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Education

shiksha.com

Matrimonial

jeevansathi.com

99acres.com

Real Estate

allcheckdeals.com

brw.com

Recruitment

naukri.com

naukri.com

Arstnaukri.com

mydala.com

float.com

99labels.com

Investee Companies

policybazaar.com

meritnation.com

zomato.com

quadrangle



## Board of Directors

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

## Company Secretary

Mr. Amit Gupta

## Auditors

Pricewaterhouse & Co. Chartered Accountants, Gurgaon - 122 002

## Bankers

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

## Registered Office

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

## Corporate Office

A-68, Sector-2, Noida - 201 301  
 Uttar Pradesh, India

# Infoedge milestones







Dear Shareholder,

As I write to you, estimates suggest disappointing growth figures for India – 6.3% GDP growth in FY2012 is the lowest recorded in the last 10 years. Global economic signals, too, are not encouraging. While USA is recovering the pace of growth is slow and unemployment levels still remain high at over 8%. Europe is in a much worse state and there are grave doubts about the continuation of the EU as a signal monetary and economic zone. Clearly, the sovereign bail-out packages post the crisis of 2008 hasn't really worked especially for southern European countries. Even, the principal driver of global growth in the past two decades – China – has shown signals of an impending slowdown.

“  
AT INFO EDGE, THE ENTIRE  
CHAIN OF ACTIVITY FROM  
IDEATION TO CASH COLLECTIONS  
IS IMPORTANT AND INTEGRATED  
TO CREATE A STRONG CULTURE  
OF EXECUTION”

Certainly, the global economy does not paint a pretty picture and the business world is going through challenging times strewn with lot of uncertainty. Amidst this general despondency, it is a pleasure to convey to you the positive developments at Info Edge in FY2012. To begin with, the Company continued to record healthy growth in revenues and profits and improved its operating profit margins.

On a consolidated basis, total income increased by 23.4% to ₹4,314 million in FY2012, while net profit after tax increased by 63.6% to ₹1,033 million in FY 2012. While on a stand-alone basis, total income increased by 29.4% to ₹4,165 million in FY2012 and profit after tax increased by 46% to ₹1,226 million in FY2012.

All the individual businesses in Info Edge's portfolio including **naukri.com** (the recruitment business), **99acres.com** (the real estate business), **jeevansathi.com** (the matrimonial business) and **shiksha.com** (the education business) witnessed growth in terms of revenues and profits, improvements in critical portal operational parameters in terms of customer usage, and gains in traffic share. I urge you to read the chapter on management discussion and analysis that details the performance of Info Edge and its individual businesses during FY2012.

**This brings me to two critical factors that have been the driving force of Info Edge's business – one internal and the other external.**

Let me first explain the internal one, which focuses on Info Edge's strength in execution. At Info Edge, the entire chain of activity from ideation to cash collections is important and integrated to create a strong culture of execution. It is this conviction in our strength of execution that has made us continue to invest in product development, brand marketing and people over the last few years.

This is best explained by looking at some numbers since the global economic slowdown in 2008.

In FY2008, the year before the global economic crisis our headcount was 1,656. Today, at an average annual growth of 7.5% this has increased to 2,150. But, the growth in manpower has been accompanied by even greater growth in revenues. Between FY2008 and FY2012, revenues increased by 11.4% per annum to ₹3,756 million. Consequently, revenue per employee has increased from ₹1.32 million in FY2008 to ₹1.75 million in FY2012. Similarly, while advertising and promotion budgets have increased over this period, it is very important to note that productivity of such investments has improved significantly – rupee earned (Net Sales) for every rupee spent (advertising and promotion costs) increased from ₹4.55 million in FY2008 to ₹7.28 million in FY2012. All these factors have translated into healthy top line growth with steady improvements in operating profit margins over the last few years. In fact, total EBITDA margin increased from 39.1% in FY2011 to 43.6% in FY2012.

It is this ability to invest and continuously enhance productivity that drove Info Edge's competitive positioning and growth over the years, especially in the period post the global economic crisis. Apart from growth in overall markets, the improved market shares have further contributed to revenue growth.

On the external front, it is very important to appreciate and understand that 'online' businesses are in a very nascent stage of development in India. The potential market opportunities are immense and different success stories can lead to exponential growth. The important thing is the ability of these businesses to provide value propositions and user experiences that transform offline communities to online ones. This transformation is independent of the business environment and increasingly going to be a major source of growth for Info Edge. In fact, internal research suggests that a major part of 99acres.com's growth in FY2012 is attributable to the fact that builders and brokers saw perceptible benefits from using the website and invested in computers and internet connections that supplemented their on-ground operations with strong online presence.

This transformation is also driven by the growth in internet penetration and broadband access in India. Internet World Survey data suggests that by December 2011, internet users in India increased to 121 million – this is rapid growth in the last five years. However, penetration levels still remain fairly low at 10.2%. This is well below the levels of other similar developing Asian countries like China (38.4%), Indonesia (22.4%) and Thailand (27.4%). So, there is still a lot of leg-room for growth in internet usage in India.

Having said so, it is clear that 'online' businesses are starting to create a significant space in the Indian economy and they have high growth and value addition potential. Importantly, while analysing this business space, people today do not talk of how macro-economic factors affect individual business but try to gauge how these businesses will provide impetus to economic growth. In fact, a recent study by Indian Council for Research on International Economic Relations (ICRIER), The Internet and Mobile Association of India (IAMA) and the Department of IT suggests that a 10% increase in internet penetration can increase the GDP by 1.08%. This will help the country add \$17 billion annually.



EBITDA  
margin  
increased



Revenue  
grew at 31%  
CAGR in  
last 6 yrs



Builders &  
brokers saw  
perceptible  
benefits





**WE ARE CONVINCED THAT IN A YOUNG INDUSTRY LIKE OURS, IT IS IMPORTANT TO MAINTAIN LONG TERM INVESTMENT PLANS IRRESPECTIVE OF BUSINESS CYCLES**



We, at Info Edge, are confident of the long term prospects of 'online' businesses and the value added proposition that they bring for their users. In most segments in the online business space, market leaders are defining the contours of growth for the overall segment. We believe that maintaining a leadership position and driving innovation within their respective segments is critical for the future

prospects of each of our businesses. With this belief, Info Edge remains committed to making investments across its different businesses for product development, branding and skill enhancement. As a Company, we are convinced that in a young industry like ours, it is important to maintain long term investment plans irrespective of business cycles. We have always done so and will continue to do so even if this translates into a drop in operating margins in the short term.

Last year, I had reported to you about the new thrust in investing in start up ventures. This was primarily structured to participate in the growing Indian internet industry, promote entrepreneurship and invest

in cutting edge ideas and technology. We have made investments into *meritnation.com*, *policybazaar.com*, *zomato.com*, *mydale.com*, *float.com* and *99labels.com*. Investments in all the investee companies have been early stage ones. The first thing we look at is the quality of the team and only then we look at market potential, market size. Next, we look at the competitive position or the competitive situation in the space we want to enter. In general, we want to invest in companies that are first movers or early movers. We remain committed to these investments, including participating in the next round of investments. Operationally, we are closely monitoring the evolution of these business models.

We have a well balanced portfolio of businesses in the online classifieds space. Info Edge is strongly committed to grow the businesses in this portfolio. This growth ambition integrated with focus on execution excellence will be the fundamental driver for the business in the next few years. Also, one expects inflection points where en mass people move to using the internet as a medium of information exchange and open up large markets. Economic conditions are going to be difficult in the next couple of years, but our competitive strength and the rapid growth of markets for online businesses, position us well for the future.

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

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

Regards  
**Hitesh Oberoi**

## Highlights



## FIVE YEAR PERFORMANCE: STAND ALONE

₹ MILLION

	FY2008	FY2009	FY2010	FY2011	FY2012	CAGR
<b>NET SALES</b>	2,189	2,452	2,322	2,936	3,756	15%
<b>TOTAL INCOME</b>	2,397	2,738	2,642	3,219	4,165	15%
<b>OPERATING EBITDA</b>	635	652	668	981	1,423	22%
<b>OPERATING EBITDA MARGIN</b>	29.0%	26.6%	28.7%	33.4%	37.9%	
<b>EBITDA</b>	842	939	986	1,200	1,818	21%
<b>EBITDA MARGIN</b>	35.1%	34.3%	37.3%	39.1%	43.8%	
<b>PBT</b>	786	867	887	1,240	1,737	22%
<b>PAT</b>	555	597	569	840	1,226	22%
<b>EPS</b>	20.33	21.87	20.89	15.38	22.46	3%
<b>CASH &amp; EQUIVALENTS (FD IN BANKS, INVESTMENT IN DEBT MF &amp; FMP)</b>	2,981	3,205	3,745	4,546	4,818	13%
<b>NET WORTH</b>	2,682	3,267	3,820	4,630	5,744	21%
<b>HEAD COUNT</b>	1,656	1,675	1,452	1,768	2,150	7%

## FIVE YEAR PERFORMANCE: BUSINESS SEGMENTS

₹ MILLION

	FY2008	FY2009	FY2010	FY2011	FY2012	CAGR
<b>NET SALES</b>						
RECRUITMENT	1,984	2,117	1,954	2,425	3,042	12%
MATRIMONIAL		170	169	221	254	14%
REAL ESTATE		139	133	228	347	36%
<b>SEGMENT PROFITS</b>						
RECRUITMENT	816	922	803	1,098	1,550	17%
MATRIMONIAL		(47)	(1)	(41)	(49)	-
REAL ESTATE		(95)	(38)	4	1	-

FY2012



FY2011



Real estate

Business segment

Recruitment

Matrimonial

Recruitment - Over 90% of the company's top line and 90% of the bottom line

Matrini is a class leader at around 60% traffic share amongst job sites

24 million TV database



Naukri Premium - is India's CTO & above

naukri.com

Leader

No. of resumes submitted

Unique customers

Apps for mobile and a HTML5 site



naukri.com



Naukri.com continues to witness improvements in customer base and portal usage

NAUKRI: Resumes (Nearest Million)



NAUKRI: Unique Customers



99acres.com

Strong revival in growth of listings

99ACRES.COM: Listings ('000)



Increased focus on developing paid traffic

99ACRES.COM: Paid Listings ('000)



Translates into growing paid transactions

99ACRES.COM: Paid Transactions



Breaking Even

Growing unique visitors

Top 2 category in advertising (print, outdoor)

99acres.com

It lists new and existing property

Steady traction in jeevansaathi.com

JEEVANSAAATHI.COM: Profiles ever loaded



JEEVANSAAATHI.COM: Avg realisation ( )



jeevansaathi.com



Steady growth over the years

Leader in part of a segmented market

No. 2 player in a well established online category

Steady traction



# Internet



Powerful medium

Rapidly growing sector in the media space

Ease of use, interactive and easy access

No. of users increasing everyday in India

Most influential technology-driven development

Impacted on the way people lead their lives

A growing sector

## Indian Internet

large investments by VCs

Myriad businesses in e-commerce, ticketing, travel, fashion, financial products, classifieds, health etc



firstnaukri.com

naukri4uif.com

brijj.com

naukri.com

JOB OPENINGS

Many players in India internet



Info Edge, has emerged as a pioneer and an industry leader

Only Listed player in the India internet classifieds space

4 areas of businesses

Matrimony

Real Estate

Education

quadrangle

shiksha.com

99acres.com

allcheckdeals.com

jeevansathi.com

First mover - often an advantage

regular improvements

in-depth analysis of the domain

Grew 29% YOY in 2012

Practical ideation of the end product

Strong balance sheet

Focused on the India market

Cost of smart-phones dropping

Mobile connections over 800 million

Mobile and tablets is growing and important way to access the internet



## broadband connection

Broadband connections grew 35% in FY10-11 to 189 million, connection shared by multiple users (Source- TRAI Annual Report)

## users

Estimated 100 to 120 million users in India, the 3rd largest in the world after USA and China (Source- internetworldstats.com)



Dynamic Industry





## Overview

THE INTERNET AND THE WORLD-WIDE WEB HAS BEEN ONE OF THE MOST INFLUENTIAL TECHNOLOGY-DRIVEN DEVELOPMENTS THAT HAS AFFECTED HUMAN LIVES ACROSS THE WORLD IN THE LAST COUPLE OF DECADES. FUNDAMENTALLY, IT IS JUST A NEW MEDIUM OF COMMUNICATION BUT ITS IMPACT ON THE WAY PEOPLE LEAD THEIR LIVES HAS BEEN PHENOMENAL. **INFO EDGE (INDIA) LIMITED ('INFO EDGE' OR 'THE COMPANY') HAS LEVERAGED THIS MEDIUM TO EVOLVE A RAPIDLY GROWING BUSINESS BASED ON THE CORE MANTRA OF DEVELOPING DIFFERENT PLATFORMS FOR 'ON-LINE' CLASSIFIEDS. IN THIS SPACE, THE COMPANY HAS EMERGED AS A PIONEER AND AN INDUSTRY LEADER IN INDIA.**

The Company's business model has evolved on a principle of 'being local, thinking global'. In essence, what this means is that it has laid much emphasis on understanding the dynamics of communities that interact in the physical space often at a very local level and transformed their interaction onto the global platform of the world-wide-web. In that sense, it has targeted specific market segments within India utilising technological tools that are state-of-the art from a global perspective.

While the on-line medium is a key differentiating factor for the Company, it is important to appreciate that within this space Info Edge has always focused on enhancing its execution excellence to deliver results and drive its leadership positioning.

Clearly, execution excellence is all about hitting the bottom line - delivering results based on objectives but it is important to appreciate that such a successful execution orientation encompasses a gamut of activities right from conceptualisation to collection of cash.

### These include:

- **STRESS ON IN-DEPTH ANALYSIS OF THE DOMAIN** and the functioning of the specific community in the offline space so that the online interaction can be an even better experience

- **PRACTICAL IDEATION OF THE END PRODUCT.** At the very concept stage, the Company details the specifications so that the market need defines the end product while technology is an enabler and driver yet not the deciding factor
- **EMPHASIS ON A BUSINESS PLAN** that not only looks at product development but also brand building, customer connect, distribution mechanisms and revenue models
- **EFFECTIVE MANAGEMENT** of the different phases of a product life cycle - when to invest, when to focus on tightening costs or when to revamp a product
- **CONTINUOUSLY SUPPORT THE PRODUCTS** through cutting edge technology
- **FOCUS ON REGULAR IMPROVEMENTS** in the online customer experience

Today, Info Edge is a portfolio of different businesses, all in different stages of their product life cycle yet unified under the single umbrella of the 'online classifieds' business space. **Box 1** details the different businesses.

Across these businesses, the Company has focused on its execution excellence. Given that each one of these portfolios is in a different stage of development, there was varying level of emphasis on different aspects of execution for the different businesses during financial year (FY) 2012. Having said so, it is important to



note that these initiatives were well calibrated so that Info Edge, as a Company, had the right balance of growth in profits and cash generation on the one hand and the essential nurturing and development investments in assets for future growth, on the other.

Info Edge's business structure is such that the stand-alone numbers reflect the performance of the core business and the developmental businesses broadly classified as 'other businesses'. A portion of the cash generated from the stand-alone business is invested into investee companies, which are all early stage companies/ still being incubated.

Box 1

## Info Edge's Business Portfolio

### Core Business - Self sustained growth mode

Online recruitment business - [naukri.com](http://naukri.com).

There is also the web portal - [www.naukrigulf.com](http://www.naukrigulf.com) - that caters to the Middle-East job markets; and the fresher hiring site, [www.firstnaukri.com](http://www.firstnaukri.com). The recruitment portfolio is supported by the offline executive search business - Quadrangle - and the associated portal [www.quadranglesearch.com](http://www.quadranglesearch.com).

### Other Businesses

#### Second stage of Development

The online real estate classified business, which operates through the portal [www.99acres.com](http://www.99acres.com). It is supported by the brokerage business, [www.allcheckdeals.com](http://www.allcheckdeals.com), operated through a wholly owned subsidiary-Allcheckdeals India Pvt. Ltd.

The online matrimonial classified business, which operates through the portal [www.jeevansathi.com](http://www.jeevansathi.com).

#### Early stage of Development

The online educational classifieds business, which operates through the portal [www.shiksha.com](http://www.shiksha.com).



### Investee Companies - Startup Phase

The Company with a view to participate in the evolving internet industry in India has taken stakes in the following:

- Applect Learning Systems (Pvt.) Limited, which operates the kindergarten to Class 12 (K-12) assessment based learning portal, [www.meritnation.com](http://www.meritnation.com)
- Etechaces Consulting and Marketing (Pvt.) Limited, which operates in the financial product (like insurance and loans) comparison domain, [www.policybazaar.com](http://www.policybazaar.com).
- Zomato Media Pvt Ltd (erstwhile DC Foodiebay online Services Pvt. Ltd), which operates a website providing information on restaurants menus & reviews of food and dining options and events. [www.zomato.com](http://www.zomato.com) (erstwhile [www.foodiebay.com](http://www.foodiebay.com)).
- Noyile Technologies Pvt. Ltd operating a web based sharing platform- [www.floost.com](http://www.floost.com)
- Kinobeo Software Pvt. Ltd., which operates a site providing discount offers, deals and do it yourself merchant platform - [www.mydala.com](http://www.mydala.com)
- Ninety Nine Labels Pvt. Ltd which operates, an e-commerce site that offers mainly fashion merchandise and accessories online - [www.99labels.com](http://www.99labels.com)



### Other businesses



### Investee Companies





## Financial Review

The revenues sources for the stand-alone business are detailed below:

- **RECRUITMENT SOLUTIONS** through its websites - *naukri.com*, *naukrigulf.com* and *firstnaukri.com*. Revenue is generated in the form of subscription fees, which is recognised pro-rata over the subscription or advertising agreement, usually ranging between one to twelve months.
- **REAL ESTATE WEBSITE** - *99acres.com*
- EDUCATIONAL CLASSIFIEDS WEBSITE** - *shiksha.com* and **MATRIMONIAL WEBSITE** - *jeevansathi.com* and Revenue is received in the form of subscription fees, which is recognised over the period of subscription, usually ranging between one to twelve months.
- **PLACEMENT SEARCH DIVISION** - Quadrangle. Revenue is received in the form of fees, for placements at various levels in a client's organisation. Revenue is recognised on the successful completion of the search and selection activity.

The Company collects these subscription fees in advance & recognises these as revenue as the service is delivered.

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

- **RESUME SALES SERVICE** - Naukri First Forward. The revenue is earned in the form of fees and is recognised on completion of the related service.

On consolidation, while the PAT of the associates gets added in proportion to shareholding, the ones of the subsidiaries are fully accounted for in the revenues & costs.

Table 1 gives the abridged profit and loss statement for Info Edge for FY 2012.

There are two points to note in terms of treatment of accounts. First, the exceptional item recorded in FY2012 is on account of provision for diminution in carrying value of investments in Info Edge (Mauritius) Ltd. This subsidiary company had made an investment into Study Places Inc USA in FY 08. The comparable amount in FY2011 included the profits from sale of stock in MakeMyTrip Ltd, Mauritius (MMT). The company had acquired these shares at cost from Mr. Sanjeev Bikhchandani which were allotted to him under the ESOP scheme of MMT. Second, for the purpose of consolidation, Etechaces (*policybazaar.com*)

Table 1

ABRIDGED PROFIT AND LOSS STATEMENT (₹ MILLION)

	STANDALONE		CONSOLIDATED	
	FY2012	FY2011	FY2012	FY2011
1. Net Sales	3,756.38	2,936.21	3,903.04	3,217.31
2A Other Operating Income	14.46	3.92	15.80	5.53
2B Other Income	394.57	278.61	394.72	273.81
3. Total Income (1 + 2A + 2B)	4,165.41	3,218.94	4,313.56	3,496.67
a) Network and other charges	93.17	100.38	104.66	110.11
b) Employees Cost	1,369.96	1,137.13	1,482.24	1,278.65
c) Advertising and Promotion Cost	515.97	380.25	563.21	505.93
d) Depreciation/Amortization	79.01	71.15	93.21	80.04
e) Other Expenditure	368.75	341.44	607.26	516.85
4. Total Expenditure	2,424.46	2,030.35	2,860.58	2,491.58
5. EBITDA (3-4+3d)	1,817.56	1,259.74	1,556.19	1,085.13
6. Interest	0.67	0.77	0.67	0.80
7. Profit from Ordinary Activities before tax (3-4-6)	1,740.28	1,187.82	1,472.31	1,004.28
8. Exceptional Item	3.53	(51.74)	8.33	(51.74)
9. Net Profit from Ordinary Activities before tax (7-8)	1,736.75	1,239.56	1,463.98	1,056.03
10. Tax Expense	510.52	399.84	528.76	400.42
11. Net Profit from Ordinary Activities after tax (9-10)	1,226.23	839.72	935.22	655.61
12. Extraordinary Item	-	-	-	-
13. Net Profit after tax (11+12)	1,226.23	839.72	935.22	655.61
14. Share in loss of Associate Companies	-	-	30.04	1.38
15. Share of Minority Interest in the losses of Subsidiaries	-	-	(13.68)	22.82
16. Reversal of Subsidiary into associate	-	-	(114.43)	-
17. Net Profit for the year (13-14-15-16)	1,226.23	839.72	1,032.29	831.43

Box 2

## Performance Highlights (standalone)

- NET SALES INCREASED by 27.9% from ₹2,936 million in FY2011 to ₹3,756 million in FY2012
- TOTAL INCOME INCREASED by 29.4% to ₹4,165 million in FY2012
- EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) INCREASED by 44.3% from ₹1,260 million in FY2011 to ₹1,818 million in FY2012
- PROFIT BEFORE TAX (PBT) increased by 40.1% to ₹1,737 million in FY2012
- PROFIT AFTER TAX (PAT) increased by 45.0% to ₹1,226 million in FY2012
- BASIC AND DILUTED EARNINGS PER SHARE (EPS), increased from ₹15.38 in FY2011 to ₹22.46 in FY2012
- DEFERRED SALES REVENUE (part of Current Liabilities) is up at ₹1,189 million over ₹895 million last year

was accounted for as a subsidiary in FY2011. In FY2012 with Intel Inc coming in as a co-investor it has transformed into an associate Company. Consequently, only PAT is now accounted for in proportion to stake held. This transformation has resulted into reversal/adjustment in minority interests and share in losses of associates for both FY2011 and FY2012

Box 2 lists the performance highlights of Info Edge, the stand-alone entity, while Box 3 lists the performance of Info Edge, the consolidated entity. The difference between the two performances is on account of the developments in the investee companies. The investee companies being in early stage are currently in investment mode and therefore are incurring losses. Consequently, while the revenues are higher at consolidated level the consolidated profits are lower than those on stand-alone entity basis.

The performance in FY2012 vindicates Info Edge's strategy of maintaining its long term business strategy for different businesses irrespective of short term changes in the business environment as long as fundamental market dynamics are in line with expectations. This needs some explanation.

Info Edge has continued to invest in brand building, product development and people in a calibrated manner according to the needs of the respective businesses. These investments have played a key role in improving the Company's competitive edge in the market and gain critical market share. In new-age businesses like the ones where Info Edge is active, the market leader has a distinctive advantage and benefits extensively from its leadership position in terms of attracting customers. Info Edge has always strived to maintain this leadership position and for its two largest businesses – *naukri.com* and *99acres.com* – it continued to gain traffic share in FY2012.

While the Company continues with investments in internal businesses, efforts are made at improving productivity and efficiencies of such outlays. A case in point is that the total headcount increased by 22% from 1,768 in FY2011 to 2,150 in FY2012 and total employee costs on a standalone basis increased by 20.5%. The Company has, however, made the most of this increase to promote revenues. Consequently, on a standalone basis, employee cost to sales reduced from 38.7% in FY2011 to 36.5% in

Box 3

## Performance Highlights (consolidated)

- NET SALES INCREASED by 21.3% from ₹3,217 million in FY2011 to ₹3,903 million in FY2012
- TOTAL INCOME INCREASED by 23.4% to ₹4,314 million in FY2012
- EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) INCREASED by 43.4% from ₹1,085 million in FY2011 to ₹1,556 million in FY2012
- PROFIT BEFORE TAX (PBT) increased by 38.6% to ₹1,464 million in FY2012
- NET PROFIT AFTER TAX (PAT, after minority interest and share of associates) increased by 63.6% to ₹1,033 million in FY2012
- BASIC AND DILUTED EARNINGS PER SHARE (EPS), increased from ₹11.57 in FY2011 to ₹18.93 in FY2012



Table 2

## KEY OPERATING RATIOS

% of total operating income	STANDALONE		CONSOLIDATED	
	FY2012	FY2011	FY2012	FY2011
Network and other charges	2.5%	3.4%	2.7%	3.4%
Employees Cost	38.3%	38.7%	37.8%	39.7%
Advertising and Promotion Cost	13.7%	12.9%	14.4%	15.7%
Depreciation/ Amortization	2.0%	2.4%	2.1%	2.5%
Other Expenditure	9.8%	11.6%	15.5%	16.0%
<b>Total Expenditure</b>	<b>64.3%</b>	<b>69.0%</b>	<b>72.5%</b>	<b>77.3%</b>
<b>Operating EBITDA</b>	<b>48.2%</b>	<b>42.8%</b>	<b>39.7%</b>	<b>33.7%</b>

FY2012. Similarly, on a consolidated basis this ratio reduced from 39.7% in FY2011 to 38% in FY2012.

