



INFO EDGE (INDIA) LIMITED

(The Company was incorporated on May 1, 1995 as a private limited company under the Companies Act, 1956. For details of changes in name and registered office, please refer to section titled "History and Certain Corporate Matters" beginning on page 66 of this Red Herring Prospectus)

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PUBLIC ISSUE OF 5,323,851 EQUITY SHARES OF RS.10 EACH BY INFO EDGE (INDIA) LIMITED ("INFO EDGE" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PREMIUM OF Rs. [●] PER EQUITY SHARE AND AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] MILLION (THE "ISSUE"). THE ISSUE COMPRISES OF A NET ISSUE TO THE PUBLIC OF 4,791,466 EQUITY SHARES (THE "NET ISSUE") AND A RESERVATION OF 532,385 EQUITY SHARES FOR SUBSCRIPTION BY EMPLOYEES OF THE COMPANY (THE "EMPLOYEE RESERVATION PORTION") AT THE ISSUE PRICE. THE ISSUE SHALL CONSTITUTE 19.50% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY.

PRICE BAND RS. 290 TO 320 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH

THE ISSUE PRICE IS 29 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 32 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional working days after such revision, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange ("BSE") and the National Stock Exchange ("NSE") by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 532,385 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Issue Price. We have not opted for the grading of the Issue.

RISKS IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [●] times the face value of the Equity Shares. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares issued by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page xii of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated July 28, 2006 and August 1, 2006, respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

BOOK RUNNING LEAD MANAGERS ("BRLMs")		REGISTRAR TO THE ISSUE
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020, India Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: infoedge_ipo@isecld.com Website: www.icicisecurities.com Contact Person: Mr. Ratnadeep Acharyya	Citigroup Global Markets India Private Limited 4 th Floor, Bakhtawar 229 Nariman Point Mumbai 400 021, India Tel: +91 22 6631 9999 / +91 1800 2299 96 Fax: +91 22 6631 9803 Email: infoedge_ipo@citigroup.com Website: www.citibank.co.in Contact Person: Mr. Pankaj Jain	Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400 078, India Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 Email: infoedge@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Vishwas Attawar

BID/ISSUE PROGRAM

BID/ISSUE OPENS ON:	October 30, 2006	BID/ISSUE CLOSES ON:	November 2, 2006
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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“Info Edge (India) Limited”, the “Company” or “Our Company”, the “Issuer” or “Info Edge”	Info Edge (India) Limited, a public limited company incorporated under the Companies Act, with its registered office at A-6 Swasthya Vihar, New Delhi 110 092, India.
“we” or “us” or “our”	Unless the context otherwise requires, Info Edge (India) Limited, together with its subsidiaries as described in this Red Herring Prospectus.
Subsidiaries	Naukri Internet Services Private Limited and Jeevansathi Internet Services Private Limited.

Issue Related Terms

Term	Description
Allotment or Allotted	Unless the context otherwise requires, the allotment/transfer of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom Equity Shares are issued/allotted.
Articles/ Articles of Association	Articles of association of our Company, as amended from time to time.
Auditors	The statutory auditors of our company being Price Waterhouse, Chartered Accountants.
Banker to the Issue	ICICI Bank Limited.
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to the Company’s Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper.
Bid/Issue Opening Date	The date on which the Syndicate Member shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper and Hindi national newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/purchase the Equity Shares and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.

Term	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof.
Board of Directors/Board	The board of directors of the Company or a committee constituted thereof.
Book Building Process	The book building process as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Citigroup Global Markets India Private Limited and ICICI Securities Limited.
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Companies Act	The Companies Act, 1956, as amended from time to time.
Consolidated Financial Statements	Audited consolidated financial statements of the Company as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as of and for the three months ended June 30, 2006.
Cut-off Price	Any price within the Price Band finalized by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Bank transfers the funds from the Escrow Account to the Issue Account, after the Prospectus is filed with the RoC, following which the Board allots Equity Shares to successful Bidders.
Designated Stock Exchange	BSE.
Director(s)	The director(s) of the Company unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated May 24, 2006 issued in accordance with Section 60B of the Companies Act and the SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. Upon filing with the RoC at least three days before the Bid/Issue Opening Date it is termed as the Red Herring Prospectus. It is termed the Prospectus upon filing with RoC after the Pricing Date.

Term	Description
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an offer to sell and an invitation to subscribe to the Equity Shares offered thereby.
Employee	A permanent employee or a Director (whole-time Director, part-time Director or otherwise) of the Company, who is, as on the date of the submission of the Bid cum Application Form, an Indian National and is based in India, excluding any Promoter or member of the Promoter group. The permanent employees should be on the payroll of the Company as of September 1, 2006 and the Directors should be Directors on the date of this Red Herring Prospectus. The Employee(s) may also be referred to as “Bidder(s) in the Employee Reservation Portion” in this Prospectus.
Employee Reservation Portion	The portion of the Issue being 532,385 Equity Shares available for allocation to Employees.
Equity Shares	Equity shares of the Company of face value of Rs.10 each, unless otherwise specified in the context thereof.
Escrow Account	Account(s) opened with an Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	The agreement dated [●] 2006, entered into among the Company, the Registrar, the Escrow Collection Bank(s), and the BRLMs and the Syndicate Member for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank	The bank, which is a clearing member and registered with SEBI as Banker to the Issue at which the Escrow Account will be opened, in this Issue is ICICI Bank Limited.
FIIs	Foreign Institutional Investors, as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, from time to time.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time.
FY or Fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
GIR Number	General Index Registry Number.
Issue	Public issue of up to 5,323,851 Equity Shares in terms of the Red Herring Prospectus.

Term	Description
Issue Price	The final price at which Equity Shares will be allotted in the Issue, as determined by the Company in consultation with the BRLMs, on the Pricing Date.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Indian GAAP	Generally accepted accounting principles in India.
Indian National	As used in the context of the Employee Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended from time to time, who is not an NRI.
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be 10% or 100% of the Bid Amount, as applicable.
Memorandum/Memorandum of Association	The memorandum of association of the Company, as amended from time to time.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
NEFT	National Electronic Funds Transfer.
Net Issue	The Issue of Equity Shares less Equity Shares included in the Employee Reservation Portion, aggregating 4,791,466 Equity Shares.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs.100,000.
Non Institutional Portion	The portion of the Net Issue being up to 479,146 Equity Shares available for allocation to Non Institutional Bidders.
Non-Residents	A person resident outside India, as defined under FEMA.
NRI/Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
Pay-in Date	The Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	(1) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid Closing Date, and

Term	Description
	(2) With respect to QIBs, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Price Band	The price band with a minimum price (Floor Price) of Rs. 290 per Equity Share and the maximum price of Rs. 320 per Equity Share (Cap Price), including any revision thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price.
Promoters	Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi and Mr. Ambarish Raghuvanshi.
Prospectus	The prospectus, filed with the RoC after pricing containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Banker to the Issue to receive money from the Escrow Account for the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with a minimum corpus of Rs.250 million.
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Net Issue being at least 2,874,880 Equity Shares available for allocation to QIBs.
Refund Account	Account opened with an Escrow Collection Bank from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registered Office	The registered office of the Company at A-6, Swasthya Vihar, New Delhi – 110092, India.
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their “karta”) who have bid for Equity Shares of an amount less than or equal to Rs.100,000 in any bidding option in the Issue.
Retail Portion	The portion of the Net Issue being up to 1,437,440 Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring	The Red Herring Prospectus dated October 5, 2006 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars

Term	Description
Prospectus	of the price at which the Equity Shares are offered and the size of the Issue including any addendum or corrigendum thereof. The Red Herring Prospectus has been filed with the RoC at least three days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
RoC	Registrar of Companies, N.C.T. of Delhi and Haryana, located at New Delhi.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.
SEBI MAPIN Regulations	The SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
Stock Exchanges	NSE and BSE.
Syndicate or members of the Syndicate	The BRLMs and the Syndicate Member.
Syndicate Agreement	The agreement dated [●] 2006, entered into among the Company and the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	ICICI Brokerage Services Limited.
TRS or Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
Trademarks Act	The Trademarks Act, 1999.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	The BRLMs and the Syndicate Member.
Underwriting Agreement	The agreement among the Underwriters and the Company dated [●] 2006.
VCFs	Venture Capital Fund as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.

Industry/Company Related Terms

Term	Description
BPO	Business Process Outsourcing
IT	Information Technology
ITES	Information Technology Enabled Services
NASSCOM	National Association of Software and Service Companies
PC	Personal Computer
R&D	Research and Development
TAM AdEx India	Television Audience Measurement – Division Adex India
VC	Venture Capital
MNC	Multi National Corporations
Corporate Customers	Employers and Recruitment Consultants
WAP	Wireless Application Protocol
GPRS	General Packet Radio Service
SMS	Short Message Service

Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	The Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CII	Confederation of Indian Industry
CSO	Central Statistical Organization
Citigroup	Citigroup Global Markets India Private Limited
CMIE	Centre for Monitoring Indian Economy Private Limited
ECS	Electronic Clearance System
EGM	Extraordinary general meeting

Abbreviation	Full Form
EPS	Earnings per share
ESOP 2003	Info Edge employee stock option scheme approved by Board of Directors vide resolution dated February 28, 2003
ESOP Trust	Info Edge Employees Stock Option Plan Trust
FCNR Account	Foreign Currency Non-Resident Account
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FIPB	Foreign Investment Promotion Board
FY	Fiscal year
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
I-SEC	ICICI Securities Limited
IAMAI	Internet and Mobile Association of India
IESC	Indian Financial Systems Code
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IPO	Initial Public Offering
Income Tax Act	Income Tax Act, 1961, as amended from time to time
IT Act	Information Technology Act, 2000
Murugan Capital	Murugan Capital a company incorporated in the Republic of Mauritius. Murugan Capital is a 100% owned subsidiary of Kleiner Perkins Caufield & Byers Holdings Inc., a private equity investor based in the U.S.A
NAV	Net Asset Value
NCT	National Capital Territory
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio

Abbreviation	Full Form
PAN	Permanent Account Number
PAT	Profit after Tax
PBT	Profit before Tax
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
UIN	Unique Identification Number
U.S.A.	United States of America
VC fund	Venture Capital Fund
SAARC	South Asian Association for Regional Cooperation
Sherpalo Mauritius	Sherpalo Mauritius LLC a company incorporated in the Republic of Mauritius.

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from the consolidated financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as of and for the three months ended June 30, 2006, prepared in accordance with Indian GAAP, and included in this Red Herring Prospectus. Unless indicated otherwise, the operational data in this Red Herring Prospectus is presented on a consolidated basis. In accordance with SEBI requirements, we have also presented in this Red Herring Prospectus, the consolidated financial statements and the unconsolidated financial statements of the Company as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as of and for the three months ended June 30, 2006, restated in accordance with applicable SEBI Guidelines and the Companies Act.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices and Indian GAAP on the financial statements presented in this Red Herring Prospectus should accordingly be limited.

Market Data

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent source.

In particular, we have sourced data relating to web traffic for our websites and for the websites of our competitors from Comscore.com ("Comscore") and Alexa.com ("Alexa"). Comscore and Alexa collect information on web usage and provide statistics on website traffic as well as related link information. With respect to Comscore data, we understand that they are estimates based on Comscore's sample of users, which are then projected up to the total universe. Total minutes is derived by adding up all the minutes spent on a site by Comscore panelists and then projecting them up to the total duration for Comscore universe estimates. Average minutes per user is derived by taking total minutes divided by unique visitors. With respect to Alexa data, we understand that Alexa records traffic to various websites only from those computers which have downloaded the toolbars of Alexa.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions.

Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, growth and expansion plans and technological initiatives;
- Our ability to respond to technological changes;
- Changes in laws and regulations relating to the industry in which we operate;
- Our ability to retain management team and skilled personnel;
- Our ability to successfully launch new services;
- Any adverse outcome in legal proceedings in which we are involved;
- Potential mergers, acquisitions or restructurings;
- Changes in monetary and/or fiscal policies of the Government of India, inflation, deflation, foreign exchange rates, unanticipated turbulence in interest rates;
- Occurrence of natural disasters or calamities affecting the areas in which we have operations; and
- Changes in political and social conditions in India.

For further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion of Financial Condition and Results of Operations” beginning on pages xii, 47, and 190, respectively, of this Red Herring Prospectus.

Neither we, our Directors and officers, any Underwriter, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the BRLMs will ensure that investors in India are informed of material developments until such time as the listing and commencement of trading on the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION II – RISK FACTORS

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 47 and 190 of this Red Herring Prospectus as well as other information contained in this Red Herring Prospectus. If any of the following risks or any of the other risks and uncertainties discussed in this Red Herring Prospectus actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Internal Risk Factors

1. We face significant competition in our business from Indian and international companies, and we may be unsuccessful in competing against current and future competitors, which could have an adverse impact on the pricing of our services as well as increase the costs associated with growing our customer base.

The online classified industry in India is highly competitive, and we expect that the competition in this industry will continue to increase. The key competitors for Naukri.com and Quadrangle are Monsterindia.com, Jobsahead.com, and Timesjobs.com. Similarly, in the case of Jeevansathi.com, the key competitors are Shaadi.com and Bharatmatrimony.com, and the more traditional brick and mortar companies offering marriage bureau and match making services. 99acres.com faces competition from the print media and some other internet-based service providers. The content of our database is provided by our customers and other users who are not bound by any exclusivity with us and are therefore not prohibited from providing the same content to our competitors. Further, we do not have any exclusive arrangement with our Corporate Customers. Thus, our customers have the option of choosing any competitor providing similar services. We compete indirectly with internet portals in India, such as Yahoo! and Google. Furthermore, our competitors include traditional media, such as magazines, newspapers, printed yellow pages as well as radio, television, and traditional advertising, recruiting, matrimonial agencies and real estate brokers. Since the barriers to entry for internet-related businesses are relatively low, the traditional providers of classifieds in India and other new entrants may enter the online classified industry and compete against us. If we are not able to compete effectively with existing or future competitors, our business and financial condition could be adversely affected.

Many of our competitors have longer operating histories and significantly greater financial resources than we do. The management of some of these competitors may have more experience in implementing their business plan and strategy and may be more successful in increasing the number of users on their websites, as well as increasing the revenues generated from their internet operations. We expect that our costs related to marketing and human resources will increase as our competitors undertake marketing campaigns to enhance their brand name and increase the volume of business conducted through their websites. We expect many of our competitors to expend financial and other resources to improve their network and system infrastructure, including website design, to compete more aggressively. Our inability to adequately address these and other competitive pressures will likely have a negative impact on the level of fees we can charge for our services, including fees for our advertising services, as well as increase the costs associated with growing our customer base, which is likely to have a material adverse effect on our business, prospects, financial condition and results of operations.

Our market share and internet traffic data are derived from third party sources which track internet traffic. From the inception of our business, our market share and internet traffic data have fluctuated from time to time.

2. We continue to explore the diversification of our business and the implementation of new models, products and services. These diversification and our other strategic initiatives may not be successful, which may adversely affect our business and results of operations.

In order to achieve our goal of being an online provider of a wide range of classified services, we are constantly evaluating the possibilities of expanding our business through acquisitions and/or starting new services. We have recently launched 99acres.com for online advertising of real estate. We are also in the process of

expanding our delivery model to include delivery using mobile telephony. We are also exploring the possibilities of expanding our business outside of India, into South Asia and Western Asia.

Our key strategic initiatives, which include our diversification plans, are:

- Maintain continued emphasis on innovation and customization of our products and services;
- Pursue enhancement and diversification of our advertising revenue streams;
- Further strengthen our brand recall;
- Capture a greater percentage of our Corporate Customers' recruitment budgets;
- Develop alternate delivery models for our services;
- Expand the scope and geographical presence of our business;
- Pursue growth through a combination of acquisitions and organic growth;
- Leverage offline relationships and associations to augment the growth of our online businesses; and
- Seek diversification, including providing online classified services in new market segments.

Although we believe that there are synergies between our current business and our expansion plans, we do not have any experience or expertise in these new areas. These new businesses and modes of delivery and the implementation of our strategic initiatives may pose significant challenges to our administrative, financial and operational resources, and additional risks, including some of which we are not aware of. The early stages and evolving nature of some of our businesses also make it difficult to predict competition and consumer demand therein. Expansion into international markets such as South Asia and West Asia is important to our long term success, and our lack of experience and expertise in the operation of our business outside India increase the risk that our international expansion efforts and operations will not be successful. Our strategic initiatives require capital and other resources, as well as management attention, which could place a burden on our resources and abilities. In addition, we cannot assure you that we will be successful in implementing any or all of our key strategic initiatives. No assurance can be given that we will be able to anticipate and address changes in the recruitment market or the matrimonial market so that we can maintain and improve on our leading market position by effectively building and maintaining our brand names through advertising campaigns. If we are unable to successfully implement some or all of our key strategic initiatives in an effective and timely manner, or at all, our ability to maintain and improve our leading market position may be negatively impacted, which may have an adverse effect on our business and prospects, competitiveness, market position, brand name, financial condition and results of operations. See "Our Business – Our Strategy" beginning on page 50 of this Red Herring Prospectus.

3. We have a limited operating history and may be subject to risks inherent in early stage companies, which may make it difficult for you to evaluate our business and prospects.

Although we were incorporated in 1995 and launched our Naukri.com website in 1997, we have a limited operating history upon which you can evaluate our business and prospects. You must consider our business and prospects in light of the risks and difficulties we face as an early stage company with a limited operating history and should not rely on our past results as an indication of our future performance. In particular, our management may have less experience in implementing our business plan and strategy compared to our more well-established competitors, including our strategy to increase our market share and build our brand name. In addition, we may face challenges in planning and forecasting accurately as a result of our limited historical data and inexperience in implementing and evaluating our business strategies. Our inability to successfully address these risks, difficulties and challenges as a result of our inexperience and limited operating history may have a negative impact on our ability to implement our strategic initiatives, which may have an adverse effect on our business, prospects, financial condition and results of operations.

4. Brand recognition is important to the success of our business, and our inability to build and maintain our brand names will harm our business, financial condition and results of operation.

Brand recognition is important to the success of our online classified business. Establishing and maintaining our brand names in the recruitment and the real estate industry, or for people relying on online matrimonial classified services to look for marriage partners, is critical to the success of the customer acquisition process of our business. Although we have expended, and expect to continue to expend, a significant amount of resources, financial and otherwise, on establishing and maintaining our brands, no assurance can be given that our brand names will be effective in attracting and growing user and client base for our businesses or that such efforts will be cost-effective, which may negatively affect our business, financial condition and results of operations.

5. We are dependent on the revenues generated by our recruitment-related services for substantially all of our income.

Recruitment-related services generated 95.92%, 98.20%, 98.41%, 96.80%, and 92.73% of our total income for the Fiscal years 2002, 2003, 2004, 2005 and 2006, respectively. As we derived a substantial portion of our revenues from recruitment services and are currently dependant on recruitment services for our financial position, any downturn in the Indian employment market may adversely affect our results of operations and financial condition.

6. The human resource requirements of job seekers, companies and recruitment agencies which our website Naukri.com services are concentrated in the IT and financial services industries.

Currently, approximately 35% of the resumes listed in our database are from persons seeking employment in the IT and financial services industries. Further, in Fiscal 2006, approximately 20% of our corporate customers and recruitment agencies were from the IT industry. The revenues generated from these two industries accounted for 33%, 37% and 34% of our revenues in the Fiscal years 2004, 2005 and 2006, respectively. As such, we are currently dependant on these two industries for a substantial part of our business. We cannot assure you that we will be able to maintain our position as a preferred online recruitment service for customers in these two industries. Further, any material reduction in the human resource requirements of these two industries in India may adversely affect our business, results of our operations and our financial condition.

7. If we are unable to adequately address the financial, operational, network and system infrastructure and human resources challenges of managing a rapidly growing business it may have a negative impact on our ability to implement our strategic initiatives.

We have experienced significant growth over the past several years and expect our business to continue to grow if we are successful in implementing our key strategic initiatives. The growth of our business has required the significant attention of our management and expenditure of other resources and will likely continue to strain our finances, network and system infrastructure and personnel. In order to properly manage this planned growth, we must continuously improve our operational and financial systems, expand our network and system infrastructure, retain and hire qualified personnel, and enhance the effectiveness of our financial control and procedures. If we are unable to manage this planned growth may prevent us from providing an attractive and reliable website to consumers, efficiently process transactions on our websites, due to, for example, unplanned network and system shutdowns or inadequate levels of customer service, which could negatively impact our brand name and reputation and may result in us not being able to attract and retain users. As a result, we may not achieve our desired growths in user base and customers, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

8. We depend on certain key management personnel and the loss of one or more of such personnel may adversely affect our business.

Our success depends heavily on retaining the services of certain key management personnel. If any one or more of such personnel cease to work with us and we are unable to find suitable replacement personnel in a timely and cost efficient manner, our business may be disrupted and we may not be able to achieve our business objectives, including our ability to manage our rapid growth and successfully implement our strategic initiatives. We believe that if we were to lose the services of our Chief Executive Officer, Mr. Sanjeev Bikhchandani, who has been with us since our inception and who has been instrumental in our ability to achieve significant growth over the past several years, it would have a material adverse effect on our business. Although we have non-compete covenants with several of our key management personnel, we may still lose our key management team to our customers or competitors, which would also have an adverse impact on our business. We do not maintain "key person" life insurance policies for any of our employees, except for Mr. Sanjeev Bikhchandani, for whom we maintain a policy in an amount of up to Rs.0.5 million.

In addition, we will need to hire more employees as we continue to implement our key strategy of building on our leading market position and expanding our business. Competition for qualified personnel in the areas in which we compete remains intense and the pool of qualified candidates is limited. Our inability to attract, hire and retain qualified staff on a cost efficient basis may have a material adverse effect on our business, prospects, financial condition, results of operations and ability to successfully implement our growth strategies.

9. Our services are technology-driven and any breakdown in our technical systems could adversely affect our business.

We are primarily in the business of providing online classifieds. Due to the nature of our business, we are dependent on information technology for our operations. Our ability to collect, process and disseminate data using the internet in a secure and efficient manner is dependent on our technology systems. Technical failure relating to, inter alia, our hardware or software, breakdowns in servers, on which our websites are hosted, changes in our technical systems, difficulties in linkages with third-party systems, any corruption or loss of our electronically stored data, presence of computer viruses or disruption in internet infrastructure or internet access or in the internet generally could lead to interruptions in the functioning of our websites and could result in corruption of our data and/or security breaches. In addition, our delivery model includes delivery through mobile telephony. Disruptions in telecommunications and in the functioning of such network service providers for this aspect of our business could lead to client dissatisfaction. We are not insured against such losses. We have experienced in the past, and may in future experience, misuse by third parties (who use our websites to send spam mail) of the postings on our websites. Spam that can be traced to our server not only exposes us to liability but also poses the threat of our legitimate emails being blocked by anti-spam monitoring agencies and/or tools.

Any of the above could disrupt our ability to operate our online services or may materially affect the efficiency of the services provided by us, our reputation and financial condition.

Our websites are hosted with a service provider with provisions for electronic back-ups and any breakdown at the service provider's level would interrupt our website-based services for indeterminate periods of time, which could create customer dissatisfaction and damage our reputation.

The servers on which our websites are hosted are owned by a service provider located in the United States of America. All of our websites are hosted with this service provider; we are dependent on these servers for the proper functioning of our websites. We have also made arrangements for back-up servers from another service provider located in the United States of America. Moreover, we maintain electronic data back-up on a daily basis at our offices in NOIDA, Uttar Pradesh and constantly review our disaster recovery procedures to strengthen off-site and on-site processes to provide trouble free services to our customers. If the servers hosting our websites were to break down simultaneously or in close succession, our online services would be interrupted which could adversely affect customer satisfaction and our reputation.

10. We are vulnerable to liability for fraudulent postings on our websites.

In the past, matrimonial advertisements have been placed on Jeevansathi.com for persons without their consent. This included profiles of people who were already married. There is a risk that similar postings may be made on our recruitment and real estate listings websites. Although we monitor content on a random basis to remove objectionable content, due to the nature of the medium, it is impractical to verify every content before each upload. Such fraudulent postings damage our reputation and also make us vulnerable to claims such as defamation and invasion of privacy from the persons whose information is posted on our websites, which may negatively affect our business, financial condition and results of operations.

11. If third parties are able to circumvent our technological protection measures which are put in place for the protection of our data and on-line content protection or systematically copy our on-line content, our business would be adversely affected.

Third parties have in the past collected, and third parties may in the future collect, listings and other information from our websites and start online portals displaying the same information. Historically, we have taken legal action in this regard. If we fail to prevent third parties from circumventing our technological protection measures or if we fail to successfully prosecute third parties from using or copying our website content, our business would be adversely affected.

12. Our principal shareholder may exercise significant control over us.

After this offering, Sanjeev Bikhchandani, our Managing Director and Chief Executive Officer, will beneficially own approximately 43.23% of our Equity Shares. As 43.23% shareholder of our Equity Shares, Mr. Bikhchandani will have the power to influence the election of the members of our board of directors, as well as significantly influence our management.

13. Our business could be adversely affected if we fail to keep pace with developments in online services.

The markets for our products and services are characterized by rapidly changing technology, evolving industry standards and norms, new product and service introductions and evolving website presentations and features. Our results of operations and financial condition depend on our ability to develop and introduce new products and services. The process of developing new products and services is complex and requires us to accurately predict and respond to customers' changing and diverse needs and emerging technological trends. The success of our new products and services will depend on several factors, including proper identification of market demands and the competitiveness of our products and services with the products and services introduced by our competitors. We cannot be sure that we will successfully identify new product and service opportunities, develop and introduce new products and services in a timely manner, achieve market acceptance of our products and services, or that products and services offered by our competitors will not render our products and services non-competitive. Our failure to respond successfully to any of these challenges will significantly harm our results of operations and financial condition.

14. If we are unable to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business it may materially and adversely affect our business and operations.

In order to operate our various offices, we are required to obtain certain licenses under the applicable Shops and Establishments Act of the various states in India in which our offices are located. As of the date of this Red Herring Prospectus, we have applied for, but not been able to obtain such licenses for three of our offices. See "Government and Other Approvals" beginning on page 212 of this Red Herring Prospectus. Moreover, we may be required to obtain, maintain and renew other statutory and regulatory licenses, permits and approvals in connection with the operation of our business, which licenses, permits and approvals may expire, pursuant to their terms, from time to time. We cannot assure you that we will be successful in our ability to procure and maintain each of these licenses, permits and approvals on a timely basis or at all. Any delay or absence of receipt of such licenses, permits or approvals may expose us to significant costs and expenses or cause us to modify or cease our operations, which may materially and adversely affect our business, financial condition and results of operations.

15. If we fail to obtain trademark registrations for our brand names, our brand building efforts may be hampered and our business could be adversely affected.

In order to protect our brand names, we have applied for registration of a number of trademarks and of our logos. Some of these applications, which relate to Naukri, Jeevansathi, 99acres, Quadrangle and Info Edge, are currently pending. If our applications for such registration were to not be approved, our brand-building efforts could suffer and our business may be adversely affected. For further details of our trademark registrations, see "Government and Other Approvals" beginning on page 212 of this Red Herring Prospectus.

16. Third party claims to rights in domain names that are the same or similar to ours could, if successful, disrupt our efforts at brand-building.

