, 2007

PARTICULARS	Schedule	For the Period ended March 31, 2007 (Rs.)	For the Period ended March 31, 2006 (Rs.)
<b>INCOME</b>			
License Fees		100,000.00	100,000.00
Creditors Written off		47,991.69	12,619.00
<b>TOTAL</b>		<b>147,991.69</b>	<b>112,619.00</b>
<b>EXPENDITURE</b>			
Auditor Remuneration		5,612.00	5,510.00
Bank & Credit Card Charges		111.22	1,019.35
Depreciation		15,947.52	26,579.20
Internet Domain Expenses		—	800.00
Legal & Professional Charges		—	1,058.00
Rent expenses		24,000.00	24,000.00
ROC fees		—	1,000.00
Preliminary Expenses w/off		274.00	274.00
<b>TOTAL</b>		<b>45,944.74</b>	<b>60,240.55</b>
<b>Profit/(Loss) Before Taxes</b>		102,046.95	52,378.45
Income Tax for Current year ( 2006-07 )		35,804.00	4,408.00
Income Tax for Previous years		133.00	13,756.00
<b>Profit/(Loss) After Taxes</b>		66,109.95	34,214.45
Profit/(Loss) b/f from Previous year		(351,912.53)	(386,126.98)
Balance carried to Balance Sheet		<b>(285,802.58)</b>	<b>(351,912.53)</b>
<b>Notes to the Accounts</b>	<b>G</b>		

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

Rajesh Mittal  
Partner

Membership No. 95681

For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

Place : New Delhi  
Dated : April 24, 2007

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

For and on behalf of the Board of Director

Sanjeev Bikchandani  
Director

Ambarish Raghuvanshi  
Director

## Schedules forming part of the Balance Sheet

	As at March 31, 2007 Amount (Rs.)	As at March 31, 2006 Amount (Rs.)
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,000 Equity Shares of Rs. 10/- each	100,000.00	100,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
10,000 Equity Shares of Rs. 10/- each, fully paid up	100,000.00	100,000.00
<b>TOTAL</b>	<b>100,000.00</b>	<b>100,000.00</b>
<b>SCHEDULE B</b>		
<b>UNSECURED LOANS</b>		
Rohit Tandon - Director	—	47,991.69
Infoedge (India) Ltd.	343,817.38	427,405.38
<b>TOTAL</b>	<b>343,817.38</b>	<b>475,397.07</b>
<b>SCHEDULE C</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
Advance From Clients	2,600.00	—
<b>EXPENSES PAYABLE</b>		
Audit Fees Payable	36,122.00	30,510.00
Service Tax Payable	140.00	140.00
Expenses payable	200.00	200.00
Provision for Income Tax	40,212.00	4,408.00
<b>TOTAL</b>	<b>79,274.00</b>	<b>35,258.00</b>