Table 2 lists the different cost ratios and operating profits as a ratio of operating income for both the consolidated and standalone results.

Importantly, even after increasing brand building and promotional activities as reflected in the increase in advertising and promotion costs to sales ratio from 12.9% in FY2011 to 13.7% in FY2012, on a stand-alone basis (on a consolidated basis this ratio reduced from 15.7% in FY2011 to 14.4% in FY2012 because the investee companies are in a nascent stage of development with low requirements of brand promotion), the operating EBITDA increased from 42.8% in FY2011 to 48.2% in FY2012 (stand-alone) and from 33.7% in FY2011 to 39.7% in FY2012 (consolidated).

Apart from effective management of employees and advertising, this improvement is also a reflection of the high operating leverage of the business. Once the foundations are put in place, growth in scale of operation continues to give greater returns for every incremental rupee spent. This, along with a corporate culture of tight cost management has resulted in the following:

- **REDUCTION IN COSTS** of network and other charges from 3.4% in FY2011 to 2.5% in FY2012 (stand-alone) and from 3.4% in FY2011 to 2.7% in FY2012 (consolidated)
- **REDUCTION OF OTHER OPERATING EXPENDITURE** from 11.6% in FY2011 to 9.8% in FY2012 (stand-alone) and from 16% in FY2011 to 15.5% in FY2012 (consolidated)

This financial performance in terms of operational parameters further highlights the Company's focus on excellence in execution. With these results, Info Edge continued to

generate cash. On a stand-alone basis, Net cash flow from operating activities increased by 14.4% from ₹1,101 million in FY2011 to ₹1,259 million in FY2012. The cash and cash equivalents were ₹2,562 million as on 31 March 2012 against ₹2,037 million in FY2011 – an increase of 30.7%. The total Cash and cash equivalents including investments in mutual funds were ₹5080 million as on March 31, 2012 as against ₹4639 million as on March 31, 2011 – an increase of 9.5%.

### DEFERRED SALES REVENUES INCREASED BY 32.9%

It should also be noted that deferred sales revenues, which is cash collected during the year that are yet to be recognised as revenue through accounting principles, has increased by 32.9% from ₹895 million as on 31 March 2011 to ₹1,189 million as on 31 March 2012. This gets recognized and accounted for on a pro-rata basis over the subscription or advertisement agreement period. It reflects the strength of the Company's market position even in a difficult year in terms of the external environment.

From the cash generated through the stand-alone performance, Info Edge continues to prudently manage its treasury function. Non-current financial investments increased by 207.5% from ₹934 million in FY2011 to ₹2,872 million in FY2012.

- Strategic investments including equity, preference shares and debentures into subsidiary and associate companies increased by 280.4% from ₹367 million FY2011 to ₹1,386 million in FY2012. These were in line with the commitments made while taking additional stakes in some of the investee companies.
- In addition, investment in long term mutual funds increased by 160.3% from ₹567 million in FY2011 to ₹1,476 million in FY2012.

## Core Business - Recruitments

The recruitment services business comprises the following portals:

- **NAUKRI.COM**: This is the Company's flagship brand and India's largest online jobsite.
- **NAUKRIGULF.COM**: This is a jobsite that focuses on the middle-eastern market.
- **FIRSTNAUKRI.COM**: Launched in January 2009, this site focuses on fresher hiring.
- **QUADRANGLE.COM**: This is primarily an off-line headhunting business that derives revenues from successfully positioning a person with a company.

Much of today's revenues and profits are delivered by the Naukri.com business and it is affected by developments in the external economy.

### BUSINESS ENVIRONMENT

There has certainly been a slowdown in the Indian economy. For Q4, FY2012 (or January to March 2012), GDP growth has fallen to 5.3% compared to the same quarter in the previous year. From a high of 9.4% in January-March 2010, this is the eighth successive quarter of declining GDP growth – a drop of 4.1 percentage points over two years. Even more worrisome is the sharp decline

in each quarter of 2011-12: 8% in Q1; followed by 6.7% in Q2; then 6.1% in Q3; and now 5.3% in Q4. Not surprisingly, therefore, GDP growth for the full year is much lower – 6.5% in FY2012, which is 1.9 percentage points below the 8.4% we achieved in FY2011. **Chart A** plots the data.

Clearly, such an economic slowdown and the associated negative sentiment will have a negative impact on the recruitment industry. However, the overall impact so far has been muted with some sectors doing well to compensate for slowdown in others. Noticeably, three sectors were badly affected through the year – insurance, construction and telecom. However, the other sectors compensated for this slowdown and as **Chart B** shows that the 'Naukri Jobspeak Index' shows a steady state in the recruitment industry through FY2012.

The Naukri Jobspeak Index is an in-house index based on utilisation of listings on our website - Naukri.com.

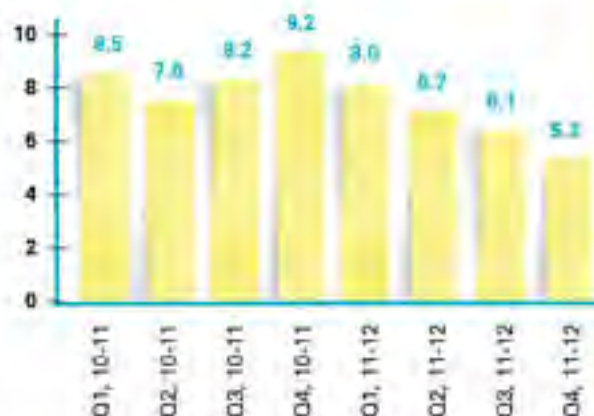
### OPERATIONS REVIEW

**Box 4** gives the financial highlights of this business.

*Naukri.com* is the major revenue generator in this business. It has two major sources of revenue and several other supporting revenue streams. **The major sources of revenue are: (i) job listings and employer branding or visibility advertisements, and (ii) résumé database access.** The supporting

Chart A

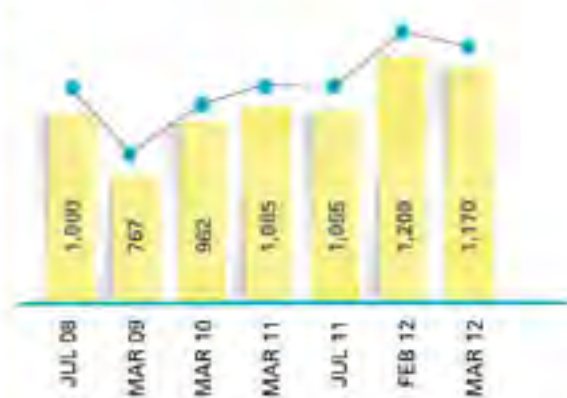
INDIA: GDP GROWTH  
(over same quarter previous year -%)



Source: Central Statistical Organisation, Government of India

Chart B

NAUKRI JOBSPEAK INDEX



Note: total no of new jobs posted in July was scaled to 1000, and subsequent data is indexed on it



Box 4

### Recruitment Related Services- Performance Highlights

- **NET SALES FROM RECRUITMENT** increased by 25.4% - from ₹2,425 million in FY2011 to ₹3,042 million in FY2012.
- **OPERATING EBITDA FROM RECRUITMENT** increased by 41.2% — from ₹1,096 million in FY2011 to ₹1,550 million in FY2012.
- **OPERATING EBITDA MARGIN** increased from 45.2% in FY2011 to 50.7% in FY2012.

revenue sources include job seeker services, Google Ad sense, mobile revenue, and the value added service of résumé short listing and screening.

The key usage parameters suggest healthy growth:

- **NUMBER OF RÉSUMÉS IN NAUKRI.COM'S DATABASE** INCREASED BY 16% - from around 25 million at the end of FY2011 to around 29 million at the end of FY2012.
- **AVERAGE NUMBER OF RÉSUMÉS MODIFIED DAILY** INCREASED BY 26.4% - from 72,000 at the end of FY2011 to 91,000 at the end of FY2012.
- **NUMBER OF UNIQUE PAID CUSTOMERS GREW BY 9.5%** - from 42,000 in FY2011 to 46,000 in FY2012.

*Naukri.com* benefited immensely from the support of the large sales force that is on the ground. Most of sales force in Info Edge is engaged in *naukri.com*. The efficiency of the sales force has also been improved through effective implementation of the ERP system. In addition, there are constant efforts at product improvement and enhanced customer experience. All these drivers combined with the fact that *naukri.com* has a self-generating cycle of sustainable growth emanating from its first mover advantage have contributed to further strengthening of its market leadership position.

Chart C shows that *naukri.com* has gained significantly in terms of traffic share. Data from comscore.com suggests that by the end of

FY2011, in terms of traffic flow, the gap between *naukri.com* and its nearest competitor was 27% and with the second nearest competitor was 38%, by the end of FY2012 this gap has widened further to 43% and 49% respectively. This market leadership promotes another round of growth through gains in market share.

Info Edge continues to grow *naukri.com* by investing in the brand, hiring and retaining quality talent, providing superior sales and service execution and continuous innovation on product and technology.

*naukri.com* is supported primarily by four offerings that complete the Company's service suite in the recruitment space: *firstNaukri.com*, *naukrigulf.com* and *Quadrangle*.

### NAUKRI.COM HAS A SELF-GENERATING CYCLE OF SUSTAINABLE GROWTH EMANATING FROM ITS FIRST MOVER ADVANTAGE HAVE CONTRIBUTED TO FURTHER STRENGTHENING OF ITS MARKET LEADERSHIP POSITION

*firstnaukri.com* was launched in Q4, 2008- 10. The site targets hiring fresh students from campuses. There has been considerable work at developing the site. In its second year of commercial operations during FY2012 there were modifications made to the business model based on the initial response. The new business model should effectively deliver and service the specific new hiring segment and support the core business.

*naukrigulf.com* continued to be consolidation mode with the slowdown in the middle east recruitment market. The business is supported by branch offices in Dubai, Riyadh (Saudi Arabia), Bahrain and Abu Dhabi.

*Quadrangle*, offers off-line placement services to middle and senior management, with revenues based on a success fee model. It complements the online recruitment business. Quadrangle witnessed a marginal slowdown during FY2012, especially after a 15% drop in sales in Q4, FY2012.

*brijj.com*, the professional networking site is where lot of efforts are being put on developing a suitable model for this business.



Chart C

## TRAFFIC SHARE



248 ggs -  
naukri.com &  
its nearest  
competitor

257 ggs -  
second nearest  
competitor

FY2011



naukri.com

Leader

FY2012

497 ggs -  
nearest  
competitor

497 ggs -  
second  
nearest

### Other Businesses - Real Estate, Matrimonial & Education

The 'other businesses' portfolio comprises businesses that are in different development phases. While *99acres.com*, *jeevansathi.com* and *allcheckdeals.com* are in the second stage of development, *shiksha.com* is in an early stage of development.

The other businesses portfolio continued to grow and increase its share in the Company's total sales. Net sales increased by 39.4% from ₹512 million in FY2011 to ₹714 million in FY2012. With this growth its share in total revenues increased from 17.4% in FY2011 to 19% in FY2012. In a gradual but steady manner the development of these 'other businesses' is reducing the Company's overall reliance on naukri.com and enhancing the wider portfolio based growth strategy of Info Edge. However, in the near term, naukri.com will continue to be the predominant business.

#### Real Estate



Within the real estate space, Info Edge has two portals. These are (i) *99acres.com*, the property based online classified business, and (ii) *allcheckdeals.com*: the property broking business with a success based revenue model. While the two portals are parts of the real estate business,

*allcheckdeals.com* was hived off as a separate subsidiary during Q3, FY2010 - so as to create specific business focus. Thus, the financials of the two businesses are now separate.

### BUSINESS ENVIRONMENT

The real estate sector in India was adversely affected on two fronts. First, the policy framework restricted flow of debt into the sector and the investment environment was very subdued adversely affecting real estate companies' ability to refinance their existing loans. This led to a slowdown in construction activities of projects under execution. Second, the negative sentiments on the economy coupled with high levels of interest rates delayed home purchases amongst consumers and slowed down demand. Commercial leasing demand was also affected as companies operating in India struggled to manage costs in depressed markets.

Chart D

#### NHB RESIDENTIAL PROPERTY PRICE INDEX



Source: National Housing Bank (NHB)

Note: All prices indexed to 100 for the year 2007



While the dampeners were there, real estate developers continued to launch new projects. The National Housing Bank (NHB) index for residential property prices across shows most cities saw real estate prices stable or increasing.

Therefore, while FY2012 has been a bit of a dampener for the real estate sector in India, the intrinsic need and demand for housing sector growth continues to exist in the India economy. More importantly for Info Edge, the real estate industry in India is evolving in its way of working. Today, the market is primarily end customer driven and developers and brokers have to reach out to these widely spread out customers in the most cost effective manner. And, the use of the internet is gaining acceptance as a medium of sales and marketing.

## OPERATIONS REVIEW

Catering primarily to real estate developers, builders and brokers, *99acres.com* source of revenue is from property listings, builders' and brokers' branding and visibility through micro-sites, home page links and banners. Individuals too list their requirements like sale, purchase and renting on the site. **Box 5** gives the financial performance highlights of *99acres.com*.

The usage parameters highlight major traction in revenue generating traffic.

Box 5

### 99acres.com - Performance Highlights

- **NET SALES FROM 99ACRES.COM** increased by 52.2% to ₹347 million in FY2012.
- **OPERATING EBITDA** CONTINUED TO BE POSITIVE – ₹1 million in FY2012
- Given the focus of the site to promote greater revenue generating traffic the number of listings reduced, while the **NUMBER OF PAID TRANSACTIONS** ROSE from around 23,700 in FY2011 to 33,250 in FY2012.

- **NUMBER OF LISTINGS IN 99ACRES.COM'S DATABASE INCREASED BY 65.1%** — from around 774,000 at the end of FY2011 to around 1,278,000 at the end of FY2012.
- **NUMBER OF PAID LISTINGS INCREASED BY 67.7%** — from 632,000 at the end of FY2011 to 1,060,000 at the end of FY2012.
- **NUMBER OF PAID TRANSACTIONS GREW BY 40.3%** — from 23,700 at the end of FY2011 to 33,250 at the end of FY2012.

During FY 2012, Info Edge continued to invest in *99acres.com* on product development, people, and marketing and brand building. In the process, it is slowly gaining traffic share from the second half of FY2012, after losing some traffic share in the first half. More importantly, as reflected in the usage data it is getting higher revenue generating traffic. Finally, the site has managed to spread the message of utility amongst the real estate sales community and in the process succeeded in increasing the use of the internet within this community.

*allcheckdeals.com* is the group's online property broking business. The business has a commission based revenue model that is determined on the value of transaction. The focus is on the residential markets of larger cities and their suburbs where it can service a growing middle class who want ease of transactions in property deals. The business has extended its coverage to 12 cities in India.

The business, which is in a subsidiary now, closed about 1,900 sales transactions in FY2012. The operating environment was difficult. There were also business issues like the land related disputes in Noida and Greater Noida – our primary market – and an internal re-organisation exercise. *allcheckdeals.com* generated a top-line of about ₹108 million in FY2012 made losses at the EBITDA level of ₹36 million.

## Matrimonial



The online matrimonial business is not affected by annual vagaries of the macro-economy and business environment. It is, however, largely influenced by demographic factors and social behavioural patterns. It is a very challenging market with several nuances.

The fundamental driver of growth comes from India's demographic dividend. Estimates suggest that today, there are around 450 million people

Box B

### MATRIMONIAL- PERFORMANCE HIGHLIGHTS

- **NET SALES FROM MATRIMONIAL** increased by 14.9% to ₹254 million in FY2012
- **OPERATING EBITDA LOSS** was ₹48 million in FY2012
- **PROFILE LISTINGS INCREASED** from 4.2 million at the end of FY2011 to 5.8 million at the end of FY2012
- **AVERAGE AMOUNT REALISED PER CUSTOMER INCREASED** from ₹2,722 in FY2011 to ₹3,120 in FY2012

below the age of 21. This is a large young population that will reach marriageable age soon. Today, this business primarily targets the dominant tradition of arranged marriages and strives to convert offline information exchanges done by parents and elders in this space to online ones. The market is however very fragmented as there are very different cultures and norms across the wide spectrum of socio-religious communities in India.

In this scenario, Info Edge has focused on actively promoting *jeevansathi.com* amongst north Indian communities and establishing strong leadership position in this market segment. While focusing on gaining market share, there is stress on maximising the flow of paid customers.

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

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

## Education



Education is another business that is fairly insulated from macro-economic developments and is largely dependent on long term demographics. From an online perspective classifieds in education is at a very nascent, however, the market for education related advertising is very large with most spends being in the print space. In fact, of the total estimated ₹25 billion spent in this market, only around an estimated ₹400 million is in the online medium. With increase in private sector participation in this sector, advertisements spends are also increasing. The challenge is to convert offline advertising to the online space.

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

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

- Indian education players (universities and institutes)
- Test preparation and coaching institutes
- Overseas universities and colleges targeting Indian students

### THE MARKET FOR EDUCATION RELATED ADVERTISING IS VERY LARGE WITH MOST SPENDS BEING IN THE PRINT SPACE

The website is gaining good traction. Although on a small base, revenue growth was 85% in FY2012. *shiksha.com* has succeeded in renewing contracts with most customers and increased booking offerings. It has also significantly grown its traffic to around 50,000 students per day.

## Investee Companies

In addition to promoting businesses internally, Info Edge recognises that ideation and the spirit of enterprise are key elements for success in developing businesses in the online space. With this perspective, the Company has made investments in early stage start up ventures with an objective to support in the growth of these



entrepreneurial driven business and gain from the enhanced value creation or take the Company into the Info Edge fold if opportunity arises in future.

**The details of such strategic investments are listed below:**

- Info Edge has invested ₹318 million in tranches for around 49% stake in Applect Learning Systems Private Limited. Applect has launched a site called *meritnation.com*, which is delivering kindergarten to Class 12 (K-12) study material. The site is managed by an experienced team that specialises in content development and assessment modules in the education space and has a strong commitment to delivery. The site provides:

- online educational assessment based learning tools for school students.
- free solutions mainly for mathematics and science for standard 6 to 12 of popular national curriculum like CBSE and ICSE. It has added some state board curriculums as well.
- paid product for online assessment and teaching solutions

- Info Edge has invested ₹300 million in Etechaces Marketing & Consulting Private Limited. Intel Capital is the co-investor. The investee company operates an online financial products comparison website, *policybazaar.com*. This started as a site for comparing insurance products & subsequently added other financial products like home loans, car loans and personal loans are also being added for inter-se comparison of financial products prior to purchase. The business has been affected a bit due to regulatory issues like the upper bound for charges for insurance leads being restricted to ₹10. In this environment, the business is making effort to grow and it is also laying emphasis on distance marketing and advertising

- The Company has invested ₹182 million in *zomato.com* (erstwhile foodiebay.com). It provides menus of restaurants and reviews and ratings of the same and tickets for events. Revenues are generated from advertisements of restaurants and lead sales. It has a wide coverage across 10 cities including Delhi, Mumbai, Bangalore, Pune and Hyderabad. The website also has a very well designed mobile application. It has also sold tickets for events during FY2012, which got a good response. The product has been well received in the market and one will have to wait for a few years before it can be scaled up considerably.

- Info Edge has invested ₹270 million into *mydala.com*, which is a website offering discount offers & deals and a platform for merchants. Revenues are generated from merchant commissions.

## INFO EDGE RECOGNISES THAT IDEATION AND THE SPIRIT OF ENTERPRISE ARE KEY ELEMENTS FOR SUCCESS IN DEVELOPING BUSINESSES IN THE ONLINE SPACE

- Info Edge has also invested ₹235 million (including a portion for secondary share purchase) into *99labels.com*, which is an e-commerce website offering discount offers and deals for fashion merchandise and accessories. Revenues are generated through sales of fashion & home products.

- The Company has invested in Nogile Technologies Pvt. Ltd, which is developing a unique web sharing platform *float.com* whose business model is yet to evolve.

The Company continues to evaluate more such possible investments while conscious of the funds, requirements of the existing Investee Companies.

## Outlook

Given global developments and issues within India, one expects the economic slowdown to continue for at least another year. This may have an impact on both the recruitments and the real estate business.

However, one expects this slowdown to be offset by the rapid transformation of several offline functions to online ones.

From a demographic perspective, clearly, the age profile is supportive of Info Edge's business. India is one of youngest countries with a median age of 26 years, and around 65% of its population is below 35 years of age. The youth population between 15-35 years, which is Info Edge's target market, is growing at a rapid rate of 37.9%. In some sense the conversion into online will be the driving factor for Info Edge's growth in the next phase along with the demographic tilt towards younger generations.

This is being supported by rapid spread in internet penetration, mobile phone penetration and availability of low priced smart phones in the country. And, India's internet consumer profile mix is changing to broadband and heavier usage. Broadband users engage in multiple internet activities on a daily basis providing greater scope for online services.

This long term perspective has driven Info Edge to continuously invest in its products and strive to attain market leadership in each segment. If there is some downfall in revenue growth in the short term, one might a slight reduction in margins as Info Edge will not cut down on its growth oriented investments into different products.

### Risks

The Company has a well structured and robust risk management mechanism, which includes a comprehensive risk register that lists the identified risks, its impact and the mitigation strategy. Broadly, there are some over-riding risks that are listed below:

### OPERATIONAL RISKS

- **BUSINESS CONTINUITY:** Technical failure and breakdowns in servers could lead to interruptions of our websites and could result in corruption of all data and/or security breaches.
- **OBSOLESCENCE:** Being a company that uses technology extensively, one is always faced with the risk of an innovation or product development that make Info Edge's propositions redundant. The Company remains alert with technology developments to overcome this risk. A case in point is the investments being made on mobile based applications.
- **DISASTER RECOVERY** – Though a replica of databases is maintained, its corruption or inability to restart could pose a problem.

### STRATEGIC RISKS

- **COMPETITION RISK:** All the portals have competition directly on the online space and the offline. Info Edge continuously tracks competition in every one of its businesses and stays prepared for the challenges.

- **DEPENDENCY RISK:** The Company relies heavily on the recruitment business for its profits and cash flows. It has a large dependency on this one line of business. Info Edge has been consciously diversifying into other businesses to de-risk itself from this dependency. Already, the other businesses have started contributing around 19% of its total revenues.

- **INVESTMENT RISK:** The Company has made investments into start-ups. There is a probability that this entire investment might not generate any returns and in fact absorb more cash in the incubation phase. These are risks, which are part of the Company's growth strategy.

### FINANCIAL RISKS

- **TAX ISSUES:** the Company has a few income tax and service tax cases against it, which if lost may impact future cash flows, though not materially.
- **ERP:** In order to promote efficiencies, the Company has deployed ERP and other softwares across its activities. Any errors in billing or financial reports in the ERP system could affect the Company's billing and statutory reporting.

### MANPOWER & REGULATORY RISKS

- **EMPLOYEE ATTRITION:** Being a knowledge driven business any form of major Human Resource attrition may affect the course of the business. The Company is focusing on making workflows as process-driven as possible.
- **CONTENT LIABILITY:** Most of the portals rely on information being posted by users. Fraudulent postings/profiles on the website, spamming by some of the users may damage the Company's reputation and make it vulnerable to claims e.g. defamation & invasion of privacy.
- **IPR PROTECTION:** The Company has been protecting its Trade Marks to the extent it makes commercial sense. However, adoption of generic marks to identify our services/products is something that exposes the marks to widespread possibility of accidental/unintentional infringement/passing off by others & increasing the possibility of engaging in unceremonious litigation.