We are facing claims and legal actions, and may in the future face similar claims and legal actions, from third parties that are using, or disputing our right to use, the domain names under which our websites currently operate. Our Promoter and Managing Director Sanjeev Bikhchandani is a party to these proceedings as described in detail in the section titled "Outstanding Litigation" beginning on page 208 of this Red Herring Prospectus. We also face the problem of competing websites using domain names that are similar to ours, which may create confusion for people wishing to access our websites and hamper our efforts at brand-building. We are taking legal action to protect our brand names. If the outcome in such litigation proceedings was adverse to us, the strength or utility of our brand names would be adversely affected, which would in turn have a negative impact on our business. See "Outstanding Litigation" beginning on page 208 of this Red Herring Prospectus.

17. We may have incurred certain contingent liabilities which may adversely affect our financial condition.

We have received notices, dated October 10, 2005 and September 5, 2006, under Section 143(2) of Income Tax Act, for Fiscal 2004 and Fiscal 2005, respectively, wherein the tax authorities have intimated to us that they wish to scrutinise our audited accounts for such years. We have however not received any order/demand in connection thereto as of the date hereof. We cannot assure you that the tax authorities will not issue any order or demand for additional taxes, charges, fees or duties in connection with this or other notices in the future.

18. We are currently involved in a number of litigation. An adverse outcome in such litigation or other disputes or claims could adversely affect our business and financial condition.

We, and one of our Promoters, are currently involved as defendants in three civil disputes. Please see the section titled “Outstanding Litigation” beginning on page 208 of this Red Herring Prospectus for more information on such litigation. As such disputes do not specify the amount of monetary damages, we are not able to quantify our potential financial exposure in connection with such disputes. An adverse outcome in such and other litigation or other disputes or claims could adversely affect our business and financial condition.

19. Some of the objects for which the Issue is proposed relate to areas that have contributed to less than 6% of our revenues in the last three Fiscal years.

Some of the objects for which we intend to use the net proceeds of the Issue, as described in the section titled “Objects of the Issue” beginning on page 26 of this Red Herring Prospectus, have contributed to less than 6% of our revenues in the last three Fiscal years. For example, we propose to use a portion of the net proceeds to develop our websites Jeevansathi.com and 99acres.com, which have contributed, in aggregate, to less than 6% of our revenues in the last three Fiscal years. We also intend to enter into new geographic markets, further diversify our online services into areas other than recruitment, matrimonials and real-estate classifieds and develop alternate delivery models for our services (including through mobile phones and call centres). Although we are not actively seeking, and have not made any decisions with respect to, any specific targets, we may use a portion of the net proceeds to invest in or acquire other internet-based businesses and to establish one or more subsidiaries overseas to pursue growth outside of India. All of these are new ventures or industry segments for us and have not contributed to our revenues in the last three Fiscal years.

20. We intend to undertake strategic acquisitions or investments funded from the proceeds of this Issue which may prove to be difficult to integrate and manage or may not be successful.

We intend to undertake strategic acquisitions, funded from the proceeds of this Issue, of other internet based businesses and companies whose resources, capabilities and strategies are complementary to and likely to enhance our business operations in the different geographical regions in which we operate. It is possible that we may not identify suitable acquisition or investment candidates, or if we do identify suitable candidates, that we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects.

If we acquire another company we could face difficulties integrating the acquired operations. In addition, the key personnel of the acquired company could decide not to work for us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. There can be no assurance that we will be able to achieve the strategic purpose of such an acquisition or operational integration or our targeted or any acceptable return on such an investment.

21. Our financing requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been independently appraised.

Our financing requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our financing requirements and the expected deployment of the net proceeds of the Issue may also change. We are in the process of evaluating proposals for acquisition of office space, but have not identified any land and/or associated infrastructure to be acquired in this regard. In relation to the call centre, which we have stated in the “Objects of the Issue” beginning on page 26 of this Red Herring Prospectus as something we might need to establish, we have not identified the location, or estimated the number of seats and the number of

employees that the call centre will have. We have neither identified any real estate nor have we identified any vendors for purchase of equipments like computers, servers, telecommunication equipment, air conditioning, etc. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of proceeds. You will not have the opportunity, as part of your investment decision, to assess whether the net proceeds of the Issue are being used appropriately.

22. We have not entered into any definitive agreements to use the net proceeds of the Issue.

The net proceeds from this Issue are expected to be used as set forth under “Objects of the Issue” beginning on page 26 of this Red Herring Prospectus. The use of the net proceeds is at our sole discretion. We have not entered into any definitive agreements to utilize a substantial portion of the net proceeds of the Issue. We also have not identified or approved of any investments in real estate or otherwise, or any projects or acquisition targets to utilize the net proceeds of the Issue. There can be no assurance that we will be able to enter into such agreements on terms favorable to us or at all. Accordingly, investors in this Issue will need to rely upon the judgment of our management, who will have considerable discretion, with respect to the use of proceeds.

Pending utilization of the proceeds of the Issue, we intend to temporarily invest the proceeds in high quality interest bearing liquid instruments, including deposits with banks. Such investments would be in accordance with the investment policies approved by the Board from time to time. However, such investments could lose value or not produce expected income.

23. There could be changes in the implementation schedule of the expansion and diversification programme.

Our estimated fund requirements are based on our current business plan and strategy. However, we operate in a highly competitive and dynamic industry, as such, we may have to revise our business and capital outlay plans from time to time. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of proceeds.

24. Our second largest shareholder will own 7.9% of the Equity Shares after the Issue and its shareholding is not subject to a regulatory lock-in.

7.9% of the Equity Shares after the Issue will be held by ICICI Trusteeship Services Limited, a VCF registered with SEBI and currently our second largest shareholder. Its shareholding would be exempt from the lock-in requirements in respect of pre-Issue Equity Share capital under the SEBI Guidelines and the SEBI (Venture Capital Funds) Regulations, 1996 and the Equity Shares held by them are not subject to lock-in requirements and are freely transferable. Such sales, or the possibility of such sales, could negatively impact the market price of the Equity Shares.

25. Some of our Subsidiaries have incurred losses in recent Fiscal periods.

Certain of our Subsidiaries have incurred losses (as per their financial statements) in recent years, as set forth in the table below:

Name of Subsidiary	Profit /(Loss) (Rs. Millions)		
	Fiscal 2004	Fiscal 2005	Fiscal 2006
Naukri Internet Services Private Limited	(0.03)	(0.02)	0.06
Jeevansathi Internet Services Private Limited	N.A.	0.38	0.03

We cannot assure you that these subsidiaries may not incur losses in the future.

26. We do not own our Registered Office and our corporate offices.

At present we neither own the premises that we use as our Registered Office nor the premises that we use for our corporate offices, all of which have been taken on lease by us. Our registered office and corporate office are leased from Dr. Ram Bikhchandani and Noida Metals Limited, respectively. If the terms of the lease are violated by any of the parties thereto or if we are unable to renew the leases prior to the expiry of the term thereof, our operations may be adversely affected. Further, the lease agreements in respect of certain of our branch offices have not been registered. For more information, see “Our Business – Facilities” beginning on page 63 of this Red Herring Prospectus.

27. Within the last twelve months, a certain number of Equity Shares have been issued to our Promoters and other shareholders at a price lower than issue price.

We have issued 15,597,286 Equity Shares to our Promoters and other shareholders by way of a bonus issue within a period of twelve months prior to the date hereof. We have also issued 135,203 Equity Shares during the current Fiscal Year but prior our initial public offering to some of our Director at a price of Rs 280 per Equity Share on preferential basis (Pre-IPO Placement). For details of such issuance, please see the section titled “Capital Structure” beginning on page 17 of this Red Herring Prospectus.

28. Grants of stock options under our proposed employee stock option plan will result in a charge to our profit and loss account and will to that extent reduce our profits.

We have an employee stock option plan (“ESOP 2003”), under which eligible employees of the Company can participate, subject to such approvals as may be necessary. The Equity Shares to be issued under ESOP 2003 have already been acquired by the trust constituted by our Company under ESOP 2003 (the “ESOP Trust”) and therefore would not result in dilution. Under Indian GAAP, the grant of stock options under ESOP 2003 will result in a charge to our profit and loss account based on the difference between the fair value of shares determined at the date of grant and the exercise price. This expense will be amortised over the vesting period of these stock options. In addition, subsequent to the Issue we are required to comply with the SEBI Guidelines, which prescribe a different accounting treatment for stock options. The implementation of this accounting treatment or other treatments or standards may affect our financial condition and results of operations. See “Capital Structure” beginning on page 17 of this Red Herring Prospectus.

29. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, including in a primary offering may lead to the dilution of investors’ shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

30. We may be deemed an investment company under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), which may restrict our operations and adversely affect our results of operations.

Any company primarily engaged in the business of investing reinvesting, or trading or holding securities is an investment company subject to the registration and other regulatory requirements of the Investment Company Act. Our primary business is providing a range of online products and services, including recruitment services to job seekers, employers and consultants, matrimonial classifieds and other related services and real estate classifieds and related services. Because of the nature of our business, we have significant assets invested in cash, Indian money market funds and other securities. We do not believe that we are an investment company, and have no intent to become an investment company. Therefore, as a protective measure, we rely on Rule 3a-2 under the Investment Company Act. Under Rule 3a-2, a company that has a bona fide intent to be engaged in a business other than that of an investment company may avoid being classified and regulated as an investment company for up to a year. After that one-year period, such company must either not be an investment company, or be exempt from the provisions of the Investment Company Act or register as an investment company and become subject to Investment Company Act rules and regulations. We may also seek an order from the SEC that such one-year period be extended, although we make no assurance that the SEC would grant such an order. As a result, our ability to consider certain strategic investment alternatives over an extended period will be limited. In addition, the Investment Company Act restricts our ability to make non-controlling investments. Therefore, our ability to consider certain types of strategic alternatives and to determine how to use our cash will be subject to certain limitations imposed by the Investment Company Act, which may restrict our operations and adversely affect our results of operations.

External Risk Factors

31. An economic downturn in India or globally may have an adverse effect on our business, financial condition and results of operations.

Any economic downturn or slowdown in India or globally may adversely affect the general level of economic activity by both Indian companies and companies outside of India which seek to employ prospective employees from India, which may lead to lower demand for, and corresponding availability of jobs for, our users and clients. Moreover, we may be subject to significant pricing pressures during periods of such economic downturn. No assurance can be given that our business, financial condition and results of operations will not be adversely affected during such periods.

In addition, economic downturn or slowdown in India will likely result in an adverse effect on the real estate market in India, which would lead to a decreased level of purchase and sale or leasing transactions for both commercial and residential real estate markets.

32. Changes in the economic and industrial policies, statutory rules and regulations of the State and Central Governments of India relating to economic, industrial or labour affairs or the political situation in India could adversely affect our business.

Changes in the economic and industrial policies, statutory rules and regulations of the state and central governments of India relating to economic, industrial or labour affairs, including changes in licensing regulations, labour laws, interest rates, policy relating to foreign investment, and taxation laws, or the political situation in India could adversely affect our business.

33. Changes in rules promulgated by the SEBI, the various Indian stock exchanges and changes in the interpretation or enforcement of existing law and rules relating to the stock markets or investment in securities may adversely impact our business.

The securities industry in India is subject to extensive regulation. Our ability on being listed to comply with all the applicable laws, rules, regulations and by-laws of the SEBI and the Indian stock exchanges is largely dependent on our internal compliance procedures, as well as our ability to attract and retain qualified compliance personnel. We could be subject to disciplinary or other actions in the future due to non-compliance, which could have an adverse effect on our business, financial condition and operating results.

34. Our success is tied to the continued use of the internet for online classified services and the reliability and adequacy of the internet infrastructure in India. If consumers are unwilling to use the internet to conduct recruitment or real estate transactions or look for marriage partners, our business, financial condition and results of operations will be adversely affected.

Our business is substantially dependent upon the continued use of the internet as an effective medium of business and communication by consumers. Our success will depend, in large part, upon third parties maintaining and improving the internet infrastructure to provide a reliable network backbone with the speed, data capacity, security and hardware necessary for reliable internet access and services. Also, internet use may not continue to develop at historical rates and consumers may not continue to use the internet and other online services as a medium for looking for jobs, real estate or potential marriage partners. The demand for and acceptance of services sold over the internet are highly uncertain. Failures by online companies in India to meet consumer demands could result in consumer reluctance to use the internet as a means for commerce. A stagnancy in growth of the internet or a decreased use of the internet may negatively impact our business, financial condition and results of operations.

35. Changes in the laws relating to the use of the internet may have an adverse impact on our business.

Changes in the laws relating to the use of the internet that place restrictions either on the material that we may post on our websites or on the use of the internet by our current customers and potential customers could have an adverse impact on our business.

36. Terrorist attacks, communal disturbances and regional conflicts in South Asia may have a material adverse effect on our business and on the market for securities in India.

Terrorist attacks, whether in India or another country may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

Some parts of India have experienced communal disturbances and riots during recent years. If such events recur, our business and financial condition may be adversely affected.

South Asia has, from time to time, experienced instances of civil unrest and hostilities between neighboring countries, such as between India and Pakistan. In the past, there have been military confrontations between India and Pakistan along the India-Pakistan border. Military activity or terrorist attacks in the future could adversely affect the Indian economy and the financial condition and results of operations of Indian companies, including us, which would have a material adverse effect on the market and valuation for securities of such companies, including our Equity Shares.

37. There are no standard valuation methodologies or accounting practices in the emerging internet and internet related industries in India.

All our existing businesses, apart from the recruitment services run by our Quadrangle division, are online and hence internet-related and in assessing our business, it must be borne in mind that there are no standard valuation methodologies or accounting practices in the emerging internet and internet-related industries in India. The valuations in the emerging internet and internet-related industries are presently high and may not be sustained in the future and may also not be reflective of the future valuations for companies in the industry. The performance of some of our competitors is described in the section titled “Our Business – Competition” beginning on page 58 of this Red Herring Prospectus.

38. The market price of our Equity Shares may be volatile, or any active trading market for our Equity Shares may not develop.

The prices at which our Equity Shares will trade after this Issue may be influenced by many factors, some of which are beyond our control, including:

- volatility in the Indian and global securities markets;
- our results of operations and performance;
- the state of the Indian economy, significant developments in the Indian economic liberalization and changes in Indian laws and regulations;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the valuation of publicly traded companies that are engaged in business activities similar to ours; and
- general market sentiment regarding internet companies, and online classified services companies in particular.

Prior to this Issue, there has not been a public market for our Equity Shares. We cannot assure you that an active or liquid public market for our Equity Shares will develop or be sustained if developed. The initial public offering price of the Equity Shares may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. If you purchase Equity Shares in this Issue, you may not be able to resell your Equity Shares at or above the initial public offering price and, as a result, you may lose all or part of your investment.

39. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that,

in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

40. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with Depository Participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by NSE and BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

Notes to Risk Factors:

1. Public Issue of 5,323,851 Equity Shares of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs. [●]. The issue will constitute 19.50% of our post Issue capital.
2. The average cost of acquisition of Equity Shares of Rs. 10 each by our Promoters, is Rs. 0.15.
3. Based on our consolidated financial statements, our net worth as on June 30, 2006 was Rs. 296.58 million.
4. Book value of our Equity Shares as on June 30, 2006 was Rs. 13.58 per Equity Share.
5. For details on Related Party Transactions refer to the section titled "Related Party Transactions" beginning on page 86 of this Red Herring Prospectus. For further information on the interests of promoters, directors, key managerial persons, see section titled "Management" beginning on page 72 of the Red Herring Prospectus.
6. Investors are free to contact the BRLMs for any complaints / information / clarification pertaining to this Issue. For contact details of the BLRMs, please refer to the cover page of this Red Herring Prospectus.
7. All information shall be made available by the BLRM and us to the public and the investors in any manner whatsoever.
8. Investors are advised to refer the paragraph on "Basis for Issue Price" beginning on page 29 of this Red Herring Prospectus before making an investment in this Issue.
9. In case of over subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The unsubscribed portion, if any, out of the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue. Under-subscription, if any, in the Retail or Non Institutional categories would be met with spill over from other categories or combination of categories at the sole discretion of the Company in consultation with the BRLMs. From the existing QIB portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. If at least 60% of the Net Issue are not subscribed to by QIBs, the application monies shall be refunded forthwith.
10. The name of the Company was changed on April 27, 2006 by deleting the word "Private" upon the conversion of the Company from a private company to a public company.
11. The Compensation Committee of our Board has on August 31, 2004, made grants of stock options convertible to an aggregate of 6,972,276 Equity Shares to certain of our employees and Directors. On

March 19, 2006 a further grant was made to acquire an aggregate of 270,550 Equity Shares. Out of these, a certain number of options have already been exercised and a certain number has been forfeited as per their terms. Taking into account the consolidation of our equity share capital on February 14, 2006 and the bonus issue on that date (details of which are provided in the section titled “Capital Structure – Our Share Capital History” beginning on page 17 of this Red Herring Prospectus), the total number of options outstanding as of the date of filing of this Red Herring Prospectus are 663,505.

12. Other than as stated in the section titled “Capital Structure – Our Share Capital History” we have not issued Equity Shares for consideration other than cash.
13. Except as disclosed in the sections titled “Promoters and Promoter Group” or “Management” beginning on pages 82 and 72, of this Red Herring Prospectus respectively, none of our Promoters, our Directors and our key managerial employees have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, members, partners or trustees and to the extent of the benefits arising out of such shareholding.
14. Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.

SECTION III – INTRODUCTION

SUMMARY

We are a leading provider of online recruitment and matrimonial classifieds and related services in India. Our business is managed through four divisions, which comprise online recruitment classified division (operating through www.naukri.com, launched in March 1997), online matrimonial classified division (operating through www.jeevansathi.com, acquired in September 2004), online real estate classified division (operating through www.99acres.com, launched in September 2005) and offline executive search division (operating through our Quadrangle division, acquired in November 2000). We generated total income of Rs. 840.59 million for the Fiscal year ended March 31, 2006 and Rs. 293.23 million for the three months ended June 30, 2006. Our net profit was Rs. 132.91 million for the Fiscal year ended March 31, 2006 and Rs. 52.23 million for the three months ended June 30, 2006. Currently, a substantial portion of our total income as well as net profit are derived from our online recruitment classifieds and related services division.

We believe that we have developed a well-known and established brand name in India for each of our business divisions. In particular, Naukri.com is currently India's number one website for online recruitment services in terms of the number of unique visitors to the website, based on data provided by Comscore. As of September 22, 2006, Naukri.com was rated as India's eighth most visited website by Alexa. Moreover, Jeevansathi.com is currently India's number three website for online matrimonial classified services in terms of the number of unique visitors to the website, based on data provided by Comscore.

We believe that the leading market position and rapid growth of Naukri.com are attributable to our ability to take advantage of the opportunities created by the increasing demand for jobs due to the rapid economic growth of India, the growing acceptance of new channels of recruitment such as the internet by entities in both public and private sectors and the increasing internet penetration in India. In addition, we believe that Jeevansathi.com has attained its strong market position by taking advantage of the opportunities created by low entry barriers in the online market for matrimonial classifieds in India and the fragmented nature of this market.

We have established and currently maintain a network of 45 offices located in 30 cities throughout India, as well as an office in Dubai, which primarily engage in sales, marketing and payment collection activities for our business divisions. We currently have two subsidiaries, [Naukri Internet Services Private Limited](#) and [Jeevansathi Internet Services Private Limited](#), which own internet domain names and related trademarks used in our business.

Recruitment Classifieds and Related Services

We provide recruitment classifieds and related services through our Naukri.com and Quadrangle business divisions. Our recruitment classifieds and related services generated 88.99% and 92.73%, 96.80% and 98.41% of our total income for the three months ended June 30, 2006 and Fiscal year 2006, 2005 and 2004, respectively.

Online Recruitment Classifieds and Related Services

We provide recruitment classifieds and related services to job seekers, employers and recruitment consultants on our website www.naukri.com, supported by our network of 45 offices in India, and one office outside of India in Dubai. Job seekers can upload their resumes on our website. We also provide to job seekers assistance in preparing resumes and listing them on our website. For our employer and recruitment consultant customers (collectively, "Corporate Customers"), we list their job vacancies, provide tools to conduct searches in our database of resumes and provide job application screening programs. We also post job vacancy related advertisements on our websites for our Corporate Customers. As of June 30, 2006, Naukri.com had a database of over 6 million registered job seekers, including their resumes, and over 82,000 live job listings from Corporate Customers. During the Fiscal year 2006 and the three months ended June 30, 2006, Naukri.com had approximately 20,000 and 12,000 Corporate Customers, respectively. An average of over 8,000 and 10,000 new resumes were added per day to the Naukri.com database in Fiscal year 2006 and the three months ended June 30, 2006, respectively.

Executive Search Services

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

Matrimonial Classifieds and Related Services

We provide matrimonial classifieds and related services through our Jeevansathi.com division. We provide an information exchange service to prospective brides, grooms and their relatives, in India and in certain other countries, through our website at www.jeevansathi.com, which is supported by our office network in India. During the Fiscal year 2006 and the three months ended June 30, 2006, approximately 1,700 and 2,200 new profiles of prospective brides and grooms were added per day to the Jeevansathi.com database, respectively. As of June 30, 2006, Jeevansathi.com had a database of more than 838,000 such profiles.

Real Estate Classifieds and Related Services

We provide real estate classifieds and related services through our 99acres.com division. Our website at www.99acres.com provides a convenient forum where lessors, lessees, buyers, sellers, and brokers of residential and commercial real estate in India can exchange information concerning real estate property with a view to entering into a transaction. We also provide advertising space on our website for property developers and brokers. As of June 30, 2006, 99acres.com had a database of more than 42,000 real estate listings. As of June 30, 2006, our real estate listings covered properties located in 23 cities in India.

Our Strengths

We are one of India's leading online providers of recruitment and matrimonial classifieds. We believe that our innovative and creative management team has been successful in developing and introducing new, value-enhancing products and services for job seekers, employers and recruitment agencies in India to fulfill career management and human resource needs in the case of Naukri.com, as well as an effective and cost-efficient medium for prospective brides and grooms residing in and outside of India to exchange personal information for the purpose of forming a marital relationship in the case of Jeevansathi.com. In particular, we believe that our management team has contributed to the development of the following competitive strengths.

We have well-recognized and strong brand names.

We believe that Naukri.com and Jeevansathi.com are well-established brands in India and enjoy high user recall. The names of our websites have been chosen to maximize user recall and have meanings related to the service they seek to provide. Historically, the terms "Naukri" and "Jeevansathi" meant "employment" and "life partner", respectively, in Hindi, which is the most widely used language in India. We believe that our users can correlate these terms to the services being sought by them. This enables our websites to gain the advantage of high recall amongst potential users. Our website www.naukri.com is currently the most-visited recruitment website in India. For details of usage statistics of Naukri.com and its significant Indian competitors, please see the tables in the section titled "Our Business – Competition" beginning on page 58 of this Red Herring Prospectus. In addition, as of September 22, 2006, Naukri.com was rated as India's eighth most visited website by Alexa. We believe that well-recognized and strong brand names will facilitate us to enter new geographic markets in and outside of India.

We have significant advantages as an early entrant in the online employment segment in India.

We are one of the first online providers of recruitment-related services in India. Our website www.naukri.com was launched in 1997. This has enabled us to enjoy an early-mover advantage, which has proved to be advantageous to us in the following respects:

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

We believe that these factors have enabled us to create significant barriers to entry in this market, which is especially advantageous in the online recruitment business as both job seekers and Corporate Customers have recurring career management or human resource requirements, and value prior relationships with recruitment entities. Our head start in establishing such relationships has enabled us to take advantage of the opportunities presented by the recurring nature of their requirements.

We are the leaders in the online recruitment business in India.

Naukri.com is the number one recruitment website in India based on the number of visits to its website (*Source: Comscore*). For details of its usage frequency as compared with its significant Indian competitors, see section titled “Our Business – Competition” beginning on page 58 of this Red Herring Prospectus. We believe that this position of leadership enables us to avail of a number of advantages in this business, including that of establishing long-standing relationships with a large number of users as compared to our competitors. These relationships are particularly important in the recruitment industry where the value of client relationship is high.

We have long-standing relationships with a large number of Corporate Customers.

During the Fiscal year 2006 and the three months ended June 30, 2006, we provided recruitment services to approximately 20,000 and 12,000 Corporate Customers, respectively, in various sectors of the economy. We believe that our long-standing relationship with such customers enables us to customize our products more efficiently and to cater to the needs of such Corporate Customers. We believe that the growth of Indian economy in various sectors will result in increasing human resource requirements for Corporate Customers and our long standing relationships with such customers will enable us to take advantage of such an opportunity. Even though the market for our services is characterized by a low switching cost for customers who wish to use a different service provider, our business is marked by high customer retention.

We have established a wide network of offices to support and augment our sales and client management effort.

We currently maintain a network of 45 offices in 30 cities in India, as well as an office in Dubai, where our staff endeavors to acquire new users, assists existing users on various services provided by us and undertakes collection of payment from Corporate Customers and other users for products and services offered by us. We believe that with the increasing focus of businesses, especially those in the IT and ITES industries, on smaller cities and towns in India, our network of offices will enable us to evaluate the needs and demands of our Corporate Customers and other users in cities other than just the major Indian cities and enable us to customize our products to cater to those needs more efficiently. This network of offices also enables us to provide our services to such of our jobseeker users as well as matrimonial service users who either are not accustomed to or do not have the means of completing financial or other transactions on the internet without assistance from our employees.

We offer a diverse portfolio of focused products and services to meet the varied requirements of our users.

We offer a diverse portfolio of products and services through our websites Naukri.com, Jeevansathi.com and 99acres.com. Moreover, we have developed a broad range of customized product and service offerings in order to address the varied and expanding requirements of our users. For example, Naukri.com has products specialized to cater to employers, recruiting agencies and job seekers. Similarly, products offered on Jeevansathi.com are customized in accordance with the demographics of our target market, such as by religion, caste, region and linguistic profiles of our users. We believe we have a well-defined methodology and dedicated staff focused on updating, expanding and further customizing our product and service offerings to meet the evolving needs of our users.

We have the technological expertise for the improvement and development of product portfolio.

We believe that we have a competent technology team, which possesses the technological expertise to continually improve the product and service offerings on our websites, and introduce new products and services to our users to meet their needs.

We have a highly experienced and stable management.

We believe that we have an experienced senior management team that has successfully expanded our business and increased our revenues, mostly through internal growth. There have been no changes in our key managerial personnel in the last three years, which is unusual for the industry we operate in, which is known for its high attrition rate. We believe our senior management has the experience and expertise to assess key aspects of our business such as developments in technology and trends of employment requirements and in our matrimonial related services business. We believe that the skill, industry and business knowledge and operating experience of our senior executives provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets and lines of business. See section titled “Management” beginning on page 72 of this Red Herring Prospectus for details of key managerial personnel.

We have a well-qualified and a highly motivated work force.

As of June 30, 2006, we had a workforce of 951 employees, of whom 99% were college graduates and 69% were post-graduates, including 57% of management graduates. We have a structured incentive program, including a performance-linked variable pay structure, which we believe provides effective incentives to our employees to continue to seek to maximize their performance, and have dedicated significant resources to training programs. Consequently, we feel we have a work force which is well-qualified and motivated to meet the needs of our users and contribute to our growth.