# Schedules forming part of the Balance Sheet

**SCHEDULE-D FIXED ASSETS**

	Rate	Qty.	Original Cost as on 01.04.2006	Additions during the year	Date of Purchase	Sale or Transfer adjustments	Cost as on 31.03.2007	Depreciation upto 31.03.2006	Depreciation for the period	Depreciation upto 31.03.2007	Written down value as on 31.03.2007	Written down value as on 31.03.2006
<b>Computer</b>												
20 GB HDD	40%	3	22,400.00	-	-	-	22,400.00	20,921.00	591.60	21,512.60	887.40	1,479.00
INTEL M/B 810E	40%	1	8,300.00	-	-	-	8,300.00	7,743.20	222.72	7,965.92	334.08	556.80
P-III 800(intel)	40%	1	10,950.00	-	-	-	10,950.00	10,215.00	294.00	10,509.00	441.00	735.00
Tx -100 M/B	40%	1	3,200.00	-	-	-	3,200.00	2,981.60	87.36	3,068.96	131.04	218.40
M-II 333 (CPU)	40%	1	2,150.00	-	-	-	2,150.00	2,003.60	58.56	2,062.16	87.84	146.40
32 MB SD-RAM	40%	1	1,450.00	-	-	-	1,450.00	1,351.00	39.60	1,390.60	59.40	99.00
Pentium III 933 Mhz	40%	1	31,900.00	-	-	-	31,900.00	28,445.20	1,381.92	29,827.12	2,072.88	3,454.80
8 Port Hub (Complex)	40%	2	5,150.00	-	-	-	5,150.00	4,596.20	221.52	4,817.72	332.28	553.80
Sound Card	40%	1	300.00	-	-	-	300.00	266.40	13.44	279.84	20.16	33.60
40GB Hard Disk Drive	40%	1	2,975.00	-	-	-	2,975.00	2,639.60	134.16	2,773.76	201.24	335.40
256 MB RAM	40%	1	1,100.00	-	-	-	1,100.00	976.40	49.44	1,025.84	74.16	123.60
Celeron 900 MHZ	40%	1	22,250.00	-	-	-	22,250.00	19,625.00	1,050.00	20,675.00	1,575.00	2,625.00
intel Pentium -4	40%	1	25,750.00	-	-	-	25,750.00	22,456.60	1,317.36	23,773.96	1,976.04	3,293.40
Pentium-III	40%	1	39,500.00	-	-	-	39,500.00	35,665.40	1,533.84	37,199.24	2,300.76	3,834.60
Pentium-I	40%	1	9,500.00	-	-	-	9,500.00	8,624.00	350.40	8,974.40	525.60	876.00
Upgradation Charges for Smatron 14" Monitor	40%	1	5,350.00	-	-	-	5,350.00	4,718.20	252.72	4,970.92	379.08	631.80
128 MB SD RAM	40%	1	1,455.00	-	-	-	1,455.00	1,099.20	142.32	1,241.52	213.48	355.80
Mouse	40%	1	425.00	-	-	-	425.00	311.60	45.36	356.96	68.04	113.40
15"Samsung Monitor	40%	2	5,000.00	-	-	-	5,000.00	3,639.80	544.08	4,183.88	816.12	1,360.20
Samsung CD ROM Drive 52X	40%	2	3,400.00	-	-	-	3,400.00	2,258.80	456.48	2,715.28	684.72	1,141.20
Sea gate Hard disk drive	40%	1	3,700.00	-	-	-	3,700.00	2,426.20	509.52	2,935.72	764.28	1,273.80
Computer P4	40%	1	27,600.00	-	-	-	27,600.00	23,461.20	1,655.52	25,116.72	2,483.28	4,138.80
Computer P4	40%	1	18,500.00	-	-	-	18,500.00	15,423.80	1,230.48	16,654.28	1,845.72	3,076.20
Computer LG Assets below Rs. 5000.	40%	1	26,150.00	-	-	-	26,150.00	17,943.20	3,282.72	21,225.92	4,924.08	8,206.80
15"Samsung Monitor	100%	1	4,650.00	-	-	-	4,650.00	4,650.00	-	4,650	-	-
<b>CD Drive Modem etc.</b>												
D-Link intel modem	100%	1	650.00	-	-	-	650.00	650.00	-	650	-	-
CD Drive LG 52X	100%	1	900.00	-	-	-	900.00	900.00	-	900	-	-
RJ 45 Connector	100%	30	150.00	-	-	-	150.00	150.00	-	150	-	-
<b>TOTAL</b>			<b>296,805.00</b>	-	-	-	<b>296,805.00</b>	<b>256,936.20</b>	<b>15,947.52</b>	<b>272,883.72</b>	<b>23,921.28</b>	<b>39,868.80</b>

## Schedules forming part of the Balance Sheet

	As at March 31, 2007 Amount (Rs.)	As at March 31, 2006 Amount (Rs.)
<b>SCHEDULE E</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
(i) Sundry Debtors (Unsecured considered good)		
(a) Outstanding for more than 6 months	—	—
(b) Other Debts (considered good)		
<b>TOTAL</b>	<b>—</b>	<b>—</b>
(ii) Cash and Bank Balances		
(a) Cash in Hand	424.58	424.58
(b) Balance with Scheduled Banks		
i) Citibank	99,074.11	123,207.11
ii) ICICI Bank	108,737.83	51,451.83
<b>TOTAL</b>	<b>208,236.52</b>	<b>175,083.52</b>
<b>LOANS AND ADVANCES</b>		
Amit Tandon	—	37,724.00
ICICI Bank Credit Card- AT/DT	—	5,000.00
Standard Chartered Credit Card-AT	—	244.22
Income Tax F.Y. 2005-2006	4,583.00	—
<b>TOTAL</b>	<b>4,583.00</b>	<b>42,968.22</b>
<b>SCHEDULE F</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses	822.00	1,096.00
Less: write off during the period	274.00	274.00
<b>TOTAL</b>	<b>548.00</b>	<b>822.00</b>