### **Internal Controls and their Adequacy**

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

The internal control is supplemented by an extensive programme of internal audits, review by management and the Audit Committee, and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

### **Cautionary Statement**

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

# Report on Corporate Governance

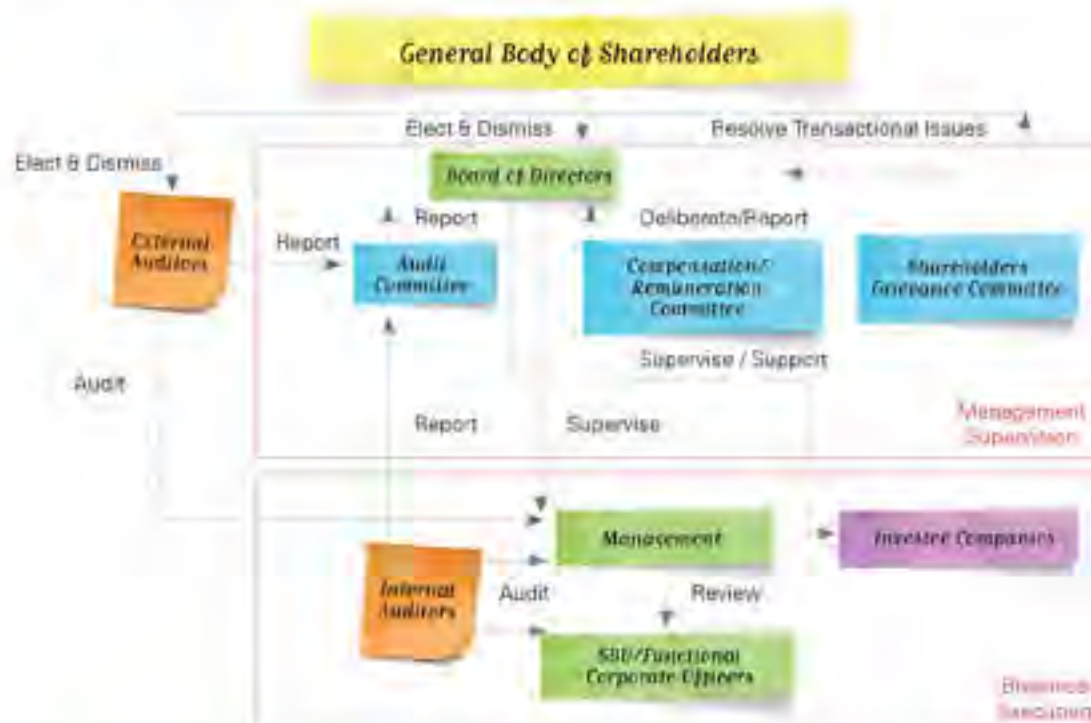
## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Info Edge has a holistic approach to sustainable value creation, which continuously strives to fulfil the interests of all stakeholders - shareholders, employees, partners, customers, suppliers and the society at large. In order to meet this objective it is imperative to establish practices that promote objective decision making, rigorous management review, strong control mechanisms and efficient Board oversight. At Info Edge, there is continuous pursuit to improve these facets while preserving the Company's core values of transparency, integrity, honesty and accountability across all its business activities.

Consequently, good corporate governance practices at Info Edge are much more than just a discipline imposed by the regulator. In fact, the company views these as a source of significant competitive strength and a guiding culture for the Board of Directors, the management and the employees. With this vision, Info Edge has always sought to explore and adhere to the best practices in corporate governance and disclosures. The Company complies with all the statutory and regulatory requirements prescribed by the Clause 49 of the Listing Agreement and also strives to implement several non-mandatory practices.

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

## INFO EDGE CORPORATE GOVERNANCE STRUCTURE



## BOARD OF DIRECTORS

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

In FY 2011-12, there was no change in the Board of Directors of the Company.

**COMPOSITION OF THE BOARD** As on March 31, 2012 the Company's Board comprises 9 directors, of which three are Whole-time Directors, five are Independent Directors and one is a Non-executive Director. The Chairman of the Board is a Non-executive, Non-promoter Director.

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

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



TABLE 1

**COMPOSITION OF BOARD OF DIRECTORS**

<b>Board Meetings</b>	<b>Position</b>	<b>Age</b>
Kapil Kapoor	Non- Executive Chairman	47
Arun Duggal	Non-executive, Independent Director	65
Sanjeev Bikhchandani	Executive Vice- Chairman	48
Hitesh Oberoi	Managing Director & Chief Executive Officer	39
Ambarish Raghuvanshi	Whole Time Director & Chief Financial Officer	50
Saurabh Srivastava	Non- executive, Independent Director	66
Naresh Gupta	Non-executive, Independent Director	45
Bala Deshpande	Non-executive, Independent Director	45
Ashish Gupta	Non-executive, Independent Director	45

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

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

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

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

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

## **BOARD MEETINGS**

### **1. Information Supplied to the Board**

The Board has complete access to all information of the company. All the information stipulated under clause 49 is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or are tabled with the permission of the Chair during the Board meeting. There is a structured manner in which agenda items are initiated and approved before being put up to the Board for consideration.

#### **The information placed before the Board includes:**

1. Annual Budgets & operating plans;
2. Capital Budgets and any update;
3. Approval of Strategic Investments in Start-ups/ external companies;
4. Quarterly results of the Company and review of internal businesses;
5. Quarterly update on progress & performance of Subsidiaries & Associate Companies;
6. Minutes of all Board Committees;
7. Appointment & remuneration of Whole-time Directors;
8. Discuss material legal/ corporate developments, if any;
9. Compliance confirmation by CEO & CFO and all Business Heads;
10. Approval of important Board policies;
11. Important regulatory changes impacting the Company, its businesses, Board Members, Officer etc;
12. Information and proposal for approval of ESOP Grants as per approval matrix;
13. Presentation by Statutory Auditor on financials & processes of the Company;
14. Directors Report, Management Discussion & Analysis and Corporate Governance Report;

15. All matters to be approved by the Members in General Meeting or through Postal Ballot.

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

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

The Board also periodically reviews internal control and compliance with laws applicable to the company, as well as steps taken by the company to rectify instances of non-compliances. In addition to the above, pursuant to the revised Clause 49, the minutes of the Board meetings of company's unlisted subsidiary company(s) are also placed before the Board for information.

**4. Scheduling of Board Meeting:** A minimum of four Board Meetings are held in each year and one each is held after the end of each financial quarter. These are scheduled in advance for the entire year. Additional Board meetings are convened, if needed, giving appropriate notice. For any business exigencies or urgent matters, a proposal is circulated to all Board members requesting to pass resolutions by circulation.

**5. Recording of Minutes of proceedings at Board Meeting:** The Company Secretary records the minutes of the proceedings of each Board meeting. Draft minutes are circulated to all the Board Members for their comments.

The finalised minutes of proceedings of a meeting are entered in the minutes book within 30 days from the conclusion of that meeting.

#### 6. Number of Board Meetings held and attendance during the year 2011-12

The Board of Directors met 4 times during the year on April 28, 2011, July 21, 2011, October 20, 2011 and January 19, 2012. The maximum gap between any two meetings was less than 4 months.

TABLE 2

#### ATTENDANCE & MEMBERSHIPS OF OTHER BOARDS AS ON MARCH 31, 2012

Board Meetings	No. of meetings held in 2011-12	No. of meetings attended in 2011-12	Whether attended last AGM	No. of outside Directorships of public companies	No. of Committee Memberships*	No. of Chairmanships of Committees*
Kapil Kapoor	4	3	Yes	1	2	-
Arun Duggal	4	4	Yes	11	2	2
Sanjeev Bikhchandani	4	4	Yes	-	-	-
Hitesh Oberoi	4	4	Yes	-	-	-
Ambarish Raghuvanshi	4	4	Yes	-	-	-
Saurabh Srivastava	4	4	Yes	2	1	-
Naresh Gupta	4	2	No	-	-	-
Bala Deshpande	4	2	No	3	-	-
Ashish Gupta	4	3	No	-	-	-

*In accordance with Clause-49 of the Listing Agreement, only Audit Committee & Investor Grievance Committee of other Public Limited Companies considered for Committee Membership/ Chairmanship.*

#### 7. Action taken Report on follow-up items

All follow up items are recorded separately and action taken is reported in subsequent meetings. An Action Taken Report is placed at subsequent meetings for all action points raised in the meetings.

**Code of Conduct** "The Company's" Board has laid down a Code of Ethics (conduct) for all Board members and senior management of the company. The Code is displayed on the website of the company - [www.infoedge.in](http://www.infoedge.in). All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

**Risk Management** The Company has an effective risk management procedure, which is governed at the highest level by the Board of Directors. Making the exercise broad based and inclusive, periodical feedback is



taken from business and functional heads about their risk perception with respect to their business area and the company in general. The Audit Committee periodically evaluates and discusses the Risk assessment and mitigation mechanism thereon in their meetings.

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

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

**a) AUDIT COMMITTEE**

As on March 31, 2012, the Audit Committee comprises 4 members all of whom are Independent Directors. The members are Mr. Arun Duggal, Mr. Saurabh Srivastava, Dr. Naresh Gupta, and Mr. Ashish Gupta. During 2011-12, four Audit Committee meetings were held on April 28, 2011, July 21, 2011, October 20, 2011 and January 19, 2012. The time gap between any two meetings was less than four months. The details of the Audit Committee are as under:

TABLE 3

**ATTENDANCE RECORD OF COMPANY'S AUDIT COMMITTEE**

Name of the Member	Position	Status	Audit Committee Meetings	Meetings Attended
Arun Duggal	Chairman of the Committee	Independent Director	4	4
Saurabh Srivastava	Member	Independent Director	4	4
Naresh Gupta	Member	Independent Director	4	2
Ashish Gupta	Member	Independent Director	4	3

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

Mr. Arun Duggal- Chairman of the Committee has accounting and financial management expertise by virtue of him being an International banker and Advisor to a number of Corporations, major Financial Institutions and Private Equity firms. All other members of the Committee also have accounting & financial management knowledge. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on July 21, 2011 to answer shareholder queries.

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

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

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

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

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

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

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

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

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

During 2011-12, some of the key areas reviewed by the Audit Committee were:

- Review every quarter all material related party transactions
- Review & revise financial investment and the governing policy to suit the changing business environment
- Review recommendations made by Internal Auditors on internal controls and system
- Review scope and appointment of Internal and Statutory Auditors
- Reviewed & recommended amendment in the Company's Code for Prevention of Insider Trading
- Review of internal control of billing and invoicing in wholly –owned subsidiary Company- Allcheckdeals India Pvt. Ltd.

## **b) COMPENSATION COMMITTEE**

As of March 31, 2012, the Compensation Committee comprises of Mr. Kapil Kapoor, Mr. Saurabh Srivastava and Ms. Bala Deshpande. While the Chairman is a non-executive Director, the other two are Independent Directors. The Compensation Committee held three meetings during 2011-12 on April 28, 2011, July 21, 2011 and January 19, 2012 apart from approving various proposals through circulation. Details of Compensation Committee meeting:

TABLE 4

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

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

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

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

#### **Remuneration policy**

The remuneration paid to the non-executive Directors of the Company is decided by the Board of Directors on the recommendations of the Compensation Committee. The remuneration policy is in consonance with the existing industry practice. As per the shareholders' approval obtained at the Extra-ordinary General Meeting of the Company held on July 21, 2011, the commission is paid at the rate not exceeding 1 % of the net profits per annum of the company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

#### **A. Non-executive Directors**

The non-executive Director is paid sitting fees for attending the meetings of the Board and Committee thereof within the ceilings prescribed by the Central Government.

#### **B. Independent Directors**

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

For FY 2011-12, the Board has adopted a method where Commission payable to directors shall also take into account their level of participation in Board, Committee and other meetings.



TABLE 5  
DETAILS OF REMUNERATION PAID TO DIRECTORS FOR 2011-12

(Amount in ₹ Thousand)

Name of the Director	Salary	Reimbursements	Bonus & Leave Encashment	Sitting Fees	Commission	Total
Mr. Kapil Kapoor				100.00		<b>100.00</b>
Mr. Sanjeev Bikhchandani	9,685.00	631.09	6,365.73			16,681.82
Mr. Hitesh Oberoi	8,811.87	389.44	6,560.62			15,761.93
Mr. Ambarish Raghuvanshi	8,085.00	197.09	3,499.01			11,781.10
Mr. Arun Duggal				200.00	775.00	<b>975.00</b>
Mr. Ashish Gupta				160.00	687.50	<b>847.50</b>
Mr. Saurabh Srivastava				200.00	775.00	<b>975.00</b>
Ms. Bala Deshpande				80.00	637.50	<b>717.50</b>
Mr. Naresh Gupta				100.00	637.50	<b>737.50</b>
<b>Total</b>	<b>26,581.87</b>	<b>1,217.62</b>	<b>16,425.36</b>	<b>840.00</b>	<b>3,512.50</b>	<b>48,577.35</b>

During 2011-12, the Company did not advance any loans to any of its Directors except travel or business advance in order to discharge their official duties in normal course of business.

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

TABLE 6  
DETAILS OF STOCK OPTIONS GRANTED TO DIRECTORS

S. No.	Name	Status	No. of Options Granted	No. Options Vested	No. of Options Exercised	No. of Options in force
1	Mr. Arun Duggal	Independent Director	40,000	26,000	-	40,000
2	Mr. Ashish Gupta	Independent Director	40,000	26,000	-	40,000
3	Mr. Saurabh Srivastava	Independent Director	40,000	26,000	-	40,000
4	Mr. Naresh Gupta	Independent Director	40,000	26,000	-	40,000
5	Ms. Bala Deshpande	Independent Director	20,000	6,000	-	20,000

#### c) INVESTOR GRIEVANCE COMMITTEE

The Shareholders/Investor Grievance Committee consists of Mr. Kapil Kapoor, Mr. Ambarish Raghuvanshi and Ms. Bala Deshpande. The Committee held three meetings during 2011-12 on April 28, 2011, July 21, 2011 and January 19, 2012. Table 7 gives the details of meetings of the Committee.

TABLE 7  
ATTENDANCE DETAILS OF COMPANY'S SHAREHOLDERS/INVESTOR GRIEVANCE

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

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

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

Details of queries and grievances received and attended by the company during the year 2011-12 are given in Table 8.

TABLE 8  
STATUS OF COMPLAINTS RECEIVED AND ATTENDED TO DURING 2011-12

Pending as on as April 1, 2011	Received during the year	Answered during the year	Pending as on as March 31, 2012
Nil	Nil	Nil	Nil

The Company received requests for revalidations of expired dividend warrants from some investors and these were replied alongwith demand drafts drawn at the respective locations.

#### **d) NOMINATIONS COMMITTEE**

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

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

Under this definition, the Company does not have a ‘material non-listed Indian subsidiary’.

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

Details of the shares and convertible instruments held by the non-executive Directors as on March 31, 2012

TABLE 9

#### **DETAILS OF THE SHARES HELD BY THE NON-EXECUTIVE DIRECTORS**

<b>S. No.</b>	<b>Name</b>	<b>No. of Shares</b>	<b>Percentage to total Paid-up Capital</b>
1	Mr. Kapil Kapoor	1,903,159	3.49%
2	Ms. Bala Deshpande	52,160	0.09%
3	Mr. Arun Duggal	40,000	0.07%

#### **MANAGEMENT**

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

**Disclosures on related party transactions** Details of materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. are present under in Note no. 31 to Annual Financial Statements of the Company.

**Disclosure of accounting treatment in preparation of financial statements** The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (“the Act”) and the relevant provisions of the Act.

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

**Code for prevention of insider-trading practices** In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its management and staff. During the year, the Company revised its Code for prevention of insider trading owing to changes in the SEBI Insider Trading Guidelines and also revised its list of insiders. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations.

**CEO/ CFO certification** The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report. The Company has adopted a back-up certification system by Business & Functional Heads for compliance with respect to their concerned areas in order to imbibe a compliance & ethical culture in the organization.

#### **SHAREHOLDERS**

**Reappointment/Appointment of Directors** As per the requirements of Section 256 of the Companies Act, 1956, two-third of the Board shall consist of retiring directors out of which one third shall retire at every annual general meeting. Accordingly, Mr. Kapil Kapoor and Ms. Bala Deshpande shall retire and shall seek re-appointment in the ensuing Annual General Meeting of the Company.

**Means of Communication with Shareholders** The quarterly and half-yearly/Annual financial results are forthwith communicated to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India



Limited (NSE), where the shares of the Company are listed, as soon as they are approved and taken on record by the Board of Directors. Public notices and financial results are published in leading newspapers, namely, Financial Express/Business Standard in English and Jansatta in Hindi, etc., along with the official news releases.

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

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

Table -10 gives details of the publications of the financial results in the year under review.

TABLE 10

**PUBLICATIONS OF THE FINANCIAL RESULTS DURING 2011-12**

Quarter/Annual	Date of Board Meeting to approve the result	Date of Publication	English News Paper	Hindi Newspaper
Q1 FY 2011-12	July 21, 2011	July 22, 2011	The Financial Express	Jansatta
Q2 FY 2011-12	October 20, 2011	October 21, 2011	Business Standard	Business Standard (Hindi)
Q3 FY 2011-12	January 19, 2012	January 20, 2012	The Financial Express	Jansatta
Q4 & Annual FY 2011-12	May 3, 2012	May 4, 2012	Mint	Rashtriya Sahara

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

**General Body Meetings** Table 11 gives the details of the last three Annual General Meetings.

TABLE 11

**DETAILS OF LAST 3 ANNUAL GENERAL MEETINGS**

Meeting	Date	Time	Venue	No. of Special Resolutions Passed
14 <sup>th</sup> AGM	July 23, 2009	4.30 PM	FICICI Auditorium, New Delhi- 110001	1
15 <sup>th</sup> AGM	July 23, 2010	4.30 PM	FICICI Auditorium, New Delhi- 110001	1
16 <sup>th</sup> AGM	July 21, 2011	4.30 PM	Sri Sathya Sai International Centre, Bhisham Pitamah Marg, Lodhi Road, New Delhi- 110003	1

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

S. No.	Financial Year to which AGM pertains	Date of Annual General Meeting	Issue	Type of resolution
1	2008-09	July 23, 2009	Seeking approval of the shareholders for flexibility in utilising IPO proceeds including purposes other than those mentioned in the Prospectus	Special Resolution
2	2009-10	July 23, 2010	Amendment of Articles of Association	Special Resolution
3	2010-11	July 21, 2011	Approval of commission upto 1% to Independent Directors for a period of 5 years	Special Resolution

## COMPLIANCE

### *Mandatory requirements*

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

### *Adoption of Non-Mandatory Requirements*

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

### *Whistle Blower Policy*

The Company has a whistle blower policy to provide opportunity to associates to represent, in good faith, to the Audit Committee in case they observe unethical and improper practices or any other wrongful conduct in the Company and to prevent managerial personnel from taking any adverse vindictive personnel action against those associates. During the year there no case reported under the policy.

TABLE 12  
COMPLIANCE REPORT

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49I	Yes	
(A) Composition of Board	49 (IA)	Yes	
(B) Non-executive Directors' compensation and disclosures	49 (IB)	Yes	
(C) Other provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	49 (ID)	Yes	
II. Audit Committee	49 (II)	Yes	
(A) Qualified and Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 II(D)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	
III. Subsidiary Companies	49 (III)	Yes	
IV. Disclosures	49 (IV)	Yes	
(A) Basis of related party transactions	49 (IV A)	Yes	
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	
(C) Board Disclosures	49 (IV C)	Yes	
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Yes	
(E) Remuneration of Directors	49 (IV E)	Yes	
(F) Management	49 (IV F)	Yes	
(G) Shareholders	49 (IV G)	Yes	
V. CEO/CFO Certification	49 (V)	Yes	
VI. Report on Corporate Governance	49 (VI)	Yes	
VII. Compliance	49 (VII)	Yes	

## ADDITIONAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date: July 25, 2012

Time: 4.30 PM

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

### Financial Calendar

Financial year: April 1, 2011 to March 31, 2012

For the year ended March 31, 2012, results were announced for:

- First quarter- July 21, 2011
- Half yearly- October 20, 2011
- Third quarter- January 19, 2012
- Fourth quarter and annual- May 3, 2012

For the year ending March 31, 2013, results will be announced by

- First quarter- on or before August 15, 2012
- Half yearly- on or before November 15, 2012
- Third quarter- on or before February 15, 2013
- Fourth quarter and annual- May 30, 2013

### Book Closure

The Company closed its books for AGM on June 26, 2012

### Dividend Payment

Dividend @ ₹1 per equity share will be paid on post bonus expanded capital or after July 26, 2012, subject to approval by the shareholders at the ensuing Annual General Meeting.

### Listing

At present, the equity shares of the company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for the financial year 2012-13 to BSE and NSE has been paid.



TABLE 1

**COMPANY'S STOCK EXCHANGE CODES**

Name of the Stock Exchange	Stock Code
The National Stock Exchange of India	Naukri
The Stock Exchange, Mumbai	532777

**ISIN CODE OF THE COMPANY**

INFO EDGE (INDIA) LIMITED-. INE663F01024

**Stock Market Data**

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

TABLE 2

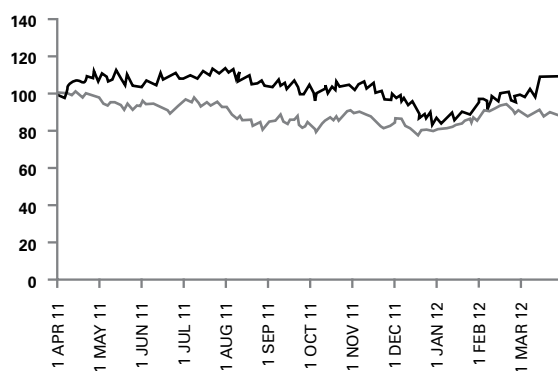
**HIGH, LOWS AND VOLUMES OF COMPANY'S SHARES FOR 2011-12 AT BSE AND NSE**

	BSE			NSE		
	High	Low	Volumes	High	Low	Volumes
<b>Apr-11</b>	755	646	231,162	770.00	617.30	502,668
<b>May-11</b>	765	683.05	693,788	765.00	680.25	125,171
<b>Jun-11</b>	761	683.7	32,324	763.00	680.05	1,051,079
<b>Jul-11</b>	772	702.3	154,599	780.00	704.25	252,409
<b>Aug-11</b>	755	650	15,553	758.00	611.25	1,022,377
<b>Sep-11</b>	718	650	7,594	754.90	587.00	52,431
<b>Oct-11</b>	714.95	640	150,561	739.85	636.20	199,923
<b>Nov-11</b>	708.85	630	17,181	712.00	635.10	146,609
<b>Dec-11</b>	679.3	548.15	11,745	688.75	554.95	148,837
<b>Jan-12</b>	628	548.1	13,335	630.00	551.00	109,642
<b>Feb-12</b>	691	610	258,922	668.00	611.00	346,424
<b>Mar-12</b>	751	629.05	60,004	767.65	640.00	410,488

CHART A

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

— INFO EDGE BSE  
— SENSEX

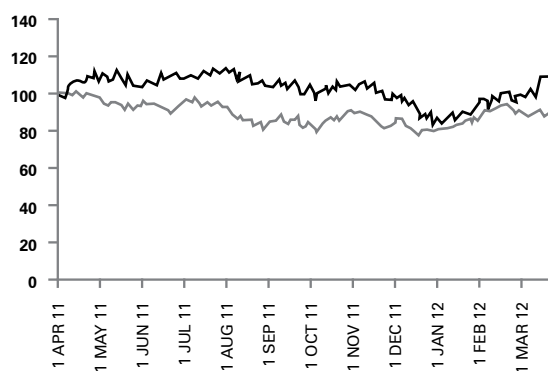


*Note: Share price of Info Edge and BSE Sensex have been indexed to 100 on 1 April 2011*

CHART B

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

— INFO EDGE NSE  
— NIFTY



**Distribution of Shareholding** Table 3-6 lists the distribution of the shareholding of the equity shares of the company by size and by ownership class as on March 31, 2012.