Our Strategy

We seek to maintain our position as the leading provider of online recruitment solutions in India and further enhance our position as one of the leading providers of internet based matrimonial services. In addition, we seek to diversify into and establish a position of leadership in the diverse spectrum of the online classified market and also to create such markets in those segments which are currently catered to by the print media only. In order to achieve these objectives, we implement the following strategies:

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

We recognize the importance of continued innovation of our products and services. To this extent we intend to enhance the utility and features of our existing products and services and create new products and services customized for our diverse groups of users based on their geographic location, interests and other criteria. We believe that this will enable us to increase our business from our existing users and will also assist us in acquiring new users. For example, in the case of Jeevansathi.com, we are focusing on increasing our database across all segments and improving and increasing matching options for our users based on a number of criteria, e.g., religion, caste, region and linguistic preferences. We have also launched Jeevansathi.com in Hindi and may also launch in other Indian regional languages. Such innovations based on our insight into the demands of our users, will enable us to compete in the evolving market of online classifieds. Similarly, with respect to Naukri.com, we have launched a diverse portfolio of products and added new features to our products such as “online job fairs”. We have also initiated the process of providing content on mobile phones, including short messaging services, WAP, GPRS, and voice segments. To facilitate this mode of delivery we have entered into arrangements with certain service and technology providers who liaise with mobile phone operators to integrate our SMS services with those of the mobile operators, to develop mobile messaging applications and to manage connectivity with the mobile phone operators and other short code providers. The mobile operators and we will share the revenue generated. This arrangement was initially adopted for Naukri.com, and is now being implemented for Jeevansathi.com and 99acres.com. We believe that this effort will enable us to create a far greater awareness of our brands, products and services, especially amongst that section of the population which does not use internet frequently.

Enhancement and diversification of our advertising revenue streams.

We believe that the popularity of our websites, particularly the status of www.naukri.com as one of the most visited websites in India, enhances our attractiveness as a location for advertising on the internet. We have an inventory of advertising space on our websites, which we sell to our Corporate Customers and for periods not currently exceeding six months. We intend to enhance our revenues generated by advertising and to diversify the revenue model. We are also contemplating providing sponsored links, whereby advertisers provide a link to their websites from our websites. We are also focusing on capturing a greater share of our existing Corporate Customers’ online advertising budgets.

Further strengthening of our brand recall.

Our brands constitute one of our most important assets and we intend to continue to take steps to further develop and enhance our brands, especially Naukri.com and Jeevansathi.com, through, among others, communication and promotional initiatives such as advertising, interaction with industry research organizations, participation in industry events and public relations through organizing of seminars. For example, we sponsored a job show program on CNBC TV 18 television channel. We have spent 20.37%, 22.13%, 20.66% and 10.24% of our total income in the three months ended June 30, 2006 and the Fiscal years 2006, 2005 and 2004, respectively, on advertising and marketing expenses, and we will continue to spend a significant portion of our income on advertising and marketing expenses. We believe that such efforts will enhance the visibility of our brands, and will consequently enable us to retain our market leading position in the online recruitment and matrimonial services markets as well as access new markets. The enhancement of our brand strength will, we believe, also enable us to maintain our position as one of the most visited websites in India and result in continued interest amongst advertisers on our websites. We believe it will also provide us the platform from which we can launch new products in the online classified business.

Capture a greater percentage of our Corporate Customers' recruitment budgets.

We intend to capture a greater share of our existing Corporate Customers' recruitment budget. To facilitate this initiative, we seek to provide our Corporate Customers the convenience and efficiency of a single source for a diverse range of human resource related services by taking measures such as providing better technology for candidate searches and ensuring that the updated and relevant resumes are provided to employers and recruiting agencies. In addition, we also intend to increase our sales and marketing efforts and penetration of the Indian market, by increasing the size of our sales and marketing team as well as by opening additional offices, based upon the locations of our Corporate Customers and other factors.

Developing alternate delivery models for our services.

We intend to continue to focus on developing multi-channel delivery models for our services, particularly through mobile telephones, by entering into technological alliances which will enable us to provide systems integration and develop content for such services. We have identified short messaging services of mobile telephones as a potential channel of communication with our users. We believe this will enable us to access a larger number of users in real time as users would not need to access the internet to avail of the services provided by us.

Expand the scope and geographical presence of our business.

We are focused on increasing the number of resumes posted on and the number of employment opportunities available on Naukri.com, and the number of matrimonial profiles posted on Jeevansathi.com. We presently have 45 offices in 30 cities in India as well as an office in Dubai. We intend to open more offices in and outside of India. In particular, we are focusing on the countries in the Middle East and in South Asia. As a step in this direction we have already opened an office in Dubai. Furthermore, we have entered into a strategic alliance with CareerBuilder.com, a leading online recruitment services provider in the U.S.A., pursuant to which we will support such partner's marketing efforts in India and such partner will promote our marketing efforts in the U.S.A. With respect to the international markets, we intend to customize our products to the extent necessary to cater to the local conditions of those markets, including the creation and operation of websites specific to such markets. We believe that such expansion with local customization will enable us to meet the competition in such markets effectively.

Growth through a combination of acquisitions and organic growth.

We recognize, given the differing nature of the businesses of our divisions, our need for division-specific models of growth and expansion. We intend to focus on growing each division based on a model most suitable for that division. We intend to evaluate acquisition opportunities as well as organic growth. For example, in the case of Quadrangle, we intend to organically grow this business. We are also continually evaluating strategic alliances for the growth and expansion of our businesses.

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

We intend to focus on integrating the print and online advertising and information exchange platforms in the sectors and industries that we are engaged in. For example, in the case of 99acres.com, we intend to build a client base of brokers who currently do not list their properties online and to actively solicit such brokers to list their databases on our website.

Diversification into providing online classified services in new market segments.

We believe that with the ever-expanding growth of the internet in India and elsewhere, the online classified market is poised to cover classifieds as extensively as it is currently covered by the print media, and that there is an opportunity to enter other online classifieds segments, such as automobiles, educational services and industrial products. We have recently launched a website www.99acres.com, which addresses the real estate classifieds market in India. We intend to capitalize on our experience in the classifieds business in recruitment and matrimonial services to diversify into these and other segments.

THE ISSUE

Equity Shares offered by:	
Issue by the Company	5,323,851 Equity Shares
Of which:	
Employee Reservation Portion	Up to 532,385 Equity Shares
Therefore:	
Net Issue to the Public	At least 4,791,466 Equity Shares
QIB Portion.....	At least 2,874,880 Equity Shares (allocation on a proportionate basis)
Of which:	
Reservation for Mutual Funds	143,744 Equity Shares (allocation on proportionate basis)
Balance for all QIBs including Mutual Funds	2,731,136 Equity Shares (allocation on proportionate basis)
Non Institutional Portion.....	479,146 Equity Shares (allocation on a proportionate basis)
Retail Portion	1,437,440 Equity Shares (allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	21,971,405 Equity Shares
Equity Shares outstanding after the Issue	27,295,256 Equity Shares
Objects of the Issue.....	Please see the section titled “Objects of the Issue” beginning on page 26 of this Red Herring Prospectus.

SUMMARY FINANCIAL INFORMATION

The following summary financial information is derived from our consolidated financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005, and 2006 and as of and for the three months ended June 30, 2006, each as described in the Auditor's Reports in the section titled "Financial Statements" beginning on page 94 of this Red Herring Prospectus. The consolidated financial statements have been prepared in accordance with Indian GAAP. The summary financial performance information presented below should be read in conjunction with the financial statements, the notes thereto included in "Financial Statements", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 94 and 190 of this Red Herring Prospectus respectively.

Summary Consolidated Assets and Liabilities

Amount (Rs. Million)

Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
SOURCES OF FUNDS						
Shareholders Funds						
Share Capital	218.36	218.36	62.39	20.80	20.13	19.81
Stock options outstanding account	7.67	6.25	1.58	-	-	-
Reserves & Surplus	72.73	22.61	61.73	58.62	34.77	18.81
Total	298.76	247.22	125.70	79.42	54.90	38.62
Loan Funds						
Secured Loans	2.39	1.81	0.76	0.74	0.97	1.03
Unsecured Loans	0.06	0.05	0.06	0.00	0.00	0.00
Total	2.45	1.86	0.82	0.74	0.97	1.03
TOTAL	301.21	249.08	126.52	80.16	55.87	39.65
APPLICATION OF FUNDS						
Goodwill						
(Refer note 2 on Schedule 18B)	0.25	0.25	0.25	0.01	0.01	0.01
Fixed Assets						
Gross Block	156.54	151.54	88.44	34.79	27.09	22.74
Less: Depreciation	66.20	56.62	29.59	19.16	11.96	6.74
Net Block	90.34	94.92	58.85	15.63	15.13	16.00
Capital Advances	3.67	-	1.28	0.77	-	0.00
Total	94.01	94.92	60.13	16.40	15.13	16.00
Deferred Tax Asset/(Liability)	3.41	(2.37)	(1.72)	0.83	8.30	-
Investments	225.61	125.82	20.56	5.08	0.23	0.45
Advance recoverable from ESOP trust	16.29	16.29	14.79	1.00	0.34	-
(Refer note 17 on Schedule 19)						
Current Assets, Loans and Advances						
Sundry Debtors	17.50	12.22	8.72	6.66	4.26	3.58
Cash and Bank Balances	280.46	321.34	156.16	113.92	40.14	22.68
Loans and Advances and Other Current Assets	64.03	63.00	52.07	10.14	6.79	3.74
Total (A)	361.99	396.56	216.95	130.72	51.19	30.00
Current Liabilities and Provisions						
Current Liabilities	397.08	360.32	172.11	72.50	20.37	6.81
Provisions	5.45	22.37	12.33	1.38	0.53	0.00
Total (B)	402.53	382.69	184.44	73.88	20.90	6.81
Net Current Assets (A-B)	(40.54)	13.87	32.51	56.84	30.29	23.19
Miscellaneous Expenditure	2.18	0.30	-	-	1.57	-
(to the extent not written off or adjusted)						
TOTAL	301.21	249.08	126.52	80.16	55.87	39.65

Summary Consolidated Profit and Loss Account

Amount (Rs. Million)

Particulars	For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
INCOME						
Revenue (Refer note on Schedule 18B)	279.18	824.05	440.55	191.64	89.13	36.34
Other Income	14.05	16.54	10.63	3.08	1.63	1.54
Total Income	293.23	840.59	451.18	194.72	90.76	37.88
Expenditure						
Network and Other Charges	27.60	92.33	52.91	31.78	15.44	3.12
Personnel Expenses	83.61	210.53	111.10	62.88	33.41	22.88
Administrative and Other Costs	91.78	288.34	147.28	51.92	25.90	18.48
Employees Stock Option Plan Compensation expense (Refer note 12 on Schedule 18B and Note 17 on Schedule 19)	1.42	7.28	90.57	-	-	-
Deferred revenue expenditure written off	-	-	-	1.57	1.57	-
Interest and Financial Charges	1.39	4.31	1.65	0.58	0.39	0.39
Depreciation	9.67	27.58	11.16	7.20	5.51	4.65
Total Expenditure	215.47	630.37	414.67	155.93	82.22	49.52
Profit/(Loss) before Tax	77.76	210.22	36.51	38.79	8.54	(11.64)
Current Tax Expense	29.00	73.29	30.86	7.00	0.12	-
Deferred Tax Expense	(4.40)	0.66	2.55	7.47	3.34	-
Fringe Benefit Tax	0.93	3.36	-	-	-	-
Profit/(Loss) for the year	52.23	132.91	3.10	24.32	5.08	(11.64)
Adjustment on account of :						
Deferred Tax Credit	-	-	-	-	11.64	-
Total Adjustment	-	-	-	-	11.64	-
Adjusted Profit/(Loss)	52.23	132.91	3.10	24.32	16.72	(11.64)
Dividend (Including Dividend Tax)	-	18.67	10.67	0.47	0.34	-
Transfer to General reserve	-	13.28	0.16	-	-	-
Carry Forward Profit/(Loss) from Previous Year	6.72	(0.10)	7.63	(16.22)	(32.60)	(20.96)
Net profit/(loss) transferred to Balance sheet	58.95	100.86	(0.10)	7.63	(16.22)	(32.60)

GENERAL INFORMATION

Registered Office of the Company

Info Edge (India) Limited

A-6, Swasthya Vihar
New Delhi 110 092, India

Registration Number: 55-68021 of 1995-96

We are registered at the Registrar of Companies, N. C. T. of Delhi and Haryana, located at Paryavaran Bhavan, “B” Block, IInd Floor, C.G.O. Complex, Lodhi Road, New Delhi - 110 003, India.

Board of Directors

Our Board of Directors comprises of:

1. Mr. Kapil Kapoor
2. Mr. Sanjeev Bikhchandani
3. Mr. Hitesh Oberoi
4. Mr. Ambarish Raghuvanshi
5. Mr. Arun Duggal
6. Mr. Ashish Gupta
7. Mr. Saurabh Srivastava
8. Ms. Bala Deshpande
9. Mr. Sandeep Murthy

Mr. Sanjeev Bikhchandani is our Managing Director and Chief Executive Officer. For further details regarding the Board of Directors, see section titled “Management” beginning on page 72 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Amit Gupta

Info Edge (India) Limited

A-88, Sector 2,
Noida 201 301, Uttar Pradesh, India
Tel: +91 120 3082000
Fax: +91 120 3082095
Email: investors@naukri.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or refund orders, etc.

Book Running Lead Managers

ICICI Securities Limited

ICICI Centre
H.T. Parekh Marg, Churchgate
Mumbai 400 020, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
E-mail: infoedge_ipo@isecltd.com
Website: www.icicisecurities.com
Contact Person: Mr. Ratnadeep Acharyya

Citigroup Global Markets India Private Limited

4th Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021, India
Tel: +91 22 6631 9999 / +91 1800 2299 96
Fax: +91 22 6631 9803
Email infoedge.ipo@citigroup.com
Website: www.citibank.co.in (Citigroup Global Markets)
Contact Person: Mr. Pankaj Jain

Syndicate Member

ICICI Brokerage Services Limited

2nd Floor ICICI Centre
H.T. Parekh Marg, Churchgate
Mumbai 400 020, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6455
Contact Person: Mr. Anil Mokashi

Legal Advisors

Domestic Legal Counsel to the Company

J. Sagar Associates

84-E, C-6 Lane
Sainik Farms
New Delhi 110 062, India
Tel.: +91 11 2955 2714
Fax.: +91 11 2955 4900
Email: newdelhi@jsalaw.com

Legal Counsel to the Underwriters / BRLMs

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Amarchand Towers
216, Okhla Industrial Estate, Phase III
New Delhi 110 020, India
Tel: +91 11 26920500
Fax: +91 11 26924900
Email: am.delhi_corp@amarchand.com

International Legal Counsel to the Company

Debevoise & Plimpton LLP

13th Floor, Entertainment Building
30 Queen's Road Central
Hong Kong
Tel: +852 2160 9800
Fax: +852 2810 9828

Registrar to the Issue

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078, India
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: infoedge@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Vishwas Attawar

Banker to the Issue and Escrow Collection Bank

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001, India
Tel: +91 22 22655207
Fax: +91 22 22621138
Contact Person: Mr. Sidharth Routray

Auditors

Price Waterhouse

P1- Aditya Vihar
Saidulajab
Mehrauli-Badarpur Road,
Opposite D. Block, Saket
New Delhi 110 030, India
Tel: + 91 11 51250000
Fax: + 91 11 51250250 / 51250350

Bankers to the Company

ICICI Bank Limited

Preet Vihar Branch
New Delhi 110092, India

Statement of Inter se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities among the BRLMs. The BRLMs shall be jointly and severally liable to SEBI for all the activities described below:

Sr. No.	Activities	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as the type of instruments, etc.	I-Sec, Citigroup	I-Sec
2.	Due diligence of the Company's operations/ management/ business plans/ legal matters, etc. Drafting and design of the Red Herring Prospectus and of the statutory advertisement including the memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with the stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of the Prospectus and the RoC filing.	I-Sec, Citigroup	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in (2) above including corporate advertisements, brochures, etc.	I-Sec, Citigroup	I-Sec
4.	Appointment of other intermediaries, i.e., Registrar to the Issue, printers, advertising agency and Banker to the Issue.	I-Sec, Citigroup	Citigroup
5.	International institutional marketing of the Issue, which will cover <i>inter alia</i> , finalizing the list and division of investors for one to one meetings and finalizing road	I-Sec, Citigroup	Citigroup

Sr. No.	Activities	Responsibility	Coordination
	show schedules and investor meeting schedules.		
6.	Domestic institutional marketing of the Issue, which will cover <i>inter alia</i> , finalizing the list and division of investors for one to one meetings and finalizing road show schedules and investor meeting schedules.	I-Sec, Citigroup	Citigroup
7.	Non Institutional and retail marketing of the Issue, which will include, <i>inter alia</i> : <ol style="list-style-type: none"> 1. Formulating marketing strategies, preparation of publicity budget; 2. Finalizing media and public relations strategy; 3. Finalizing centers for holding conferences for brokers; 4. Finalizing collection centers; 5. Follow-up on distribution of publicity and Issue materials, including form, prospectus and deciding on the quantum of the Issue material; and 6. Finalizing collection orders. 	I-Sec, Citigroup	I-Sec
8.	Appointment of Syndicate member	I-Sec, Citigroup	Citigroup
9.	Managing the book, co-ordination with stock exchanges for book building software, bidding terminals and stock trading and finalization of pricing and institutional allocation in consultation with the Company.	I-Sec, Citigroup	I-Sec
10.	<p>The post bidding activities including management of Escrow Accounts, coordination of Non Institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc.</p> <p>The post Issue activities will involve essential follow up steps, including finalization of trading and dealing instruments and dispatch of certificates and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Issue and Banker to the Issue and the banks handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Company.</p>	I-Sec, Citigroup	Citigroup

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

Grading

We have not opted for the grading of the Issue.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Book Building Process

The Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus, within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- (1) the Company;
- (2) the Book Running Lead Managers;
- (3) the Syndicate Member who are intermediaries registered with SEBI or registered as brokers with the NSE and the BSE and eligible to act as underwriters. Syndicate Member are appointed by the BRLMs; and
- (4) the Registrar to the Issue.

This being an Issue for less than 25% of the post-Issue capital, the securities being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines, read with Rule 19(2)(b) of the SCRR, wherein: (i) at least 60% of the Net Issue shall be allocated on a proportionate basis to QIBs, (ii) up to 10% of the Net Issue shall be available for allocation on a proportionate basis to the Non Institutional Bidders and (iii) up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, please refer to section titled “Terms of the Issue” beginning on page 230 of this Red Herring Prospectus.

We shall comply with guidelines issued by SEBI for this Issue. In this regard, we have appointed Citigroup Global Markets India Private Limited and ICICI Securities Limited as the BRLMs to manage the Issue and to procure subscription to the Issue.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue.)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off, i.e., Rs. 42 in the above example. The issuer, in consultation with the BRLMs will finalize the issue price at or below such cut-off price, i.e., at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change from time to time. Accordingly, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see the section titled “Issue Procedure – Who Can Bid” beginning on page 233 of this Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN to the Bid cum Application Form (see the section titled “Issue Procedure – PAN or GIR Number” beginning on page 251 of this Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Bid/Issue Program

Bid/Issue Opens On:	October 30, 2006
Bid/Issue Closes On:	November 2, 2006

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Runners shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligation. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Citigroup Global Markets India Private Limited 4th Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel: 91 22 6631 9999 Fax: 91 22 6631 9803 E-mail: infoedge.ipo@citigroup.com	2,661,925	[●]
ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020 Tel: + 91 22 2288 2460 Fax: + 91 22 2283 6580 E-mail infoedge_ipo@isecltd.com	2,661,826	[●]
Syndicate Member		
ICICI Brokerage Services Limited 2 nd Floor ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020 Tel: +91 22 22882460 Fax: +91 22 22826455 Contact Person: Mr. Anil Mokashi	100	[●]

The Underwriting Agreement is dated [●] 2006.

In the opinion of the Board of Directors (based on a certificate given to them by BRLMs and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective

underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount.

The abovementioned amount is indicative and his would be finalized after determination of Issue Price and actual allocation of Equity Shares.

CAPITAL STRUCTURE

Our share capital as at the date of this Red Herring Prospectus is set forth below:

(Rs. million)		
Particulars	Aggregate nominal value	Aggregate Value at Issue Price, except share data
A. Authorized Capital⁽¹⁾ 40,000,000 Equity Shares of Rs.10 each	400.00	
B. Issued, Subscribed and Paid-Up Capital before the Issue 21,971,405 Equity Shares of Rs.10 each	219.71	
C. Issue in terms of the Red Herring Prospectus Issue of: 5,323,851 Equity Shares of Rs.10 each	53.24	●
D. Employee Reservation Portion Up to 532,385 Equity Shares of Rs.10 each	5.32	●
E. Net Issue to the Public 4,791,466 Equity Shares of Rs.10 each	47.92	●
F. Equity Capital after the Issue 27,295,256 Equity Shares of Rs.10 each	272.95	●
G. Share Premium Account Before the Issue After the Issue	36.50 ●	

- ⁽¹⁾a. On February 15, 2002, our authorized share capital was, by means of a resolution of our shareholders, increased from Rs. 0.5 million to Rs. 50 million divided into 50 million equity shares of Re.1 each. The nominal value of the equity shares was also decreased from Rs. 10 each to Re. 1.
- b. On September 13, 2004, our authorized share capital was, by means of a resolution of our shareholders, further increased from Rs. 50 million to Rs. 100 million divided into 100 million equity shares of Re. 1 each.
- c. On February 14, 2006, our authorized share capital was, by means of a resolution of our shareholders, further increased from Rs. 100 million to Rs. 400 million divided into 40 million Equity Shares of Rs. 10 each. The nominal value of the equity shares was also increased from Re. 1 each to Rs. 10 by way of consolidation.

Notes to the Capital Structure

1. Our Share Capital History:

The following is the history of our equity share capital:

Date of Allotment and Date on which Fully Paid-Up	Number of equity shares Issued	Face Value per share (Rs.)	Issue Price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative Premium (Rs.)	Cumulative Paid-up Share Capital (Rs.)
May 1, 1995	20	10.00	10.00	Cash	Initial subscription to the Company's Memorandum of Association	Nil	200
March 25, 1999	19,000	10.00	10.00	Cash	Preferential Allotment	Nil	190,200
January 28, 2000	5,851	10.00	10.00	Cash	Preferential Allotment	Nil	248,710
March 18, 2000	1,506	10.00	10.00	Cash	Preferential Allotment	Nil	263,770
May 15, 2000	1,200	10.00	16,038.28	Cash	Preferential Allotment	19,233,936.00	275,770
August 29 2000	1,900	10.00	16,038.28	Cash	Preferential Allotment	49,687,668.00	294,770
June 22, 2001	47	10.00	16,038.28	Cash	Preferential Allotment	50,440,997.16 ⁽¹⁾	295,240
July 27, 2001	2,169	10.00	623 shares issued at a price of Rs.16,038.28 per share and 1,546 shares issued at price of Rs.205 per share.	Cash	Preferential Allotment	58,454,850.60	316,930
December 7, 2001	624	10.00	16,038.28	Cash	Preferential Allotment	68,456,497.32	323,170

Date of Allotment and Date on which Fully Paid-Up	Number of equity shares Issued	Face Value per share (Rs.)	Issue Price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative Premium (Rs.)	Cumulative Paid-up Share Capital (Rs.)
January 30, 2002	88	10.00	16,038.28	Cash	Preferential Allotment	69,866,985.96	324,050
February 8, 2002	64	10.00	16,038.28	Cash	Preferential Allotment	70,892,795.88	324,690
February 15, 2002	1,948,140	10.00 ⁽²⁾	Nil	Bonus issue in the ratio 60:1	Bonus Issue	51,411,395.88 ⁽³⁾	19,806,090
March 25, 2003	990,305	1	0.33	Cash	Preferential Allotment	50,985,199.88 ⁽⁴⁾	20,796,395
September 13, 2004	41,592,790	1	Nil	Bonus issue in the ratio 2:1	Bonus Issue	9,392,409.88 ⁽⁵⁾	62,389,185
March 13, 2006	15,597,286	10 ⁽⁶⁾	Nil	Bonus issue in the ratio 5:2	Bonus Issue	Nil ⁽⁷⁾	218,362,020
August 7, 2006	122,703	10	280	Cash	Preferential Allotment (Pre-IPO Placement)	33,129,810.00	219,589,050
September 7, 2006	12,500	10	280	Cash	Preferential Allotment (Pre-IPO Placement)	36,504,810.00	219,714,050

(1) An amount of Rs. 2,273,235 from the share premium account was written off towards preliminary expenses and brokerage expenses.

(2) Each equity share of Rs. 10 each, was sub-divided into 10 equity shares of Re. 1 each.

(3) An amount of Rs. 19,481,400 was utilized towards bonus issue.

(4) An amount of Rs. 426,196 was paid as fee to the RoC on April 23, 2002.

(5) An amount of Rs. 41,592,790 was utilized towards the bonus issue.

(6) The nominal value of each equity share was increased from Rs. 1 to Rs. 10; and 10 equity shares were consolidated into 1.

(7) An amount of Rs. 9,392,409.88 was utilized towards bonus issue through capitalization of free reserves. We have not capitalized any capital reserve / revaluation reserve

2. Promoters' Contribution and Lock-in

Pursuant to the SEBI Guidelines, the following Equity Shares held by our Promoters aggregating to 20% of our post-Issue capital shall be locked in for a period of three years from the date of Allotment in the Issue ("Promoters' Contribution"). Set forth below are the details of such lock-in:

Name of the Promoter	Date of Acquisition/ Transfer	Consideration	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post-Issue paid-up Capital	Period of Lock-in	
Mr. Sanjeev Bikhchandani	May 1, 1995	Cash	10	10	10	Not applicable since the Equity Shares of Rs. 10 were split into equity shares of face value of Rs. 1 each.	Not applicable since the equity shares of Rs. 1 were consolidated into Equity Shares of face value of Rs. 10 each.	
	March 25, 1999	Cash	19,000	10	10			
	January 28, 2000	Cash	456	10	10			
	February 15, 2002	Bonus (60:1)	1,167,960	10	Nil			
	February 15, 2002	Split of 1,187,426 Equity Shares of Rs. 10 each to equity shares of Re. 1 each						
	January 31, 2003	Gift from Sushil Bikhchandani	765,550	1	Nil			
	March 25, 2003	765,550 Equity Shares were gifted to Mrs. Surabhi Bikhchandani						
	March 25, 2003	244,000 Equity Shares were gifted to Info Edge ESOP Trust						
	September 13, 2004	Bonus (2:1)	23,260,520	1	Nil			
	February 14, 2006	Consolidation of 34,890,780 equity shares of Re. 1 each to Equity Shares of Rs. 10 each						
	March 13, 2006	Bonus (5:2)	8,722,695	10	Nil			
	September 14, 2006	Equity Shares sold to Murugan Capital	410,400	10	245*			
	Sub-Total				7,371,966	27.0%	One year	
					4,429,407	16.2%	Three years	

*Price at which Equity Shares were sold to Murugan Capital.