## Schedules forming part of the Balance Sheet

### SCHEDULE G

#### NOTES TO THE ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

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

#### B. OTHER NOTES:

	As at March 31, 2007 Amount (Rs.) 2006-07	As at March 31, 2006 Amount (Rs.) 2005-06
i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	Nil	Nil
ii) Contingent Liabilities not provided for	Nil	Nil
iii) Claims against the company not acknowledged as debt	Nil	Nil

iv) Additional information pursuant to the provisions of paragraphs 3 to 4D of part II of schedule VI of the Companies Act, 1956 :

	As at March 31, 2007 Amount (Rs.) (Rs.)	As at March 31, 2006 Amount (Rs.) (Rs.)
a) Detail of purchases/sales quantity wise, and of licensed/installed capacity/actual production	N.A.	N.A.
b) C.I.F. value of imports during the year	Nil	Nil
c) Remittance in foreign currency during the year	Nil	Nil

- (v) As a measure of prudence the Deferred Tax Assets (Net) in terms of Accounting Standard No. 22 issued by the Institute of Chartered Accountants of India have not been recognized in the absence of their being virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized
- (vi) The Company has entered into an agreement with Info Edge (India) Pvt. Ltd. Dated 13<sup>th</sup> September 2005 whereby the management and the day to day running of the operation of the former company will be done by the later and in lieu of it the later will be paying a license fee of RS.100000/- to Jeevansathi as License fee for usage of its domain name(s), trade mark(s) etc.
- (vii) Number of Employees of the Company in receipt of, entitled to receive yearly emoluments in the aggregate of not less than Rs.24,00,000/- or Rs.2,00,000/- per month if employed for the part of the year are NIL
- viii) Earning per Share of the company before tax is Rs.10.20.
- ix) Previous year's figures have been rearranged/ regrouped wherever considered necessary.

# Director's Report

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## Dear Shareholders,

We are pleased to present Annual Report and Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March 2007.

## Financial Results

Your company has earned a profit after tax of Rs. 64,453.45 in financial year 2006-07 as compared to net loss of Rs. 7661.39 incurred in financial year 2005-06.

## Directors

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

## Auditors

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

## Personnel

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

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

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

## Directors Responsibility Statement

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

- That in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the directors had prepared the annual account on a going concern basis.

## Acknowledgement

Your company conveys their special gratitude towards bankers, associates and shareholders of the company for their continuous and whole-hearted cooperation.

For and on behalf of the Board

sd/-

Sanjeev Bikhchandani  
Ambarish Raghuvanshi  
*Directors*

Dated : May 31, 2007  
Place : Noida

## Auditor's Report

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### 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, 2007 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

We report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956.
- v. On the basis of written representations received from the directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 st March 2007 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:
  - (g) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
  - (h) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

For Sharma Goel & Co.  
*Chartered Accountants*

Rajesh Mittal  
*Partner*

Membership No. F - 95681

Dated : 24.04.2007  
Place : New Delhi

## Balance Sheet as at March 31, 2007

	Year ended March 31, 2007 Amount (Rs.)	Year ended March 31, 2006 Amount (Rs.)
<b>FUNDS EMPLOYED</b>		
<b>Shareholders Funds</b>		
Share Capital	100,000.00	100,000.00
Reserve & Surplus	56,792.06	(7,661.39)
<b>Loan Funds</b>		
Secured Loans	—	—
Unsecured Loans	3,940.00	3,940.00
<b>TOTAL</b>	<b>160,732.06</b>	<b>96,278.61</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>	—	—
<b>Current Assets, Loans &amp; Advances</b>		
Sundry Debtors	100,000.00	—
Cash & Bank Balances	164,791.06	161,474.61
Loans & Advances	—	—
	<b>264,791.06</b>	<b>161,474.61</b>
<b>Less :Current Liabilities and Provisions</b>		
Current Liabilities	105,703.00	67,388.00
	105,703.00	67,388.00
<b>Net Current Assets</b>	<b>159,088.06</b>	<b>94,086.61</b>
<b>Miscellaneous Expenditure</b>	1,644.00	2,192.00
(to the extent not written off or adjusted )		
<b>TOTAL</b>	<b>160,732.06</b>	<b>96,278.61</b>
<b>Notes to the Accounts</b>		