TABLE 3  
SHAREHOLDING PATTERN BY SIZE

NUMBER OF SHARES	NO.OF SHAREHOLDERS	% OF SHAREHOLDERS	Amount in ₹	% OF SHARES
UPTO 2500	8,726	94.80	3,463,360	0.63
2501- 5000	162	1.76	620,750	0.11
5001-10000	101	1.10	789,890	0.14
10001-20000	62	0.67	930,050	0.17
20001-30000	29	0.31	706,040	0.13
30001-40000	12	0.13	425,540	0.08
40001-50000	7	0.08	321,840	0.06
50001-100000	20	0.22	1,454,390	0.27
100001 and above	85	0.93	537,193,260	98.40
Total	9,204	100.00	545,905,120	100.00

TABLE 4  
SHAREHOLDING PATTERN BY OWNERSHIP AS ON MARCH 31, 2012

	As at March 31, 2012			As at March 31, 2011		
	No. of Shareholders	No. of Shares	% of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
A. PROMOTERS HOLDING						
Indian Promoters	5	29,235,396	53.55	5	29,508,812	54.05
B. NON-PROMOTERS HOLDING						
a) Foreign Institutional Investors (FIIs)	64	14,081,888	25.80	51	14,407,412	26.39
b) Mutual Funds & UTI	15	5,509,187	10.09	16	4,296,745	7.87
c) Private Corporate Bodies	201	67,630	0.12	251	210,125	0.39
d) Indian Public- Individuals	8,400	2,716,957	4.98	9117	2,827,546	5.18
e) Others- Directors/NRIs/OCBs/FCs/etc	519	2,979,454	5.46	557	3,339,872	6.12
Grand Total	9,204	54,590,512	100.00	9,997	54,590,512	100.00

TABLE 5  
STATEMENT SHOWING SHAREHOLDING OF PERSONS BELONGING TO THE CATEGORY "PROMOTER & PROMOTER GROUP" AS ON MARCH 31, 2012

Sr. No.	Name of the shareholder	Number of shares	% of Total Shareholding
1	Sanjeev Bikhchandani	19,235,406	35.24
2	Sanjeev Bikhchandani & Hitesh Oberoi holding on behalf of Endeavour Holding Trust	4,367,440	8.00
3	Hitesh Oberoi	3,798,782	6.96
4	Ambarish Raghuvanshi	1,086,752	1.98
5	Surabhi Motihar Bikhchandani	747,016	1.37
<b>TOTAL</b>		<b>29,235,396</b>	<b>53.55</b>

None of the Promoter holding in the Company is pledged or encumbered as on March 31, 2012.

TABLE 6  
STATEMENT SHOWING SHAREHOLDING OF PERSONS BELONGING TO THE CATEGORY "PUBLIC" AND HOLDING MORE THAN 1% OF THE TOTAL NUMBER OF SHARES" AS ON MARCH 31, 2012

Sr. No.	Name of the shareholder	Number of shares	% of Total shareholding
1	T. ROWE PRICE INTERNATIONAL DISCOVERY FUND	620,245	1.14
2	GOVERNMENT PENSION FUND GLOBAL	629,954	1.15
3	FID FUNDS (MAURITIUS) LIMITED	944,414	1.73
4	DSP BLACKROCK BALANCED FUND	1,165,641	2.14
5	SMALLCAP WORLD FUND, INC	1,580,000	2.89
6	ANIL LALL	1,648,716	3.02
7	MATTHEWS INDIA FUND	1,662,489	3.05
8	EQUINOX PARTNERS LP	1,770,612	3.24
9	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	1,838,251	3.37
10	KAPIL KAPOOR	1,903,159	3.49
11	RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCEEQUITY OPPORTUNITIES FUND	1,939,040	3.55
12	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	2,254,916	4.13
<b>TOTAL</b>		<b>17,957,437</b>	<b>32.89</b>



**De-materilisation of Shares** As on March 31, 2012, over 99% shares of the company were held in de-materialised form.

**Outstanding GDRs/ADRs/Warrants** The company has not issued GDRs/ ADRs/Warrants as of March 31, 2012.

**Details of Public Funding Obtained in the last three years** The Company did not raise any funds from public in last three years. The Company made the initial public offering in 2006.

**Registrar and Transfer Agent** The Company has appointed LINK INTIME INDIA PRIVATE LIMITED as its Registrar and Share Transfer Agent, to whom all shareholders communications regarding change of address, transfer of shares, change of mandate etc. should be addressed. The address of the Registrar and Share Transfer Agents is as under: -

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

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

<b>Registered Office</b> Info Edge (India) Limited, GF-12 A, 94, Meghdoot, Nehru Place, New Delhi- 110019 Tel No.: - 011-26463894 E-Mail ID: - investors@naukri.com	<b>Corporate Office</b> 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
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**Plant Locations** The Company has 52 offices as on March 31, 2012 spread in 32 cities across India apart from offices in Dubai, Bahrain, Riyadh and Abu Dhabi. The addresses of these offices are available on our corporate website.

**Address for Correspondence**

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

**CEO's DECLARATION TO COMPLIANCE OF CODE OF ETHICS**

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

I confirm that the Company has in respect of financial year ended March 31, 2012 received from Members of the Board & Senior Management team of the Company a declaration of the compliance with the Code of Ethics as applicable to them.

Place: Noida  
Date: June 19, 2012

Hitesh Oberoi  
Chief Executive Officer

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

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

- a. We have reviewed financial statements for the year ended March 31, 2012 and that to the best of our knowledge and belief :
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee -
- i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Noida  
Date : May 2, 2012

Hitesh Oberoi  
*Chief Executive Officer*

Ambarish Raghuvanshi  
*Chief Financial Officer*

#### **AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

##### **To the Members of Info Edge India Limited**

We have examined the compliance of conditions of Corporate Governance by Info Edge India Limited, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

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

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

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

Place: Gurgaon  
Date: June 28, 2012

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

Amitesh Dutta  
Partner  
Membership No: 58507



**Dear Shareholders,**

Your Directors have pleasure in presenting the sixth Annual Report together with the audited accounts for the year ended March 31, 2012.

**ABRIDGED PROFIT AND LOSS STATEMENT**

₹ in 'Million

Particulars	Standalone		Consolidated	
	FY2012	FY2011	FY2012	FY2011
1. Net Sales	3,756.38	2,936.21	3,903.04	3,217.31
2A Other Operating Income	14.46	3.92	15.80	5.55
2B Other Income	394.57	278.81	394.72	273.81
<b>3. Total Income (1+2A+2B)</b>	<b>4,165.41</b>	<b>3,218.94</b>	<b>4,313.56</b>	<b>3,496.67</b>
a) Network and other charges	93.17	100.38	104.66	110.11
b) Employees Cost	1,369.96	1,137.13	1,482.24	1,278.65
c) Advertising and Promotion Cost	515.97	380.25	563.21	505.93
d) Depreciation/Amortization	76.61	71.15	83.21	80.04
e) Other Expenditure	368.75	341.44	607.26	516.85
<b>4. Total Expenditure</b>	<b>2,424.46</b>	<b>2,030.35</b>	<b>2,840.58</b>	<b>2,491.58</b>
<b>5. EBITDA (3-4+3d)</b>	<b>1,817.56</b>	<b>1,259.74</b>	<b>1,556.19</b>	<b>1,085.13</b>
6. Interest	0.67	0.77	0.67	0.80
<b>7. Profit from Ordinary Activities before tax (3-4-6)</b>	<b>1,740.28</b>	<b>1,187.82</b>	<b>1,472.31</b>	<b>1,004.29</b>
8. Exceptional Item	3.53	(51.74)	8.33	(51.74)
<b>9. Net Profit from Ordinary Activities before tax (7-8)</b>	<b>1,736.75</b>	<b>1,239.56</b>	<b>1,463.98</b>	<b>1,056.03</b>
10. Tax Expense	510.52	399.84	528.76	400.42
<b>11. Net Profit from Ordinary Activities after tax (9-10)</b>	<b>1,226.23</b>	<b>839.72</b>	<b>935.22</b>	<b>655.61</b>
12. Extraordinary Item	-	-	-	-
<b>13. Net Profit after tax (11+12)</b>	<b>1,226.23</b>	<b>839.72</b>	<b>935.22</b>	<b>655.61</b>
<b>14. Share in loss of Associate Companies</b>	<b>-</b>	<b>-</b>	<b>30.04</b>	<b>1.36</b>
<b>15. Share of Minority Interest in the losses of Subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(13.68)</b>	<b>22.82</b>
<b>16. Reversal of Subsidiary into associate</b>	<b>-</b>	<b>-</b>	<b>(114.43)</b>	<b>-</b>
<b>17. Net Profit for the year (13-14-15-16)</b>	<b>1,226.23</b>	<b>839.72</b>	<b>1,033.29</b>	<b>631.43</b>

**FINANCIAL REVIEW ( STANDALONE BASIS)**

With a recovery in the business environment, Net sales increased by 27.9% from ₹2,936 million in 2010-11 to ₹3,756 million in 2011-12. Total income increased by 29.4% to ₹4,165 million in 2011-12.

The total cost went up by 19.4% in FY2011-12 over FY 2010-11 mainly owing to increased employee cost and advertisement to build brands. Since top-line growth was faster than expenditure growth operating profit margins increased during 2011-12.

With healthy growth in total income and improved operational profit margins, net profit before exceptional items and taxes increased by 46.5% from ₹1,188 million in 2010-11 to ₹1,740 million in 2011-12. Net profit after taxes has increased by 46% from ₹840 million in 2010-11 to ₹1,226 million in 2011-12.

**BONUS ISSUE**

The Company made a bonus allotment of 54,590,512 bonus shares of face value of ₹ 10/- each in ratio of 1:1 (i.e. one equity share for every one equity share already held) to the Members on June 25, 2012. With

this allotment, the total issued and paid-up capital of the Company has increased to ₹ 1,091,810,240/- comprising of 109,181,024 equity shares of face value of ₹ 10/- each.

**DIVIDEND**

Your Directors are pleased to recommend dividend @ ₹1 per share for the financial year 2011-12 on post bonus expanded paid-up capital (as above), subject to the approval of the shareholders. The proposed dividend together with corporate dividend tax would mean an outflow of ₹ 126.89 million as compared to ₹47.74 million last year.

**TRANSFER TO RESERVES**

Since the Board decided to recommend payment of dividend on post bonus expanded capital base, the company provided for dividend which was 20% on the paid-up capital as on 31 March 2012. Accordingly, the Company transferred ₹ 91.97 million to Reserves under Companies (Transfer of Profit to Reserves Rules), 1975.

**LISTING OF SHARES**

The Company's shares are listed on Bombay Stock

Exchange Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE) with effect from November 21, 2006, post its initial public offering (IPO).

## OPERATIONS REVIEW

While the other businesses are gaining traction, your Company's primary revenue generator is still the online recruitment classifieds and related services through *naukri.com*. With improvements in the Indian economy and hiring picking up, recruitment solutions had a good year in 2011-12. Net sales from recruitment increased by 25.4% from ₹2,425 million in FY2011 to ₹3,042 million in FY2012. Operating EBITDA from recruitment increased by 41.2% from ₹1,098 million in FY2011 to ₹1,550 million in FY2012.

We also provide property, matrimonial, and education based classifieds and related services through our portal *99acres.com*, *jeevansathi.com* and *shiksha.com*. With revenues from these other verticals increasing by 39.4%, their combined contribution to the company's net sales increased to 19% in 2011-12. *99acres.com* grew by 52.2% and *shiksha.com* grew by 85%. However, the Company would invest more to scale up these businesses in FY 2012-13.

Detailed analysis of the performance of the Company and its businesses has been presented in the section on Management Discussion and Analysis of this Annual Report.

## FUTURE OUTLOOK

The macro-economic scenario will be challenging in the next couple of years. The global economy has to deal with slow and sporadic improvements in USA, complete economic recalibration in Europe and lower than usual growth in China. While these external developments will to some extent affect the Indian economy, much of the economic slowdown in the country is due to internal reasons emanating from issues related to socio-politics, environment and slow decision making by key governmental agencies.

In this macro-economic milieu, while Info Edge's business might witness some slowdown, much of it will be offset by the growing transformation of physical transactions into online ones. In addition, the online infrastructure is continuing to grow in India. Internet penetration and broadband usage continued to show strong secular growth trends and even today they are on the lower side in terms of penetration when compared to similar developing countries in Asia. Therefore, the potential for growth of internet enabled businesses is immense.

At Info Edge, we believe in this potential and are going to invest in all our businesses primarily on people, product development, marketing and brand building. The aim is to be domain leaders driving the internet led economic growth of the country. For FY-2013, we remain cautiously optimistic. The recruitment business is expected to

maintain its growth momentum. The real estate business has shown all signs in FY-2012 of being close to the point of inflection for rapid growth. The matrimonial business is expected to strengthen its market position in its niche segments in north India, while the education business is developing impressively. For your Company, FY2013 will be about gaining from growth in the overall internet market and further consolidating its position by focusing on gaining market share. The investee companies are still developing their business models and will gain some visibility on future prospects in the next 2 to 3 years.

## SUBSIDIARY COMPANIES

During FY 2011-12, Info Edge had five subsidiary companies- Naukri Internet Services Private Limited and Jeevansathi Internet Services Private Limited, which own internet domain names and related trademarks, Allcheckdeals India Private Limited which provides brokerage services in the real estate sector in India, Info Edge (India) Mauritius Limited primarily to make overseas investments of the Company and Applect Learning Systems Private Limited which is engaged in business of kindergarten to class12 (K-12) assignment and tuitions through its website *meritnation.com*.

## OTHER STRATEGIC INVESTMENTS

Etechaces Marketing & Consulting Private Limited engaged in aggregation and comparison of financial products including life insurance & general insurance quote through its online portal *policybazaar.com* which was our subsidiary last year had a fresh round of funding by us & Intel Capital, pursuant to which it is an associate company now.

DC Foodiebay Online Services Private Limited which owns an online food guide portal *zomato.com*, Ninety Nine Labels Private Limited which is engaged in business of online retailing of fashion merchandise through web portal *99labels.com*, Kinobeo Software Private Limited which is in business of providing online group deals through its web portal *mydala.com* and Nogle Technologies Private Limited operating an online content sharing platform *www.floost.com*.

The companies are treated as "Associate Companies" in our Consolidated Financial Statements as per the Accounting Standards issued by Institute of Chartered Accountants of India and notified by Ministry of Corporate Affairs.

During the financial year 2011-12, your Company invested about ₹992.7 million into external businesses.

## PARTICULARS OF EMPLOYEES

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



**EMPLOYEES STOCK OPTION PLAN (ESOP)**

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

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

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

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

A certificate from M/s Price Waterhouse & Co., Statutory Auditors, with regards to the implementation of the Company's Employee Stock Option Scheme in line with SEBI Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 would be placed in the ensuing Annual General Meeting.

**CORPORATE GOVERNANCE**

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

**PUBLIC DEPOSITS AND LIQUIDITY**

We continue to be almost debt-free, and believe we maintain sufficient cash to meet our strategic objectives. During FY 2011-12, your Company has not accepted any deposits or raised any fresh equity from the public.

**ENERGY CONSERVATION, TECHNOLOGY ADOPTION AND FOREIGN EXCHANGE FLOWS**

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

Particulars	2011-12	2010-11
<b>Foreign Exchange Earnings:</b>		
Export of Services	347.03	289.49
<b>Total Inflow (A)</b>	<b>347.03</b>	<b>289.49</b>
<b>Foreign Exchange Expenses:</b>		
Server Charges	62.42	54.30
Advertising, Promotion & Marketing Expenses	19.63	3.70
Travel Expenses	0.75	1.58
Foreign Branch Expenses	39.61	36.78
Others	5.95	4.94
<b>Total Outflow (B)</b>	<b>128.36</b>	<b>101.30</b>
<b>Net Foreign Exchange Inflow (A – B)</b>	<b>218.67</b>	<b>188.19</b>

**DIRECTORS**

There has been no change in the directors of the company.

As per the requirements of Section 256 of the Companies two-thirds of the Board shall consist of retiring directors out of which one third shall retire at every annual general meeting. Accordingly, Mr. Kapil Kapoor and Ms. Bala Deshpande shall retire and being eligible offer themselves for re-appointment in the ensuing Annual General Meeting.

**INTERNAL CONTROL SYSTEMS**

The Company has in place adequate systems of Internal Control to ensure compliance with policies and procedures. The Company has appointed an external professional firm as Internal Auditor. The audit is regularly carried out to review the internal control systems & processes. The Internal Audit Reports along with implementation and recommendations contained therein are constantly reviewed by the Audit Committee of the Board.

**AUDITORS**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

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

■ they have prepared the annual accounts on a going concern basis.

#### **NOTES TO ACCOUNTS**

There was no qualification in the Auditors Report and both the Auditors Report & notes on accounts are self-explanatory.

Date: June 28, 2012

Place: Hongkong

For and on behalf of the  
Board of Directors

**Kapil Kapoor**  
Chairman

#### **ACKNOWLEDGMENTS**

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

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#### **ANNEXURE -I**

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

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

##### **1. Conservation of energy**

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

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

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

We operate in the internet/ information technology industry where developments happen on a continuous basis. We regularly evaluate these developments & factor their suitability to us. Accordingly, research and development of new services, designs, frameworks, processes and methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous improvements/innovation.

##### **a. R&D initiative**

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

##### **b. Specific areas for R&D at the company & the benefits derived there from**

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

##### **c. Future plan of action**

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

##### **d. Expenditure on R&D for the year ended March 31, 2012**

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

**ANNEXURE –II****Information regarding the Employee Stock Option Schemes**

Particulars	2012 Number
Options/Stock Appreciation Rights outstanding at beginning of year (April 1, 2011)	1,801,721
<b>Add:</b>	
Options/Stock Appreciation Rights granted	377,600
<b>Less:</b>	
Options/Stock Appreciation Rights exercised	231,097
Options/Stock Appreciation Rights forfeited	84,898
Options/Stock Appreciation Rights outstanding at the end of year	1,863,326
Option/Stock Appreciation Rights exercisable at the end of year (March 31, 2012)	1,086,411

**Exercise price**

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

No. of SARs Granted	Exercise Price (₹)
13,000	732
15,000	693
3,15,600	705
6,500	670
6,000	682
10,000	661
3,500	601
8,000	729
<b>3,77,600</b>	

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

(i)	Grant to Directors	NIL
(ii)	Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	NIL
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL

**Other Details:**

1	Earning Per share (EPS)	₹ 22.46												
2	Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value of stock options.												
3	Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options)	₹ 82.67 Million												
4	The impact of this difference on profits and on EPS of the Company	Profit for the year would be lower by ₹ 82.67 Million (Previous year 74.22 Million) and the EPS would be ₹ 20.96 (Previous year 14.02).												
5 a	Weighted-average exercise prices of options whose exercise price – i) either equals market price; or ii) exceeds market price ; or iii) is less than the market price of the stock	<table><tr><th>ESOP 2007</th><th>ESOP 2007 SAR</th></tr><tr><td>-</td><td>690.04</td></tr><tr><td>-</td><td>704.02</td></tr><tr><td>-</td><td>680.00</td></tr></table>	ESOP 2007	ESOP 2007 SAR	-	690.04	-	704.02	-	680.00				
ESOP 2007	ESOP 2007 SAR													
-	690.04													
-	704.02													
-	680.00													
5 b	Weighted fair values of options whose exercise price – i) either equals market price; or ii) exceeds market price ; or iii) is less than the market price of the stock	<table><tr><th>ESOP 2007</th><th>ESOP 2007 SAR</th></tr><tr><td>-</td><td>266.43</td></tr><tr><td>-</td><td>292.15</td></tr><tr><td>-</td><td>280.33</td></tr></table>	ESOP 2007	ESOP 2007 SAR	-	266.43	-	292.15	-	280.33				
ESOP 2007	ESOP 2007 SAR													
-	266.43													
-	292.15													
-	280.33													
6	Description of method & significant assumptions used during the year to estimate value of options including the following weighted-average information: (i) risk-free interest rate; (ii) expected life (in years); (iii) expected volatility (iv) expected dividend yeild (v) the price of the underlying share in the market at the time of option grant.	<table><tr><th>ESOP 2007</th><th>ESOP 2007 SAR</th></tr><tr><td>-</td><td>8.23%</td></tr><tr><td>-</td><td>3.62</td></tr><tr><td>-</td><td>42.15%</td></tr><tr><td>-</td><td>0.10%</td></tr><tr><td>-</td><td>702.85</td></tr></table>	ESOP 2007	ESOP 2007 SAR	-	8.23%	-	3.62	-	42.15%	-	0.10%	-	702.85
ESOP 2007	ESOP 2007 SAR													
-	8.23%													
-	3.62													
-	42.15%													
-	0.10%													
-	702.85													
7	Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines	N.A.												



## DIRECTOR'S REPORT

Dear Shareholders,

We are pleased to present Annual Report and Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March 2012.

### Financial Results

Your company has earned a profit after tax of ₹89 Thousand in financial year 2011-12 as compared to ₹68 Thousand in financial year 2010-11.

### 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 to all stakeholders for their cooperation.

**For and on behalf of the Board**

Ambarish Raghuvanshi  
Sanjeev Bikhchandani  
(Directors)

PLACE: Noida

DATED: April 30, 2012

**AUDITOR'S REPORT**

**TO THE MEMBERS OF NAUKRI INTERNET SERVICES PRIVATE LIMITED.**

We have audited the attached Balance Sheet of Naukri Internet Services Private Limited as at March 31, 2012 and also the Profit and Loss Account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

We report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956.
- v. On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012; and
  - (b) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sharma Goel & Co.  
Chartered Accountants

Place: New Delhi  
Dated: 30.04.2012

Rajesh Mittal  
Partner

## BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note No.	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	<b>3</b>	100	100
(b) Reserves and Surplus	<b>4</b>	419	330
<b>(2) Current Liabilities</b>			
(a) Other current liabilities	<b>5</b>	163	133
(b) Trade Payables	<b>6</b>	75	66
<b>TOTAL</b>		<b>757</b>	<b>629</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Non-current investments	<b>7</b>	0	0
<b>(2) Current assets</b>			
(a) Cash and cash equivalents	<b>8</b>	612	487
(b) Short-term loans and advances	<b>9</b>	145	142
<b>TOTAL</b>		<b>757</b>	<b>629</b>

Significant Accounting Policies

2

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

The notes are an integral part of these financial statements.

Rajesh Mittal  
Partner  
Membership No.- 95681

Ambarish Raghuvanshi  
(Director)

Sanjeev Bikhchandani  
(Director)

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

Place: New Delhi  
Date: April 30, 2012



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING MARCH 31, 2012**

Particulars	Note No	Year Ended March 31, 2012 Amount (₹' 000)	Year Ended March 31, 2011 Amount (₹' 000)
I. Revenue from operations	10	100	100
II. Other Income	11	32	25
<b>III. Total Revenue (I + II)</b>		<b>132</b>	<b>125</b>
<b><u>IV. Expenses:</u></b>			
Administration and Other expenses	12	12	12
<b>Total Expenses</b>		<b>12</b>	<b>12</b>
<b>V. Profit before tax (III - IV)</b>		<b>120</b>	<b>113</b>
<b>VI. Tax expense:</b>			
(1) Current tax		31	45
<b>VII. Profit(Loss) from the perid from continuing operations (V-VI)</b>		<b>89</b>	<b>68</b>
VIII. Profit/(Loss) from discontinuing operations		-	-
IX. Tax expense of discounting operations		-	-
<b>X. Profit/(Loss) from Discontinuing operations (VIII - IX)</b>		<b>-</b>	<b>-</b>
<b>XI. Profit/(Loss) for the period (VII + X)</b>		<b>89</b>	<b>68</b>
<b>XII. Earning per equity share:</b>	14		
(1) Basic		8.93	6.78
(2) Diluted		8.93	6.78

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

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

Rajesh Mittal  
Partner  
Membership No.- 95681

Ambarish Raghuvanshi  
(Director)

Sanjeev Bikhchandani  
(Director)

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

Place: New Delhi  
Date: April 30, 2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

S.No.	Particulars	For the year ended March 31, 2012 Amount (₹' 000)	For the year ended March 31, 2011 Amount (₹' 000)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before tax	120	113
	<b>Adjustments for:</b>		
	Interest received on Fixed Deposits	(32)	(25)
	<b>Operating profit before working capital changes</b>	<b>88</b>	<b>88</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	-	-
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	35	87
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	9	8
	<b>Cash generated from operating activities</b>	<b>132</b>	<b>183</b>
	- Taxes (Paid) / Received (Net of TDS)	(39)	(68)
	<b>Net cash from operating activities</b>	<b>93</b>	<b>115</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Interest received on Fixed Deposits	32	28
	<b>Net cash used in investing activities</b>	<b>32</b>	<b>28</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>125</b>	<b>143</b>
	<b>Opening Balance of Cash and cash equivalents</b>	<b>487</b>	<b>344</b>
	<b>Closing Balance of Cash and cash equivalents</b>	<b>612</b>	<b>487</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash in hand	0	0
	<b>Balance with Scheduled Banks</b>		
	-in current accounts	208	104
	-in fixed deposits	404	383
	<b>Total</b>	<b>612</b>	<b>487</b>

**Notes:**

- 1** The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard-3 on Cash Flow Statement, prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 07, 2006.
- 2** Figures in brackets indicate cash outflow.

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

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

For and on behalf of the Board of Directors

Place: New Delhi  
Date: April 30, 2012

Ambarish Raghuvanshi  
(Director)

Sanjeev Bikhchandani  
(Director)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****1. Corporate Information**

Naukri Internet Services Private Limited (the company) is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is a wholly owned subsidiary of Info Edge (India) Ltd.