Name of the Promoter	Date of Acquisition/ Transfer	Consideration	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post-Issue paid-up Capital	Period of Lock-in
Mr. Hitesh Oberoi	January 28, 2000	Cash	1,004	10	10	Not applicable since the Equity Shares of Rs. 10 were split into equity shares of face value of Rs. 1 each.	
	February 15, 2002	Bonus(60:1)	60,240	10	Nil		
	February 15, 2002	Split of 61,244 Equity Shares of Rs. 10 each to equity shares of Re. 1 each					
	September 13, 2004	Bonus(2:1)	1,224,880	1	Nil	Not applicable since the equity shares of Rs. 1 were consolidated into Equity Shares of face value of Rs. 10 each.	
	May 30, 2005	Transfer from ESOP Trust	4,401,600	1	1*		
	February 14, 2006	Consolidation of 6,238,920 equity shares of Re. 1 each to Equity Shares of Rs. 10 each					
	March 13, 2006	Bonus (5:2)	1,559,730	10	Nil		
	September 14, 2006	Equity Shares sold to Sherpalo Mauritius LLC	109,181	10	245**		
	Sub-Total				1,282,406		
					792,035	2.9%	Three years

*1,467,200 shares were granted at Re. 1 each and the balance 2,934,400 Equity Shares were given as bonus shares accumulated on the grant.

**Price at which Equity Shares were sold to Sherpalo Mauritius LLC.

Name of the Promoter	Date of Acquisition/ Transfer	Consideration	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post-Issue paid-up Capital	Period of Lock-in
Mr. Ambarish Raghuvanshi	May 30, 2005	Transfer from ESOP Trust	1,871,676	1	1*		
	February 14, 2006	Consolidation of 1,871,676 equity shares of Re. 1 each to Equity Shares of Rs. 10 each					
	March 13, 2006	Bonus (5:2)	467,917	10	Nil		
				417,474		1.5%	One year
	Sub-Total			237,610		0.9%	Three years

*623,892 Equity Shares were granted at Re. 1 each and the balance 1,247,784 shares were given as bonus shares accumulated on the grant.

All Equity Shares which are being locked in are not ineligible for computation of the Promoters' Contribution and lock in under Clause 4.6 of the SEBI Guidelines.

In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to the lock in of the Promoters Contribution as specified above, our entire pre-Issue issued Equity Share capital will be locked in for a period of one year from the date of Allotment in this Issue.

However, in terms of Clause 4.14.2 of the SEBI Guidelines, the requirements of Clause 4.14.1 of the SEBI Guidelines shall not be applicable to VCFs registered with SEBI. Consequently, 2,149,234 Equity Shares representing 9.8% and 7.9% of the pre-Issue and post-Issue Equity Share capital held by ICICI Trusteeship Services Limited, a VCF respectively, are exempt from any SEBI statutory lock-in. The total number of Equity Shares, which are locked in for one year, is 14,363,119.

In terms of Clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of Equity Shares is one of the terms of the sanction of the loan.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable. Further, in terms of clause 4.16.1(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and among the Promoter group or to a new promoter or persons in our control subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

3. Our Shareholding Pattern

The table below describes our shareholding pattern before the proposed Issue and as adjusted for the Issue:

Name of Shareholders	Pre-Issue		Post-Issue	
	Number of Equity Shares	Percentage of Equity Share capital (%)	Number of Equity Shares	Percentage of Equity Share capital (%)
Promoters and Promoter Group				
Mr. Sanjeev Bikhchandani	11,801,373	53.71	11,801,373	43.23
Ms. Surabhi Bikhchandani	373,508	1.70	373,508	1.37
Mr. Hitesh Oberoi	2,074,441	9.44	2,074,441	7.60
Mr. Ambarish Raghuvanshi	655,084	2.98	655,084	2.40
Sub Total	14,904,406	67.83	14,904,406	54.60
Public				
ICICI Trusteeship Services Limited	2,149,234	9.78	2,149,234	7.88
Murugan Capital#	545,907	2.49	545,907	2.00
Sherpalo Mauritius LLC#	545,904	2.49	545,904	2.00
Others	3,825,954	17.41	3,825,954	14.02
Pursuant to the Issue	Nil	0.00	5,323,851	19.50
Total	21,971,405	100.00	27,295,256	100.00

Murugan Capital and Sherpalo Mauritius are co-investors and have invested through a common shareholders agreement and may be considered as persons acting in concert

- We, our Promoters, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person, other than the agreement with ICICI Trusteeship Services Limited, Murugan Capital and Sherpalo LLC, and the agreement dated July 31, 2003 between Mr. Sanjeev Bikhchandani and Mr. Kapil Kapoor. Murugan Capital and Sherpalo LLC generally invest together, and have purchased our Equity Shares under the same agreement. Please refer to the section titled “History and Certain Corporate Matters – Material Agreements” beginning on page 70 of this Red Herring Prospectus for details of these agreements.
- In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Retail or Non Institutional categories would be met with spill over from other categories or combination of categories at our sole discretion in consultation with the BRLMs. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. If at least 60% of the Equity Shares are not subscribed to by QIBs, the application monies shall be refunded forthwith.
- The list of our top ten shareholders and the number of Equity Shares held by them is as under:

Our top ten shareholders as on the date of filing of this Red Herring Prospectus are as follows:

Sr. No.	Name of Shareholder	Number of Shares	% of Shareholding
1.	Mr.Sanjeev Bikhchandani	11,801,373	53.71
2.	ICICI Trusteeship Services Limited	2,149,234	9.78
3.	Mr.Hitesh Oberoi	2,074,441	9.44
4.	Mr.Kapil Kapoor	1,311,380	5.97
5.	Mr.Anil Lall	1,125,358	5.12
6.	Info Edge Employees Stock Option Plan Trust	718,411	3.27
7.	Mr.Ambarish Raghuvanshi	655,084	2.98
8.	Murugan Capital	545,907	2.49
9.	Sherpalo Mauritius LLC	545,904	2.49
10.	Ms. Surabhi Motihar Bikhchandani	373,508	1.70

Our top ten shareholders as of two years prior to the date of filing of this Red Herring Prospectus were as follows:

Sr. No.	Name of Shareholder	Number of Shares	% of Shareholding
1.	Mr. Sanjeev Bikhchandani	34,890,780	55.92
2.	ICICI Emerging Sectors Fund	9,733,770	15.60
3.	ESOP TRUST	5,117,505	8.20
4.	Mr. Kapil Kapoor	3,746,802	6.01
5.	Mr. Anil Lall	3,215,310	5.15
6.	Ms. Surabhi M Bikhchandani	2,314,950	3.71
7.	Mr. Hitesh Oberoi	1,837,320	2.94
8.	Mr. Sharad Malik	459,330	0.74
9.	Ms. V.N. Saroja	387,168	0.62
10.	Mr. Vivek Khare	274,500	0.44
11.	Mr. Lalit S. Rautela	274,500	0.44

7. The top ten shareholders as on ten days prior to the date of filing of this Red Herring Prospectus, were as follows:

Sr. No.	Name of Shareholder	Number of Shares	% of Shareholding
1.	Mr. Sanjeev Bikhchandani	11,801,373	53.71
2.	ICICI Trusteeship Services Limited	2,149,234	9.78
3.	Mr. Hitesh Oberoi	2,074,441	9.44
4.	Mr. Kapil Kapoor	1,311,380	5.97
5.	Mr. Anil Lall	1,125,358	5.12
6.	Info Edge Employees Stock Option Plan Trust	718,411	3.27
7.	Mr. Ambarish Raghuvanshi	655,084	2.98
8.	Murugan Capital	545,907	2.49
9.	Sherpalo Mauritius LLC	545,904	2.49
10.	Ms. Surabhi Motihar Bikhchandani	373,508	1.70

8. Certain members of our Promoter group have sold some of their Equity Shares within the six month period preceding the date of filing of this Red Herring Prospectus, the details of which are as follows:

Seller	Relationship with the Company	Purchaser	No. of Equity Shares of Rs. 10 each	Price (in Rs./Equity Share)	Date of Transfer
Mr. Sanjeev Bikhchandani	Promoter and Director	Murugan Capital	410,400	245	September 14, 2006
Ms. Surabhi Bikhchandani	Member of Promoter Group	Sherpalo Mauritius LLC	436,723	245	September 14, 2006
Ms. Surabhi Bikhchandani	Member of the Promoter Group	Murugan Capital	1	245	September 14, 2006
Mr. Hitesh Oberoi	Promoter and Director	Sherpalo Mauritius LLC	109,181	245	September 14, 2006

9. On February 28, 2003, the Board of Directors approved an employee stock option scheme (the “ESOP 2003”). Under the ESOP 2003, the Compensation Committee constituted of the Board of Directors may decide upon the number of Equity Shares in respect of which the option may be granted to our permanent employees and to such of our Promoters and Directors who either himself or through his relatives holds not more than 10% of our Equity Shares. The ESOP 2003 will be administered by our Compensation Committee, which shall determine the terms and conditions of the employee stock options granted from time to time. We have also created a trust – the Info Edge Employees Stock Option Plan Trust – and have formulated rules for it to govern the ESOP 2003. On August 31, 2004, grants of options convertible to an aggregate of 6,972,276 equity shares of Re.1. had been made to certain of our employees and Directors. On March 19, 2006 a further grant was made to acquire an aggregate of 270,550 Equity Shares. Out of these, a certain number of options have already been exercised and a certain number have been forfeited as per their terms. Taking into account the consolidation of our Equity Share capital on February 14, 2006 and the bonus issue on that date (details of which are provided in section titled “Capital Structure – Our Share Capital History” beginning on page 17 of this Red Herring Prospectus), the total number of options as of the date of filing of this Red Herring Prospectus are 663,505. All Equity Shares issuable upon the exercise of the outstanding options have already been issued and transferred to the ESOP Trust as shareholder. Therefore any exercise of the outstanding options granted under the ESOP 2003 will not lead to any change in the

Equity Share capital of our Company upon completion of the Issue. The details of the options granted under the ESOP 2003 are described in the following tables.

a) **Particulars of the ESOP 2003**

Sr. No.	Nature of Disclosure	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Total
1.	Total number of options granted	N.A.	6,972,276	270,550	218,375	7,461,201
2.	Exercise price	N.A.	Re. 0.33 per share	Rs. 10 per Equity Share for 45,150 options; and Rs. 245 per Equity Share for 225,400 options	Rs. 245 per Equity Share for 17,900 options; and Rs. 280 per Equity Share for 200,475 options.	N.A.
3.	Total number of options vested	N.A.	6,552,876	192,150	17,570	6,762,596
4.	Total number of options exercised	N.A.	6,552,876	192,150	17,570	6,762,596
5.	Total number of Equity Shares arising as a result of exercise of options ⁽²⁾	N.A.	655,287	67,258 ⁽¹⁾	17,570	740,115
6.	Total number of options lapsed	N.A.	N.A.	35,100	N.A.	35,100
7.	Variation of terms of options	N.A.	N.A.	N.A.	N.A.	N.A.
8.	Money realized by exercise of options	N.A.	N.A.	N.A.	N.A.	N.A.
9.	Total number of options in force	N.A.	419,400	462,700	663,505	663,505 ⁽⁴⁾
10.	Diluted Earning Per share (EPS) pursuant to issue of shares on exercise of options	N.A.	N.A.	N.A.	N.A.	N.A.
11.	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) ⁽³⁾	N.A.	Guidance Note 18 – Accounting for Employee Shares based payments did not require any disclosure of the impact of the difference between the fair value and the intrinsic value.	Rs. 1,809,067	Rs. 5,979,569	N.A.
12.	Impact of this difference on our profits and EPS ⁽³⁾	N.A.	N.A.	Profit would be lower by Rs. 1,809,067. EPS would be Rs. 6 per Equity Share	Profit would be lower by Rs. 5,979,569. EPS would be Rs. 2.12 per Equity Share	N.A.
13.	Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.	N.A.	N.A.	N.A.	N.A.
14.	Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.	N.A.	N.A.	N.A.	N.A.
15.	Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the ESOP Guidelines	N.A.	N.A.	N.A.	N.A.	N.A.

Sr. No.	Nature of Disclosure	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Total
16.	Vesting schedule	N.A.	The options granted to those employees who are not Directors will vest in the ratio of 40%, 30% and 30% at the end of Jan 1, 2005, Jan 1, 2006 and Jan 1, 2007, respectively. The options which have been granted to the Directors will vest 100% at the end of Jan 1, 2005. Vesting will be complete January 1, 2007	Vesting between a period of three years ending March 31, 2008 and March 31, 2009.	Vesting between June 2007 and January 2010	N.A.
17.	Lock-in	N.A.	One year	One year only for 45,150 options	N.A.	N.A.

- (1) The number of Equity Shares have been adjusted for the bonus share issuance and consolidation of the per share price. For details of the bonus and consolidation, please see paragraph 1 to Notes to Capital Structure above.
- (2) The number of Equity Shares issued as a result of options vested and exercised includes the effect of the bonus share issuance and our capital restructuring. As a result, the number of options vested or exercised may not conform to the number of Equity Shares issued on the exercise of options.
- (3) The difference 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) is based on Audited Accounts for Quarter ended June 30, 2006 and does not carry the impact of options granted thereafter.
- (3) None of the outstanding options are held by our Directors

b) The details regarding options granted to Directors and key managerial personnel are set forth below:

No.	Name of Director/Key Managerial Personnel	Fiscal 2004		Fiscal 2005		Fiscal 2006		Fiscal 2007	
		Options granted	No. of equity shares issuable upon exercise of options	Options granted	No. of equity shares (of Rs.10 each) issuable upon exercise of options	Options granted	No. of Equity Shares issuable upon exercise of options	Options granted	No. of Equity Shares issuable upon exercise of options
Directors@									
1.	Mr. Hitesh Oberoi	Nil	N.A.	4,401,600	440,160	Nil	N.A.	N.A.	N.A.
2.	Mr. Ambarish Raghuvanshi	Nil	N.A.	1,871,676	187,167	Nil	N.A.	N.A.	N.A.
Key Managerial Personnel									
1.	Mr. V. Suresh	Nil	N.A.	60,000	6,000	10,500	10,500	12,000	12,000
2.	Mr. Vineet Singh	Nil	N.A.	60,000	6,000	10,500	10,500	12,000	12,000
3.	Mr. Vibhore Sharma	Nil	N.A.	54,000	5,400	9,100	9,100	9,500	9,500
4.	Mr. Vivek Khare	Nil	N.A.	51,000	5,100	9,100	9,100	9,500	9,500
5.	Ms. Deepali Singh	Nil	N.A.	42,000	4,200	5,250	5,250	9,000	9,000
6.	Mr. Harveen Bedi	Nil	N.A.	24,000	2,400	5,250	5,250	9,000	9,000

@ Our Directors have exercised all the options and no options given to the Directors are outstanding

c) The details regarding options granted to employees in any one year amounting to 5% or more of options granted during that year are as follows:

No.	Name of Employee	Fiscal 2004		Fiscal 2005		Fiscal 2006		Fiscal 2007	
		Options granted	No. of equity shares issuable upon exercise of options	Options granted	No. of equity shares (of Rs.10 each) issuable upon exercise of options	Options granted	No. of equity shares (of Rs.10 each) issuable upon exercise of options	Options granted	No. of equity shares (of Rs.10 each) issuable upon exercise of options
1.	Mr. Hitesh Oberoi	Nil	N.A.	4,401,600	440,160	Nil	N.A.	Nil	N.A.
2.	Mr. Ambarish Raghuvanshi	Nil	N.A.	1,871,676	187,167	Nil	N.A.	Nil	N.A.
3.	Mr. Vineet Singh	Nil	N.A.	60,000	6,000	10,500	10,500	12,000	12,000
4.	Mr. V Suresh	Nil	N.A.	60,000	6,000	10,500	10,500	12,000	12,000

- d) The details regarding options granted to employees in any one year amounting to 1% or more of our issued capital (excluding outstanding warrants and conversions) at the time of the grant are as follows:

No.	Name of Employee	Fiscal 2004		Fiscal 2005		Fiscal 2006		Fiscal 2007	
		Options granted	No. of equity shares issuable upon exercise of options	Options granted	No. of equity shares (of Rs.10 each) issuable upon exercise of options	Options granted	No. of equity shares (of Rs. 10 each) issuable upon exercise of options	Options granted	No. of equity shares (of Rs. 10 each) issuable upon exercise of options
1.	Mr. Hitesh Oberoi	Nil	N.A.	4,401,600	440,160	Nil	N.A.	Nil	N.A.
2.	Mr. Ambarish Raghuvanshi	Nil	N.A.	1,871,676	187,167	Nil	N.A.	Nil	N.A.

- e) The number of options granted (all three grants), vested and exercised as on September 27, 2006 to the Directors and the key managerial employees are described below.

No.	Name of Director/ Key Managerial Personnel	Options Granted for Equity Shares	Options Vested	Options Exercised
Directors				
1.	Mr. Hitesh Oberoi	440,160	440,160	440,160
2.	Mr. Ambarish Raghuvanshi	187,167	187,167	187,167
Key Managerial Personnel				
1.	Mr. V. Suresh	28,500	4,200	4,200
2.	Mr. Vineet Singh	28,500	4,200	4,200
3.	Mr. Vibhore Sharma	24,000	3,780	3,780
4.	Mr. Vivek Khare	23,700	3,570	3,570
5.	Ms. Deepali Singh	18,450	2,940	2,940
6.	Mr. Harveen Bedi	16,650	1,680	1,680

* Options granted in Fiscal year 2005 have been consolidated, i.e. 10 options representing shares of Re. 1 each have been consolidated to one option representing shares of Rs. 10 each.

- f) Description of the method and significant assumptions used during the year of the grant to estimate the fair values of the options, including the following weighted-average information.

The fair value of the options granted in FY 2005 is Rs. 13.92 per equity share (after bonus). This fair value was arrived at on the basis of the price paid by the Info Edge Employees Stock Option Plan Trust to purchase the shares from ICICI Trusteeship Services Limited. The fair value of the options granted in FY 2006 is Rs. 245 per Equity Share. This fair value was arrived at on the basis of the price agreed to be paid per Equity Share by Murugan Capital and Sherpalo LLC to purchase the Equity Shares under the terms of the KP Sherpalo Investment Agreement. For details of the KP Sherpalo Investment Agreement please see section titled “History and Certain Corporate Matters – Material Agreements” beginning on page 70 of this Red Herring Prospectus. The fair value of the options granted in FY 2007 is Rs.280 per Equity Share. This fair value was arrived on the basis of price at which preferential allotment (Pre-IPO Placement) was made to Nominee and Independent Directors. For details, please refer to point no.11 on page 25 of this Red Herring Prospectus.

- g) None of the holders of the Equity Shares allotted on exercise of options granted intend to sell their shares within three months after the date of listing of the Equity Shares.
- h) None of the Directors, key managerial personnel, and such employees who hold ESOP Equity Shares amounting to more than 1% of the Equity Share capital (excluding outstanding warrants and conversions) intend to sell their shares within three months after the date of listing of the Equity Shares.
10. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

11. Certain of our Directors have purchased our Equity Shares under a preferential allotment (Pre-IPO Placement) during the six months preceding the date of this filing of this Red Herring Prospectus, as disclosed below:

Name of the Director	Date of Allotment	No. of Equity Shares	Face Value (Rs. per Equity Share)	Issue Price (Rs. per Equity Share)
Arun Duggal	August 7, 2006	20,000	10	Rs. 280
Sandeep Murthy	August 7, 2006	53,000	10	Rs. 280
Ashish Gupta	August 7, 2006	49,703	10	Rs. 280
Saurabh Srivastava	September 7, 2006	12,500	10	Rs. 280

12. Except for the issue of options or Equity Shares pursuant to the ESOP 2003, we presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including the issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Provided that if we enter into acquisitions or joint ventures, we may subject to necessary approvals, consider raising additional capital to fund such activity or issue Equity Shares as currency for acquisition or participation in such joint ventures.
13. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
14. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares is 95.
15. We have not raised any bridge loans against the proceeds of the Issue.
16. Except as disclosed in section titled “Capital Structure – Share Capital History” beginning on page 17 and “Other Regulatory and Statutory Disclosures – Offers otherwise than for Cash” beginning on page 225 of this Red Herring Prospectus respectively, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
17. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares except as disclosed under paragraph 9 above.
18. The Equity Shares held by the Promoters are not subject to any pledge.
19. Pursuant to the SEBI Guidelines, Promoters’ contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as Promoters.
20. The Equity Shares being issued or transferred pursuant to the Issue shall be and are fully paid up.
21. An over subscription to the extent of 10% of the Net Issue can be retained for the purpose of rounding off to the nearest multiple of the minimum Allotment lot.
22. Only “Employees” will be eligible to apply in this Issue under the Employee Reservation Portion on a competitive basis. Any person who is not an Employee is not eligible to participate in the Employee Reservation Portion. Bids by Employees can also be made in the “Net Issue” to the public and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 532,385 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis subject to a maximum Allotment to any Employee of 50,000 Equity Shares. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Issue and Allotment shall be made in accordance with the description in the section entitled “Issue Procedure” beginning on page 233 of this Red Herring Prospectus.
23. Except as disclosed in section titled “Management” beginning on page 72 of this Red Herring Prospectus, none of our Directors and key managerial personnel hold any Equity Shares.
24. Our Promoters and members of the Promoter group will not participate in the Issue.

OBJECTS OF THE ISSUE

The objects of the Issue are to raise capital for developing and expanding our business and also to achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our brand name and provide liquidity to our shareholders.

The main objects clause and the objects incidental or ancillary to the main objects clause of the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us in the Issue.

The net proceeds of the Issue after deducting all Issue related expenses are approximately Rs. [●] million. We intend to use the net proceeds of the Issue to (i) expand into new markets, to diversify into other businesses, (ii) to develop alternate delivery models for our products, (iii) to purchase/lease real estate for our offices, (iv) to acquire other companies or businesses, and (v) for general corporate purposes.

The above is however based on management's estimate as of the date of this Red Herring Prospectus and is subject to change. The use of the proceeds of the Issue has not been assessed by any independent assessing agency. Further, in the event that the actual use of proceeds in any category is less than that indicated below, our management, in accordance with the policies established by the Board, will have flexibility in utilizing that surplus for any other category described below.

The details of the proceeds of the Issue are summarized in the tables below:

Particulars	(Rs. million)
Gross proceeds of the Issue	[●]
Issue related expenses	[●]
Net proceeds of the Issue	[●]

The following table summarizes the intended use of net proceeds of the Issue:

	(Rs. million)		
Use	FY 2007	FY 2008	Total
1) Diversification of Business and Expansion Into New Markets	100	100	200
2) Buying/Lease of Office Space	300	—	300
3) Product Enhancement and Developing Alternate Delivery Models	100	150	250
4) Acquisitions/Strategic Alliances	300	—	300
5) Development of 99acres.com and Jeevansathi.com	150	100	250
6) General Corporate Purposes	[●]	[●]	[●]
	[●]	[●]	[●]

Details of Use of Proceeds

1. Diversification of Business and Expansion into New Markets

Presently our business activities are limited to primarily providing information exchange services in the recruitment, matrimonial and real estate markets; and our activities are concentrated in India. We intend to use approximately Rs. 200 million of net proceeds of the Issue to diversify into other segments of the online classifieds market such as automobile products, educational products and industrial products and to expand our present business to the countries in the Middle East and in South Asia; which expenses may, as anticipated, comprise of capital expenditure and funding of losses during the gestation period of the diversification process. The capital expenditure for such diversification would ordinarily include lease/ purchase of office space, office computers, furniture and fixtures, hardware, intellectual property registrations, etc. In the initial years of operations, such diversification typically involve substantial revenue expenditure on employee costs, marketing and advertisement. This is further substantiated by the fact that over the course of the last two Fiscal years, we incurred an aggregate loss of approximately Rs. 100 million in connection with the development of new business segments of matrimonial and real estate services.

2. Buying/Lease of Office Space

We are presently conducting our corporate functions primarily out of four different leased locations in the national capital region of Delhi, which occupy an aggregate area of approximately 65,000 square feet. Given the pace of our workforce expansion in the past and its anticipated growth in the near future, we feel that our operational efficiency can be improved if these functions were to be carried out of a single location. To that end, we intend either to buy or to lease suitable office space in the national capital region of Delhi. We intend to use approximately Rs. 300 million of net proceeds of the Issue for this purpose. We are in the process of evaluating proposal for acquisition of office space and have not identified any land and/or associated infrastructure to be acquired in this regard. We have neither identified any real estate; vendors for equipment nor have placed any purchase orders in this regard. As on the date of this Red Herring Prospectus no purchase agreement has been entered into by us. The above is based on management's estimate and has not been appraised by any independent agency.

3. Product Enhancement and Developing Alternate Delivery Models

We intend to start several initiatives to enhance the features and qualities of our currently existing products and services, for which we expect to invest significant resources. In that connection, we are also actively exploring and developing other channels for delivering our services to our customers, e.g., through text services on mobile phones and through call centers. We anticipate investments in technology, employees, and related infrastructure for the same. The development of alternate delivery model would entail identification of the technology; acquisition targets and investments in infrastructure viz. land & building, furniture, computers systems, computer networks, telecommunication services, etc and hiring of staff and brand building among other things. We are in the process of evaluating proposal for acquisition of office space and have not identified any land and/or associated infrastructure to be acquired in this regard. In relation to the call centre we have not identified the location, or estimated the number of seats and the number of employees that the call centre will have. We have neither identified any real estate nor have we identified any vendors for purchase of equipments like computers, servers, telecommunication equipment, air conditioning, etc. We have not placed any purchase orders in relation to these alternate delivery models. As on the date of this Red Herring Prospectus no purchase agreement has been entered into by us. We intend to use approximately Rs. 250 million of net proceeds of the Issue for these initiatives, which amount is based on management's estimate and has not been appraised by any independent agency.

4. Acquisitions /Strategic Alliance

We feel that our efforts at diversifying into new businesses or into new markets can be facilitated as demonstrated in the past by making acquisitions of existing internet-based businesses and companies, whose resources, capabilities and strategies are complementary to and likely to enhance our business operations such as process outsourcing, telesales operations, etc in different geographical regions we operate. We intend to use approximately Rs. 300 million of net proceeds of the Issue for such acquisitions/strategic alliance. As at the date of this Red Herring Prospectus, we have not entered into any letter of intent or any definitive commitment for any such acquisition or investments or joint ventures or strategic alliances.

5. Development of 99acres.com and Quadrangle

We intend to use approximately Rs. 250 million of net proceeds of the Issue for further developing the business of the following of our following two divisions: 99acres.com, which is engaged in the real estate classifieds market; and Quadrangle, which is engaged in "offline" recruitment services market. These two divisions are our more recent business initiatives and we intend to further develop these businesses by spending the amount on activities such as brand building, product development, and marketing and sales promotion. The marketing and sales promotion activity would involve advertisement; establishing service centres; ramping-up of the marketing team and setting up marketing offices.

6. General Corporate Purposes

Approximately Rs. [●] million, raised through the Issue and in excess of the contributions required for the proposed projects and the Issue expenses, will be utilized towards general corporate purposes, including brand building and marketing.

Means of Finance

The objects of the Issue are proposed to be financed entirely through the net proceeds of the Issue. In case of any increase in the actual utilization of funds earmarked for the above activities, such additional fund for a particular activity will be met from a combination of internal accruals of the Company, additional equity or debt infusion. If the actual utilization towards any of the aforesaid objectives is lower than what is stated above, such balance will be used for future growth opportunities and general corporate purposes. In the event any surplus is left out of the issue proceeds after meeting all the aforesaid objectives, such surplus Issue proceeds will be used for general corporate purposes including for meeting future growth opportunities.