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

Rajesh Mittal  
Partner  
Membership No. 95681

For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

Dated : April 24, 2007  
Place : New Delhi

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

For and on behalf of the Board of Director

Sanjeev Bikchandani  
Director

Ambarish Raghuvanshi  
Director

## Profit and Loss Account for the period ending March 31, 2007

Schedule	Year ended March 31, 2007 Amount (Rs.)	Year ended March 31, 2006 Amount (Rs.)
<b>INCOME</b>		
License Fees	100,000.00	100,000.00
Creditors Written off	—	1,500.00
Interest on Fixed Deposit	3,344.00	2,786.00
<b>TOTAL</b>	<b>103,344.00</b>	<b>104,286.00</b>
<b>EXPENDITURE</b>		
Auditor Remuneration	5,612.00	5,510.00
Bank Charges	27.55	2,038.70
Legal & Professional Charges	—	800.00
Rent	—	1,400.00
Preliminary Expenses written off	548.00	548.00
<b>TOTAL</b>	<b>6,187.55</b>	<b>10,296.70</b>
<b>Net Profit Before Tax</b>	<b>97,156.45</b>	<b>93,989.30</b>
Tax Expense		
- Current year	32,703.00	33,868.00
<b>Net Profit after tax</b>	<b>64,453.45</b>	<b>60,121.30</b>
Profit/(Loss) b/f from Previous year	(7,661.39)	(67,782.69)
<b>Balance carried to the balance sheet</b>	<b>56,792.06</b>	<b>(7,661.39)</b>
<b>Notes to the Accounts</b>	<b>A</b>	

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

Rajesh Mittal  
Partner  
Membership No. 95681

For and on behalf of  
Sharma Goel & Co.  
Chartered Accountants

Dated : April 24, 2007  
Place : New Delhi

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

For and on behalf of the Board of Director

Sanjeev Bikchandani  
Director

Ambarish Raghuvanshi  
Managing Director

## Schedule 'A'

## ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS

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

Licenced & Installed Capacity	N.A.
Actual Production	N.A.
C.I.F. Value of Import	NIL
Expenditure in Foreign Currency	NIL
Earning in Foreign Currency	NIL
  5. Number of Employees of the Company in receipt of, entitled to receive yearly emoluments in the aggregate of not less than Rs.24,00,000/- or Rs.2,00,000/- per month if employed for the part of the year. NIL
  6. Deferred Tax Assets (Net) in terms of Accounting Standard No.22 issued by The Institute of Chartered Accountants of India have not been recognized being not material enough to warrant its recognition.
  7. Earning per Share of the Company before tax is Rs.9.72/-
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*If undelivered, please return to:*  
**Info Edge (India) Limited**  
A-88, Sector-2, NOIDA - 201 301. INDIA

## Notice

Notice is hereby given that the 12th Annual General Meeting of the Members of INFO EDGE (INDIA) LIMITED will be held at FICICI Golden Jubilee Auditorium, Tansen Marg, New Delhi – 110 001, on Friday, the 27th day of July, 2007 at 4.30 P.M. to transact the following business:

### Ordinary Business

1. To consider and adopt the Audited Balance Sheet as at March 31, 2007, Profit & Loss Account for the year ended on that date and the Auditors' and Directors' Reports thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Kapil Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Bala Deshpande, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. Ambarish Raghuvanshi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Price Waterhouse, Chartered Accountants, as Statutory Auditors of Company and fix their remuneration and for the purpose, to consider and if thought fit, to pass the following resolution with or without modification(s):

“Resolved that M/s. Price Waterhouse, Chartered Accountants, be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors.”

### Special Business

7. To consider and, if thought fit, to pass the following resolution with or without modification(s):  
 “RESOLVED THAT Mr. Sandeep Murthy be and he is hereby appointed as a Director of the Company.”