**2. Significant Accounting Policies****2.1 Basis of Preparation of Financial Statements**

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

**2.2 Investments**

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

**2.3 Revenue Recognition**

Naukri Internet Services Pvt. Ltd. has entered into an agreement with Info Edge (India) Pvt. Ltd. dated 13th September 2005 whereby the management and day to day running of the operation of the former company will be done by the later and in lieu of it the later will be paying a annual license fee of ₹ 100,000/- to Naukri Internet Services Pvt. Ltd. as License fee for usage of its domain name(s), trade mark(s) etc.

**2.4 Taxes on Income**

As a measure of prudence the Deferred Tax Assets (Net) in terms of Accounting Standard No. 22 specified in Companies (Accounting Standard) Rules, 2006 have not been recognized in the absence of their being virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized.

**2.4 Earnings Per Share**

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.

**2.5 Provisions and Contingencies**

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

**2.6 Interest Income**

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

**2.7 Use of Estimates**

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

**3. SHARE CAPITAL**

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
<b>AUTHORISED</b>		
10,000 Equity Shares of ₹10/- each (Previous Year - 10,000 Equity Shares of ₹ 10/- each)	100	100
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
10,000 Equity Shares of ₹ 10/- each, fully paid up (Previous Year - 10,000 Equity Shares of ₹ 10/- each)	100	100
	<b>100</b>	<b>100</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at March 31, 2012 No of Shares	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 No of Shares	As at March 31, 2011 Amount (₹' 000)
<b>Equity Shares</b>				
At the beginning of the period	10,000	100	10,000	100
Add: Issued during the period	-	-	-	-
Outstanding at the end of the period	<b>10,000</b>	<b>100</b>	<b>10,000</b>	<b>100</b>

## b. Terms/Rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

## c. Details of shareholders holding more than 5% shares in the company

Particulars	FY 2011-12		FY 2010-11	
	No of Shares	% Holding	No of Shares	% Holding
Equity Shares of ₹ 10 each fully paid Info Edge (India) Ltd	9,998	99.98%	9,998	99.98%
	<b>9,998</b>	<b>99.98%</b>	<b>9,998</b>	<b>99.98%</b>

## 4. RESERVES AND SURPLUS

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
<b>Profit &amp; Loss Account</b>		
Opening Balance	330	262
Add: Net Profit after tax transferred from statement of Profit and Loss	89	68
	<b>419</b>	<b>330</b>

## 5. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
Provision for Income Tax	163	133
	<b>163</b>	<b>133</b>

## 6. TRADE PAYABLES

Particulars	Long Term		Short Term	
	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
Audit Fees Payable	-	66	75	-
	<b>-</b>	<b>66</b>	<b>75</b>	<b>-</b>

Based on information available with the Company, there are no dues to micro, small and medium enterprises, as defined in Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2012.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 7. NON CURRENT INVESTMENTS

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
Shares in Allcheckdeals India Pvt Ltd*	0	0
1 (Previous Year 1) Equity Share of ₹ 10/- fully paid up)	0	0

\* The amounts are less than one thousand and therefore appearing at zero value.

## 8. CASH &amp; CASH EQUIVALENTS

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
<b>Cash &amp; Cash Equivalents</b>		
(a) Cash in Hand*	0	0
(b) Balance with Bank in Current Account	208	104
(b) Balance with Bank in Fixed Deposit	404	383
	<b>612</b>	<b>487</b>

\* The amounts are less than one thousand and therefore appearing at zero value.

## 9. SHORT TERM LOANS AND ADVANCES

Particulars	Long Term		Short Term	
	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
(Unsecured considered good)				
Recoverable from Holding Company	-	-	-	36
Advance Tax	-	-	145	106
	-	-	<b>145</b>	<b>142</b>

## 10. REVENUE FROM OPERATIONS

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
License Fees	100	100
	<b>100</b>	<b>100</b>

## 11. OTHER INCOME

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
Interest Received on fixed deposits	32	25
	<b>32</b>	<b>25</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 12. ADMINISTRATION AND OTHER EXPENSES

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
Auditor's Remuneration	8	8
Professional Charges	4	4
	<b>12</b>	<b>12</b>

## 13. AUDITORS REMUNERATION

Particulars	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
As Auditors	8	8
Out of Pocket Expenses & Service Tax	1	1
	<b>8</b>	<b>8</b>

## 14. BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)

Particulars	As at March 31, 2012	As at March 31, 2011
Profit attributable to Equity Shareholders (₹'000)	89	68
Weighted average number of Equity Shares outstanding during the year (Nos.)	10,000	10,000
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	8.93	6.78

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

## 16 (1) Related Party Disclosures

- A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2012:

**Holding Company**

Info Edge (India) Limited

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

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

- B) Details of transactions with related party for the year ended March 31, 2012 in the ordinary course of business:

Amount (₹' 000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1. License Fees	100	-	-	100
2. Advances received for business purposes (net)	33	-	-	33

- C) Amount due to/from related parties as at March 31, 2012

Amount (₹' 000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
<b>Debit Balances</b>				
Outstanding Advances	-	-	-	-
Maximum Amount outstanding during the year	84	-	-	84
<b>Credit Balances</b>				
Outstanding Payable	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 16 (2) Related Party Disclosures

- A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:

**Holding Company**

Info Edge (India) Limited

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

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

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

Amount (₹' 000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1. License Fees	100	-	-	100
2. Advances received for business purposes (net)	64	-	-	64

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

Amount (₹' 000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
<b>Debit Balances</b>				
Outstanding Advances	36	-	-	36
Maximum Amount outstanding during the year	43	-	-	43
<b>Credit Balances</b>				
Outstanding Payable	-	-	-	-

17. No disclosure is required under Accounting Standard 17 on Segment Reporting specified in Companies (Accounting Standard) Rules, 2006 as the Company is having the income from license fees received for the usage of its domain name, trademark etc.

## 18. Employee Benefits

The requirements of AS-15 on Employee Benefits specified in Companies (Accounting Standard) Rules, 2006 are not applicable on the company since there was no employee employed by the company during the year.

19. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

## **DIRECTOR'S REPORT**

Dear Shareholders,

We are pleased to present Annual Report and Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March 2012.

### **Financial Results**

Your company has earned a profit after tax of ₹68 Thousand in financial year 2011-12 as compared to ₹57 Thousand in financial year 2010-11.

### **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 to all stakeholders for their cooperation.

**For and on behalf of the Board**

Ambarish Raghuvanshi  
Sanjeev Bikhchandani  
(Directors)

PLACE: Noida

DATED: April 30, 2012

**AUDITORS' REPORT**

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

We have audited the attached Balance Sheet of Jeevansathi Internet Services Pvt. Ltd. as at March 31, 2012 and also the Profit and Loss Account and the cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

We report that:

- i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account and the cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956.
- v. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012; and
  - b) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sharma Goel & Co.  
Chartered Accountants

Place: New Delhi  
Dated: 30.04.2012

Rajesh Mittal  
Partner



**BALANCE SHEET AS AT MARCH 31, 2012**

Particulars	Note No.	As at March 31, 2012 Amount (₹' 000)	As at March 31, 2011 Amount (₹' 000)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	<b>3</b>	100	100
(b) Reserves and Surplus	<b>4</b>	(27)	(94)
<b>(2) Current Liabilities</b>			
(a) Other current liabilities	<b>5</b>	-	279
(b) Trade Payables	<b>6</b>	72	64
(c) Short Term Provisions	<b>7</b>	125	120
<b>TOTAL</b>		<b>270</b>	<b>469</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets</i>			
(i) Tangible assets	<b>8</b>	2	3
<b>(2) Current assets</b>			
(a) Cash and cash equivalents	<b>9</b>	143	119
(b) Short-term loans and advances	<b>10</b>	125	347
<b>TOTAL</b>		<b>270</b>	<b>469</b>

Significant Accounting Policies

2

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

The notes are an integral part of these financial statements.

Rajesh Mittal  
Partner  
Membership No.- 95681

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

Place: New Delhi  
Date: 30/04/2012

Ambarish Raghuvanshi  
(Director)

Sanjeev Bikhchandani  
(Director)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31, 2012

Particulars	Note No	Year Ended March 31, 2012 Amount (₹'000)	Year Ended March 31, 2011 Amount (₹'000)
I. Revenue from operations	11	100	100
II. Other Income	12	13	-
<b>III. Total Revenue (I + II)</b>		<b>113</b>	<b>100</b>
<b><u>IV. Expenses:</u></b>			
Administration and Other expenses	13	12	12
Depreciation	8	1	2
<b>Total Expenses</b>		<b>13</b>	<b>14</b>
<b>V. Profit before tax (III - IV)</b>		<b>100</b>	<b>86</b>
VI. Tax expense:			
(1) Current tax		32	29
<b>VII. Profit(Loss) from the period from continuing operations (V-VI)</b>		<b>68</b>	<b>57</b>
VIII. Profit/(Loss) from discontinuing operations		-	-
IX. Tax expense of discounting operations		-	-
<b>X. Profit/(Loss) from Discontinuing operations (VIII - IX)</b>		<b>-</b>	<b>-</b>
<b>XI. Profit/(Loss) for the period (VII + X)</b>		<b>68</b>	<b>57</b>
<b>XII. Earning per equity share:</b>	14		
(1) Basic		6.80	5.70
(2) Diluted		6.80	5.70

Significant Accounting Policies

2

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

The notes are an integral part of these financial statements.

Rajesh Mittal  
Partner  
Membership No.- 95681

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

Place: New Delhi  
Date: 30/04/2012

Ambarish Raghuvanshi  
(Director)

Sanjeev Bikhchandani  
(Director)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

S.No.	Particulars	For the year ended March 31, 2012 Amount (₹'000)	For the year ended March 31, 2011 Amount (₹'000)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit before tax	99	86
	<b>Adjustments for:</b>		
	Depreciation	1	2
	Interest received on income tax refund	(12)	-
	Excess provision written back	(1)	-
	<b>Operating profit before working capital changes</b>	<b>87</b>	<b>88</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	-	-
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	-	-
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	(270)	188
	<b>Cash generated from operating activities</b>	<b>(183)</b>	<b>276</b>
	- Taxes (Paid) / Received (Net of TDS)	207	(280)
	<b>Net cash from operating activities</b>	<b>24</b>	<b>(4)</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Interest received on Fixed Deposits	-	-
	<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>24</b>	<b>(4)</b>
	<b>Opening Balance of Cash and cash equivalents</b>	119	123
	<b>Closing Balance of Cash and cash equivalents</b>	<b>143</b>	<b>119</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash in hand	-	-
	<b>Balance with Scheduled Banks</b>		
	-in current accounts	143	119
	<b>Total</b>	<b>143</b>	<b>119</b>

## Notes :

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard-3 on Cash Flow Statement, prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 07, 2006.
- Figures in brackets indicate cash outflow.

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

Rajesh Mittal  
Partner  
Membership No.- 95681

For and on behalf of the Board of Directors

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

Place: New Delhi  
Date: 30/04/2012

Ambarish Raghuvanshi  
(Director)

Sanjeev Bikhchandani  
(Director)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****1. General Information**

Jeevansathi Internet Services Private Limited (the company) is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is a wholly owned subsidiary of Info Edge (India) Ltd.

**2. Significant Accounting Policies****2.1 Basis of Preparation of Financial Statements**

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

**2.2 Fixed Assets**

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

**2.3 Revenue Recognition**

Jeevansathi Internet Services Pvt. Ltd. has entered into an agreement with Info Edge (India) Ltd. dated 13th September 2005 whereby the management and day to day running of the operation of the former company will be done by the later and in lieu of it the later will be paying a annual license fee of ₹ 100,000/- to Jeevansathi Internet Services Pvt. Ltd. as License fee for usage of its domain name(s), trade mark(s) etc.

**2.4 Taxes on Income**

As a measure of prudence the Deferred Tax Assets (Net) in terms of Accounting Standard No. 22 specified in Companies (Accounting Standard) Rules, 2006 have not been recognized in the absence of their being virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized.

**2.4 Earnings Per Share**

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.

**2.5 Provisions and Contingencies**

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

**2.6 Depreciation**

Depreciation has been provided on fixed assets on written down value method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

**2.7 Use of Estimates**

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

**3. SHARE CAPITAL**

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
<b>AUTHORISED</b>		
10,000 Equity Shares of ₹10/- each (Previous Year - 10,000 Equity Shares of ₹ 10/- each)	100	100
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
10,000 Equity Shares of ₹ 10/- each, fully paid up (Previous Year - 10,000 Equity Shares of ₹ 10/- each)	100	100
	<b>100</b>	<b>100</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at March 31, 2012 No of Shares	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 No of Shares	As at March 31, 2011 Amount (₹'000)
<b>Equity Shares</b>				
At the beginning of the period	10,000	100	10,000	100
Add: Issued during the period	-	-	-	-
Outstanding at the end of the period	<b>10,000</b>	<b>100</b>	<b>10,000</b>	<b>100</b>

## b. Terms/Rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

## c. Details of shareholders holding more than 5% shares in the company

Particulars	FY 2011-12		FY 2010-11	
	No of Shares	% Holding	No of Shares	% Holding
<b>Equity Shares of ₹ 10 each fully paid</b>				
Info Edge (India) Ltd	9,800	98.00%	9,800	98.00%
	<b>9,800</b>	<b>98.00%</b>	<b>9,800</b>	<b>98.00%</b>

## 4. RESERVES AND SURPLUS

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
<b>Statement of Profit &amp; Loss</b>		
Opening Balance	(94)	(151)
Add: Net Profit after tax transferred from statement of Profit and Loss	67	57
	<b>(27)</b>	<b>(94)</b>

## 5. OTHER CURRENT LIABILITIES

Particulars	Long Term		Short Term	
	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
Payable to Holding Company	-	-	-	279
	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>

## 6. TRADE PAYABLES

Particulars	Long Term		Short Term	
	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
Audit Fees Payable	-	64	72	-
	<b>-</b>	<b>64</b>	<b>72</b>	<b>-</b>

Based on information available with the Company, there are no dues to micro, small and medium enterprises, as defined in Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2012.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 7. PROVISIONS

Particulars	Long Term		Short Term	
	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
Provision for Income Tax	-	-	125	120
	-	-	125	120

## 8. FIXED ASSETS

Amount (₹' 000)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2011	Additions during the year	Deletions during the year	As at March 31, 2012	Up to April 1, 2011	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>Tangible Assets</b>										
Computers and Software	297	-	-	297	294	1		295	2	3
<b>Total</b>	<b>297</b>	<b>-</b>	<b>-</b>	<b>297</b>	<b>294</b>	<b>1</b>	<b>-</b>	<b>295</b>	<b>2</b>	<b>3</b>
<b>Previous Year</b>	<b>297</b>	<b>-</b>	<b>-</b>	<b>297</b>	<b>292</b>	<b>2</b>	<b>-</b>	<b>294</b>	<b>5</b>	

## 9. CASH &amp; CASH EQUIVALENTS

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
<b>Cash &amp; Cash Equivalents</b>		
(a) Cash in Hand	-	-
(b) Balance with Bank in Current Account	143	119
	<b>143</b>	<b>119</b>

## 10. SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
(Unsecured, considered good)		
Advance Tax	125	347
	<b>125</b>	<b>347</b>

## 11. REVENUE FROM OPERATIONS

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
License Fees	100	100
	<b>100</b>	<b>100</b>

## 12. OTHER INCOME

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
Income Tax Refund	12	-
Excess Provision written back	1	-
	<b>13</b>	<b>-</b>

## 13. ADMINISTRATION AND OTHER EXPENSES

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
Auditor's Remuneration	8	8
Professional Charges	4	4
	<b>12</b>	<b>12</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 14. BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)

Particulars	As at March 31, 2012	As at March 31, 2011
Profit attributable to Equity Shareholders (₹'000)	68	57
Weighted average number of Equity Shares outstanding during the year (Nos.)	10,000	10,000
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	6.80	5.70

## 15. AUDITORS REMUNERATION

Particulars	As at March 31, 2012 Amount (₹'000)	As at March 31, 2011 Amount (₹'000)
As Auditors	8	8
Out of Pocket Expenses & Service Tax	1	1
	<b>9</b>	<b>9</b>

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

## 17 (1) Related Party Disclosures

- A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2012:

**Holding Company**

Info Edge (India) Limited

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

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

- B) Details of transactions with related party for the year ended March 31, 2012 in the ordinary course of business:

Amount (₹'000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1. License Fees	100	-	-	100
2. Advances received for business purposes (net)	27	-	-	27

- C) Amount due to/from related parties as at March 31, 2012

Amount (₹'000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
<b>Debit Balances</b>				
Outstanding Advances	-	-	-	-
Maximum Amount outstanding during the year	84	-	-	84
<b>Credit Balances</b>				
Outstanding Payable	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 17 (2) Related Party Disclosures

- A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:

**Holding Company**

Info Edge (India) Limited

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

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

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

Amount (₹'000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1. License Fees	100	-	-	100
2. Advances received for business purposes (net)	280	-	-	280

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

Amount (₹'000)

Nature of relationship / transaction	Holding Company	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
<b>Debit Balances</b>				
Outstanding Advances	-	-	-	-
Maximum Amount outstanding during the year	-	-	-	-
<b>Credit Balances</b>				
Outstanding Payable	279	-	-	279

18. No disclosure is required under Accounting Standard 17 on Segment Reporting specified in Companies (Accounting Standard) Rules, 2006 as the Company is having the income from license fees received for the usage of its domain name, trademark etc.

## 19. Employee Benefits

The requirements of AS-15 on Employee Benefits specified in Companies (Accounting Standard) Rules, 2006 are not applicable on the company since there was no employee employed by the company during the year.

20. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.



## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2012.

### **PRINCIPAL ACTIVITY**

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

### **BUSINESS REVIEW AND DIVIDEND**

The loss for the year ended 31 March 2012 was **USD 7,233** (31 March 2011 – USD 8,335).

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

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

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

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

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

### **AUDITORS**

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

**By Order of the Board**

**SECRETARY**  
Date: 30/04/12

## **SECRETARY'S REPORT**

### **INFO EDGE (INDIA) MAURITIUS LIMITED**

#### **AS PER SECTION 166(D) OF THE COMPANIES ACT 2001**

We confirm that, based on records and information made available to us by the directors and shareholder of the Company, the Company has filed with the Registrar of Companies, for the year ended 31 March 2012, all such returns as are required of the Company under the Companies Act 2001.

**Abax Corporate Services Ltd**  
CORPORATE SECRETARY

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

### Report on the Financial Statements

1. We have audited the financial statements of Info Edge (India) Mauritius Limited on pages 7 to 21 which comprise the statement of financial position at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

### Opinion

6. In our opinion, the financial statements on pages 7 to 21 give a true and fair view of the financial position of the Company at 31 March 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

### Report on Other Legal and Regulatory Requirements

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

### Other matters

8. This report, including the opinion, has been prepared for and only for the Company's member, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Shareef Ramjan & Associates**

**Shareef Ramjan (FCCA)**

**Signing partner**

Date: April 30, 2012

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012**

<b>Particulars</b>	<b>2012 USD</b>	<b>2011 USD</b>
<b>INCOME</b>	-	-
<b>EXPENSES</b>	-	-
Licence fees	1,500	1,500
Secretarial fees	500	1,950
Accountancy fees	750	500
Audit fees	1,000	985
Directors fees	2,000	2,000
Domiciliation and compliance fees	1,000	1,000
Registration fees	313	250
Disbursements	50	-
Bank charges	120	170
	<b>7,233</b>	<b>8,355</b>
<b>LOSS BEFORE TAXATION</b>	(7,233)	(8,355)
Taxation (Note 5)	-	-
<b>NET LOSS FOR THE YEAR</b>	<b>(7,233)</b>	<b>(8,355)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Losses recognised directly in equity:		
Fair value loss on available-for-sale financial assets	(78,483)	(81,610)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(85,716)</b>	<b>(89,965)</b>

The notes are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION – 31 MARCH 2012

Particulars	2012 USD	2011 USD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Available-for-sale financial assets (note 6)	-	78,483
	<b>-</b>	<b>78,483</b>
<b>Current assets</b>		
Other receivables (note 7)	375	375
Cash and cash equivalents (Note 8)	11,355	975
	<b>11,730</b>	<b>1,350</b>
<b>Total assets</b>	<b>USD 11,730</b>	<b>79,833</b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Stated capital (Note 9)	1,112,001	1,112,001
Retained earnings	(45,583)	(38,350)
Fair value reserve (Note 6)	(1,100,000)	(1,021,517)
<b>Total equity</b>	<b>(33,582)</b>	<b>52,134</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Amount due to ultimate holding company (Note 10)	39,999	19,999
Accruals	5,313	7,700
	<b>45,312</b>	<b>27,699</b>
<b>Total equity and liabilities</b>	<b>USD 11,730</b>	<b>79,833</b>

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

## DIRECTORS

The notes are an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2012

Particulars	Stated capital USD	Retained earnings USD	Fair value reserve * USD	Total equity USD
At 1 April 2010	1,112,001	(29,995)	(939,907)	142,099
Loss for the year	-	(8,355)	-	(8,355)
Other comprehensive income Fair value loss on available-for-sale financial assets	-	-	(81,610)	(81,610)
At 31 March 2011	1,112,001	(38,350)	(1,021,517)	52,134
Loss for the year	-	(7,233)	-	(7,233)
Other comprehensive income Fair value loss on available-for-sale financial assets	-	-	(78,483)	(78,483)
<b>At 31 March 2012</b> <b>USD</b>	<b>1,112,001</b>	<b>(45,583)</b>	<b>(1,100,000)</b>	<b>(33,582)</b>

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

The notes are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	2012 USD	2011 USD
<b><i>Cash flows from operating activities</i></b>		
Loss before taxation	(7,233)	(8,355)
(Decrease)/Increase in accruals	(2,387)	2,765
<b>Net cash used in operations</b>	<b>( 9,620)</b>	<b>( 5,590)</b>
<b><i>Cash flows from investing activities</i></b>		
Payments for acquisition of available-for-sale financial assets	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b><i>Cash flows from financing activities</i></b>		
Amount from holding company	20,000	-
Issue of share capital	-	-
<b>Net cash from financing activities</b>	<b>20,000</b>	<b>-</b>
<b>Net movement in cash and cash equivalents</b>	<b>10,380</b>	<b>(5,590)</b>
Cash and cash equivalents at beginning of year	975	6,565
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>USD 11,355</b>	<b>975</b>

The notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

## 1 GENERAL INFORMATION

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

***Basis of Preparation***

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors have considered estimates and judgement as disclosed in note 3.

***Changes in accounting policy and disclosures****(a) Amendments to existing standards effective during the year*

The following amendments to standards are mandatory for the year beginning 1 January 2011:

Standard	Title
IAS 1	Presentation of financial statements
IAS 24	Related party disclosures
IFRS 7	Financial instruments - Disclosures

The amendment to IAS 1, 'Presentation of financial statements' is part of the 2010 Annual Improvements and clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The application of this amendment has no significant impact as the Company was already disclosing the analysis of other comprehensive income on its statement of changes in equity.

The amendment to IAS 24 clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company is now required to disclose any transactions between its subsidiaries and its associates. Additionally, an entity that is controlled by an individual that is part of the key management personnel of another entity is now required to disclose transactions with that second entity. The application of this amendment does not have a significant impact on the Company's financial statements.

The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendments have also removed the requirement to disclose the following:

- Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
- Fair value of collaterals; and
- Renegotiated loans that would otherwise be past due but not impaired.

The application of the above amendment simplified financial risk disclosures made by the Company.

Other amendments and interpretations to standards became mandatory for the year beginning 1 January 2011 but had no significant effect on the Company's financial statements.

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

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the list of the standards and amendments to existing standards that are likely to be relevant to the Company. However, the directors are yet to assess the impact on the Company's operations.

Standard/ Interpretation	Title	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 July 2012
IFRS 9	Financial instruments part 1: Classification and measurement and part 2: Financial liabilities and De-recognition of financial instruments	1 January 2015
IAS 27	Separate financial statements	1 January 2013

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

Standard/ Interpretation	Title	Applicable for financial years beginning on/after
IAS 28	Investments in associates and joint ventures	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013

**Current and deferred income tax**

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

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

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

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

**Foreign currency translation***(a) Functional and presentation currency*

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

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**Available-for-sale financial assets**

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

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

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

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

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

**Cash and cash equivalents**

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

**Revenue recognition**

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

**Expense recognition**

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



## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

### **Equity**

Ordinary shares are classified as equity.