As at the date of this Red Herring Prospectus, we have not deployed any amount for the objects stated above.

Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expense (Rs. million)	Expense (% of total expenses)	Expense (% of Issue Size)
Lead management, underwriting and selling commissions*	[•]	[•]	[•]
Advertising and marketing expenses*	[•]	[•]	[•]
Printing and stationery*	[•]	[•]	[•]
Other (Registrar's fees, legal fees, etc.)*	[•]	[•]	[•]
Total estimated Issue expenses*	[•]	[•]	[•]

*Will be filled in after finalization of the Issue Price

Interim Use of Proceeds

Pending utilization of the net proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments, including deposits with banks. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilization of Funds

The Board or a committee of the Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet for Fiscal 2007 clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet for Fiscal 2007, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

We will not pay any part of the Issue proceeds as consideration to the Promoters, the Directors, our key management personnel or companies promoted by the Promoters except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10 and the Issue Price is [●] times the face value of the Equity Shares at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should read the following summary along with the sections titled “Risk Factors” and “Financial Statements” beginning on pages xii and 94 of this Red Herring Prospectus, respectively, and other details about us and our Subsidiaries included in the section entitled “History and Certain Corporate Matters” beginning on page 66 of this Red Herring Prospectus. The trading price of our Equity Shares could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

Factors Internal to our Company

The qualitative factors internal to our Company, which have been used as a basis for the Issue Price are as follows:

- Our websites are recognized and our brands are established;
- We have significant advantages as an early entrant in the online employment segment in India;
- We are the leaders in the online recruitment business in India;
- We have strong long-standing relationships with a large number of employers;
- We have established a wide network of offices to support and augment our sales and client management effort;
- We have a diverse portfolio of services to meet the varied requirements of our customers and users;
- We have the technological expertise for the improvement and development of product portfolio;
- We have a experienced and stable management; and
- We have a qualified and a motivated work force.

For a detailed discussion of these factors, see section titled “Our Business – Our Strengths” beginning on page 48 of this Red Herring Prospectus.

Quantitative Factors

The information about us that has been presented in this section is derived from our restated unconsolidated financial statements.

Some of the quantitative factors, which may form the basis for computing the Issue Price, are as follows:

1. Earning Per Share* (EPS) – Post Consolidation

Year	EPS (Rs.)	Weights
Year ended March 31, 2004	1.12	1
Year ended March 31, 2005	0.15	2
Year ended March 31, 2006	6.08	3
Weighted Average	3.28	

*Earning per share represents basic earnings per share calculated as restated unconsolidated net profit after tax divided by total number of equity shares outstanding during the year/period as adjusted for bonus issue during the period reported.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●]

- a. Based on Fiscal 2006 diluted EPS of Rs. [●] - [●]
- b. P/E for Industry

3. Return on Net Worth (RoNW) ** - Post Consolidation

Year	RoNW (%)	Weights
Year ended March 31, 2004	31%	1
Year ended March 31, 2005	3%	2
Year ended March 31, 2006	54%	3
Weighted Average	33%	

**Return on Net Worth is arrived at by dividing unconsolidated restated net profit after tax by restated unconsolidated net worth as at the year end.

4. Minimum return on increased Net Worth required to maintain pre-Issue EPS of Rs. [●] - [●]

5. Net Asset Value per share (NAV) – Post Consolidation

As at	NAV (Rs.) ***
June 30, 2006	11.33

*** Net Asset Value per share, computed based on unconsolidated restated net worth as at such date divided by total number of Equity Shares outstanding as at such date.

As there is no separate classification of online classified internet as industry in India, benchmark comparable Industry P/E in India is not available.

6. Net Asset Value per Equity Share after Issue

The net asset value per Equity Share after the Issue is Rs.[●].

Issue Price per Equity Share: Rs.[●] (Issue Price per Equity Share will be determined on conclusion of Book Building Process).

7. Comparison with industry peers

As there is no separate classification of online classified internet as industry in India, benchmark comparable Industry EPS, P/E, RONW and NAV figures in India are not available.

- 8. Issue Price 29 is times of the face value at the lower end of the Price Band and 32 times of the face value at the higher end of the Price Band. The Issue Price of Rs. [●] has been determined by us in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.
- 9. The BRLMs believe that the issue price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. See the section titled “Risk Factors” beginning on page xii of this Red Herring Prospectus and the financials of our company including important profitability and return ratios, as set out in the auditors report in the section titled “Financial Statements” beginning on page 94 of this Red Herring Prospectus to have a more informed view.

SECTION IV – ABOUT THE COMPANY

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

We hereby report that the enclosed annexure states the possible tax benefits available to the Company and its shareholders under the current direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

1. The Company or its shareholders will continue to obtain these benefits in future; or
2. The conditions prescribed for availing the benefits have been /would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current direct tax laws presently in force in India.

**For Sharma Goel & Co.
Chartered Accountants**

**Amar Mittal
Partner
Membership No. 17755**

May 19, 2006

Benefits available to the Company

The Company has investments in units of various mutual funds and shares of its wholly owned subsidiary. The benefits available to the Company under various provisions of the Income Tax Act are summarised below:

1. Section 10(34)

In terms of section 10(34) of the Income Tax Act, any income by way of dividends referred to in section 115O (i.e., dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of a domestic company is exempt from tax.

2. Section 10(35)

In terms of section 10(35) of the Income Tax Act, any income received from units of a Mutual Fund specified under section 10(23D) of the Income Tax Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

3. Section 10(38)

In terms of section 10(38) of the Income Tax Act, any long-term capital gains arising to an assessee from transfer of long-term capital asset being equity shares in a company or unit of an equity oriented fund would not be liable to tax in the hands of the assessee if the following conditions are satisfied:

- (a) The transaction of sale of such equity share or unit is entered into on or after October 1, 2004; and
- (b) The transaction is chargeable to Securities Transaction Tax under Chapter VII of Finance (No. 2) Act, 2004.

In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder/unit holder, will be chargeable to Securities Transaction Tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.10% of the value payable by both buyer and seller individually (0.125% with effect from June 1, 2006 – amended by Finance Act, 2006). The non-delivery based sale transactions are liable to tax @ 0.02% of the value payable by the seller (0.025% with effect from June 1, 2006 – amended by Finance Act, 2006).

4. Section 48

Under section 48 of the Income Tax Act, if the investments in shares/units are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Income Tax Act), if any, will be treated as long-term capital gains and such gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition and expenses, if any, incurred in relation to such transfer.

5. Section 88E

In terms of section 88E of the Income Tax Act, the securities transaction tax paid by the shareholder/unit holder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of tax chargeable on the business income arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

6. Section 111A

In terms of section 111A of the Income Tax Act, any short-term capital gains arising to a shareholder/unit holder from transfer of short-term capital asset being equity shares in a company or unit of an equity oriented fund would be liable to tax in the hands of the shareholder/unit holder at the rate of 10% if the following conditions are satisfied:

- (a) The transaction of sale of such equity share or unit is entered into on or after October 1, 2004; and
- (b) The transaction is chargeable to Securities Transaction Tax under Chapter VII of Finance (No. 2) Act, 2004.

7. Section 112

Under section 112 of the Income Tax Act, capital gain on transfer of shares/units held for a period exceeding 12 months, being long term capital gains, computed after indexation as provided in the second proviso to section 48 shall be chargeable to tax at a rate of 20% (plus applicable surcharge and cess). However, at the option of the shareholder/unit holder, capital gains on transfer of listed securities or units, computed without indexation, can be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).

The above provisions are not applicable for transfer of shares covered under section 10(38) of the Income Tax Act.

Benefits available to the resident shareholders of the Company

The tax benefits available to the shareholders of the Company, under various sections of the Income Tax Act are discussed briefly below.

1. Section 10(34)

In terms of section 10(34) of the Income Tax Act, any income by way of dividends referred to in section 115O (i.e., dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of a domestic company is exempt from tax.

2. Section 10(38)

In terms of section 10(38) of the Income Tax Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset being equity shares in a company or unit of an equity oriented fund would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

- (a) The transaction of sale of such equity share or unit is entered into on or after October 1, 2004; and
- (b) The transaction is chargeable to Securities Transaction Tax under Chapter VII of Finance (No. 2) Act, 2004.

In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, will be chargeable to Securities Transaction Tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.10% of the value payable by both buyer and seller individually (0.125% with effect from June 1, 2006 – amended by Finance Act, 2006). The non-delivery based sale transactions are liable to tax @ 0.02% of the value payable by the seller (0.025% with effect from June 1, 2006 – amended by Finance Act, 2006).

3. Section 48

Under section 48 of the Income Tax Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Income Tax Act), if any, will be treated as long-term capital gains and such gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition and expenses, if any, incurred in relation to such transfer.

4. Section 88E

In terms of section 88E of the Income Tax Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible

for rebate from the amount of tax chargeable on the business income arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Section 111A

In terms of section 111A of the Income Tax Act, any short-term capital gains arising to a shareholder from transfer of short-term capital asset being equity shares in a company or unit of an equity oriented fund would be liable to tax in the hands of the shareholder at the rate of 10% if the following conditions are satisfied:

- (a) The transaction of sale of such equity share or unit is entered into on or after October 1, 2004; and
- (b) The transaction is chargeable to Securities Transaction Tax under Chapter VII of Finance (No. 2) Act, 2004.

6. Section 112

Under section 112 of the Income Tax Act, capital gain on transfer of shares held for a period exceeding 12 months, being long term capital gains, computed after indexation as provided in the second proviso to section 48 shall be chargeable to tax at a rate of 20% (plus applicable surcharge and cess). However, at the option of the shareholder, capital gains on transfer of listed securities or units, computed without indexation, can be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).

The above provisions are not applicable for transfer of shares covered under section 10(38) of the Act.

Benefits available to the non-resident shareholders of the Company (other than FII's and foreign venture capital investors)

The tax benefits available to the non-resident shareholders of the Company are in addition to those available to a resident shareholder. They are briefly discussed below.

1. Section 48 (First Proviso)

As against the benefit of cost inflation index enjoyed by resident shareholders under section 48, non-resident shareholders are protected against any fluctuation in foreign currency which was utilized in purchasing the company's shares, in terms of the first proviso to section 48 of the Income Tax Act. In such cases, capital gains / loss arising to a non-resident from the transfer of shares of the company acquired in convertible foreign exchange, will be computed by first converting the cost of acquisition, consideration for transfer and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized for the purchase of such shares, at specified exchange rates. The capital gains so computed in foreign currency, is to be reconverted into Indian currency at specified exchange rates. The aforesaid manner of computation of capital gains will be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter in, and sale of, shares in, or debentures of, an Indian company.

2. Section 90(2)

Where the Central Government has entered into an agreement with the Government of any country outside India under sub-section (1) of section 90, for granting relief of tax, or for avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee (being FII's and non-residents).

3. Section 115-I

Under section 115-I of the Income Tax Act, the non-resident Indian shareholder has an option to be governed either by the provisions of Chapter XIIA of the Income Tax Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" or other normal provisions of the Income Tax Act. Where the non-resident elects not to be governed by the provisions of this chapter for any assessment year, he is required to furnish a return of income under section 139 declaring therein that the provision

of this chapter shall not apply to him for that assessment year, and then his total income shall be computed and tax charged in accordance with other provisions of the Income Tax Act.

4. Section 115E

Under section 115E of the Income Tax Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, will (in cases not covered under section 10(38) of the Income Tax Act), be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation).

5. Section 115F

As per the provisions of this section, when a non-resident transfers any long term foreign exchange asset, he can claim exemption in respect of the long-term capital gains from such asset if the following condition is satisfied.

He invests, within a period of six months after the date of such transfer, the whole or part of the net consideration in any of the foreign exchange assets. The quantum of deduction is in proportion to the amount invested.

The exemption granted will be withdrawn if the new asset is transferred or converted into money within a period of 3 years from the date of its acquisition. The exemption granted shall be taxable. "Foreign exchange asset" includes shares of an Indian company.

6. Section 115G

Under provisions of section 115G of the Income Tax Act, non-resident Indian is not required to file a return of income under section 139(1) of the Income Tax Act, if his total income in respect of which he is assessable under the Income Tax Act, consists only of investment income or long-term capital gains in respect of foreign exchange assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act.

7. Section 115H

Under section 115H of the Income Tax Act, where a person who is a non-resident Indian in any previous year, becomes assessable as a resident in India, in respect of the total income of any subsequent year, he may furnish a declaration in writing to the Assessing Officer, along with the return of income for that year under section 139 of the Income Tax Act, to the effect that the provisions of the Chapter XIIA will continue to apply to such person in relation to such investment income derived from the specified foreign exchange assets for that year and subsequent assessment years until such assets are transferred or converted into money.

Benefits available to Foreign Institutional Investors

The tax benefits specifically available to the Foreign Institutional Investors are briefly discussed below.

1. Section 90(2)

Where the Central Government has entered into an agreement with the Government of any country outside India under sub-section (1) of section 90, for granting relief of tax, or for avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Income Tax Act shall apply to the extent they are more beneficial to that assessee (being FII's and non-residents).

2. Section 115AD

Section 115AD provides that when the total income of a Foreign Institutional Investor includes:

- (a) income (other than income by way of dividends referred to in section 115-O) received in respect of securities (not being units of a mutual fund);
- (b) income by way of short term capital gains arising on transfer of such securities,
- (c) income by way of long term capital gains arising on transfer of such securities,

then the same would be chargeable to tax as follows:

- (a) income referred in clause (a) above, shall be taxable at the rate of 20%
- (b) income referred in clause (b) above, shall be taxable at the rate of 30%. However, short term capital gains referred to in section 111A shall be taxable at the rate of 10%.
- (c) income referred in clause (c) above, shall be taxable at the rate of 10%.

However, the benefit of indexation and protection against foreign exchange fluctuation will not be available.

Benefits available to Venture Capital Companies/Funds

1. Section 10(23FB)

In terms of section 10(23FB) of the Income Tax Act, all venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

Benefits available to Mutual Fund

1. Section 10(23D)

In terms of section 10(23D) of the Income Tax Act, all Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds registered under the Securities and Exchange Board of India Act/ regulation thereunder or Mutual Funds authorized by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.

Benefits to shareholders of the company under the Wealth Tax Act, 1957

1. Section 2(ea)

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence shares are not liable to wealth tax.

Notes:

- 1. All the above benefits are as per the current tax law as amended by the Finance Act, 2006.
- 2. The stated benefits will be available only to the sole/first named holder in case the share are held by joint holders
- 3. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- 4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

INDUSTRY

Recruitment Industry

In terms of the various means used by the employers to hire their personnel, the recruitment industry can be broadly divided into the following categories:

- *Print Medium:* This is a traditional medium used by employers through classified and display advertisements in largely English-language newspapers, business magazines, and other niche publications, to search for job seekers with required qualifications and eligibility.
- *Online Recruitment:* This is the fastest growing segment of the recruitment industry, acquiring in recent years an increasing market share.
- *Placement Consultants:* This is a highly fragmented segment consisting of recruitment consultants, who usually work on a success-fee based model. A large number of consultants are also users of the print medium and online recruitment services.
- *Employee Referrals:* This involves current employees referring suitable candidates from amongst their social/professional network. This model also is typically success-fee based.

Online Recruitment Industry

Online recruitment offers advantages over traditional recruitment industry in a number of ways – targeting the right audience, faster recruitment process and relatively low costs of advertising as compared to advertising in the newspaper and other traditional communication media. From an employer's perspective especially, the internet provides a high level of accuracy in targeting (such as by age, geographical location, qualification, salary range and profession and work experience), while delivering an interactive capability. Therefore, employers can expedite the recruitment process by shortening the evaluation and short-listing stages. On the other hand, job seekers can take advantage of the filtering tools to filter out unsuitable jobs, making their search more efficient and convenient. In other words, it has a wider and a more accurate reach at a relatively low cost as compared to print media or other offline segments of the industry. Online recruitment services have helped expand the recruitment industry. By way of example, placement consultants now use the internet to advertise with greater frequency.

Developed markets, like the United States of America, have seen a transition from traditional offline recruitment media to the internet. Online recruitment can thus be seen as a natural progression from the traditional recruitment industry and has the potential to grow even more as employers turn to internet to fulfill their human resource needs.

Online recruitment industry first appeared in India in the mid to late 1990s, due to the popularity and the growth of the internet. We are one of the pioneers of the online recruitment industry in India. We launched Naukri.com website in 1997. Since then several players like Monster, Jobstreet, and Timesjobs among others have entered the industry and have helped in the expansion of the industry.

India Online Recruitment Industry Snapshot

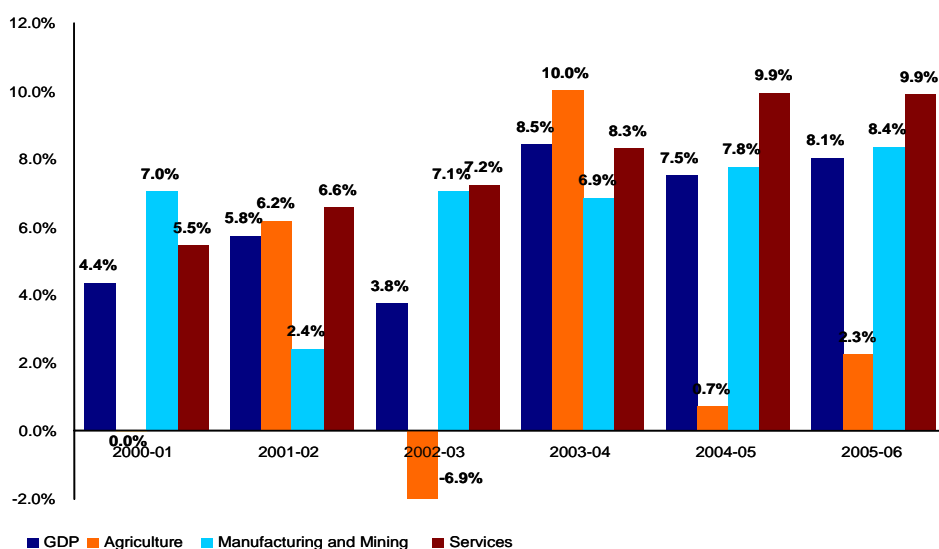
Size in Rs.	1,350,000,000
Last Year's growth (%)	35%
Current Leaders	Naukri, Monster, Jobstreet, Timesjobs
New Entrants	Dice Cybermedia, CareerBuilder
Comment	10% of the job market has already moved online

Source: Businessworld, February 2006

Key Drivers for Online Recruitment Industry Growth:

1. Macroeconomic Trends

Growth of the online recruitment industry is very closely linked to that of the overall recruitment market, which in turn is dependent on the overall economic growth. Liberalization of India's economy, and its rapid growth over the past decade, has served as an important catalyst for the development of the human resource services industry in India. India's GDP increased at a compound annual rate of about 6% from FY 2000 to FY 2006. According to the CSO, India's GDP is expected to achieve approximately 7% compound annual growth over the next 5 years. Further, liberalization of the Indian economy and the gradual deregulation across a number of industries has led to an increase in the competition in industries leading to the need for improved human resource recruitment processes and management. Another factor which is expected to lead to a greater hiring requirement is a shortage of skilled manpower in industries across all sectors of the Indian economy.



Source: CSO

In FY 2006 India's GDP rose by 8.1%, which was higher than both the expected value and the 7.5% growth recorded in FY 2005. Advance estimates released by the CSO indicate that the GDP growth was driven by the growths in the services sector (of 9.9%) and the manufacturing sector (of 8.4%). The key growth drivers were identified as investment cycle upturn, increase in domestic consumption and expansion in outsourcing from the overseas companies. These growth factors are expected to continue in India in the coming years. This growth, coupled with the possibility of the trickle-down effect into other segments of the economy, is likely to result in high long-term growth. There is a high degree of correlation between economic growth and employment generation.

As indicated in the graph below, the private sector's contribution in overall employment in the organized sector had grown from 28.7% in FY 1990 to 31.2% in FY 2003. This trend is expected to continue with the private sector contributing substantially more to the overall economic growth than the public sector and hence leading to a higher employment generation. Private sector entities are more likely to seek online recruitment services than public sector entities. We believe that the growth in the Indian economy, particularly in the private sector as a result of the continuing deregulation and liberalization of India's economy, will result in job creation and stimulate an increase in demand for human resource management and recruitment services.

ESTIMATES OF EMPLOYMENT IN ORGANISED PUBLIC AND PRIVATE SECTORS

(Lakh⁽¹⁾ persons as on March 31)

Years	Public Sector			Private Sector			Public and Private Sector (Total)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1990	165.22	22.50	187.72	61.88	13.94	75.82	227.09	36.44	263.53
1991	167.10	23.47	190.57	62.42	14.34	76.76	229.52	37.81	267.33
1992	167.81	24.29	192.10	63.67	14.79	78.46	231.48	39.08	270.56
1993	168.49	24.77	193.26	63.01	15.50	78.51	231.51	40.26	271.77
1994	168.80	25.65	194.45	63.41	15.89	79.30	232.21	41.54	273.75
1995	168.66	26.00	194.66	64.31	16.28	80.59	232.97	42.28	275.25
1996	167.94	26.35	194.29	67.20	17.92	85.12	235.14	44.26	279.41
1997	168.31	27.28	195.59	67.77	19.09	86.86	236.08	46.37	282.45
1998	166.55	27.63	194.18	67.37	20.11	87.48	233.92	47.74	281.66
1999	166.04	28.11	194.15	66.80	20.18	86.98	232.84	48.29	281.13
2000	164.57	28.57	193.14	65.80	20.66	86.46	230.37	49.23	279.60
2001	162.79	28.59	191.38	65.62	20.90	86.52	228.40	49.49	277.89
2002	158.86	28.87	187.73	63.83	20.49	84.32	222.71	49.35	272.06
2003	156.75	29.05	185.80	63.57	20.64	84.21	220.32	49.68	270.00

⁽¹⁾ 1 Lakh = 100,000

Source: CSO

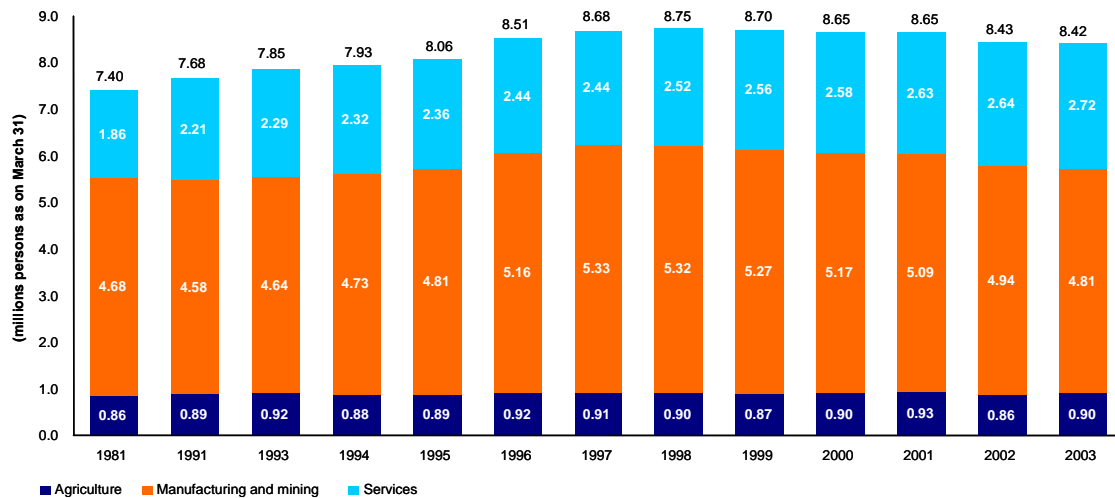
As evidenced by the table below, the services sector's contribution to the overall economy has been on the rise and accounted for more than 63% of the GDP as of Fiscal year 2006.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Agriculture	25.3%	24.3%	24.4%	21.9%	22.2%	20.8%	19.7%
Manufacturing and Mining	17.1%	17.5%	16.9%	17.5%	17.2%	17.3%	17.3%
Services	57.6%	58.2%	58.7%	60.7%	60.6%	62.0%	63.0%

Source: CSO

This pattern is also mirrored in the growing share of services sector jobs in the overall employment. Contribution of the services sector in the overall organized private sector employment has grown from 25.2% in 1981 to 32.2% in 2003, as indicated in the graph below. India, over the years, has developed a large skilled and educated labor force to cater to the growing services sector. This large skilled and educated labor pool is becoming increasingly important to companies in seeking to build a competitive advantage by recruiting and retaining these workers. This labor pool is a primary target segment for employers and, therefore, for providers of human resource services like Naukri.com. Naukri.com's focus on helping companies recruit employees primarily for white-collar jobs allows it to take advantage of this trend.

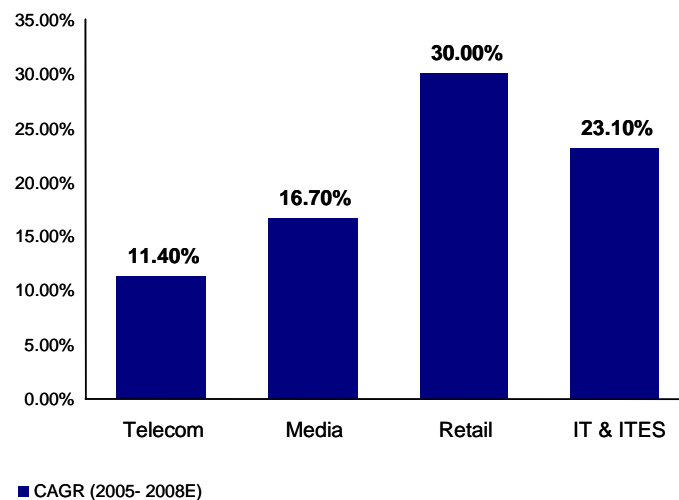
Sectoral contribution of the services sector to organized private sector employment



Source: Indian Union Budget and Economic Survey, 2005-06

The growing services sector also helps the recruitment service providers in another way. The services sector has a significantly higher employee turnover compared to the other sectors of the economy, and, therefore, an increasing share of the services sector in the GDP is a positive for the online recruitment industry.

Expected growth rate - Services Sector Industries

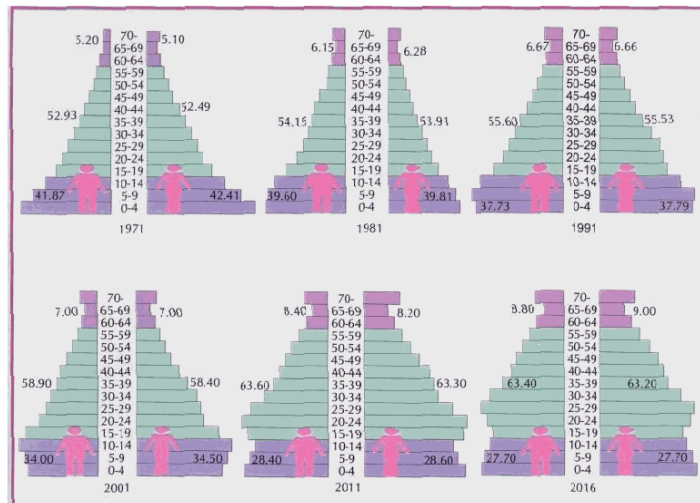
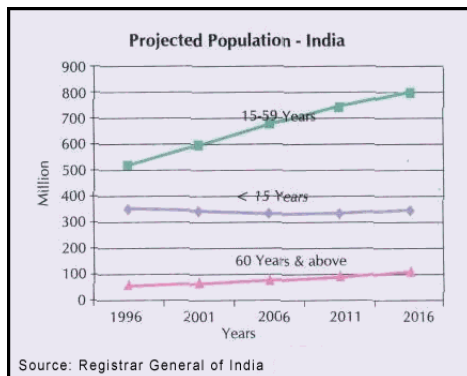


Source: National Association of Software and Service Companies.