By Order of the Board  
 sd/-  
 (Amit Gupta)  
 Company Secretary

Date : June 20, 2007  
 Place : Noida

### NOTES:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of resolutions set out under Item No.7 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER.
3. The instrument appointing a proxy, to be effective, must be duly filled, stamped and signed and must reach the Company's registered office not later than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from July 20, 2007 to July 27, 2007 (both days inclusive) for the purpose of ascertaining the eligibility for payment of dividend.
5. Dividend on equity shares, if approved by the members, will be paid to those members whose names appear on the Company's Register of Members at the close of the business hours on July 27, 2007 after giving effect to all the valid transfers in physical form lodged with the Company/ Registrar on or before July 19, 2007. However, in respect of shares held in dematerialised form, eligibility for dividend would be decided on the basis of beneficial owners position received from NSDL & CDSL at the close of business hours on July 19, 2007.
6. Members holding shares in physical form are requested to notify change in their address, if any, quoting folio number to our Registrar and Share Transfer Agent- Intime Spectrum Registry Limited, A-31, 3rd Floor, Naraina Industrial Area, Phase- I, Near PVR Naraina, New Delhi - 110 028.
7. Members are requested to advise about any change of Address/ Bank Account Number:
  - To the Company's Registrar in respect of their physical share folios; and
  - To their Depository Participants (DPs) in respect of their Electronic Demat Accounts as the Company is obliged to print the Bank details on the dividend warrant as furnished by NSDL/CDSL.
8. Members are requested to send their queries, if any, at least 10 days in advance of meeting so that the information can be made available at the meeting.
9. Members are requested to bring their copy of the Annual Report to the Meeting as the Company would not provide any copy at the AGM venue.
10. Documents referred in the accompanying Notice are open for inspection at the registered office of the Company on all working days except Saturdays and holidays between 10.30 A.M. to 12.30 P.M. upto the date of Annual General Meeting.
11. Brief Resume of Directors seeking appointment/re-appointment as required in clause-49 of the Listing Agreement are enclosed in the Annual Report 2006-07.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 7**

Mr. Sandeep Murthy was co-opted as an Additional Director of the Company with effect from July 14, 2007, pursuant to Section 260 of the Companies Act, 1956, read with Article 92 of the Articles of Association of the Company. Mr. Sandeep Murthy is nominee director of Murugan Capital and Sherpalo LLC, Mauritius (Venture Capital Investors) who have a right to jointly nominate a Director on the Board of the Company. Mr. Sandeep Murthy shall be a Non-retiring Director in terms of Article 90 A of the Articles of Association of the Company and shall hold office until otherwise decided jointly by Murugan Capital and Sherpalo LLC,

Mauritius. The Company has received notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. Sandeep Murthy for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors of the Company other than Mr. Sandeep Murthy are interested in this resolution.

The Board recommends the resolution set forth in Item No. 7 for the approval of the members.

By Order of the Board  
sd/-  
**Amit Gupta**  
Company Secretary

Date : June 20, 2007  
Place : Noida



### INFO EDGE (INDIA) LIMITED

Regd. office: GF-12A, 94, Meghdoot Building, New Delhi-110019  
Corporate Office: A-88, Sector-2, Noida - 201 301(Uttar Pradesh)

#### ATTENDANCE FORM

Member(s) or his/her/their proxy (ies) is requested to present this form for admission, duly signed in accordance with his/her/their specimen signature(s) registered with the Company.

Folio No. \_\_\_\_\_

DP ID \_\_\_\_\_

No. of Shares \_\_\_\_\_

Client ID \_\_\_\_\_

I hereby record my presence at the 12th ANNUAL GENERAL MEETING of Info Edge (India) Limited held on Friday, the 27th day of July, 2007, at 4.30 P.M. at FICICI Golden Jubilee Auditorium, Tansen Marg, New Delhi – 110 001, or any adjournment thereof.

Please ✓ in the box.

Member

Proxy

\_\_\_\_\_  
Member/Proxy's Name (in Block Letters)

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Proxy's Signature

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### INFO EDGE (INDIA) LIMITED

Regd. office: GF-12A, 94, Meghdoot Building, New Delhi-110019  
Corporate Office: A-88, Sector-2, Noida - 201 301(Uttar Pradesh)

#### PROXY FORM

I/We.....of.....in the district of ..... being a member(s) of INFO EDGE (INDIA) LIMITED hereby appoint .....of.....in the district of..... failing him ..... of..... in the district of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the 12th Annual General Meeting of the Company to be held on July 27, 2007 and/ or at any adjournment thereof.

Signed on .....at..... FolioNo./Client ID\*.....

Signature (s)..... D.P. ID\*.....

Affix  
Re. 1  
Revenue  
Stamp

\* Applicable for Shareholders holding shares in electronic form.

Note : This form, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.