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

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

### **Financial instruments**

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

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

### **Other receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **Trade and other payables**

Trade and other payables are stated at their nominal value.

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

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

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

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

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

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

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

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

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

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

### **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### **Provisions**

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012**

provision due to the passage of time is recognised as a finance cost.

**Comparatives**

Where necessary, comparatives figures have been amended to conform with changes in presentation of the current year.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS****Fair value of unquoted instruments**

The Company holds available -for-sale financial asset that is not traded in an active market. The fair value of the investment in Study Places Inc is based on the value of its investment in Zaptive Internet Services Pvt Ltd (ZIPL's) and ZISPL's further holding in Educomp Solutions Ltd ('ESL') which is the primary asset after transfer of the ZISPL business and assets. ESL is a company listed on the National Stock Exchange.

The directors use their judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

**4 FINANCIAL RISK MANAGEMENT**

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

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

**Currency profile**

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

**Currency risk**

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

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

**Interest rate risk**

The Company has no significant exposure to interest-rate risk.

**Price risk**

The Company is exposed to equity securities price risk as it has classified its investment in Study Places Inc. ("SPI") as available-for-sale financial assets which are valued on the basis of the market value of SPI's investments in Educomp Solutions Ltd ("ESL").

The Company monitors the market value of ESL and management assesses the risk of potential loss to the company of holding these shares on a long-term or short-term basis. These shares are readily marketable as ESL is listed on the National Stock Exchange of India.

The fair value at 31 March 2012 would have no effect (2011-higher / lower by 3,924) if the price of ESL would have increased / decreased by 5 % respectively. Accordingly, fair value reserve would have been higher / lower by an equivalent amount.

**Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's main credit risk concentration is cash and cash equivalents. The Company manages credit risk by banking with reputable financial institution.

**Liquidity risk**

The Company manages liquidity risk by maintaining sufficient cash reserves, through funding from its ultimate holding company. The table below summarises the maturity profile of its financial liabilities at 31 March 2012 based on contractual undiscounted payments.

Particulars	2012 USD	2012 USD	2011 USD	2011 USD
	On demand	Within 1 year	On demand	Within 1 year
Amount due to ultimate holding company	39,999	-	19,999	-
Other payable	-	5,313	-	7,700
At 31 March	39,999	5,313	19,999	7,700

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

**Capital risk management**

The Company manages its capital to ensure that it will be able to have sufficient funding to finance its investments and to continue as going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital management process is determined and managed at the ultimate holding company level.

**Fair values**

The carrying amounts of available-for-sale financial assets, cash at bank, amount due to ultimate holding company and payables approximate their fair values.

IFRS 7 requires disclosure of financial instruments that are measured in the statement of financial position at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets that are measured at fair value as at 31 March 2012:

Particulars	Level 1 USD	Level 2 USD	Level 3 USD	Total Balance USD
Available-for-sale financial asset	-	-	-	-
	-	-	-	-

The following table presents the Company's assets that are measured at fair value as at 31 March 2011:

Particulars	Level 1 USD	Level 2 USD	Level 3 USD	Total Balance USD
Available-for-sale financial asset	-	-	78,483	78,483
	-	-	<b>78,483</b>	<b>78,483</b>

The following table presents the changes in level 3 instrument for the year ended 31 March 2012:

Particulars	2012 USD	2011 USD
At beginning of year	<b>78,483</b>	160,093
Fair value loss	<b>(78,483)</b>	(81,610)
At end of year	-	<b>78,483</b>

**5 TAXATION**

The Company is liable to income tax in Mauritius on its chargeable income at **15%**. It is however entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and **80%** of the Mauritius tax on its foreign source income.

At 31 March 2012, the Company has accumulated tax losses of **USD 42,478** (2011 – USD 35,245) and is, therefore, not liable to income tax. The tax losses are available for set off against taxable profits of the Company as follows:

Particulars	USD
31 March 2013	<b>9,145</b>
31 March 2014	<b>7,070</b>
31 March 2015	<b>10,695</b>
31 March 2016	<b>8,335</b>
31 March 2017	<b>7,233</b>
	<b>42,478</b>

The foregoing is based on current interpretation and practice and is subject to any future changes in Mauritius tax laws.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

**Tax reconciliation**

The reconciliation between the actual income tax rate of **0.00%** (2011 - 0.00%) and the applicable income tax rate of **15.00%** (2011 - 15.00%) is as follows:

Particulars	2012 %	2011 %
Applicable income tax rate	15.00	15.00
Impact of:		
Unrecognised deferred tax	(15.00)	(15.00)
	-	-

**Deferred tax**

A deferred income tax asset of USD 1,274 (2011: USD 1,057) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

**6 AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Particulars	2012 USD	2011 USD
At 01 April	78,483	160,093
Fair value loss	(78,483)	(81,610)
At 31 March <b>USD</b>	-	<b>78,483</b>

Available for sale financial assets represent 14.41% stake in Study Places Inc. ("SPI"), a company incorporated in the USA, which is engaged in the provision of services related to Education and other related areas.

In 2010, Zaptive Internet Services Pvt Ltd ("ZISPL"), subsidiary of SPI has been allotted equity shares in Educomp Solutions Ltd ("ESL") for an amount equivalent to USD 900,000 resulting from transfer of Study Places business including domain name and other assets in ZISPL. ESL is a diversified education Solutions Company listed on National Stock Exchange in India.

The fair value of the investment in SPI is based on the value of its investment in ZISPL and ZISPL's further holding in ESL which is the primary asset after transfer of the ZISPL business and assets.

**7 OTHER RECEIVABLES**

Particulars	2012 USD	2011 USD
Prepayment	375	375
	<b>375</b>	<b>375</b>

**8 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

Particulars	2012 USD	2011 USD
Cash at bank	11,355	975
<b>USD</b>	<b>11,355</b>	<b>975</b>

**9 STATED CAPITAL**

Particulars	2012 Number	2012 USD	2011 Number	2011 USD
Ordinary Shares of no par value Issued and fully paid up	1,112,001	1,112,001	1,112,001	1,112,001
<b>USD</b>	<b>1,112,001</b>	<b>1,112,001</b>	<b>1,112,001</b>	<b>1,112,001</b>

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

## 10 RELATED PARTY TRANSACTIONS

The nature, volume of transactions and balance involving the Company and its ultimate holding company are as follows:

Particulars	2012 USD	2011 USD
Amount due Ultimate Holding company: Info Edge (India) Limited		
At 01 April	19,999	19,999
Advances received during the year	20,000	-
At 31 March <b>USD</b>	<b>39,999</b>	<b>19,999</b>

The amount due to parent company is interest free, unsecured and has no fixed terms of repayment.

Particulars	2012 USD	2011 USD
Key Management Personnel		
Directors' fees	2,000	2,000

## 11 PARENT AND ULTIMATE PARENT COMPANY

The directors consider Info Edge (India) Limited, a company incorporated in India, which is listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE), as the Company's holding and ultimate holding company.



## **DIRECTOR'S REPORT**

Dear Shareholders,

We are pleased to present the Annual Report and Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March 2012.

### **Financial Results**

The Company made a loss of ₹56,572 Thousand in Financial year 2011-12 as compared to profit of ₹4,610 Thousand in Financial year 2010-11.

### **Directors**

There was no change in Directors during the year.

### **Auditors**

M/s Price Waterhouse & Co., Chartered Accountants Statutory Auditors 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 to all stakeholders for their cooperation.

**For and on behalf of the Board**

Hitesh Oberoi  
Ambarish Raghuvanshi  
(Directors)

PLACE: Noida

DATED: May 3, 2012

## **AUDITORS' REPORT**

### **To the Members of Allcheckdeals India Private Limited**

1. We have audited the attached Balance Sheet of Allcheckdeals India Private Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
  - (i)
    - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
    - (b) The fixed assets of the Company had been physically verified by the Management during the year ended March 31, 2012 and no material discrepancies between the book records and the physical inventory were noticed. In our opinion, the frequency of verification is reasonable.
    - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
  - (ii) The Company does not maintain any inventory, accordingly clauses (ii)(a) to (ii)(c) of paragraph 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the year.
  - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
  - (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
  - (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
  - (vii) In our opinion, the Company has an internal audit commensurate with its size and nature of its business.
  - (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
  - (ix)
    - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
    - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of a dispute.
  - (x) As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Order is not applicable.
  - (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
  - (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.

- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
  - (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
  - (xvi) The Company has not obtained any term loans.
  - (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
  - (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
  - (xix) The Company has not issued any debentures during the year; and does not have any debentures outstanding at year end.
  - (xx) The Company has not raised any money by public issues during the year.
  - (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

Gurgaon  
May 3, 2012

Amitesh Dutta  
Partner  
Membership Number F58507

## BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note No	As at March 31, 2012 (₹' 000)	As at March 31, 2011 (₹' 000)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	70,475	30,475
(b) Reserves and Surplus	4	(78,060)	(21,488)
<b>(2) Current Liabilities</b>			
(a) Trade payables	5	69,374	52,665
(b) Other current liabilities	6	10,999	37,675
(c) Short-term provisions	7	2,948	1,698
<b>Total</b>		<b>75,736</b>	<b>101,025</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	3,146	3,847
(b) Deferred tax assets (net)	9	-	18,175
(c) Long term loans and advances	10	6,234	5,025
(d) Other non-current assets	11	135	11,911
<b>(2) Current assets</b>			
(a) Trade receivables	12	45,043	53,819
(b) Cash and Bank balances	13	1,818	4,176
(c) Short-term loans and advances	10	19,333	4,072
(d) Other current assets	11	27	-
<b>Total</b>		<b>75,736</b>	<b>101,025</b>

Significant Accounting Policies

2

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

The notes are an integral part of these financial statements.

For Price Waterhouse & Co.  
Firm Registration Number 0500032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place : Gurgaon  
Date : May 03, 2012

Place : Noida  
Date : May 03, 2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No	Year ended March 31, 2012	Year ended March 31, 2011
		(₹' 000)	(₹' 000)
I. Revenue from operations	14	107,450	160,937
II. Other Income	15	765	2,470
<b>III. Total Revenue (I + II)</b>		<b>108,215</b>	<b>163,407</b>
<b>IV. Expenses:</b>			
Employee Benefits Expense	16	63,643	58,941
Finance Costs	17	116	206
Depreciation	18	2,093	1,615
Advertising and Promotion cost	19	26,243	23,051
Administration and Other expenses	20	51,595	71,445
Network, Internet and Other direct charges	21	2,922	3,455
<b>Total Expenses</b>		<b>146,612</b>	<b>158,713</b>
<b>V. Profit/(Loss) before tax (III - IV)</b>		<b>(38,397)</b>	<b>4,694</b>
VI. Tax expense:			
(1) Current tax		-	18,259
(2) Deferred tax	9	18,175	(18,175)
<b>VII. Profit/(Loss) for the year from continuing operations (V-VI)</b>		<b>(56,572)</b>	<b>4,610</b>
<b>VIII. Profit/(Loss) for the year (VII)</b>		<b>(56,572)</b>	<b>4,610</b>
<b>IX. Earnings per equity share: Nominal Value of Share ₹ 10/- (Previous Year ₹ 10/-)</b>	26		
(1) Basic		(18.43)	1.51
(2) Diluted		(18.43)	1.51

Significant Accounting Policies

2

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

The notes are an integral part of these financial statements.

For Price Waterhouse & Co.  
Firm Registration Number 0500032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place : Gurgaon  
Date : May 03, 2012

Place : Noida  
Date : May 03, 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

S.No.	Particulars	For the year ended March 31, 2012 (₹' 000)	For the year ended March 31, 2011 (₹' 000)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net profit/(loss) before tax	(38,397)	4,694
	Adjustments for:		
	Depreciation	2,093	1,615
	Interest Expense	-	38
	Interest Income	(367)	(582)
	(Profit)/Loss on fixed assets sold (net)	-	(110)
	Other operating revenues	(1,344)	(1,635)
	Provision for Bad & Doubtful Debts	14,733	41,057
	Provision for Gratuity & Leave Encashment	410	(338)
	TDS on revenue receipts	(14,687)	(15,607)
	Employee Stock Option Scheme Compensation Expense	-	-
	<b>Operating profit before working capital changes</b>	<b>(37,559)</b>	<b>29,132</b>
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Sundry Debtors	(5,957)	(74,904)
	- (INCREASE)/DECREASE in Loans, Advances and Other Current Assets	(1,400)	(5,706)
	- INCREASE/(DECREASE) in Current Liabilities and Provisions	(7,783)	67,804
	<b>Cash generated from operating activities</b>	<b>(52,699)</b>	<b>16,326</b>
	- Taxes (Paid) / Received (Net of TDS)	(410)	(55)
	<b>Net cash from operating activities</b>	<b>(53,109)</b>	<b>16,272</b>
<b>B.</b>	<b>Cash flow from Investing activities:</b>		
	Purchase of fixed assets	(1,392)	(4,153)
	Proceeds from Sale of fixed assets	-	502
	Interest Received	367	523
	<b>Net cash used in investing activities</b>	<b>(1,025)</b>	<b>(3,126)</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Repayments of long term borrowings (Net)	-	(432)
	Proceed from fresh issue of share capital (Net)	40,000	-
	Interest Paid	-	(41)
	<b>Net cash used in financing activities</b>	<b>40,000</b>	<b>(473)</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(14,134)</b>	<b>12,672</b>
	<b>Opening Balance of Cash and cash equivalents (April 01, 2011/April 01, 2010)</b>	<b>16,087</b>	<b>3,415</b>
	<b>Closing Balance of Cash and cash equivalents</b>	<b>1,953</b>	<b>16,087</b>
	<b>Cash and cash equivalents comprise of:</b>		
	Cash in hand	70	37
	<b>Balance with Scheduled Banks</b>		
	-in current accounts	1,748	-
	-in fixed deposits	135	16,050
	<b>Total</b>	<b>1,953</b>	<b>16,087</b>

## Notes :

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard-3 on Cash Flow Statement, prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 7, 2006.
- Figures in brackets indicate cash outflow.

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

For Price Waterhouse & Co.  
Firm Registration Number 050032S  
Chartered Accountants

Amitesh Dutta  
Partner  
Membership Number 58507

For and on behalf of the Board of Directors

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place: Gurgaon  
Date: May 03, 2012

Date: May 03, 2012

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 1. General Information

Allcheckdeals India Private Limited (the Company) was incorporated on August 01, 2008 under the Companies Act, 1956 (the 'Act') and is engaged in the business of providing services in relation to property bookings placed with builders / real estate developers.

### 2. Significant Accounting Policies

#### 2.1 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

#### 2.2 Fixed Assets

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

Profit/Loss on disposal of fixed assets is recognized in the Statement of Profit and Loss.

#### 2.3 Depreciation

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

Asset	Estimated life (Years)
Vehicle	4
Computers & Software	3
Office Equipment	3

Assets costing less than or equal to ₹ 5 Thousand are fully depreciated in the year of acquisition.

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

#### 2.4 Revenue Recognition

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

The income is shown net of service tax and is not recognized in instances where there is uncertainty with regard to ultimate collection. In such cases income is recognized on reasonable certainty of collection.

#### 2.5 Employee Benefits

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

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

Termination benefits are recognized as an expense immediately.

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

#### 2.6 Leased Assets

- Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease amount paid is allocated between the liability and the interest cost, so as to maintain a constant periodic rate of interest on the outstanding liability for each period.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

- 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 Statement of Profit and Loss on a straight line basis over the lease term.

**2.7 Taxes on Income**

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

**2.8 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.

**2.9 Employee Stock Option Based Compensation**

Stock options granted to the employees who accepted the grant under the Company's Stock Option Plan are accounted in accordance with the Guidance Note on Accounting for Employee Share based payment issued by Institute of Chartered Accountants of India. The Company follows the intrinsic value method and accordingly, the excess, if any, of the fair value of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognized as employee compensation cost and amortized on straight line basis over the vesting period.

**2.10 Foreign Currency Transactions**

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

**2.11 Provisions and Contingencies**

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

**3. SHARE CAPITAL**

Particulars	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
<b>AUTHORIZED CAPITAL</b> 8,000 Thousand Equity Shares of ₹ 10/- each (Previous year - 5,000 Thousand Equity Shares of ₹ 10/- each)	<b>80,000</b>	<b>50,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b> 7,047,500 Equity shares of ₹10/- each fully paid up * (Previous Year - 3,047,500 Equity shares of ₹10/- each) (* 7,009,999 equity shares (Previous Year 3,009,999 shares) of ₹ 10/- each are held by Info Edge (India) Limited, the holding company and it's nominee)	70,475	30,475
	<b>70,475</b>	<b>30,475</b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.**

Particulars	As at March 31, 2012 No of Shares	As at March 31, 2012 (₹'000)	As at March 31, 2011 No of Shares	As at March 31, 2011 (₹'000)
<b>Equity Shares</b>				
At the beginning of the period	3,047,500	3,047	3,047,500	3,047
Add: Issued during the period	4,000,000	4,000	-	-
Outstanding at the end of the period	<b>7,047,500</b>	<b>7,047</b>	<b>3,047,500</b>	<b>3,047</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## b. Terms/Rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

## c. Details of shareholders holding more than 5% shares in the company

Particulars	FY 2011-12		FY 2010-11	
	No of Shares	% Holding	No of Shares	% Holding
<b>Equity Shares of ₹ 10 each fully paid</b> Info Edge (India) Limited	7,009,999	98.76%	3,009,999	98.76%
	<b>7,009,999</b>	<b>98.76%</b>	<b>3,009,999</b>	<b>98.76%</b>

## 4. RESERVES AND SURPLUS

Particulars		As at March 31, 2012 (₹'000)		As at March 31, 2011 (₹'000)
<b>Surplus in Statement of Profit and Loss</b>				
Opening Balance	(21,488)		(26,098)	
Add: Net Profit after tax transferred from Statement of Profit and Loss	(56,572)	(78,060)	4,610	(21,488)
		<b>(78,060)</b>		<b>(21,488)</b>

## 5. TRADE PAYABLES

Particulars	Long-Term		Short-Term	
	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
Trade Payables				
- total outstanding dues of micro, small and medium enterprises	-	-	-	-
- total outstanding dues of creditors other than micro, small and medium enterprises	-	-	69,374	52,665
	<b>-</b>	<b>-</b>	<b>69,374</b>	<b>52,665</b>

Based on information available with the Company, there are no dues to micro, small and medium enterprises, as defined in Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2012.

## 6. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
Amount payable to Holding Company	2,287	19,296
Book Overdraft	186	5,580
<b>Others</b>		
- Service Tax Payable	4,028	9,472
- TDS Payable	4,171	3,066
- Others	327	261
	<b>10,999</b>	<b>37,675</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 7. PROVISIONS

Particulars	Long-Term		Short-Term	
	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
<b>Provision for Employee Benefits</b>				
Provision for Compensated Absence	-	-	991	784
Provision for Gratuity	-	-	367	164
<b>Other Provisions</b>				
Accrued Bonus	-	-	1,590	750
	-	-	<b>2,948</b>	<b>1,698</b>

## 8. FIXED ASSETS

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2011	Additions during the year	Deletions during the year	As at March 31, 2012	Up to April 1, 2011	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>OWN ASSETS</b>										
<b>Tangible Assets</b>										
Computers and Software	3,777	1,165	-	4,942	836	1,483	-	2,319	2,623	2,941
Office Equipment	1,627	198	-	1,825	721	605	-	1,326	499	906
Plant & Machinery	-	29	-	29	-	5	-	5	24	-
<b>Total</b>	<b>5,404</b>	<b>1,392</b>	<b>-</b>	<b>6,796</b>	<b>1,557</b>	<b>2,093</b>	<b>-</b>	<b>3,650</b>	<b>3,146</b>	<b>3,847</b>
<b>Previous Year</b>	<b>2,100</b>	<b>4,162</b>	<b>858</b>	<b>5,404</b>	<b>408</b>	<b>1,615</b>	<b>466</b>	<b>1,557</b>	<b>3,847</b>	

## 9. DEFERRED TAX ASSET/ (LIABILITY)

Particulars	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
Deferred Tax Asset / (Liability)		
- Opening Balance	18,175	-
- Adjustment for the current year	(18,175)	18,175
	<b>-</b>	<b>18,175</b>

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

Particulars	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
<b>Deferred Tax Asset/(Liability)</b>		
Provision for Leave Encashment	-	79
Provision for Doubtful Debts	-	12,923
Depreciation	-	(213)
Others	-	5,386
	<b>-</b>	<b>18,175</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 10. LOANS &amp; ADVANCES

Particulars	Long-Term		Short-Term	
	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
(Unsecured, considered good)				
Security Deposits	5,515	4,625	-	240
<b>Others</b>				
- Advance recoverable in cash or in kind or for value to be received	719	400	1,552	1,225
- Advance recoverable from ESOP Trust	-	-	399	399
- Balance with Service Tax Authorities	-	-	184	107
- Advance Tax	-	-	35,456	20,359
- Less: Provision for Tax	-	-	(18,259)	(18,259)
- Advance Tax - Fringe Benefits	-	-	6	6
- Less: Provision for Tax - Fringe Benefits	-	-	(5)	(5)
	<b>6,234</b>	<b>5,025</b>	<b>19,333</b>	<b>4,072</b>

## 11. OTHER NON CURRENT/ CURRENT ASSETS

Particulars	Non-Current		Current	
	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
(Unsecured Considered Good)				
Non Current portion of Fixed Deposits transferred from Cash & Bank Balances	135	11,911	-	-
Interest Accrued on Fixed Deposits	-	-	27	-
	<b>135</b>	<b>11,911</b>	<b>27</b>	<b>-</b>

## 12. TRADE RECEIVABLES

Particulars	Non-Current		Current	
	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
- Secured, considered good	-	-	-	-
- Unsecured, considered good	-	-	4,069	-
- Doubtful	-	-	47,955	24,309
Provision for doubtful receivables	-	-	(47,955)	(24,309)
Total (A)	-	-	<b>4,069</b>	-
<b>Other Receivables</b>				
- Secured, considered good	-	-	-	-
- Unsecured, considered good	-	-	40,974	53,819
- Doubtful	-	-	-	21,112
Provision for doubtful receivables	-	-	-	(21,112)
Total (B)	-	-	<b>40,974</b>	<b>53,819</b>
<b>Grand Total (A) + (B)</b>	-	-	<b>45,043</b>	<b>53,819</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 13. CASH AND BANK BALANCES

Particulars	Non-Current		Current	
	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)	As at March 31, 2012 (₹'000)	As at March 31, 2011 (₹'000)
<b>Cash &amp; Cash Equivalents</b>				
Cash In Hand	-	-	70	37
Bank Balances:				
-in Fixed Deposit Accounts with original maturity of less than 3 months	-	-	1,748	-
-in Fixed Deposit Accounts with original maturity for more than 12 months	135	11,911	-	-
Non Current portion transferred to non current assets	(135)	(11,911)	-	-
<b>Other Bank Balances</b>				
Balances in Fixed Deposit Accounts with original maturity for more than 3 months but less than 12 months	-	-	-	4,139
	-	-	<b>1,818</b>	<b>4,176</b>

## 14. REVENUE FROM OPERATIONS

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Sale of Services	106,106	159,805
Other Operating Revenues	1,344	1,132
	<b>107,450</b>	<b>160,937</b>

## 15. OTHER INCOME

Particulars	Long Term		Short Term	
	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Interest Received/Receivable on Fixed Deposits with Banks	10	348	357	234
Profit on sale of Fixed Assets (net)	-	-	-	110
Miscellaneous Income	-	-	398	1,778
	<b>10</b>	<b>348</b>	<b>755</b>	<b>2,122</b>

## 16. EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Salaries, Wages and Bonus	46,282	36,899
Contributions to Provident and other funds	2,297	1,994
Sales Incentives and Commissions	9,281	14,984
Staff Welfare and Benefits	4,897	2,907
Other Employee Expenses	886	2,157
	<b>63,643</b>	<b>58,941</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 17. FINANCE COSTS

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Interest	-	38
Others	116	168
	<b>116</b>	<b>206</b>

## 18. DEPRECIATION AND AMORTIZATION

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Depreciation of Tangible Assets	2,093	1,615
	<b>2,093</b>	<b>1,615</b>

## 19. ADVERTISING AND PROMOTION COST

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Advertisement Expenses	25,189	20,191
Promotion & Marketing Expenses	1,054	2,860
	<b>26,243</b>	<b>23,051</b>

## 20. ADMINISTRATION AND OTHER EXPENSES

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Electricity and Water	1,758	1,847
Rent	8,564	6,734
Repairs and Maintenance (Building)	639	962
Repairs and Maintenance (Machinery)	676	115
Legal and Professional Charges	559	538
Rates & Taxes	5	4
Insurance	2	9
Communication expenses	3,143	2,298
Travel & Conveyance	5,197	4,210
Provision for Doubtful Debts	14,733	41,057
Miscellaneous expenses	5,782	5,855
Infrastructure & Business Support Expenses	10,537	7,816
	<b>51,595</b>	<b>71,445</b>

## 21. NETWORK, INTERNET AND OTHER DIRECT CHARGES

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Internet and Server Charges	412	404
Others	2,510	3,051
	<b>2,922</b>	<b>3,455</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****22. Operating Leases where the company is a lessee:**

The company has entered into lease transaction mainly for leasing of office premise for a period of 5 to 9 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognized in the Statement of Profit and Loss amount to ₹ 8,564,139 (Previous Period ₹ 6,733,564) included in Note 16 – Administration and Other Expenses.