Within the services sector, industries such as Telecom, Media, Retail and IT/ITES – which are very human resource-intensive and contribute substantially to our client base – are expected to grow at a rapid pace.

2. Favorable Demographic Trends

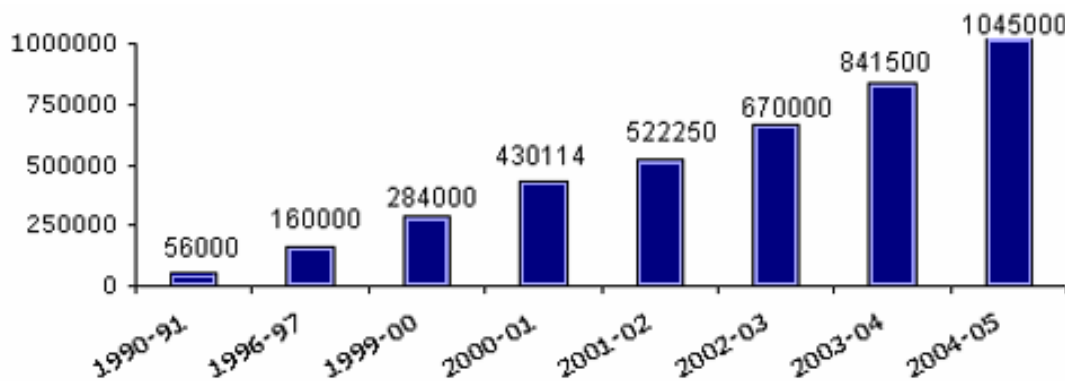
India has a large percentage of its population between the ages of 20 and 40, many of whom have secondary or college level education and can be categorized as skilled labor. According to Census data in 2001, 54% of Indian population were comprised of people who were younger than 25 years of age. Combined with the increasing desire on the part of companies in the developed economies to seek labor at competitive wages, such characteristics of the Indian labor market have led to a significant number of companies from the developed countries, such as the U.S.A., looking to hire Indian labor either through migration of Indian workers to such countries or moving of such companies' operations to India in the form of such companies setting up operations in India or implementing business process outsourcing to Indian companies.



Source: Technical Group on Population Projections, Registrar General of India (RGI) 1996

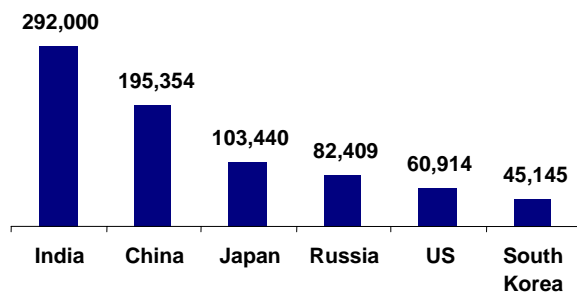
Based on population projections available from Registrar General of India (RGI), India's population is expected to become even younger and by 2016, more than 63% of its population is expected to be in the working age group. The benefits of large skilled population are evidenced by the growth in the IT, ITES and BPO service sectors in the past few years.

India IT and ITES Sector: Growth in Professionals

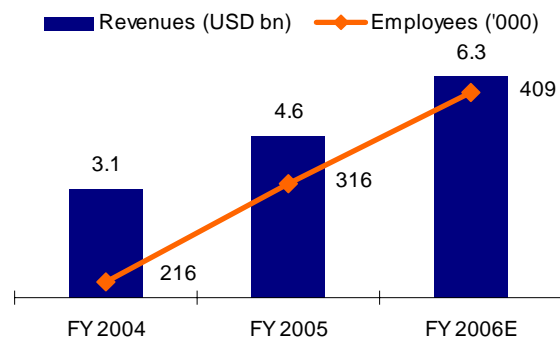


Source: NASSCOM

Undergraduate Engineering Degree In 2003



India ITES/BPO - Growth in revenues and employees



Source: NASSCOM

3. Rapid growth in IT/ITES Sector

The IT and ITES sectors account for a major share of the revenues of online recruitment industry including that of Naukri.com. This industry has witnessed a very rapid growth since its inception, and according to NASSCOM, is expected to exceed USD 36 billion in revenues in FY 2006. This industry in India has grown at a CAGR of over 28% since FY 2000. Over the same period the industry's contribution to the national GDP has risen from 1.2% in FY 2000 to a projected 4.8% in FY 2006. The total direct employment in the IT-ITES sector is estimated to have grown by over a million, from 284,000 in FY 2000 to a projected 1,287,000 in FY 2006 (Source: Strategic Review 2006: The IT Industry in India, published by NASSCOM in February 2006).

Key highlights of the NASSCOM Strategic Review 2006

The following information is taken from Strategic Review 2006: The IT Industry in India, published by NASSCOM in February 2006.

- **Steady growth:** The Indian IT-ITES sector is expected to exceed USD 36 billion in annual revenue in FY 2006, an increase of nearly 28% from FY 2005.
 - Exports are expected to account for nearly two-thirds of the total revenues
 - IT-ITES sector is expected to contribute to 4.8% of GDP in FY 2006
 - Engineering and research and development, and software products hold significant opportunity for India, and are growing at 37% and 43% (CAGR FY 2003-06), respectively
 - Indian IT-ITES sector is expected to achieve the targeted USD 60 billion in exports by FY 2010
- **Employment trends:** Total IT Software and services employment is expected to reach 1,287,000 in FY 2006
 - Industry has already initiated several initiatives to further enhance the availability of and access to suitable talent for IT-ITES sector in India:
 - A comprehensive skill assessment and certification programs for entry-level talent and executives (low-middle level management) has been launched
 - An image enhancement program to build greater awareness about the career opportunities in this segment
 - NASSCOM is working with the academia across the country to encourage and facilitate greater industry interaction

Employment figures - Software and Services sector

Sector	FY 2004	FY 2005	FY 2006
IT Services	215,000	297,000	398,000
ITES-BPO	216,000	316,000	409,000
Engineering Services and R&D and Software Products	81,000	93,000	115,000
Domestic Market (including user organizations)	318,000	352,000	365,000

Note: Figures do not include employees in the hardware sector.

Source: NASSCOM

As per NASSCOM estimates, attrition levels in the IT industry range between 25-40% per year. Attrition rates in the software sector are around 10-15% and the agent-level attrition rate across the BPO industry stands at around 45-50% for voice-based processes and 15-20% for non-voice based processes, each on an annual basis. With the increasing number of MNCs increasing their presence in India and domestic IT/ITES companies expanding their operations, job opportunities in the IT/ITES sector are expected to continue to grow and we believe this will lead to a higher attrition rate thereby helping the recruitment services industry.

4. Internet and PC Penetration

India is experiencing a strong growth in internet and PC penetration. PC population in India has grown from 1.57 million in March 1997 to 13.49 million in March 2005 at a CAGR of about 31%. This has led to increase in PC penetration (per '000 population) from 1.63 to 11.92. Increased PC penetration has been primarily

responsible for growth in the internet users in India. Internet users have grown from 6.67 million in 2001 to 52.88 million in 2005 at a CAGR of 68%.

The growth in PC and internet users since FY 1997 is set out in the following table:

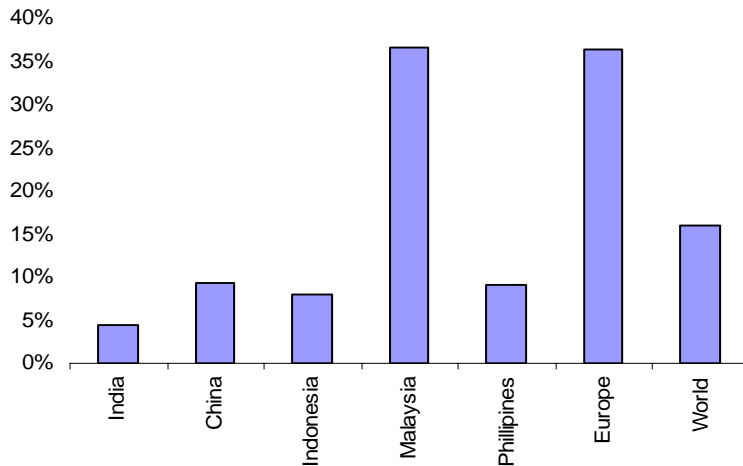
Internet Users and Subscribers in India: 1997-2005

(Figures in thousands)

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PC Sales	580	800	1,030	1,405	1,882	2,003	2,228	2,784	3,653
Households		120	200	287	416	449	528	659	890
Business		680	830	1,118	1,466	1,554	1,700	2,125	2,763
PC Population	1,570	2,120	2,810	3,760	5,070	6,709	8,482	10,650	13,486
Households					780	1,205	1,693	2,295	3,102
Business					4,290	5,504	6,789	8,355	10,385
Population (million)	961	977	993	1,010	1,027	1,047	1,086	1,106	1,131
PC Penetration	1.63	2.17	2.83	3.72	4.94	6.41	7.81	9.63	11.92
(per '000 population)									
Internet Penetration									
Business (percent)					38	40	50	60	70
Household (percent)					80	85	90	92	95
Internet Subscribers	25	150	350	650	1,130	1,763	3,661	4,403	6,674
Business	23	125	224	332	511	739	2,137	2,292	3,727
Business (percent)	92	83	64	51	45	42	58	52	56
Households	2	26	126	319	622	1,024	1,523	2,111	2,947
Households (percent)	8	17	36	49	55	58	42	48	44
User to Subscriber Ratio									
Business					10	11	12	12	13
Households					2.5	2.5	2.2	2	1.5
Number of Users					6,668	10,684	29,000	31,723	52,875
Business					5,114	8,124	25,649	27,501	48,455
Households					1,554	2,561	3,351	4,222	4,420

Source: NASSCOM

The chart below compares internet penetration in India with the rest of the world.



Source: www.internetworldstats.com

India has one of the lowest internet penetration in the world currently. Despite exhibiting tremendous growth in the last few years, Indian market still has a lot of potential to grow given the very low internet penetration in India.

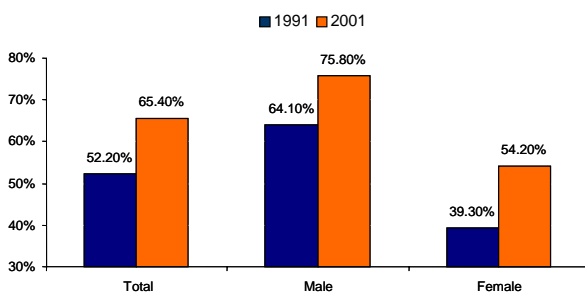
The Government of India has adopted a number of policies that are promoting internet penetration in India. For instance, the price of internet access can be kept as low as Rs. 199 per month under the Broadband Policy of the Ministry of Communications and Information Technology. Reduction in license fees from 15% to 6% has also boosted the broadband industry and it is expected that broadband will significantly promote internet penetration in India. The Government's policy of introducing PCs priced below Rs. 10,000/- in association with hardware manufacturers has also boosted internet penetration across the country. Another initiative of the Government has been the development of regional language fonts with a view to removing language barriers and localizing internet content (Source: Press Release dated December 6, 2005 from IAMAI, see www.iamai.in).

5. Cultural Changes

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

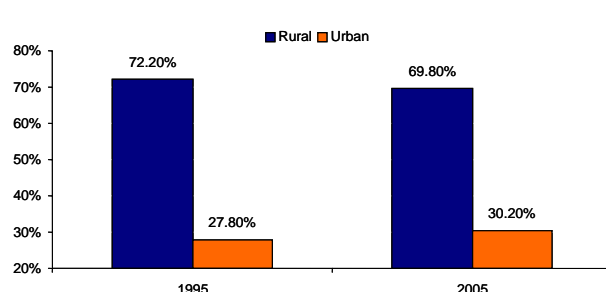
The table below illustrates the change in levels of urbanization in 2001 compared to that in 1991 and the literacy rate in 2005 compared to that in 1995.

Urbanization



Source: NCAER

Literacy Rate



Source: Census 1991, Census 2001

India's significant labor force is increasingly migrating toward urban areas due to employment opportunities in the urban areas. As a result of this increased urban concentration, major metropolitan areas have become the foundation for the growing human resource services industry in India.

Matrimonial Classifieds Market Overview

The matrimonial classifieds market can be broadly classified into the following three categories:

- *Traditional Intermediaries/Marriage Bureaus:* This category comprises principally of the social network of various castes and communities and of local marriage bureaus and individual matchmakers, and has been in existence in India for centuries. This market is highly fragmented.
- *Print Media:* This category is the most established segment of the market. It comprises of various national and regional players providing matrimonial classifieds.
- *Online Market:* While the concept of online dating services is popular across the world, online matrimonial services is a concept unique to the South Asian market. These matrimonial sites serve as information exchange for potential brides, bridegrooms, and their family and friends.

The matrimonial classified sector is highly fragmented along caste, religious, linguistic, and regional lines. The leading providers of online matrimonial classifieds and related services have benefited from being early movers in attracting profiles from persons belonging to certain regional and linguistic segments. There are a number of niche markets in this sector that are not being served by any business. As a consequence, entry barriers in this sector are low and it is relatively easy for any company, which makes a concerted effort to target such niche markets to enter the business.

Key Drivers for Online Matrimonial Classifieds Market:

1. Favorable demographic trends and cultural receptivity to arranged marriages

According to Census 2001 estimates, approximately 300 million Indians will be in the 20 to 30 years age bracket over the next 10 years. In addition, arranged marriage has traditionally been accepted by the Indian society as a means by which brides, grooms, their immediate family, relatives and friends, as well as community elders, searched for a potential marriage partner for a person in light of the person's backgrounds, including caste and regional origin. Notwithstanding changes which have taken place in the Indian society, arranged marriage has continued to maintain its vitality as a societal institution.

2. Increasing mobility of Individuals in the Indian Society

Increasing number of Indians are leaving their native places and moving out of India or their own societies in search of a job or a better lifestyle. But when it comes to marriage, it has been ordinarily seen that they prefer to get married with people from their communities with similar background in terms of caste, religion, linguistic and regional features. In fact, one of the primary drivers of online matrimonial sites was the non-resident Indian segment, where potential non-resident Indian bridegrooms started using these online services extensively in search of Indian brides. The non-resident Indian segment still continues to provide the bulk of the traffic on online matrimonial sites and this traffic is expected to grow with an increasing number of Indians moving overseas for higher education, jobs and business opportunities. Share of resident Indian segment in the total traffic on matrimonial sites is expected to rise as similar trend of increasing mobility is witnessed within India. Creation of new industry clusters in various parts of India have led to a movement of young Indians to places where they could find an ideal job and this segment is expected to drive the growth in the resident Indian segment.

3. Increased Freedom of Choice Over Life Decisions

A multitude of factors like increased exposure to western culture, higher educational levels and joint families giving way to nuclear families in the Indian society has led to new generation of Indians who are more actively taking control over taking their lives. They have increased their participation in making important decisions of their lives like jobs, marriage, etc., as compared to the previous generations. One of the resources singles in India have resorted to for finding their life partners is online matrimonial sites which provide them access to a

huge database and help them approach potential bride/bridegroom after applying a desired selection criteria to search on such database.

Indian Online Matrimonial Classifieds Industry Snapshot

Size in Rs. Crore ⁽¹⁾	40
Growth over FY 2005(%)	35%
Current Leaders	Shaadi, Bharatmatrimony, Jeevansathi, Timesmatri
New Entrants	Match

⁽¹⁾ 1 Crore = 10 Million

Source: Businessworld, February 2006

The highest paid content generators on the internet in India are online matrimonial advertising sites. They are estimated to have made earnings of Rs. 200 million for the Fiscal 2005. This market is expected to reach Rs. 800 million by 2007 (Source: Press Release dated January 6, 2005 from IMAI, see www.iamai.in).

The number of subscribers to online matrimonial classifieds sites has also increased significantly in recent years. In June 2003, the number of subscribers was 2,250,000. This increased to 4,000,000 subscribers in October 2004 (Source: Press Release dated January 6, 2005 from IMAI, see www.iamai.in).

Online Real Estate Classifieds Industry

Online real estate classifieds services are still at a very early stage in India and are highly fragmented. Real estate classified services are largely provided offline through the means of classified newspaper advertisements and by brokers who mostly work in their local geography. Our 99acres.com website is one of the first platforms in India to cater to the market with a dedicated website. Such websites serve as an information exchange platform for the potential buyers, sellers, lessors, and lessees.

Key Drivers for Online Real Estate Classifieds Industry:

- Rapid expansion and organization of the real estate sector in India resulting, inter alia, from a substantial increase in the individual ownership of residential houses and organized institutional developers entering the market, higher disposable income, liberal housing loan terms, and tax benefits for home ownership;
- Reduction in information asymmetry – which currently is very high – between buyers and sellers, by the use of websites;
- Anticipated integration of the large and growing print advertising market with the online market;
- Recent changes in the foreign investment policies in the real estate sector which has made it easier for foreigners to invest in real property in India;
- Launching of real estate investment trusts by mutual and other funds;

Online Advertising Market

The media advertising industry is comprised of newspaper, television, outdoor, magazine, radio, internet and cinema advertising. Total media advertising expenditure (“ad-spend”) in India in 2004 was estimated by TAM AdEx India at Rs. 118 billion. Print advertising accounted for the largest share with 46%, followed by television with 41%, outdoor advertising with 7%, radio with 2.0%, internet with 0.5% and cinema advertising with 3%. Although print media (newspapers, magazines and niche publications) dominates ad-spend in India, newspapers’ share of the ad-spend fell as television gained rising from approximately 40% in 2001 to 41% in 2004 (Source: TAM AdEx India). Television’s erosion of the print media’s share of the ad-spend in India may have ended. In 2004, print media ad-spend grew by 15% and television ad-spend grew by 13%, respectively, compared with 2003 (Source: TAM AdEx India). Except for internet advertising, which was almost non-existent in 1998, the share of other media has been declining or has been stable in some cases.

The online advertising market has grown from Rs. 420 million in the Fiscal year 2004 to Rs. 1,070 million in the Fiscal year 2005 (Source: Statistics published by IMAI on their website: www.iamai.in). This is expected to grow to Rs. 1,620 million in the Fiscal year 2006 and reach Rs. 2,180 million in the Fiscal year 2007.

OUR BUSINESS

Overview

We are a leading provider of online recruitment and matrimonial classifieds and related services in India. Our business is managed through four divisions, which comprise online recruitment classified division (operating through www.naukri.com, launched in March 1997), online matrimonial classified division (operating through www.jeevansathi.com, acquired in September 2004), online real estate classified division (operating through www.99acres.com, launched in September 2005) and offline executive search division (operating through our Quadrangle division, acquired in November 2000). We generated total income of Rs. 840.59 million for the Fiscal year ended March 31, 2006 and Rs. 293.23 million for the three months ended June 30, 2006. Our net profit was Rs. 132.91 million for the Fiscal year ended March 31, 2006 and Rs. 52.23 million for the three months ended June 30, 2006. Currently, a substantial portion of our total income as well as net profit are derived from our online recruitment classifieds and related services division.

We believe that we have developed a well-known and established brand name in India for each of our business divisions. In particular, Naukri.com is currently India's number one website for online recruitment services in terms of the number of unique visitors to the website, based on data provided by Comscore. As of September 22, 2006, Naukri.com was rated as India's eighth most visited website by Alexa. Moreover, Jeevansathi.com is currently India's number three website for online matrimonial classified services in terms of the number of unique visitors to the website, based on data provided by Comscore.

We believe that the leading market position and rapid growth of Naukri.com are attributable to our ability to take advantage of the opportunities created by the increasing demand for jobs due to the rapid economic growth of India, the growing acceptance of new channels of recruitment such as the internet by entities in both public and private sectors and the increasing internet penetration in India. In addition, we believe that Jeevansathi.com has attained its strong market position by taking advantage of the opportunities created by low entry barriers in the online market for matrimonial classifieds in India and the fragmented nature of this market.

We have established and currently maintain a network of 45 offices located in 30 cities throughout India, as well as an office in Dubai, which primarily engage in sales, marketing and payment collection activities for our business divisions. We currently have two subsidiaries, Naukri Internet Services Private Limited and Jeevansathi Internet Services Private Limited, which own internet domain names and related trademarks used in our business.

Recruitment Classifieds and Related Services

We provide recruitment classifieds and related services through our Naukri.com and Quadrangle business divisions. Our recruitment classifieds and related services generated 88.99% and 92.73%, 96.80% and 98.41% of our total income for the three months ended June 30, 2006 and Fiscal year 2006, 2005 and 2004, respectively.

Online Recruitment Classifieds and Related Services

We provide recruitment classifieds and related services to job seekers, employers and recruitment consultants on our website www.naukri.com, supported by our network of 45 offices in India, and one office outside of India in Dubai. Job seekers can upload their resumes on our website. We also provide to job seekers assistance in preparing resumes and listing them on our website. For our employer and recruitment consultant customers, we list their job vacancies, provide tools to conduct searches in our database of resumes and provide job application screening programs. We also post job vacancy related advertisements on our websites for our Corporate Customers. As of June 30, 2006, Naukri.com had a database of over 6 million registered job seekers, including their resumes, and over 82,000 live job listings from Corporate Customers. During the Fiscal year 2006 and the three months ended June 30, 2006, Naukri.com had approximately 20,000 and 12,000 Corporate Customers, respectively. An average of over 8,000 and 10,000 new resumes were added per day to the Naukri.com database in Fiscal year 2006 and the three months ended June 30, 2006, respectively.

Executive Search Services

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

Matrimonial Classifieds and Related Services

We provide matrimonial classifieds and related services through our Jeevansathi.com division. We provide an information exchange service to prospective brides, grooms and their relatives, in India and in certain other countries, through our website at www.jeevansathi.com, which is supported by our office network in India. During the Fiscal year 2006 and the three months ended June 30, 2006, approximately 1,700 and 2,200 new profiles of prospective brides and grooms were added per day to the Jeevansathi.com database, respectively. As of June 30, 2006, Jeevansathi.com had a database of more than 838,000 such profiles.

Real Estate Classifieds and Related Services

We provide real estate classifieds and related services through our 99acres.com division. Our website at www.99acres.com provides a convenient forum where lessors, lessees, buyers, sellers, and brokers of residential and commercial real estate in India can exchange information concerning real estate property with a view to entering into a transaction. We also provide advertising space on our website for property developers and brokers. As of June 30, 2006, 99acres.com had a database of more than 42,000 real estate listings. As of June 30, 2006, our real estate listings covered properties located in 23 cities in India.

Our Strengths

We are one of India's leading online providers of recruitment and matrimonial classifieds. We believe that our innovative and creative management team has been successful in developing and introducing new, value-enhancing products and services for job seekers, employers and recruitment agencies in India to fulfill career management and human resource needs in the case of Naukri.com, as well as an effective and cost-efficient medium for prospective brides and grooms residing in and outside of India to exchange personal information for the purpose of forming a marital relationship in the case of Jeevansathi.com. In particular, we believe that our management team has contributed to the development of the following competitive strengths.

We have well-recognized and strong brand names.

We believe that Naukri.com and Jeevansathi.com are well-established brands in India and enjoy high user recall. The names of our websites have been chosen to maximize user recall and have meanings related to the service they seek to provide. Historically, the terms "Naukri" and "Jeevansathi" meant "employment" and "life partner", respectively, in Hindi, which is the most widely used language in India. We believe that our users can correlate these terms to the services being sought by them. This enables our websites to gain the advantage of high recall amongst potential users. Our website www.naukri.com is currently the most-visited recruitment website in India. For details of usage statistics of Naukri.com and its significant Indian competitors, please see the tables in the section titled "– Competition" beginning on page 58 of this Red Herring Prospectus. In addition, as of September 22, 2006, Naukri.com was rated as India's eighth most visited website by Alexa. We believe that well-recognized and strong brand names will facilitate us to enter new geographic markets in and outside of India.

We have significant advantages as an early entrant in the online employment segment in India.

We are one of the first online providers of recruitment-related services in India. Our website www.naukri.com was launched in 1997. This has enabled us to enjoy an early-mover advantage, which has proved to be advantageous to us in the following respects:

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

We believe that these factors have enabled us to create significant barriers to entry in this market, which is especially advantageous in the online recruitment business as both job seekers and Corporate Customers have recurring career management or human resource requirements, and value prior relationships with recruitment entities. Our head start in establishing such relationships has enabled us to take advantage of the opportunities presented by the recurring nature of their requirements.

We are the leaders in the online recruitment business in India.

Naukri.com is the number one recruitment website in India based on the number of visits to its website (*Source: Comscore*). For details of its usage frequency as compared with its significant Indian competitors, see section titled “– Competition” beginning on page 58 of this Red Herring Prospectus. We believe that this position of leadership enables us to avail of a number of advantages in this business, including that of establishing long-standing relationships with a large number of users as compared to our competitors. These relationships are particularly important in the recruitment industry where the value of client relationship is high.

We have long-standing relationships with a large number of Corporate Customers.

During the Fiscal year 2006 and the three months ended June 30, 2006, we provided recruitment services to approximately 20,000 and 12,000 Corporate Customers, respectively, in various sectors of the economy. We believe that our long-standing relationship with such customers enables us to customize our products more efficiently and to cater to the needs of such Corporate Customers. We believe that the growth of Indian economy in various sectors will result in increasing human resource requirements for Corporate Customers and our long standing relationships with such customers will enable us to take advantage of such an opportunity. Even though the market for our services is characterized by a low switching cost for customers who wish to use a different service provider, our business is marked by high customer retention.

We have established a wide network of offices to support and augment our sales and client management effort.

We currently maintain a network of 45 offices in 30 cities in India, as well as an office in Dubai, where our staff endeavors to acquire new users, assists existing users on various services provided by us and undertakes collection of payment from Corporate Customers and other users for products and services offered by us. We believe that with the increasing focus of businesses, especially those in the IT and ITES industries, on smaller cities and towns in India, our network of offices will enable us to evaluate the needs and demands of our Corporate Customers and other users in cities other than just the major Indian cities and enable us to customize our products to cater to those needs more efficiently. This network of offices also enables us to provide our services to such of our jobseeker users as well as matrimonial service users who either are not accustomed to or do not have the means of completing financial or other transactions on the internet without assistance from our employees.

We offer a diverse portfolio of focused products and services to meet the varied requirements of our users.