**23. Expenditure in Foreign Currency**

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Travel Expenses	-	66
Others	23	24
<b>Total</b>	<b>23</b>	<b>90</b>

**24. Earnings in Foreign Exchange**

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
Export of Services	Nil	Nil
<b>Total</b>	<b>-</b>	<b>-</b>

**25. Auditor's Remuneration**

Particulars	Year Ended March 31, 2012 (₹'000)	Year Ended March 31, 2011 (₹'000)
As Auditors	200	200
As Tax Auditors	50	50
Out of Pocket Expenses & Service Tax	66	42
<b>Total</b>	<b>316</b>	<b>292</b>

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

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit attributable to Equity Shareholders (₹' 000)	(56,572)	4,610
Weighted average number of Equity Shares outstanding during the year (Nos.)	3,069,358	3,047,500
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	(18.43)	1.51

**27 (1) Related Party Disclosures**

- A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 (as amended) ("accounting standards") and where control exists for the year ended March 31, 2012:**

**Holding Company**

Info Edge (India) Limited (IEIL)

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

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

**Fellow Subsidiaries**

Jeevansathi Internet Services Private Limited ( JISPL)

Naukri Internet Services Private Limited (NISPL)

Info Edge (India) Mauritius Limited (IEIML)

Applect Learning Systems Pvt. Ltd. (ALSPL)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## B) Details of transactions with related party for the year ended March 31, 2012 in the ordinary course of business:

Amount (₹' 000)

Sr. No	Nature of relationship / transaction	Holding Company	Total
1	Advance received for business purposes (net): IEIL ₹ 11,368	11,368	11,368
2	Receipt of Service (inclusive of service tax) IEIL ₹ 11,622	11,622	11,622
3	Issue of Equity Shares IEIL ₹ 40,000	40,000	40,000

1. Amount due from Allcheckdeals Employee Stock Option Trust as on March 31, 2012 is ₹398 Thousand.

## C) Amount due to/from related parties as at March 31, 2012

Amount (₹' 000)

Sr. No	Nature of relationship / transaction	Holding Company	Total
	<b>Credit balances</b>		
1	Outstanding Payable	2,287	2,287

## 27 (2) Related Party Disclosures

## A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 (as amended) ("accounting standards") and where control exists for the year ended March 31, 2011:

**Holding Company**

Info Edge (India) Limited (IEIL)

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

Mr Sanjeev Bikhchandani

Mr Hitesh Oberoi

Mr Ambarish Raghuvanshi

**Fellow Subsidiaries**

Jeevansathi Internet Services Private Limited ( JISPL)

Naukri Internet Services Private Limited (NISPL)

Info Edge (India) Mauritius Limited (IEIML)

Info Edge USA Inc.

Applect Learning Systems Pvt. Ltd. (ALSPL)

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

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

Amount (₹' 000)

Sr. No	Nature of relationship / transaction	Holding Company	KMP & Relatives	Total
1	Remuneration Paid: Prashan Agarwal	-	2,994	-
2	Advance received for business purposes (net): IEIL ₹ 10,784	10,784		10,784
3	Receipt of Service (inclusive of service tax) IEIL ₹ 8,496	8,496		8,496

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

(a) Advance given for business purpose ₹ 10 Thousand

2. Amount due from Allcheckdeals Employee Stock Option Trust as on March 31, 2011 is ₹398 Thousand

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

(Amount ₹'000)

Sr. No	Nature of relationship / transaction	Holding Company	Total
	<b>Credit balances</b>		
1	Outstanding Payable	19,296	19,296

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 28. Employee Stock Option Scheme

The company has set up a trust to administer the ESOP scheme under which options have been granted to employees. Under this scheme the employees can purchase equity shares by exercising the options as vested at the price specified in the grant. The options granted till March 31st 2012 have a vesting period of maximum of 3 years from the date of grant.

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

Particulars	2011-12		2010-11	
	Number	Weighted Average Price (₹)	Number	Weighted Average Price (₹)
Options outstanding at beginning of year	15,100	10	410,300	1.77
<b>Add:</b>				
Options granted *	-	-	-	-
<b>Less:</b>				
Options exercised	-	-	-	-
Options forfeited	-	-	395,200	1.46
Options outstanding at the end of year	15,100	10	15,100	10
Option exercisable at the end of year	-	-	4,530	10

In accordance with the above mentioned ESOP Scheme, ₹NIL (Previous Year ₹ NIL) has been charged to the Statement of Profit and Loss in relation to the options vested during the year ended March 31, 2012 as Employee Stock Option Scheme Compensation.

2. (A) No options have vested during the current year ended March 31, 2012. (In respect of options vested during the previous year ended March 31, 2011, had the fair value method been used, the profit for the year would be lower by ₹ 12 Thousand and the EPS would be ₹ 1.51).

(B) The fair value of each option is estimated on the date of grant using the Black Scholes model with the below listed assumptions:

ACD ESOP Plan 2009	2011-12	2010-11
Weighted average fair value of the options at the grant dates	-	8.57
Dividend Yield (%)	-	Nil
Risk free rate	-	6.90%
Expected life (years)	-	5.14
Expected volatility	-	Nil
Weighted average share price	-	10.05

29. No disclosure is required under Accounting Standard 17 on Segment Reporting specified in Companies (Accounting Standard) Rules, 2006 as the company is operating in single business/ geographical segment of earning commission income on property bookings.

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

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>Whole Time Directors (including Managing Director)</b>		
Salary	-	2,044
Reimbursements	-	150
Bonus	-	800
<b>Total Remuneration</b>	-	<b>2,994</b>
<b>Total Managerial Remuneration Paid/Payable (Amount ₹' 000)</b>	-	<b>2,994</b>

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

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

Particulars	Year ended March 31, 2012*	Year ended March 31, 2011
Net Profit before tax	-	4,694
Add: Depreciation as per accounts	-	1,615
Add: Wholetime Director's Remuneration	-	2,994
Add: Provision for Bad Debts	-	41,057
Less: Depreciation as per Section 350 of the Companies Act, 1956	-	1,615
Less: Profit on sale of fixed assets (net)	-	110
<b>Net Profit for the year under section 349</b>	-	<b>48,635</b>
Maximum amount payable to Whole time Directors (restricted to 10%)		
<b>Maximum Amount payable to Directors (Amount ₹' 000)</b>	-	<b>4,864</b>

\* No managerial remuneration has been paid during the year ended March 31, 2012



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 31. Employee Benefits

The Company has classified the various benefits provided to employees as under (Amount ₹' 000);

## A. Defined Contribution Plans

## a) Provident Fund

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss –

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Employers' Contribution to Provident Fund *	1,643	1,442

Included in Contribution to Provident and Other Funds under Employee Benefits Expense (Refer Note 16)

## B. State Plans

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

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss –

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Employers' Contribution to Employee State Insurance *	283	383

Included in Contribution to Provident and Other Funds under Employee Benefits Expense (Refer Note 16)

## C. Defined Benefit Plans

## a) Contribution to Gratuity Funds – Life Insurance Corporation of India, Group Gratuity Scheme

## b) Leave Encashment/ Compensated Absences for Employees

Particulars	Leave Encashment / Compensated Absences	
	Year ended March 31, 2012	Year ended March 31, 2011
Discount Rate (per annum)	8.25%	8.25%
Rate of increase in Compensation levels	15% in first 3 years, 10% in next 5 years, & 7% thereafter	15% in first 3 years, 10% in next 5 years, & 7% thereafter

Particulars	Employee's Gratuity Fund	
	Year ended March 31, 2012	Year ended March 31, 2011
Discount Rate (per annum)	8.25%	8.25%
Rate of increase in Compensation levels	15% in first 2 years, 10% in next 5 years, & 7% thereafter	15% in first 3 years, 10% in next 5 years, & 7% thereafter
<b>Rate of Return on Plan Assets</b>	7.50%	7.50%
Expected Average remaining working lives of employees (years)	10.59	10.58

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund	Employee's Gratuity Fund
	Year ended March 31, 2012	Year ended March 31, 2011
<b>Present Value of Obligation at the beginning of the year</b>	<b>932</b>	<b>714</b>
Interest Cost	123	97
Past Service Cost	Nil	Nil
Current Service Cost	559	497
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits paid	Nil	Nil
Actuarial (gain)/ loss on obligations	(251)	(376)
<b>Present Value of Obligation at the end of the year</b>	<b>1,363</b>	<b>932</b>

(B) Changes in the Fair value of Plan Assets	Employee's Gratuity Fund	Employee's Gratuity Fund
	Year ended March 31, 2012	Year ended March 31, 2011
<b>Fair Value of Plan Assets at the beginning of the year</b>	<b>768</b>	<b>Nil</b>
Expected Return on Plan Assets	65	Nil
Actuarial Gains and (Losses)	(1)	54
Contributions	164	714
Benefits Paid	Nil	Nil
<b>Fair Value of Plan Assets at the end of the year</b>	<b>996</b>	<b>768</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets	Employee's Gratuity Fund	Employee's Gratuity Fund
	Year ended March 31, 2012	Year ended March 31, 2011
Present Value of funded Obligation at the end of the year	1,363	932
Fair Value of Plan Assets as at the end of the year	996	768
<b>Funded Status</b>		
Present Value of unfunded Obligation at the end of the year	Nil	Nil
Unrecognized Actuarial (gains) / losses	Nil	Nil
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet*</b>	<b>367</b>	<b>164</b>
*included in Provision for Employee Benefits (Refer Note 7)		

(D) Expense recognized in the Statement of Profit and Loss	Employee's Gratuity Fund	Employee's Gratuity Fund
	Year ended March 31, 2012	Year ended March 31, 2011
<b>Current Service Cost</b>	<b>559</b>	<b>497</b>
Past Service Cost	Nil	Nil
Interest Cost	123	97
Expected Return on Plan Assets	(65)	Nil
Curtailment Cost / (Credit)	Nil	Nil
<b>Settlement Cost / (Credit)</b>	<b>Nil</b>	<b>Nil</b>
Net actuarial (gain)/ loss recognized in the year	(250)	(430)
<b>Total Expenses recognized in the Statement of Profit and Loss #</b>	<b>367</b>	<b>164</b>
#Included in Contribution to Provident and Other Funds under Employee Benefits Expense (Refer Note 16)		

In respect of leave encashment/compensated absence the present value of obligation as at March 31, 2012 is ₹991 Thousand\* (Previous Year 784 Thousand). The expense recognized in the Statement of Profit and Loss is ₹ 879 Thousand\*\* (Previous Year ₹950 Thousand)

\*included in Provision for Employee Benefits (Refer Note 7)

\*\*Included in Staff Welfare and Benefits under Employee Benefits Expense (Refer Note 16)

32. The Company's business activities, together with the factors likely to affect its future development and performance along with the financial position of the Company and its projected cash flows have been reviewed by the Board of Directors and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, although the net worth has eroded at the year-end. The company is also assured of financial and operational support by its parent company. Basis all of the above, the Company has continued to adopt the going concern basis of accounting in preparing the financial statements.
33. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Hitesh Oberoi  
Director

Ambarish Raghuvanshi  
Director

Place : Gurgaon  
Date : May 03, 2012

Place: Noida  
Date: May 03, 2012

## APPLECT LEARNING SYSTEMS PRIVATE LIMITED

### DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Tenth Annual Report on the operations of the Company together with audited Profit and Loss Account for the year ending 31<sup>st</sup> March, 2012 and the Balance Sheet as on that date.

#### Financial Results

(Amount in ₹'000)

Particulars	For the Year Ended 31 <sup>st</sup> March 12	For the Year Ended 31 <sup>st</sup> March 11
Revenue (Including Other Income)	51,288	16,528
Profit & Loss (Before Depreciation)	(44,576)	(38,183)
Depreciation	4,503	2,576
Profit & Loss (After Depreciation)	(49,079)	(40,759)
Provision for Tax (Including deferred Tax)	-	322
Profit & Loss carried to balance sheet	(49,079)	(41,081)

#### Dividend

The Company did not declare any dividend for strengthening the financial position of the Company.

#### Directors

There is no change in the Board of Directors of the Company during the year.

#### Auditors Report

Observation made by the Auditors in their Report are self explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

#### Statutory Auditors

**M/s Price Waterhouse & Co.**, Chartered Accountants are the retiring auditors and are eligible to be re-appointed as Statutory Auditors to hold their office from the conclusion of the forthcoming Annual General Meeting to the conclusion of the next Annual General Meeting. They also have confirmed that if they would be appointed as statutory auditors of the Company, their appointment would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

#### Directors Responsibility Statement

In terms of the provisions of Section 217 (2AA) of the Companies Act, 1956, your directors declare as follows:

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

#### Particulars of Employees

None of the employees of your Company is getting salary in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

#### The Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Particulars relating to conservation of energy, technology absorption are NIL

Foreign Earning: NIL

**Foreign Outgo :**

**Details of the foreign Outgo during the financial Year 2011-12**

Particulars	Amount (in ₹)
<b>Expense</b>	
Server Hire Charges	4,905,475
Others Expense	446,561
<b>TOTAL (A)</b>	<b>5,352,036</b>

**Acknowledgement**

Your board places on record its gratitude to Company's valued Customers, Dealers, Central and State Government and Bankers for their continued support and confidence in the Company.

**For and on behalf of the Board**

**Place: New Delhi**  
**Dated: May 3, 2012**

**Pavan Chauhan**  
**Chairman**

## **AUDITORS' REPORT**

### **To the Members of Applect Learning Systems Private Limited**

1. We have audited the attached Balance Sheet of Applect Learning Systems Private Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
  - (i)
    - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
    - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
    - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
  - (ii)
    - (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
    - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
  - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
  - (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
  - (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
  - (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
  - (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
  - (ix)
    - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except dues in respect of income-tax, where delay was noted in few cases, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
    - (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2012 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of certain expenses	1,225,352	AY 2007-08	Commissioner of Income Tax, Appeals

- (x) The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2012 and it has incurred cash losses in the financial year ended on March 31, 2012 and in the immediately preceding financial year.
  - (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
  - (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
  - (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
  - (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
  - (xvi) The Company has not obtained any term loans.
  - (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
  - (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
  - (xix) The company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
  - (xx) The Company has not raised any money by public issues during the year.
  - (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

Gurgaon  
May 3, 2012

Amitesh Dutta  
Partner  
Membership Number 58507



## BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note No	Figures as at March 31, 2012	Figures as at March 31, 2011
		₹'000	₹'000
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	281	197
(b) Reserves and Surplus	4	173,531	(31,935)
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	-	50,000
(b) Long-term provisions	6	901	-
<b>(3) Current Liabilities</b>			
(a) Trade payables	7	11,944	2,589
(b) Other current liabilities	8	34,221	15,386
(c) Short-term provisions	6	1,695	2,053
<b>TOTAL</b>		<b>222,573</b>	<b>38,290</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<i>(a) Fixed assets</i>			
(i) Tangible assets	9	10,626	4,442
(ii) Intangible assets	9	2,317	1,183
(b) Deferred tax assets (net)	10	-	-
(c) Long term loans and advances	11	4,555	1,620
(d) Other non-current assets	12	21,386	-
<b>(2) Current assets</b>			
(a) Inventories	13	189	-
(b) Cash and bank balances	14	170,221	24,974
(c) Short-term loans and advances	11	7,959	4,921
(d) Other current assets	12	5,320	1,150
<b>TOTAL</b>		<b>222,573</b>	<b>38,290</b>

Significant Accounting Policies

2

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

The notes are an integral part of these financial statements.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Pavan Chauhan  
Director

Ritesh Hemrajani  
Director

Place : Gurgaon  
Date : May 03, 2012

Place : Delhi  
Date : May 03, 2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No	Year ended March 31, 2012	Year ended March 31, 2011
		₹'000	₹'000
I. Revenue from operations	15	40,699	14,040
II. Other Income	16	10,589	2,488
<b>III. Total Revenue (I + II)</b>		<b>51,288</b>	<b>16,528</b>
<b>IV. Expenses:</b>			
Changes in inventories of Stock-in-Trade	17	(189)	-
Employee Benefits Expense	18	46,278	24,685
Finance Costs	19	1,088	2,860
Depreciation and Amortisation	20	4,503	2,576
Advertising and Promotion cost	21	20,999	11,837
Administration and Other expenses	22	21,203	13,635
Network, Internet and Other direct charges	23	6,485	1,694
<b>Total Expenses</b>		<b>100,367</b>	<b>57,287</b>
<b>V. (Loss) before tax (III - IV)</b>		<b>(49,079)</b>	<b>(40,759)</b>
<b>VI. Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax	10	-	322
<b>VII. (Loss) for the year from continuing operations (V-VI)</b>		<b>(49,079)</b>	<b>(41,081)</b>
<b>VIII. (Loss) for the year (VII)</b>		<b>(49,079)</b>	<b>(41,081)</b>
<b>IX. Earnings per equity share: Nominal Value of Share ₹ 10/- (Previous Year ₹ 10/-)</b>	29		
(1) Basic		(2,035)	(2,090)
(2) Diluted		(2,035)	(2,090)

Significant Accounting Policies

2

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

The notes are an integral part of these financial statements.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Pavan Chauhan  
Director

Ritesh Hemrajani  
Director

Place : Gurgaon  
Date : May 03, 2012

Place : Delhi  
Date : May 03, 2012

## CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2012

Sr. No.	PARTICULARS	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
		₹'000	₹'000
<b>A.</b>	<b>Cash Flow From Operating Activities:</b>		
	Profit/(Loss) before tax	(49,079)	(40,759)
	<b>Adjustments for:</b>		
	Interest Income	(10,589)	(2,242)
	Depreciation and Amortisation	4,503	2,576
	Interest on debentures	781	-
	Liability no longer required written back	-	(244)
	Employee Stock Option Scheme Compensation Expense	38	47
	<b>Operating Profit /(Loss) before working capital changes</b>	<b>(54,346)</b>	<b>(40,622)</b>
	<b>Adjustments for changes in working capital:</b>		
	- (Increase)/Decrease in Loans and Advances and Other Current Assets	(5,022)	(869)
	- Increase/(Decrease) in Trade payables and other liabilities	28,733	10,093
	<b>Cash generated from operations</b>	<b>(30,635)</b>	<b>(31,398)</b>
	Direct Taxes (Paid) / Received	(1,125)	(224)
	<b>Net Cash used in Operating Activities</b>	<b>(31,760)</b>	<b>(31,622)</b>
<b>B.</b>	<b>Cash Flow From Investing Activities:</b>		
	Purchase of Fixed Assets	(11,821)	(3,726)
	Interest received	5,532	1,119
	<b>Net Cash used in Investing Activities</b>	<b>(6,289)</b>	<b>(2,607)</b>
<b>C.</b>	<b>Cash Flow From Financing Activities:</b>		
	Proceeds including securities premium from issue of equity shares	254,592	-
	Redemption (Conversion in to equity shares) of debentures	(50,000)	50,000
	Interest on debentures	(781)	-
	Loan given to ESOP trust	(16)	(7)
	<b>Net Cash from Financing Activities</b>	<b>203,795</b>	<b>49,993</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>165,746</b>	<b>15,764</b>
	<b>Opening balance of Cash and Cash Equivalents (April 01, 2011/April 01, 2010)</b>	<b>24,974</b>	<b>9,210</b>
	<b>Closing balance of Cash and Cash Equivalents</b>	<b>190,720</b>	<b>24,974</b>
	<b>Cash and cash equivalents comprise of:</b>		
	Cash in hand	-	-
	<b>Balance with Banks</b>		
	-in current accounts	<b>37,576</b>	<b>4,138</b>
	-in fixed deposits	<b>153,144</b>	<b>20,836</b>
	<b>Total</b>	<b>190,720</b>	<b>24,974</b>

**Notes:**

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard(AS) - 3 on Cash Flow Statements, prescribed under Companies (Accounting Standards) Rules 2006, as notified by the Central Government vide its notification dated December 7, 2006.

2. Figures in brackets indicate cash outflow.

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

For Price Waterhouse & Co.  
Firm Registration Number:050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number: 58507

Pavan Chauhan  
Director

Ritesh Hemrajani  
Director

Place : Gurgaon  
Date :

Place :- Delhi  
Date:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 1. General Information

Applect Learning Systems Private Limited (the Company) was incorporated on April 04, 2001 under the Companies Act, 1956 (the 'Act') and is engaged in the business of providing online education services.

### 2. Significant Accounting Policies

#### 2.1 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

#### 2.2 Fixed Assets

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

Intangible assets are stated at their cost of acquisition.

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

#### 2.3 Depreciation

Fixed assets are depreciated under written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

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

Assets costing less than or equal to ₹ 5,000 are fully depreciated in the year of acquisition.

#### 2.4 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 2.5 Revenue Recognition

The Company primarily earns revenue from online coaching services.

Revenue from online coaching is received in the form of subscription fee which is recognized over the period that coaching is imparted.

Revenue is shown net of service tax and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

#### 2.6 Employee Benefits

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

The Company has Defined Benefit plans namely leave encashment, compensated absence and gratuity for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year.

Termination benefits are recognized as an expense immediately.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****2.7 Leased Assets**

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

**2.8 Taxes on Income**

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

**2.9 Earnings Per Share (EPS)**

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

**2.10 Employee Stock Option Based Compensation**

Stock options granted to the employees who accepted the grant under the Company's Stock Option Plan are accounted in accordance with the Guidance Note on Accounting for Employee Share based payment issued by Institute of Chartered Accountants of India. The Company follows the intrinsic value method and accordingly, the excess, if any, of the fair value of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognized as employee compensation cost and amortized on straight line basis over the vesting period.

**2.11 Foreign Currency Transactions**

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

**2.12 Provisions and Contingencies**

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

**2.13 Interest Income**

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

**3. SHARE CAPITAL**

Particulars	As at March 31, 2012 (₹ '000 )	As at March 31, 2011 (₹ '000 )
<b>AUTHORIZED CAPITAL</b>		
247,000 Equity Shares of ₹10/- Each (Previous Year 250,000 Equity shares of ₹10 each)	2,470	2,500
30,000 Preference Shares of ₹1/- Each (Previous Year Nil)	30	-
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
Equity Shares 26,600 of ₹10/- Each (Previous Year 19,655 Equity shares of ₹10 Each)	266	197
0.1% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) 15,000 of ₹1/- Each (Previous Year Nil Preference Shares)	15	-
	<b>281</b>	<b>197</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at March 31, 2012 No of Shares	As at March 31, 2012 (₹ '000)	As at March 31, 2011 No of Shares	As at March 31, 2011 (₹ '000)
<b>Equity Shares</b>				
At the beginning of the period	19,655	197	19,655	197
Add: Issued during the period	6,945	69	-	-
Outstanding at the end of the period	<b>26,600</b>	<b>266</b>	<b>19,655</b>	<b>197</b>

Particulars	As at March 31, 2012 No of Shares	As at March 31, 2012 (₹ '000)	As at March 31, 2011 No of Shares	As at March 31, 2011 (₹ '000)
<b>Preference Shares</b>				
At the beginning of the period	-	-	-	-
Add: Issued during the period	15,000	15	-	-
Outstanding at the end of the period	<b>15,000</b>	<b>15</b>	<b>-</b>	<b>-</b>

## b. (1) Terms/Rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend if any declared is payable in Indian Rupees. The dividend if any proposed by the board of directors is subject to the approval of the shareholders in Annual General Meeting.

## b. (2) Terms/ Rights attached to preference shares

The company has only one class of 0.1% OCCRPS having a par value of ₹ 1 per share, each holder of preference shares is entitled to one vote per share only if any proposed resolution directly affects any rights or the interest of the holder including resolution for winding up or reduction of share capital. Each OCCRPS is entitled to a preferential dividend 0.1% per annum payable in Indian Rupees.