We offer a diverse portfolio of products and services through our websites Naukri.com, Jeevansathi.com and 99acres.com. Moreover, we have developed a broad range of customized product and service offerings in order to address the varied and expanding requirements of our users. For example, Naukri.com has products specialized to cater to employers, recruiting agencies and job seekers. Similarly, products offered on Jeevansathi.com are customized in accordance with the demographics of our target market, such as by religion, caste, region and linguistic profiles of our users. We believe we have a well-defined methodology and dedicated staff focused on updating, expanding and further customizing our product and service offerings to meet the evolving needs of our users.

We have the technological expertise for the improvement and development of product portfolio.

We believe that we have a competent technology team, which possesses the technological expertise to continually improve the product and service offerings on our websites, and introduce new products and services to our users to meet their needs.

We have a highly experienced and stable management.

We believe that we have an experienced senior management team that has successfully expanded our business and increased our revenues, mostly through internal growth. There have been no changes in our key managerial personnel in the last three years, which is unusual for the industry we operate in, which is known for its high attrition rate. We believe our senior management has the experience and expertise to assess key aspects of our business such as developments in technology and trends of employment requirements and in our matrimonial related services business. We believe that the skill, industry and business knowledge and operating experience of our senior executives provides us with a significant competitive advantage as we seek to expand in our

existing markets and enter new geographic markets and lines of business. See section titled “Management” beginning on page 72 of this Red Herring Prospectus for details of key managerial personnel.

We have a well-qualified and a highly motivated work force.

As of June 30, 2006, we had a workforce of 951 employees, of whom 99% were college graduates and 69% were post-graduates, including 57% management graduates. We have a structured incentive program, including a performance-linked variable pay structure, which we believe provides effective incentives to our employees to continue to seek to maximize their performance, and have dedicated significant resources to training programs. Consequently, we feel we have a work force which is well-qualified and motivated to meet the needs of our users and contribute to our growth.

Our Strategy

We seek to maintain our position as the leading provider of online recruitment solutions in India and further enhance our position as one of the leading providers of internet based matrimonial services. In addition, we seek to diversify into and establish a position of leadership in the diverse spectrum of the online classified market and also to create such markets in those segments which are currently catered to by the print media only. In order to achieve these objectives, we implement the following strategies:

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

We recognize the importance of continued innovation of our products and services. To this extent we intend to enhance the utility and features of our existing products and services and create new products and services customized for our diverse groups of users based on their geographic location, interests and other criteria. We believe that this will enable us to increase our business from our existing users and will also assist us in acquiring new users. For example, in the case of Jeevansathi.com, we are focusing on increasing our database across all segments and improving and increasing matching options for our users based on a number of criteria, e.g., religion, caste, region and linguistic preferences. We have also launched Jeevansathi.com in Hindi and may also launch in other Indian regional languages. Such innovations based on our insight into the demands of our users, will enable us to compete in the evolving market of online classifieds. Similarly, with respect to Naukri.com, we have launched a diverse portfolio of products and added new features to our products such as “online job fairs”. We have also initiated the process of providing content on mobile phones, including short messaging services, WAP, GPRS, and voice segments. To facilitate this mode of delivery we have entered into arrangements with certain service and technology providers who liaise with mobile phone operators to integrate our SMS services with those of the mobile operators, to develop mobile messaging applications and to manage connectivity with the mobile phone operators and other short code providers. The mobile operators and we will share the revenue generated. This arrangement was initially adopted for Naukri.com, and is now being implemented for Jeevansathi.com and 99acres.com. We believe that this effort will enable us to create a far greater awareness of our brands, products and services, especially amongst that section of the population which does not use internet frequently.

Enhancement and diversification of our advertising revenue streams.

We believe that the popularity of our websites, particularly the status of www.naukri.com as one of the most visited websites in India, enhances our attractiveness as a location for advertising on the internet. We have an inventory of advertising space on our websites, which we sell to our Corporate Customers and for periods not currently exceeding six months. We intend to enhance our revenues generated by advertising and to diversify the revenue model. We are also contemplating providing sponsored links, whereby advertisers provide a link to their websites from our websites. We are also focusing on capturing a greater share of our existing Corporate Customers’ online advertising budgets.

Further strengthening of our brand recall.

Our brands constitute one of our most important assets and we intend to continue to take steps to further develop and enhance our brands, especially Naukri.com and Jeevansathi.com, through, among others, communication and promotional initiatives such as advertising, interaction with industry research organizations, participation in industry events and public relations through organizing of seminars. For example, we sponsored a job show program on CNBC TV 18 television channel. We have spent 20.37%, 22.13%, 20.66% and 10.24% of our total income in the three months ended June 30, 2006 and the Fiscal years 2006, 2005 and 2004, respectively, on advertising and marketing expenses, and we will continue to spend a significant portion of our income on

advertising and marketing expenses. We believe that such efforts will enhance the visibility of our brands, and will consequently enable us to retain our market leading position in the online recruitment and matrimonial services markets as well as access new markets. The enhancement of our brand strength will, we believe, also enable us to maintain our position as one of the most visited websites in India and result in continued interest amongst advertisers on our websites. We believe it will also provide us the platform from which we can launch new products in the online classified business.

Capture a greater percentage of our Corporate Customers' recruitment budgets.

We intend to capture a greater share of our existing Corporate Customers' recruitment budget. To facilitate this initiative, we seek to provide our Corporate Customers the convenience and efficiency of a single source for a diverse range of human resource related services by taking measures such as providing better technology for candidate searches and ensuring that the updated and relevant resumes are provided to employers and recruiting agencies. In addition, we also intend to increase our sales and marketing efforts and penetration of the Indian market, by increasing the size of our sales and marketing team as well as by opening additional offices, based upon the locations of our Corporate Customers and other factors.

Developing alternate delivery models for our services.

We intend to continue to focus on developing multi-channel delivery models for our services, particularly through mobile telephones, by entering into technological alliances which will enable us to provide systems integration and develop content for such services. We have identified short messaging services of mobile telephones as a potential channel of communication with our users. We believe this will enable us to access a larger number of users in real time as users would not need to access the internet to avail of the services provided by us.

Expand the scope and geographical presence of our business.

We are focused on increasing the number of resumes posted on and the number of employment opportunities available on Naukri.com, and the number of matrimonial profiles posted on Jeevansathi.com. We presently have 45 offices in 30 cities in India as well as an office in Dubai. We intend to open more offices in and outside of India. In particular, we are focusing on the countries in the Middle East and in South Asia. As a step in this direction we have already opened an office in Dubai. Furthermore, we have entered into a strategic alliance with CareerBuilder.com, a leading online recruitment services provider in the U.S.A., pursuant to which we will support such partner's marketing efforts in India and such partner will promote our marketing efforts in the U.S.A. With respect to the international markets, we intend to customize our products to the extent necessary to cater to the local conditions of those markets, including the creation and operation of websites specific to such markets. We believe that such expansion with local customization will enable us to meet the competition in such markets effectively.

Growth through a combination of acquisitions and organic growth.

We recognize, given the differing nature of the businesses of our divisions, our need for division-specific models of growth and expansion. We intend to focus on growing each division based on a model most suitable for that division. We intend to evaluate acquisition opportunities as well as organic growth. For example, in the case of Quadrangle, we intend to organically grow this business. We are also continually evaluating strategic alliances for the growth and expansion of our businesses.

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

We intend to focus on integrating the print and online advertising and information exchange platforms in the sectors and industries that we are engaged in. For example, in the case of 99acres.com, we intend to build a client base of brokers who currently do not list their properties online and to actively solicit such brokers to list their databases on our website.

Diversification into providing online classified services in new market segments.

We believe that with the ever-expanding growth of the internet in India and elsewhere, the online classified market is poised to cover classifieds as extensively as it is currently covered by the print media, and that there is an opportunity to enter other online classifieds segments, such as automobiles, educational services and

industrial products. We have recently launched a website www.99acres.com, which addresses the real estate classifieds market in India. We intend to capitalize on our experience in the classifieds business in recruitment and matrimonial services to diversify into these and other segments.

Our Business

Recruitment Classifieds and Related Services

We provide online recruitment services to job seekers, employers and recruitment consultants through our website, www.naukri.com, which is generally available 24 hours a day, seven days a week. We offer a variety of different products and services for job seekers and employers.

Products and Services for Job Seekers Offered on Our Website

Job seekers are provided with the following products and services on our Naukri.com website:

Resume Listing. This free service enables job seekers to register and include their resumes on the resume database of Naukri.com. Such resumes are searchable by and displayed to Corporate Customers of Naukri.com who have paid for such service.

Resume Display. This service entitles the job seekers to have their posted resumes displayed to the employers and recruitment consultants on our website, as opposed to just the inclusion of their resumes in our database.

Resume Development. Naukri.com has a resume preparation team that helps job seekers to create and develop their resumes. These services are provided online and in person at our offices.

Resume Flash. This is a service in which the resumes of the job seekers are forwarded to a select group of recruitment consultants, search firms and placement agencies located in major Indian cities.

Job Mail. This is an email service in which Naukri.com sends emails twice a week to job seekers informing them of vacancies matching job seeker's profile. Such vacancies are selected from live jobs displayed on the Naukri.com website.

Resume Listing is a free service, whereas Resume Display, Resume Development, Resume Flash and Job Mail are services for which job seekers are required to pay us.

Products and Services for Employers and Recruitment Consultants Offered on Our Website

Prospective employers and recruitment consultants are provided with the following products and services on our Naukri.com website:

Recruitment Advertising. Naukri.com provides job vacancy posting services and advertising space to its Corporate Customers. Generally, all job vacancy postings are "live" for 30 days. The Naukri.com website is divided into various sections, and depending upon the service package subscribed for, a Corporate Customer can post its job vacancies in any one of the following sections:

- **Hot Vacancies** – entitles the Corporate Customer to list job vacancies and display its logo with its listings, and includes an alerting service to job seekers, by matching the customer's vacancies against Naukri.com's resume database and emailing to the relevant job seekers a job vacancy notice. Customers also can get multiple customized email IDs, which enables different departments within an organization to post jobs specific to such departments and review responses thereto.
- **Job Gallery** – has all the features of Hot Vacancies but is prominently displayed on the homepage of our website. It also entitles the Corporate Customer to have a customized microsite developed for it by us which is provided a link from the main page of the website of Naukri.com. Moreover, the Corporate Customer's listings are highlighted as those of a "preferred employer" in search results of job seekers.

- **Best Places to Work** – in addition to providing all of the features of the Job Gallery, this service provides the Corporate Customer the option to use the “e-apps” software for screening resumes using a number of criteria and gives it access to the resume database of Naukri.com. It is more prominently displayed on the Naukri.com homepage than Job Gallery.
- **Top Employers** – in addition to providing all of the features of Best Places to Work, this service entitles the Corporate Customer to a hyperlink, through a panel or the Corporate Customer’s logo made available on the main page of the Naukri.com website, to the Corporate Customer’s microsite.
- **Classified Listings** – alternatively, a Corporate Customer can opt for a simple classified listing without any additional features, similar to a print media classified listing.

Access to Resume Database. This service was launched in October 2002. This service enables a Corporate Customer’s requirements to be matched with the resumes stored in Naukri.com’s database. Customers can search the database by a number of criteria, such as qualification, educational institution attended, current salary, desired work location, current employer and combinations thereof.

Response Management. This service allows the Corporate Customers the use of the “e-apps” software, a software developed by us in-house to screen applications for any given job. A customer can create a customized questionnaire for any particular job opening which has to be filled out by any candidate applying for that job. The software then helps the customer to shortlist such candidates for the interview stage of the hiring process. This service is also sold to employers and recruiters who do not subscribe for job vacancies on our website. For example, it can be used to filter responses to a newspaper advertisement where responses are received by email.

Campaigns. Naukri.com sends mass job alert emails highlighting Corporate Customers and their job vacancies to job seekers who have their resumes stored in the Naukri.com database. These emails can be targeted using a number of criteria. Naukri.com also creates pop-ups and banners with customer name and logo on the Naukri.com website.

Corporate Customers also have the choice of taking combinations of the above services. All of the above services are fee-based. Fees are charged based on duration of subscription. The fees for services to our Corporate Customers range from approximately Rs. 600 to approximately Rs. 600,000 per subscription period and are described in detail on the Naukri.com website. The rates are as per rate list in effect at the time of subscription.

Offline Executive Search Services

Our Quadrangle division provides offline recruitment services to our Corporate Customers in the IT and ITES industries for their hiring requirements across all levels, and in respect of our other Corporate Customers’ hiring needs for middle and senior level management personnel. In the job market for senior and middle management personnel, Quadrangle is engaged in headhunting activities as well. Quadrangle has created a database, accessible to only to its staff, of job seekers who do not wish to publicly list their resumes. Quadrangle also has access to the resume database of Naukri.com on the same terms as any other paying recruitment consultant client of Naukri.com. Based on the skill sets specified by its customers, Quadrangle screens these databases for potentially suitable candidates and arranges for interviews with the customer. Currently, Quadrangle has a client base of over 150 Corporate Customers. Its business model is to focus on such customers with an aim of getting repeat business with respect to their recruitment needs.

Matrimonial Classifieds and Related Services

We provide matrimonial classifieds and related services through our Jeevansathi.com division. See “Industry” section in this Red Herring Prospectus for a discussion of the various factors giving rise to the tradition of arranged marriages and reliance on institutionalized channels (including introduction of a potential marriage partner by a person’s parents, relatives or community elders) for meeting a person for the purpose of forming a marital relation.

Matrimonial Classifieds and Related Services Offered Online

Jeevansathi.com is one of the leading websites in India providing online matrimonial listings and related services. It has a large database of profiles of prospective brides and grooms and provides a platform for listing and exchange of information in relation thereto. Although the database is overwhelmingly made up of profiles of persons in India, it includes profiles of Indians residing overseas in the U.K., U.S.A., Singapore, Canada, and the U.A.E., as well as profiles of persons of Pakistani origin. Of all online providers of such classifieds, we believe we have the highest number of profiles from the densely populated regions of Northern and Western India.

Our matrimonial services are provided in the form of the following products and services on our Jeevansathi.com website:

Profile Listing. A profile can be created and listed free of charge. Profiles are searchable by all users, but contact information provided in profiles is only available to those users who have subscribed for *eRishta* services on our Jeevansathi.com website.

eRishta. It entitles the user to send personalized email messages to all other users of Jeevansathi.com, to initiate online chat and to view the contact details of those users who agree to the subscriber's request for such disclosure.

eClassifieds. It enables a registered user to display his or her profile including his or her contact details to all registered users of Jeevansathi.com website. Users can create and maintain their profiles, upload photographs, input the spouse's desired profile and search and contact other members.

eValue Pack. In addition to all of the features of eClassifieds stated above, the user's contact details are visible to all registered users of Jeevansathi.com. Users can send personalized email messages to all other users of Jeevansathi.com and to initiate online chat as well as to view the contact details of those users who agree to the subscriber's request for such disclosure.

A registered user can search the database by using various basic criteria, e.g., community, religion, country, and city, as well as certain advanced criteria, e.g., gender, occupation, age, height, mother tongue, etc.

Profiles are listed for free. However, services offered on Jeevansathi.com, i.e., eRishta, eClassifieds and eValue Pack, are paid services, with a fee ranging from Rs. 950 for a two month subscription of eRishta to Rs. 3,800 for a 12 month eValue Pack.

Jeevansathi.com maintains a call center facility which offers telephonic support to existing and prospective users.

Real Estate Classifieds and Related Services

We provide real estate classifieds and related services through our 99acres.com division. Launched on September 15, 2005, 99acres.com division maintains a website which provides a forum for listing and searching real estate classifieds in India. It is a platform which enables lessors, lessees, sellers, brokers, project developers, and buyers to list and search for properties, build property microsites and links to other real property related websites. 99acres.com supports buying and selling property in addition to renting of properties.

Listed properties are classified into residential and commercial categories. In each of these categories, there is a further classification of listings into "Pre Launch Offers", "Featured Projects", and "Realtors in Focus". The Pre Launch Offers section has listings from project developers of their properties prior to the launch of the respective projects. The Featured Projects section has listings from project developers highlighting their projects as opposed to individual units within such projects. The Realtors In Focus section has listings from brokers. Most listings are currently free of charge for a limited trial period, except for those listings which have been solicited by us offline and then listed online, for which a certain fee is payable. Customers are also entitled to build and maintain microsites within their section with a home page link.

Users can view any of these listings. They can also screen and search for properties based on certain basic criteria, e.g., category – buying or leasing, type, budget, city, in addition to certain advanced criteria, e.g.,

location and name of builder. The website also provides a free alert service by means of email to registered users.

We decided to launch 99acres.com pursuant to our diversification strategy. Our decision was motivated by the fact that the real estate market in India has been continually growing in the very recent past and is expected to continue to do so. We believe that there are very strong synergies of this business with our current businesses.

The Registration Process, Listing and Transaction Consummation

The Registration Process

Generally, our website users are required to register with us in order to use our online classified services. The methods of registration are set forth below for each of Naukri.com, Jeevansathi.com and 99acres.com. In addition, at the time of registration, all users of our websites must agree to our user agreements, which sets forth the various terms and conditions for the use of our websites, including the types of activities prohibited on our websites and the privacy policy applicable to the use of information on our websites. Also, in the case of 99acres.com, the agreement requires users to generally indemnify us for various matters, including for claims, actions or demands brought by third parties against us in connection with their use of 99acres.com material or from their breach of the terms and conditions.

Naukri.com

The procedure for registration at Naukri.com for job seekers varies according to the service desired by a job seeker. It is not necessary for job seekers to register in order to search for a job, apply online or save a resume in our resume database. However, in order to use other fee-based services on our Naukri.com website, job seekers must acquire user IDs and passwords. A large number of job seekers choose to register with us since registration allows them a wider access to recruiters and job related services.

Corporate Customers must provide the following information at the time of registration: user name, password, company name, primary email address, type of customer (whether it is a company or a recruitment agency), industry, contact person and details and company website.

Jeevansathi.com

A user of our Jeevansathi.com website must provide the following information to become a registered user: email address, password, gender, marital status, mother tongue and community, religion, caste, height, date of birth, annual income, country of residence, current place of residence and mobile and fixed line phone numbers. Although uploading photos is not required by us, our users may choose to do so, since having photos as a part of profile generally facilitates the search process and results in more responses.

99acres.com

A user of our 99acres.com website must provide the following information to become a registered user: type of user (whether an owner or a builder of real property or a real estate broker), username, password, name, address and contact information. Although uploading photos is not required by us, our users may choose to do so, since having photos as a part of profile generally facilitates the search process and results in more responses.

Listing and Transaction Consummation

Users of our Naukri.com, Jeevansathi.com and 99acres.com websites enter into transactions (whether it is finding a job, filling a job vacancy, meeting a potential marriage partner or entering in to a real estate transaction) by listing their classifieds or by uploading information on respective websites and contacting or being contacted by prospective counterparty which has identified the users' classified information as meeting its or his or her desired profile.

We filter a large proportion of the classifieds posted on our websites through a database containing certain words and phrases in order to prevent listing of illegal or prohibited types of information. However, we cannot be certain that our filter will be successful in identifying all incidence of illegal or prohibited listing on our websites. We conduct random searches in order to identify such listings and any user found to have engaged in

such listing is prohibited from using our websites in the future. We update our restricted word database from time to time as the legal and regulatory environment and requirements change.

Payment Processing

Users of our online classified services can choose among various payment methods to pay for their purchases of our services. Most job seekers using our services on Naukri.com pay for those services by making cheque or cash payments. Some of our Corporate Customers on Naukri.com pay for their purchases using credit cards. In the case of Jeevansathi.com, users pay by making credit card, cash or cheque payments. For 99acres.com, cheque and cash payment are generally the prevailing types of payment methods. Other types of payment methods include payment through a third party payment system (e.g., PayPal). In the case of credit card payments, such transactions are processed through a secured gateway.

Our Revenue Model

For Fiscal year 2006, recruitment classifieds and related services accounted for more than 92.73% of our revenues. The principal source of revenue for these services provided by Naukri.com division are the various recruitment solutions and advertising space provided to our Corporate Customers. We also charge certain fees from job seekers. Although the total fees generated from the services provided to job seekers is relatively insignificant as compared to the total fees generated from our Corporate Customers, our recruitment services revenues has a strong positive correlation with the number of resumes in our database. To this extent, our revenue generation model is similar to that of the recruitment classifieds businesses in the print media.

Quadrangle is based on a success-fee model. Quadrangle charges its customers a fee which, depending upon the seniority and relative ease of finding a particular category of employee, varies from 1 month's to 1-1/2 month's salary of the selected candidate. This fee is generally payable within 30 days of a hired candidate joining the client. In the event that a candidate hired through Quadrangle leaves employment within a certain specified period, typically ranging from 60 to 90 days of joining, Quadrangle is obligated either to assist the client in hiring a replacement at no extra fee or refund the amount paid.

In the case of Jeevansathi.com division, it has a revenue model whereby the listing of profiles is free, but payment is required to be made by a user to be able to contact another user. Currently, advertisements account for a very small portion of Jeevansathi.com's revenues.

99acres.com derives its revenues primarily from advertisement space provided in the form of banners and panels on the website and from the creation of microsites for sellers and brokers. Presently, listings by sellers which are done pursuant to solicitations by us are charged at a prescribed rate. The other listings are free of charge for a limited period of time and fee-based thereafter. Searches by buyers are free. Most of the revenue collection of this division is through "offline" transactions, at the time of meeting between the user and sales personnel of the division.

So far as the advertising on our websites is concerned, we are able to charge a variable fee based on the prominence and relative position of display within the website.

All payments for services provided by our divisions other than Quadrangle are received prior to or within a week of our starting to provide the services to the customers.

Sales and Marketing

Sales

Our sales strategy is to develop a significant client base amongst businesses in all industries while continuing to maintain our strength and leading position in the IT and ITES industries.

We believe we have an effective sales team functioning from our 45 offices located in 30 cities in India as well as our office in Dubai. Our sales force is divided into teams at the regional, city, and within-city levels. Our sales personnel are categorized into those who are responsible for existing-client relationship management and those who are responsible for new business generation. We engage in sales services in person and over the telephone. Tele-sales are primarily directed at international customers, job seekers, at the users of Jeevansathi.com and for certain categories of users of 99acres.com.

Marketing

Marketing is our single largest component of expenditure. Our marketing strategy is to focus on brand building, on enhancing traffic to our websites and, as such, profiles and listings, and on undertaking public relations development.

Our marketing effort is accomplished through advertising on television, on the internet, in the print media and through participation in industry meetings, conferences and seminars. We advertise our services online on our own websites and on third-party websites, such as Google.com, Yahoo.com, Rediff.com and their partner websites. We have a number payment models for such advertisements, such as based on the number of visits to our websites directed from such links or term of the advertising contract. We also have entered into arrangements for providing contents on certain websites. These arrangements are either in the form where we in return provide advertising space or free searches on our websites or one-way arrangements without any obligation on us.

We also advertise our services in magazines and newspapers, both with a national and regional reach. The arrangements with such publishers is sometimes in the form where our divisions are entitled to provide content or advertisement on these publications and the publications are entitled, in return, to advertise on our websites, including having links to their own websites in many cases. Typically, each party agrees to provide an agreed upon monetary value's worth of advertising to the other party's products on the former party's media. Television advertising is conducted through a number of national and regional channels.

Although our marketing effort and budgets are reviewed and revised each quarter, we monitor our marketing efforts regularly. Naukri.com, Jeevansathi.com, 99acres.com and Quadrangle have the budgetary allocation in such order. However, Quadrangle advertises its services primarily on the Naukri.com website, apart from some advertisements in the print media.

Technology

Our websites are currently hosted by Verio, Inc., a service provider located in the U.S.A. We have approximately 65 high speed servers located in the U.S.A. and dedicated exclusively for hosting the Naukri.com website and its associated applications. We also have two back-up servers, operated by Verio, Inc. and Rackspace Inc. located in the U.S.A. Moreover, we have locally hosted servers to run our backend operations in NOIDA, India. Our NOIDA servers are not insured. Minik Enterprises, an entity owned and managed by Sushil Bikhchandani, a brother of our Chief Executive Officer, acts as our representative in the U.S.A. with respect to the companies hosting our servers in the U.S.A. For further details concerning our related party transactions, please see "Related Party Transactions".

We use open source technology such as Linux and Apache to develop our applications and websites. We design and update our websites and develop our proprietary software entirely in-house. We employ a staff of website designers and technical personnel to update and enhance our websites as well as to design, build and provide assistance to our Corporate Customers who wish to create microsites within our websites. We update the advertisements on our websites from our offices in NOIDA. We have technical personnel in our NOIDA office to service key accounts and to supplement our central operations in the event of an emergency. New recruitment advertisements provided to us by our Corporate Customers generally appear on our website within a few hours of the purchase.

In case of a breakdown, it generally takes us up to 6 to 7 hours to make our websites operational again. From time to time we experience slower internet service from our internet service providers as a result of technical difficulties associated with high traffic volumes, computer viruses, the proliferation of "spam" email traffic and other difficulties that generally affect internet traffic. To date, we have not been subject to significant targeted disruptions or "hacking" and we believe that the difficulties we have experienced relating to the speed of the internet service and web-hosting provided by our service providers are consistent with the difficulties that affect internet service in India generally. To date, our websites have not experienced any shut down for any significant period of time. We do not believe that our business has been materially disrupted or negatively affected by technical difficulties with respect to our website. However, we cannot assure you that our business will not face material disruptions or damage from spam, viruses, hacking or other technical difficulties. See section titled "Risk Factors" beginning on page xii of this Red Herring Prospectus.

Competition

We operate in a competitive industry characterized by evolving standards, emerging customer preferences and requirements and pricing pressure. The principal competitive factors include brand recognition, critical mass of users on our websites and breadth and depth of classified information and related services, as well as the overall quality of the online experience on our websites. Additional factors which drive competition in attracting users to our websites include the quality and reliability of our technology, our ability to provide helpful advice and customer service, the efficiency of the profile matching process, including our ability to convert profiles into actual job placement, facilitate real estate transactions or meetings between prospective marriage partners.

Our business faces competition from other providers, both internet-based and non-internet based, of services similar to our business. Additionally, new boutique businesses that provide integrated or specialized services (such as advertising services or website design) and are technologically proficient, especially in the new media arena, are also competing with us, which makes it imperative for us to incorporate new technologies and acquire new capabilities in product delivery and client servicing.

Increased competition may reduce our operating margins as we expend more of our resources to develop new products and services and increase our marketing and promotional efforts to maintain our market position and to strengthen our brands. See “Risk Factors – We face significant competition in our business from Indian and international companies, and we may be unsuccessful in competing against current and future competitors, which could have an adverse impact on the level of fees we can charge for our services as well as increase the costs associated with growing our customer base” on page xii of this Red Herring Prospectus.

Competition for Naukri.com

The key online competitors for Naukri.com are MonsterIndia.com, JobsAhead.com, and Timesjobs.com. Naukri.com is also subject to competition from internet portals such as Google and Yahoo!. Naukri.com also faces competition from non-internet based providers of recruitment classifieds such as newspapers, specialist classified magazines, and placement consultants. However, on the basis of the data available from Comscore, which is tabulated below with respect to our key online competitors and us, Naukri.com is the most popular website among recruitment websites in India in terms of the share of the total traffic.