**Ranking:** The OCCRPS shall rank senior to all classes of Shares currently existing or established hereafter, with respect to distributions and shall rank pari passu with the Ordinary Shares in all other respects including voting rights and adjustments for any stock splits, bonuses, sub-division, recapitalization, issuance of bonus shares, non-cash dividends/ distributions to holders of Shares, reclassification, conversion, buyback, cancellation, consolidation or merger.

**Dividends :** (i) Each OCCRPS is entitled to a preferential dividend rate of 0.1% (Zero point one per cent.) per annum (the "Preferential Dividend"). The Preferential Dividend is cumulative and shall accrue from year to year, whether or not paid. All accrued dividends shall be paid in full (together with dividends accrued from prior years) prior and in preference to any dividend or distribution.

ii) Dividends due and payable on any other Shares of the Company will be subordinate to any dividend payable on the OCCRPS. Under no circumstances shall any amounts be paid or dividends declared on any Shares other than the OCCRPS, until all dividends and other amounts due and owing on the OCCRPS shall have been paid in full.

(iii) In addition, the OCCRPS shall fully participate with the Ordinary Shares in all dividends declared by the Company

## c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:-

Particulars	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08
Equity Shares allotted as fully paid bonus shares by capitalisation of securities premium	-	-	-	-	-
Equity Shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	-	-	-	-
Equity Shares bought back by the company	-	-	-	-	-
	-	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## d. Details of shareholders holding more than 5% shares in the company

Particulars	FY 2011-12		FY 2010-11	
	No of Shares	% Holding	No of Shares	% Holding
<b>Equity Shares of ₹ 10 each fully paid</b>				
Info Edge (India) Ltd.	13,210	49.66%	7,865	40.02%
ESOP - Applect	4,203	15.80%	2,673	13.60%
Ritesh Hemrajani	3,040	11.43%	3,040	15.47%
Pavan Chauhan	5,987	22.51%	5,987	30.46%
	<b>26,440</b>	<b>99.40%</b>	<b>19,565</b>	<b>99.54%</b>

Particulars	FY 2011-12		FY 2010-11	
	No of Shares	% Holding	No of Shares	% Holding
<b>Preference Shares of ₹1 each Fully Paid up</b>				
Info Edge (India) Ltd.	15,000	100.00%	-	-
	<b>15,000</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>

## e. Details of share held by Holding Company

Name of Holding company	FY 2011-12		FY 2010-11	
	No. of Shares	In %	No. of Shares	In %
<b>Equity Shares Of ₹ 10 each</b>				
Info Edge (India) Ltd.	13,210	49.66%	7,865	40.02%
	<b>13,210</b>	<b>49.66%</b>	<b>7,865</b>	<b>40.02%</b>

Name of Holding company	FY 2011-12		FY 2010-11	
	No. of Shares	In %	No. of Shares	In %
<b>Preference Shares of ₹1 each Fully Paid up</b>				
Info Edge (India) Ltd.	15,000	100.00%	-	-
	<b>15,000</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>

## f) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

i) 3372 Equity shares of ₹10 each (Face Value) at 15737.16 each (Security Premium) were issued on 4-Jul-2011 to debenture holders in settlement of their dues (₹50,000,000/- Convertible debenture and ₹3,099,424 /-Interest on debenture due, till date of conversion of debentures in to equity shares.)

## g). Terms of Securities convertible into Equity Shares

The 0.1% OCCRPS may be converted into Ordinary Shares at the option of the holder of the OCCRPS on the fourth anniversary of the date of issuance and allotment of the 0.1% OCCRPS. The number of Ordinary Shares issuable pursuant to the conversion of any 0.1% OCCRPS ("Conversion Ratio") shall be based on the following formula:

Subscription Amount paid for the 0.1% OCCRPS being converted / (Subscription Amount paid for the 0.1% OCCRPS being converted + Company Valuation)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 4. RESERVES AND SURPLUS

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2011 (₹ '000)
<b>Securities Premium Account</b>				
Opening Balance	65,664		65,664	
Add : Security premium credited on share issue	254,507	320,171	-	65,664
<b>General Reserve</b>				
Opening Balance	-		-	
Add: Statement of Profit and Loss	-		-	
<b>Stock Options Outstanding Account</b>				
Opening Balance	77		30	
Add: Transfer during the year	38	115	47	77
<b>Statement Of Profit and Loss</b>				
Opening Balance	(97,676)		(56,595)	
Add: Net Loss after tax transferred from Statement of Profit and Loss	(49,079)	(146,755)	(41,081)	(97,676)
		<b>173,531</b>		<b>(31,935)</b>

## 5. LONG TERM BORROWINGS

Particulars	Non-Current Portion		Current Maturities	
	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
<b>SECURED LOANS</b>				
6% optionally fully convertible Debentures of ₹50 lacs Each)	-	50,000	-	-
	-	<b>50,000</b>	-	-

## 6. PROVISIONS

Particulars	Long-Term		Short-Term	
	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
<b>Provision for Employee Benefits</b>				
Provision for Compensated Absence	87	-	4	46
Provision for Gratuity	814	-	10	488
<b>Other Provisions</b>				
Provision for Income Tax	-	-	1,394	1,394
Bonus	-	-	287	125
	<b>901</b>	-	<b>1,695</b>	<b>2,053</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 7. TRADE PAYABLES

Particulars	Long-Term		Short-Term	
	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Trade Payables				
- total outstanding dues of micro, small and medium enterprises	-	-	-	-
- total outstanding dues of creditors other than micro, small and medium enterprises	-	-	11,944	2,589
	-	-	<b>11,944</b>	<b>2,589</b>

Based on information available with the Company, there are no dues to micro, small and medium enterprises, as defined in Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2012.

## 8. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Interest accrued and due on borrowings	-	2,397
Income received in advance (Deferred Sales Revenue)	26,030	9,722
Unpaid Application Money due for refund	*	-
<b>Others</b>		
Salary & Reimbursements	4,963	2,087
Expenses Payable	1,660	597
TDS	1,106	511
Service Tax Payable	173	-
Others	109	-
EPF - Employee Contribution	156	63
ESIC - Employee Contribution	24	9
	<b>34,221</b>	<b>15,386</b>

\* Amount is below the rounding off norm adopted by the company

## 9. Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2011	Additions During The Year	Deletions/ Write off during the year	As at March 31, 2012	Up to April 1, 2011	Depreciation/ Amortisation for the year	Accumulated Depreciation on Deletions	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>Own Assets</b>										
<b>Tangible Assets</b>										
Leasehold improvement	3,367	1,836	-	5,203	1,805	513	-	2,318	2,885	1,562
Plant & Machinery	915	172	-	1,087	249	103	-	352	735	666
Furniture and Fixtures	541	628	-	1,169	494	607	-	1,101	68	47
Office Equipment	867	1,277	-	2,144	483	457	-	940	1,204	384
Computers	4,200	5,832	-	10,032	2,417	1,881	-	4,298	5,734	1,783
	<b>9,890</b>	<b>9,745</b>	-	<b>19,635</b>	<b>5,448</b>	<b>3,561</b>	-	<b>9,009</b>	<b>10,626</b>	<b>4,442</b>
<b>Intangible Assets</b>										
<b>Own Assets (Acquired)</b>										
Computer software	1,780	2,076	-	3,856	597	942	-	1,539	2,317	1,183
	<b>1,780</b>	<b>2,076</b>	-	<b>3,856</b>	<b>597</b>	<b>942</b>	-	<b>1,539</b>	<b>2,317</b>	<b>1,183</b>
<b>Total</b>	<b>11,670</b>	<b>11,821</b>	-	<b>23,491</b>	<b>6,045</b>	<b>4,503</b>	-	<b>10,548</b>	<b>12,943</b>	<b>5,625</b>
<b>Previous Year</b>	<b>7,944</b>	<b>3,726</b>	-	<b>11,670</b>	<b>3,469</b>	<b>2,576</b>	-	<b>6,045</b>	<b>5,625</b>	<b>4,476</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 10. DEFERRED TAX ASSET/ (LIABILITY)

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Deferred Tax Asset / (Liability)		
- Opening Balance	-	322
- Adjustment for the current year	-	(322)
	-	-

## 11. LOANS &amp; ADVANCES

Particulars	Long-Term		Short-Term	
	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
(Unsecured, considered good)				
Security Deposits	4,349	1,430	-	-
<b>Others</b>				
Staff Advance	-	-	52	5
Balance with Service Tax Authorities	-	-	896	866
Advance recoverable from ESOP Trust	206	190	-	-
Advance recoverable in cash or in kind or for value to be received	-	-	2,840	1,004
Advance Tax	-	-	4,165	3,040
Advance Tax - Fringe Benefits	-	-	6	6
	<b>4,555</b>	<b>1,620</b>	<b>7,959</b>	<b>4,921</b>

## 12. OTHER NON CURRENT/ CURRENT ASSETS

Particulars	Non-Current		Current	
	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
(Unsecured Considered Good)				
Non Current portion of Fixed Deposits transferred from Cash & Bank Balances	20,499	-	-	-
Interest Accrued on Fixed Deposits	887	-	5,320	1,150
	<b>21,386</b>	<b>-</b>	<b>5,320</b>	<b>1,150</b>

## 13. Inventories

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Stock In Trade (At Cost) Books ( 590 books @ 320/-)	189	-
	<b>189</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 14. CASH AND BANK BALANCES

Particulars	Non-Current		Current	
	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
<b>Cash &amp; Cash Equivalents</b>				
<b>Balances with Banks:</b>				
-In current Accounts	-	-	37,576	4,138
-in Fixed Deposit Accounts with original maturity of less than 3 months	-	-	25,000	20,600
-in Fixed Deposit Accounts with original maturity for more than 12 months	20,499	-	-	-
Non Current portion transferred to non current assets	(20,499)	-	-	-
<b>Other Bank Balances</b>				
Balances in Fixed Deposit Accounts with original maturity for more than 3 months but less than 12 months	-	-	107,645	236
	-	-	<b>170,221</b>	<b>24,974</b>

## 15. REVENUE FROM OPERATIONS

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Sale of Services	40,699	14,040
	<b>40,699</b>	<b>14,040</b>

## 16. OTHER INCOME

Particulars	Long Term		Short Term	
	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Interest Received/ Receivable on fixed deposits with banks	986	-	9,603	2,242
Other non-operating income	-	-	-	2
Sundry Balance W/back	-	-	-	244
	<b>986</b>	<b>-</b>	<b>9,603</b>	<b>2,488</b>

## 17. INCREASE/ (DECREASE) IN INVENTORIES

(Amount in ₹ '000)

Opening Balance of Inventories	-
Closing Balance of Inventories	189
Increase/ (Decrease) In Inventories	189

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 18. EMPLOYEE BENEFITS EXPENSE

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Salary & Other Allowances	31,103	16,890
Bonus	1,017	413
House Rent Allowance	8,200	4,495
Gratuity	394	-
Leave Encashment	137	36
ESI Employer Contribution	523	199
Contribution to Provident Fund	1,449	732
Staff Welfare Expenses	3,455	1,920
	<b>46,278</b>	<b>24,685</b>

## 19. FINANCE COSTS

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Interest on long term borrowings	781	2,663
Others	307	197
	<b>1,088</b>	<b>2,860</b>

## 20. DEPRECIATION AND AMORTIZATION

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Depreciation of Tangible Assets	3,561	2,073
Amortisation of Intangible Assets	942	503
	<b>4,503</b>	<b>2,576</b>

## 21. ADVERTISING AND PROMOTION COST

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Advertisement Expenses	20,871	11,803
Promotion & Marketing Expenses	128	34
	<b>20,999</b>	<b>11,837</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 22. ADMINISTRATION AND OTHER EXPENSES

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Books & Periodicals	29	29
Communication Expenses	2,707	1,002
Domain Name Expenses	43	12
Electricity & Water Expenses	1,209	622
Foreign Exchange Variation	129	36
Fee & Subscription	110	80
Import Services Expenses	-	175
Insurance Expenses	13	10
Commission	964	-
Legal and Professional Charges	1,288	2,188
Miscellaneous Expenses	25	9
Office Expenses	697	245
Postage & Courier	675	465
Printed Educational Material	1,831	2,975
Printing & Stationery	207	203
Rates & Taxes	5	12
Recruitment & Training Expenses	2,280	287
Rent	5,396	3,447
Repairs and Maintenance -Others	1,562	788
Payment to Auditors	-	-
As Auditor:-	-	-
Statutory Audit Fee	200	200
Tax Audit Fee	50	50
Out Of Pocket Expenses	11	15
Transaction Charges	1,294	429
Travel & Conveyance	270	281
Web Development Expenses	208	75
	<b>21,203</b>	<b>13,635</b>

## 23. NETWORK, INTERNET AND OTHER DIRECT CHARGES

Particulars	As at March 31, 2012 (₹ '000)	As at March 31, 2011 (₹ '000)
Server Charges	6,130	1,479
Broadband & Internet Expense	355	215
	<b>6,485</b>	<b>1,694</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

**24. Operating Leases where the company is a lessee:**

The company has entered into lease transaction mainly for leasing of office premise for a period of 2 to 5 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognized in the Statement Profit and Loss amount to ₹ 5,388 thousand (Previous Period ₹3,447 thousand ) included in Note 22 – Administration and Other Expenses.

**Operating Lease Where The Company Is Lessee:**

<b>Lease Liabilities- minimum lease payments:</b>	<b>As at March 31, 2012 (₹ '000)</b>	<b>As at March 31, 2011 (₹ '000)</b>
Lease payment recognised in Statement Of Profit and Loss	<b>5,388</b>	<b>3,447</b>
<b>Total of future minimum lease payments under non - cancellable operating lease</b>		
Not later than 1 year	12,180	4,976
Later than 1 year and not later than 5 years	47,719	6,550
<b>Total minimum lease payments</b>	<b>59,899</b>	<b>11,526</b>

**25. Expenditure in Foreign Currency**

Amount in ₹'000

<b>Particulars</b>	<b>Year Ended March 31, 2012</b>	<b>Year Ended March 31, 2011</b>
Server Hire Charges	4,905	-
Others	447	-
<b>Total</b>	<b>5,352</b>	

**26. Earnings in Foreign Exchange**

<b>Particulars</b>	<b>Year Ended March 31, 2012</b>	<b>Year Ended March 31, 2011</b>
Sales	Nil	Nil
Total	-	-

**27. Contingent Liabilities**

Claims against the Company not acknowledged as debts

<b>Particulars</b>	<b>As at March 31, 2012 (₹ '000)</b>	<b>As at March 31, 2011 (₹ '000)</b>
Income Tax Matters	1,225	1,225
	<b>1,225</b>	<b>1,225</b>

It is not practicable for the company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the proceeding.

**28. Auditor's Remuneration**

Amount in ₹'000

<b>Particulars</b>	<b>Year Ended March 31, 2012</b>	<b>Year Ended March 31, 2011</b>
As Auditors	200	200
As Tax Auditors	50	50
Out of Pocket Expenses	11	15
<b>Total</b>	<b>261</b>	<b>265</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Loss attributable to Equity Shareholders (₹ '000)	(49,079)	(41,081)
Weighted average number of Equity Shares outstanding during the year (Nos.)	24,116	19,655
Basic & Diluted Earnings Per Equity Share of ₹10 each (₹)	(2,035)	(2,090)

## 30 (1) Related Party Disclosures

## A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2012:

**Holding Company**

Info Edge (India) Limited (IEIL)

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

Mr. Ritesh Hemrajani (Director)

Mr. Pavan Chauhan (Director)

Mr. Sudhir Bhargava (Director)

## B) Details of transactions with related party for the year ended March 31, 2012 in the ordinary course of business:

Amount (₹'000)

Sr. No	Nature of relationship / transaction	Holding Company	KMP	Total
1	Amount received towards shares subscription (Including Share Premium)	200,000	-	200,000
2	Amount paid towards Resdex Premium services of Naukri.com	126	-	126
3	Amount of Interest on 6% Debenture payable during the year	781	-	781
4	6% debentures of ₹.50,000,000 and interest of ₹ 3,099,424 due till date of conversion, converted in to 3372 Equity Shares of ₹ 10 each issued at a premium of ₹ 15737.16 per share.	53,099	-	53,099
5	Amount given to Mr. Ritesh Hemrajani as Advance for business purpose	-	100	100

## C) Amount due to/from related parties as at March 31, 2012

Sr. No	Nature of relationship / transaction	Holding Company	KMP	Total
1	<b>Debit balances</b>			
	Outstanding Advances/Receivables	-	100	100
	Maximum amount outstanding during the year	-	100	100
1	<b>Credit balances</b>			
	Outstanding Payable			
	Maximum amount outstanding during the year	200,140	-	200,140

1. Loan given to Applect Employees Stock Option Plan Trust during the year ₹ 16 thousand

2. Amount due from Applect Employees Stock Option Plan Trust as on March 31, 2012 is ₹ 206 thousand

3. The directors do not take any remuneration.

## 30 (2) Related Party Disclosures

## A) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard – 18 specified in Companies (Accounting Standard) Rules, 2006 and where control exists for the year ended March 31, 2011:

**Holding Company**

Info Edge (India) Limited (IEIL)

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

Mr. Ritesh Hemrajani (Director)

Mr. Pavan Chauhan (Director)

Mr. Sudhir Bhargava (Director)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

Amount (₹ '000)

Sr. No	Nature of relationship / transaction	Holding Company	KMP & Relatives	Total
1	Amount received towards issue of 6% optionally Fully Convertible debentures.	50,000	-	50,000
2	Amount paid towards Resdex Premium services of Naukri.com	82	-	82
3	6% Debenture interest payable (Gross of TDS)	2,663	-	2,663
4	Amount given to Mr. Ritesh Hemrajani as advance for business purpose.	-	50	50
5	Amount received from Mr. Ritesh Hemrajani as repayment of advance for business purpose.	-	50	50

1. Loan given to Applect Employees Stock Option Plan Trust during the year ₹ 7 thousand
2. Amount due from Applect Employees Stock Option Plan Trust as on March 31, 2011 is ₹ 190 thousand
3. The directors do not take any remuneration.

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

Sr. No	Nature of relationship / transaction	Holding Company	KMP	Total
1	<b>Debit balances</b> Outstanding Advances/Receivables Maximum amount outstanding during the year	-	50	50
1	<b>Credit balances</b> Outstanding Payable Maximum amount outstanding during the year	50,082	-	50,082

## 31. Employee Stock Option Scheme 2009 (ESOP)

The board vide its resolution dated 29-Dec-09 approved ESOP 2009 for granting Employee Stock Options in form of equity shares linked to the completion of a minimum period of continued employment to the eligible employees of the company, monitored and supervised by the compensation Committee of the Board of Directors

The employees can purchase equity shares by exercising the options as vested at the price specified in the grant.

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

Particulars	2011-12		2010-11	
	Number	Weighted Average Exercise Price (₹)	Number	Weighted Average Exercise Price (₹)
Options outstanding at beginning of year	745	10	1,138	10
<b>Add:</b>				
Options granted	-	-	-	-
<b>Less:</b>				
Options exercised	-	-	-	-
Options forfeited	-	-	393	10
Options outstanding at the end of year	745	10	745	10
Option exercisable at the end of year	745	10	745	10

In accordance with the above mentioned ESOP Scheme, ₹38 thousand (Previous Year ₹47 thousand) has been charged to the Statement of Profit and Loss in relation to the options vested during the year ended March 31, 2012 as Employee Stock Option Scheme Compensation.

2. (A) - In respect of options vested during the year, had the fair value method been used, the loss for the year would be higher by ₹ 1 thousand (Previous year ₹ .8 thousand ) and the EPS would be ₹ -2035.16 (Previous year ₹ -2090.16).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(B) - The fair value of each option is estimated on the date of grant using the Black Scholes model with the below listed assumptions:

ESOP Plan 2009	2011-12	2010-11
Weighted average fair value of the options at the grant dates	155.82	155.82
Volatility	0.00%	0.00%
Risk free rate	6.53%	6.53%
Expected volatility	0.00%	0.00%

32. The Company is in the business of internet based service delivery which constitute a single business segment, therefore there is no reportable segment as per the requirements of Accounting Standards – 17 on “Segment Reporting” prescribed under Companies (Accounting Standards) Rules, 2006 as notified by the Central Government vide its notification dated December 7, 2006.

### 33. Employee Benefits

The Company has classified the various benefits provided to employees as under (Amount ₹' 000):

#### A. Defined Contribution Plans

##### a) Provident Fund

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss –

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Employers' Contribution to Provident Fund*	1,449	646

\*Included in the employee benefit expenses refer note 18

#### B. State Plans

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

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss –

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Employers' Contribution to Employee State Insurance *	523	199

\*Included in the employee benefit expenses refer note 18

#### C. Defined Benefit Plans

##### a) Gratuity payable to employees

##### b) Leave Encashment/ Compensated Absences for Employees

Particulars	Leave Encashment/Compensated Absences	
	FY 2011-12	FY 2010-11
Discount Rate (per annum)	8.50%	8.00%
Rate of increase in Compensation levels (Per Annum)	5.50%	5%

Particulars	Employee's Gratuity Fund	
	FY 2011-12	FY 2010-11
Discount Rate (per annum)	8.50%	8.00%
Rate of increase in Compensation levels	5.50%	5%
Expected Average remaining working lives of employees (years)	32.27	31.51

(A) Changes in the Present Value of Obligation	Employee's Gratuity Fund	Employee's Gratuity Fund	Leave Encashment	Leave Encashment
	FY 2011-12	FY 2010-11	FY 2011-12	FY 2010-11
<b>Present Value of Obligation at the beginning of the year</b>	<b>488</b>	<b>301</b>	<b>46</b>	<b>58</b>
Interest Cost	42	24	4	5
Past Service Cost	Nil	Nil	Nil	Nil
Current Service Cost	334	185	28	16
Curtailment Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Benefits paid	(58)	Nil	(92)	(48)
Actuarial (gain)/ loss on obligations	18	(22)	105	15
<b>Present Value of Obligation at the end of the year*</b>	<b>824</b>	<b>488</b>	<b>91</b>	<b>46</b>

\*Included in the provision for employee benefits refer note 6

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

<b>(B) Assets and Liabilities recognized in the balance sheet :</b>	<b>Employee's Gratuity Fund</b>	<b>Employee's Gratuity Fund</b>	<b>Leave Encashment</b>	<b>Leave Encashment</b>
	<b>FY 2011-12</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2010-11</b>
Present value of unfunded Obligation as at March 31, 2012	824	488	91	46
Unrecognized Actuarial (gains)/losses				
<b>Unfunded Net Asset / (Liability) Recognized in Balance Sheet</b>	<b>824</b>	<b>488</b>	<b>91</b>	<b>46</b>

<b>(C) Expense recognized in the Profit and Loss Statement</b>	<b>Employee's Gratuity Fund</b>	<b>Employee's Gratuity Fund</b>	<b>Leave Encashment</b>	<b>Leave Encashment</b>
	<b>FY 2011-12</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2010-11</b>
<b>Current Service Cost</b>	334	185	28	16
Past Service Cost	Nil	Nil	Nil	Nil
Interest Cost	42	24	4	5
Expected Return on Plan Assets	Nil	Nil		
Actuarial (gain) / loss on Obligations	18	(22)	105	15
<b>Settlement Cost / (Credit)</b>	Nil	Nil		
<b>Total Expenses recognized in the Statement Profit and Loss*</b>	<b>394</b>	<b>187</b>	<b>137</b>	<b>36</b>
*Included in the employee benefit expenses refer note 18				

<b>(D) Expected Contribution to the fund in the next year</b>	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>
	<b>(₹ '000)</b>	<b>(₹ '000)</b>
Gratuity	793	339
Leave Encashment	41	22

34. The Company's business activities, together with the factors likely to affect its future development and performance along with the financial position of the Company and its projected cash flows have been reviewed by the Board of Directors and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, although the net worth has significantly eroded as at the year-end. Thus the Company has continued to adopt the going concern basis of accounting in preparing the financial statements

35. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For Price Waterhouse & Co.  
Firm Registration Number: 050032S  
Chartered Accountants

For and on behalf of the Board of Directors

Amitesh Dutta  
Partner  
Membership Number 58507

Pavan Chauhan  
Director

Ritesh Hemrajani  
Director

Place : Gurgaon  
Date : May 03, 2012

Place: Delhi  
Date: May 03, 2012





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zomato.com



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99labels.com

lifestyle shopping



policybazaar.com

insurance aggregator



# INFO EDGE

INFO EDGE (INDIA) LIMITED

## REGISTERED OFFICE

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Nehru Place, New Delhi-110 019 India

## CORPORATE OFFICE

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

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India's No. 1 Job Site

 **Jeevansathi.com**  
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Info Edge is an environment-conscious corporate citizen. This annual report is printed on environment friendly paper