Month	Website	Unique Visitors ('000)	Duplication (M.I. & J.A.) ⁽¹⁾	Adjusted Unique Visitors ('000) ⁽²⁾	Corrected Adjusted Unique Visitors ('000) ⁽³⁾	Time Spent (minutes) ⁽⁴⁾	Total pages viewed ⁽⁵⁾	Average Pages per visitor per month	Avg Minutes per User	Unique visitors X Avg Page views	Traffic Share (%)
Jan 05	Monster India	7,936				90	194	24	11.4	190,464	12.64
	Jobs Ahead	4,614	3,168	9,382		99	133	29	21.4	133,806	8.88
	Naukri	11,987		11,987		576	1,097	92	48.1	1,102,804	73.18
	Timesjobs	2,157		2,157		53	81	37	24.4	79,809	5.30
										1,506,883	100.00
Feb 05	Monster India	9,894				108	230	23	10.9	227,562	13.65
	Jobs Ahead	5,075	3403	11,566		160	195	38	31.5	192,850	11.57
	Naukri	14,035		14,035		610	1,201	86	43.5	1,207,010	72.39
	Timesjobs	2,105		2,105		26	39	19	12.5	39,995	2.40
										1,667,417	100.00
Mar 05	Monster India	13,333	3962	15,421		157	301	23	11.8	306,659	19.13
	Jobs Ahead	6,050				184	228	38	30.5	229,900	14.34
	Naukri	15,034		15,034		683	969	64	45.5	962,176	60.02
	Times jobs	3,259		3,259		58	105	32	17.9	104,288	6.51
										1,603,023	100.00
April 05	Monster India	15,039	3,914	16,766	9,992	160	269	18	10.6	270,702	19.42
	Jobs Ahead	5,641				185	216	38	32.9	214,358	15.38
	Naukri	13,913		13,913		517	834	60	37.2	834,780	59.89
	Timesjobs	3,368		3,368		44	74	22	13.1	74,096	5.32
										1,393,936	100.00
May 05	Monster India	15,389	4,069	17,143	9,323	165	278	18	10.7	277,002	20.35
	Jobs Ahead	5,824				270	259	44	46.4	256,256	18.83
	Naukri	14,869		14,869		573	732	49	38.5	728,581	53.53

Month	Website	Unique Visitors ('000)	Duplication (M.I. & J.A) ⁽¹⁾	Adjusted Unique Visitors ('000) ⁽²⁾	Corrected Adjusted Unique Visitors ('000) ⁽³⁾	Time Spent (minutes) ⁽⁴⁾	Total pages viewed ⁽⁵⁾	Average Pages per visitor per month	Avg Minutes per User	Unique visitors X Avg Page views	Traffic Share (%)
	Timesjobs	4,310		4,310		63	100	23	14.5	99,130	7.28
										1,360,969	100.00
June 05	Monster India	21,169	4,155	22,097	8,076	214	337	16	10.1	338,704	21.97
	Jobs Ahead	5,083				300	330	65	59	330,395	21.44
	Naukri	12,836		12,836		650	781	61	50.7	782,996	50.80
	Timesjobs	4,057		4,057		64	88	22	15.9	89,254	5.79
										1,541,349	100.00
July 05	Monster India	26,702	4984	27,433	8,348	268	460	17	10.1	453,934	26.20
	Jobs Ahead	5,715				289	342	60	50.5	342,900	19.79
	Naukri	12,972		12,972		672	846	65	51.8	843,180	48.67
	Timesjobs	3,700		3,700		70	92	25	18.9	92,500	5.34
										1,732,514	100.00
Aug 05	Monster India	34,208	5,981	35,104	8,675	442	776	23	12.9	786,784	35.32
	Jobs Ahead	6,877				329	368	53	47.9	364,481	16.36
	Naukri	13,140		13,140		729	860	74	55.5	972,360	43.66
	Timesjobs	4,715		4,715		75	103	22	15.8	103,730	4.66
										2,227,355	100.00
Sep 05	Monster India	7,907	3,977	10,813	7,907	119	206	26	15	205,582	14.37
	Jobs Ahead	6,883				308	354	51	44.7	351,033	24.54
	Naukri	15,802		15,802		620	810	51	39.2	805,902	56.34
	Timesjobs	3,993		3,993		45	70	17	11.2	67,881	4.75
										1,430,398	100.00
Oct 05	Monster India	6,429	3,663	9,731		105	152	24	16.3	154,296	11.79
	Jobs Ahead	6,965				301	329	47	43.2	327,355	25.02
	Naukri	14,135		14,135		609	767	54	52.6	763,290	58.35
	Timesjobs	3,163		3,163		44	63	20	14	63,260	4.84
										1,308,201	100.00
Nov 05	Monster India	6,829	3,635	10,193		82	129	19	12.1	129,751	11.16
	Jobs Ahead	6,999				260	249	36	37.2	251,964	21.67
	Naukri	13,320		13,320		645	725	54	48.4	719,280	61.85
	Timesjobs	3,258		3,258		31	61	19	9.5	61,902	5.32
										1,162,897	100.00
Dec 05	Monster India	5,190	3,271	8,864		78	141	27	5.3	140,130	14.32
	Jobs Ahead	6,945				167	202	29	9.8	201,405	20.59
	Naukri	13,501		13,501		452	570	42	10.4	567,042	57.96
	Timesjobs	3,875		3,875		36	68	18	5	69,750	7.13
										978,327	100.00
Jan 06	Monster India	4,715	2,461	9,021		85	136	29	18	136,735	12.61
	Jobs Ahead	6,767				142	159	23	21	155,641	14.35
	Naukri	13,064		13,064		448	735	56	34.3	731,584	67.44
	Timesjobs	3,800		3,800		38	63	16	10	60,800	5.60
										1,084,760	100.00
Feb 06	Monster India	5,147	2,461	9,021		116	149	29	22.6	149,263	16.58
	Jobs Ahead	5,034				74	104	21	14.6	105,714	11.74
	Naukri	12,293		12,293		368	582	47	29.9	577,771	64.18
	Timesjobs	3,215		3,215		36	68	21	11.2	67,515	7.50
										900,263	100.00
Mar 06	Monster India	8,650	2,057	7,170		164	192	22	18.9	190,300	16.84
	Jobs Ahead	5,653				103	145	26	18.2	146,978	13.00
	Naukri	13,344		13,344		437	681	51	32.7	680,544	60.21
	Timesjobs	3,305		3,305		48	112	34	14.4	112,370	9.94
										1,130,192	100.00

Month	Website	Unique Visitors ('000)	Duplication (M.I. & J.A.) ⁽¹⁾	Adjusted Unique Visitors ('000) ⁽²⁾	Corrected Adjusted Unique Visitors ('000) ⁽³⁾	Time Spent (minutes) ⁽⁴⁾	Total pages viewed ⁽⁵⁾	Average Pages per visitor per month	Avg Minutes per User	Unique visitors X Avg Page views	Traffic Share (%)
April 06	Monster India	7,977				144	207	26	18.1	207,402	21.92
	Jobs Ahead	7,070	3,256			50	83	12	7.1	84,840	8.97
	Naukri	15,384				434	566	37	28.2	569,208	60.15
	Timesjobs	3,687				43	83	23	11.8	84,801	8.96
										946,251	100.00
May 06	Monster India	12,997				151	251	19	11.6	246,943	26.10
	Jobs Ahead	6,754	3,950			48	98	15	7.2	101,310	10.71
	Naukri	16,555				402	529	32	24.3	529,760	56.00
	Timesjobs	3,780				29	69	18	7.8	68,040	7.19
										946,053	100.00

⁽¹⁾ Duplication for visitors to the Monster India and Jobs Ahead sites. To account for the acquisition of Jobs Ahead by Monster India.

⁽²⁾ Equal to the sum of the Unique Visitors number for Monster India and Jobs Ahead less the Duplication.

⁽³⁾ Corrected data for Monster India and Jobs Ahead.

⁽⁴⁾ Time spent in minutes by the Comscore sample of internet users.

⁽⁵⁾ As viewed by the Comscore sample of internet users.

Source: Comscore.

Due to a change in methodology employed by Comscore to compile the relevant data, data for the periods subsequent to May 2006 have been tabulated separately below.

Month	Website	Unique Visitors ('000)	Duplication (M.I. & J.A.) ⁽¹⁾	Adjusted Unique Visitors ('000) ⁽²⁾	Corrected Adjusted Unique Visitors ('000) ⁽³⁾	Time Spent (minutes) ⁽⁴⁾	Total pages viewed ⁽⁵⁾	Average Pages per visitor per month	Avg Minutes per User	Unique visitors X Avg Page views	Traffic Share (%)
June 06	Monster India	2,818				48	62	22	16.9	61,996	31.88
	Jobs Ahead	1,055	745			16	20	19	15.4	20,045	10.31
	Naukri	2,596				74	94	36	28.5	93,456	48.06
	Timesjobs	825				13	19	23	15.8	18,975	9.76
										194,472	100.00
July 06	Monster India	2,523				46	59	23	18	58,029	27.11
	Jobs Ahead	1,042	734			12	17	16	11.7	16,672	7.79
	Naukri	3,010				88	117	39	29.1	117,390	54.84
	Timesjobs	916				16	22	24	16.9	21,984	10.27
										214,075	100.00

⁽¹⁾ Duplication for visitors to the Monster India and Jobs Ahead sites. To account for the acquisition of Jobs Ahead by Monster India.

⁽²⁾ Equal to the sum of the Unique Visitors number for Monster India and Jobs Ahead less the Duplication.

⁽³⁾ Corrected data for Monster India and Jobs Ahead.

⁽⁴⁾ Time spent in minutes by the Comscore sample of internet users.

⁽⁵⁾ As viewed by the Comscore sample of internet users.

Source: Comscore.

Competition for Jeevansathi.com and 99acres.com

In the case of Jeevansathi.com, its key online competitors are Shaadi.com and Bharatmatrimony.com, and offline the more traditional brick and mortar companies offering marriage bureau and match-making services. Based on the data available from Comscore, which is tabulated below, Jeevansathi.com is the third most popular website in India among the websites listed above.

Month	Web Site	Unique Visitors (000)	Time Spent (mins)	Total pages viewed	Average Pages per visitor	Average Minutes per user	Unique Visitors (X) Avg Pages per visitor	Market Share (%)
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Month	Web Site	Unique Visitors (000)	Time Spent (mins)	Total pages viewed	Average Pages per visitor	Average Minutes per user	Unique Visitors (X) Avg Pages per visitor	Market Share (%)
Jan 05	Jeevansathi	1,504	19	66	44	12.6	66,176	4.56%
	Shaadi	9,484	374	1,224	129	39.4	1,223,436	84.31%
	Bharatmatrimony	5,210	77	161	31	14.7	161,510	11.13%
							1,451,122	100%
Feb 05	Jeevansathi	1,820	57	95	91	12.6	165,620	25.59%
	Shaadi	7,018	381	640	37	39.4	259,666	40.12%
	Bharatmatrimony	4,269	64	158	52	14.7	221,988	34.30%
							647,274	100%
Mar 05	Jeevansathi	2,718	159	226	83	24.6	66,862.8	20.75%
	Shaadi	7,478	346	562	75	25.9	193,680.2	60.12%
	Bharatmatrimony	4,633	85	207	45	13.3	61,618.9	19.13%
							322,161.9	100%
April 05	Jeevansathi	2,365	182	253	107	76.9	181,868.5	36.42%
	Shaadi	6,390	234	384	60	36.6	233,874	46.84%
	Bharatmatrimony	5,429	84	216	40	15.4	83,606.6	16.74%
							499,349.1	100%
May 05	Jeevansathi	2,306	123	160	69	53.1	122,448.6	27.54%
	Shaadi	6,632	230	356	54	34.7	230,130.4	51.76%
	Bharatmatrimony	5,680	92	218	38	16.2	92,016	20.70%
							444,595	100%
June 05	Jeevansathi	2,141	125	128	60	58.2	124,606.2	34.81%
	Shaadi	5,943	146	249	42	24.5	145,603.5	40.68%
	Bharatmatrimony	4,500	88	190	42	19.5	87750	24.51%
							357,959.7	100%
July 05	Jeevansathi	2,696	129	161	60	47.8	128,868.8	40.91%
	Shaadi	5,825	125	210	36	21.4	124,655	39.57%
	Bharatmatrimony	5,213	62	135	26	11.8	61,513.4	19.53%
							315,037.2	100%
Aug 05	Jeevansathi	2,987	133	227	25.8	44.4	132,622.8	38.59%
	Shaadi	5,880	175	315	21.5	29.8	175,224	50.98%
	Bharatmatrimony	3,984	36	136	14.2	9	35,856	10.43%
							343,702.8	100%
Sep 05	Jeevansathi	3,257	168	395	39.1	51.5	167,735.5	46.79%
	Shaadi	5,534	142	274	20.9	25.7	142,223.8	39.67%
	Bharatmatrimony	5,275	49	217	13.6	9.2	48,530	13.54%
							358,489.3	100%
Oct 05	Jeevansathi	3,427	180	507	148	52.6	180,260.2	46.33%
	Shaadi	5,341	155	274	51	29	154,889	39.81%
	Bharatmatrimony	5,736	54	206	36	9.4	53,918.4	13.86%
							389,067.6	100%
Nov 05	Jeevansathi	3,545	171	483	136	48.3	171,223.5	39.33%
	Shaadi	5,288	217	400	76	41.1	217,336.8	49.92%
	Bharatmatrimony	5,776	47	173	30	8.1	46,785.6	10.75%
							435345.9	100%
Dec 05	Jeevansathi	4,022	128	385	96	31.9	128301.8	31.86%
	Shaadi	5,487	227	399	73	41.3	226613.1	56.28%
	Bharatmatrimony	5,618	48	218	39	8.5	47753	11.86%
							402,667.9	100%
Jan 06	Jeevansathi	4,807	149	385	104	30.9	499,928	45.00%

Month	Web Site	Unique Visitors (000)	Time Spent (mins)	Total pages viewed	Average Pages per visitor	Average Minutes per user	Unique Visitors (X) Avg Pages per visitor	Market Share (%)
	Shaadi	6,385	258	500	72	40.4	459,720	41.38%
	Bharatmatrimony	5,214	38	152	29	7.3	151,206	13.61%
							1,110,854	100%
Feb 06	Jeevansathi	4,791	101	313	65	21.1	311,415	32.83%
	Shaadi	5,908	329	494	84	55.6	496,272	52.32%
	Bharatmatrimony	5,869	42	139	24	7.2	140,856	14.85%
							948,543	100%
Mar 06	Jeevansathi	6,592	157	581	88	23.9	580,096	46.19%
	Shaadi	4,703	260	453	96	55.3	451,488	35.95%
	Bharatmatrimony	6,795	97	222	33	14.3	224,235	17.86%
							1,255,819	100%
April 06	Jeevansathi	4,514	78	203	45	17.2	203,130	34.83%
	Shaadi	4,876	219	343	44.8	37.5	218,444.8	37.46%
	Bharatmatrimony	5,770	56	162	28	9.7	161,560	27.71%
							583,134.8	100%
May 06	Jeevansathi	3,748	104	292	78	27.6	292,344	25.87%
	Shaadi	4,473	346	633	142	77.2	635,166	56.22%
	Bharatmatrimony	8,093	58	203	25	7.1	202,325	17.91%
							1,129,835	100%

Source: Comscore

Due to a change in methodology employed by Comscore to compile the relevant data, data for the periods subsequent to May 2006 have been tabulated separately below.

Month	Web Site	Unique Visitors (000)	Time Spent (mins)	Total pages viewed	Average Pages per visitor	Average Minutes per user	Unique Visitors (X) Avg Pages per visitor	Market Share (%)
June 06	Jeevansathi	727	31	94	129	42.8	93,783	45.97%
	Shaadi	1,031	44	72	70	43.2	72,170	35.38%
	Bharatmatrimony	1,057	9	38	36	8.7	38,052	18.65%
							204,005	100%
July 06	Jeevansathi	803	28	62	77	34.7	61,831	39.16%
	Shaadi	1,178	48	82	70	40.8	82,460	52.22%
	Bharatmatrimony	756	8	14	18	11.2	13,608	8.62%
							157,899	100%

Source: Comscore

99acres.com faces competition from the print media, real estate brokers and other online real estate classifieds providers.

Employees

We operate in a knowledge-driven industry and we believe that hiring and retaining employees who are motivated and who take initiatives is key to the success of our business. Our personnel policies are therefore aimed at recruiting the type of employees we need for our business, facilitating their integration in our work

force, encouraging the development of their skills in order to accompany the growth in our operations and organizing their geographic and professional mobility.

We have witnessed a significant growth in the number of our employees commensurate with the rapid growth in our business in recent years. For example, during the one-year period from March 31, 2005 to March 31, 2006, the number of our full-time employees increased from 485 to 896. As of June 30, 2006, 675 out of 951 employees were in the sales and marketing department. Each of our business division has its own dedicated sales department. The other 276 employees provide services which are common to all divisions, e.g., accounting, human resources, administration, customer service, design, operations, data management and technology.

We follow a well-defined selection process for our employees, comprising of screening of applicants, interviews and background and reference checks. We have developed a structured incentive program, including a performance-linked variable pay structure for certain levels of employees, and we have dedicated significant resources to training programs, including management, and sales and marketing training programmes. The expenditure on the remuneration of our employees is the second largest cost component of our business. We believe that we maintain good relationships with our employees.

We have implemented a stock option plan for certain categories of our employees. For details of the plan see the section titled “Capital Structure – ESOP 2003” beginning on page 22 of this Red Herring Prospectus.

Facilities

Our corporate offices are located in NOIDA, in the State of Uttar Pradesh. These offices house the corporate headquarters, general administration, human resources, sales and service, finance and accounting departments. The details of these premises, all of which are leased by us, are as follows:

Location	Size (in sq. ft.)	Function	Name of Lessor	Lease Termination Date
E- 2, Sector 1, Institutional Area, NOIDA	16,000	Houses our sales and customer support team.	M/s Sisbro India Private Limited having its registered office at 14-A/57, 1 st Floor, WEA, Karol Bagh, New Delhi-110005	The lease is for a period of five year effective from June 3, 2005.
B- 56, Sector 5, NOIDA	6,000	Houses our sales and customer services team.	M/s Dash Fashion Private Limited having its registered office at 64 A, Pocket F, Gangotri Apartments Alaknanda, New Delhi-110019	The lease is valid for a period of three years from the February 1, 2004.
B- 77, Sector 5, NOIDA	7,500	Houses our sales and customer support team.	M/s Civtech Engineers (P) Limited having its registered office at B-23, G.K. Part-I, New Delhi	The lease is for a period of eight years effective from May 3, 2000.
A-88, Sector 2, NOIDA	36,000	Houses our corporate office and our human resources, marketing, technology, finance and accounting departments.	Noida Metals limited having its registered office at B-231, Greater Kailash, Part-I, New Delhi-110048	The lease is for a period of nine years from July 16, 2006.

We have 45 offices in 30 cities across India and an office in Dubai, all located in premises which are leased.

Intellectual Property

We believe our intellectual property, particularly our trademarks, service marks and patents, are critical to our present and future success. We have registered 24 trademarks in India relating to Naukri (device and word), Infoedge (device and word), Jeevansathi (word) and Quadrangle (device and word) in classes 9, 16, 35, 36 and 42 of the Trademarks Act. “Naukri” and “Naukri.com” have been registered as trademarks in the U.S.A. In addition, we have applied for the registration of a number of other service marks and trademarks. For a list of our registrations and pending applications, please refer to section titled “Government and Other Approvals –

Intellectual Property Related Approvals” and “Outstanding Litigation and Material Developments” beginning on page 212 and 208, respectively, of this Red Herring Prospectus.

In addition, we have registered a number of internet domain names, including names that resemble the names of our Naukri.com, Jeevansathi.com and 99acres.com websites. Key details of the registrations of such domain names are as follows:

Domain Name	Registrant	Registered with	Date of Registration	Date of Expiry
www.naukri.com	Info Edge India Private Limited	Network Solutions	March 27, 1997	March 28, 2010
www.naukri.org	Info Edge India Private Limited	Network Solutions	October 3, 2002	September 15, 2012
www.naukri.in	Info Edge India Private Limited	Net4 Domains	January 6, 2005	January 6, 2010
www.naukri.co.in	Naukri Internet Services Private Limited	Net4 Domains	December 31, 2004	December 31, 2007
www.jeevansathi.com	Jeevansathi Internet Services Private Limited	Network Solutions	December 4, 1998	December 3, 2007
www.jeevansaathi.com	Jeevansathi Internet Services Private Limited	Network Solutions	March 6, 2001	March 6, 2008
www.jeevansathi.co.in	Jeevansathi Internet Services Private Limited	Net4 Domains	December 31, 2004	December 31, 2007
www.jeevansaathi.co.in	Jeevansathi Internet Services Private Limited	Net4 Domains	December 31, 2004	December 31, 2007
www.99acres.com	Info Edge India Private Limited	Network Solutions	June 21, 2005	June 21, 2009
www.99acre.com	Info Edge India Private Limited	Network Solutions	June 21, 2005	June 21, 2009
www.99acres.in	Info Edge India Private Limited	Net4 Domains	June 23, 2005	June 23, 2010
www.9acres.com	Info Edge India Private Limited	Network Solutions	June 22, 2005	June 22, 2009
www.quadranglesearch.com	Info Edge India Private Limited	Network Solutions	August 3, 2001	August 3, 2007

In addition, we rely on several different types of contractual arrangements, including agreements for non-disclosure, non-competition and invention assignments, to protect our proprietary rights in products and services, including with our employees. Despite our efforts to protect our proprietary information, third parties may be able to obtain and use our proprietary information without authorization or to develop similar technology independently, which may adversely affect our business.

Our websites and certain of the backend technology were developed by us and is not dependent on technologies licensed from third parties. As we continue to introduce new products and services that incorporate new technologies and information, we may be required to license additional technology and information from others.

Our employees are generally required to sign agreements acknowledging that all inventions, trade secrets, works of authorship, developments and other processes generated by them are our property and are required to assign to us any ownership rights they developed during their employment with us.

KEY INDUSTRY REGULATIONS AND POLICIES IN INDIA

Our key activities are conducted over the internet through our websites. The internet is regulated in India under the Information Technology Act, 2000. The IT Act sets out the rules prohibiting hacking, tampering with computer source documents, the publishing of obscene material in electronic form and the protection of confidentiality and privacy in relation to information stored in electronic form. The IT Act also provides for the legal recognition of transactions carried out over the internet.

The Government of India, in exercise of its residuary executive powers issued an order dated July 7, 2003 under which the Department of Telecommunications, can block websites for promoting hate content, slander or defamation of others, promoting gambling, promoting racism, violence, terrorism, pornography, including child pornography and violent sex.

Additionally, we are subject to certain labour laws in the course of our business. The principal among them are:

- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972; and
- Shops and Commercial Establishments Acts, where applicable.

HISTORY AND CERTAIN CORPORATE MATTERS

We were incorporated on May 1, 1995 under the Companies Act, 1956 as Info Edge (India) Private Limited. We amended our Memorandum of Association by means of a resolution of our shareholders on February 14, 2006 to convert into a public company with effect therefrom; and consequently the word “private” was, upon the issuance on April 27, 2006 of a fresh certificate of incorporation, deleted from our name.

Our Registered Office is at A-6, Swasthya Vihar, New Delhi – 110 092, India. We do not own our Registered Office and Corporate Office. Our Registered Office and Corporate Office have been taken of lease on the terms and conditions discussed below:

Premises	Name of the Lessor	Date of the Agreement	Key Terms
Registered Office			
A-6, Swasthya Vihar, Delhi-110092.	Dr Ram Bikhchandani resident of A-6, Swasthya Vihar, Delhi-110092.	September 1, 2005	(i) Monthly consolidated payment of Rs. 2,000 payable in the first week of each month by JISPL to Dr. Ram Bikhchandani (ii) Lease for a period of 11 months renewable automatically for further period of 11 months each unless earlier terminated by the parties.
Corporate Office			
A-88, Sector 2, NOIDA-201301.	Noida Metals limited having its registered office at B-231, Greater Kailash, Part-I, New Delhi-110048.	April 10, 2006	The lease is for a period of nine years from July 16, 2006. The Company has to pay a monthly rental in advance by the seventh of each month. The rental may be paid only by cheque. Furthermore, the Company has paid a security deposit for the premises. The Company is required to give a prior notice of three months in case the lease is to be terminated before the expiry of the agreed period. The Company is not allowed to sub let any part of the premises without the permission of the landlord.

Acquisition of Quadrangle

On November 1, 2000, we acquired the business of our Quadrangle division from Mr. Jeyadev Parthasarathy, who was at that time the sole proprietor of the business, for a consideration of 1,546 Equity Shares of our Company. The valuation of the Equity Shares was done by Hewitt Associates (India) Private Limited on January 2001 valuing the Equity Shares at Rs. 205.55 per Equity Share. The transfer of these Equity Shares to Mr. Parthasarathy was contingent upon him remaining in employment with us for a certain period, which he failed to do, and therefore these Equity Shares were never transferred to him.

Acquisition of Jeevansathi Internet Services Private Limited (“JISPL”)

Mr. Sanjeev Bikhchandani, the promoter of JISPL, transferred 35% of the share capital of JISPL to us in 2000. On September 13, 2004, we acquired an additional 6,500 equity shares, being the balance 65% of the share capital, of JISPL from its existing shareholders for a consideration of Rs. 4,250 per equity share. The valuation for the equity shares of JISPL was done by Sharma, Goel and Company, Chartered Accountants determining the value per share Rs. 5,000 per share. As a result of such acquisition, JISPL became our wholly-owned Subsidiary.

Some Key Events:

Date	Key Events, Milestones and Achievements
March 1997	The website www.naukri.com was launched.
April 8, 2000	ICICI Information Technology Fund made a private equity investment of Rs. 72,908,748 into us. (This investment was subsequently novated in favour of ICICI Emerging Sectors Fund).
November 1, 2000	We acquired the business of our Quadrangle division.
September 13, 2004	We became 100% owner of Jeevansathi Internet Services Private Limited.
September 15, 2005	The website www.99acres.com was launched.
September 14, 2006	Private equity investors Kleiner Perkins Caufield and Byers and Sherpalo LLC acquired through Murugan Capital and Sherpalo Mauritius LLC, respectively, 5% of our pre-Issue Equity Share capital by means of a secondary purchase.

History of our various Businesses

Particulars	Naukri	Jeevansathi	99acres	Quadrangle
March 1997	www.naukri.com was launched			
December 1999		JISPL was incorporated; Mr. Sanjeev Bikhchandani was one of the promoters with 35% shareholding		
March 2000		Mr. Sanjeev Bikhchandani transferred his entire holding to the Company for no consideration		
November 2000				Acquired 100% of the business from Mr. Jeyadev Parthasarathy, sole proprietor of the business
September 2004		Acquired balance 65%; to make JISPL our 100% subsidiary		
September 2005			www.99acres.com was launched	

Our Main Objects

Our main objects, as contained in our Memorandum of Association are:

1. To carry on the business of gathering, accumulating, organizing, tabulating, managing, obtaining collecting, purchase, acquisition, import, dissemination, disposal, export, sales and marketing of and trading in, all types of information, data statistics, computer based information systems and data bases and library and information sciences, both in the form and nature in which the same may be so gathered, accumulated, organized, tabulated, obtained imported, acquired, collected or purchased and also in all types of modified forms, formats, manner and nature.
2. To carry on the general business of providing comparative information, data and statistics, with or without the aid or means of computer based information, systems and data bases, in respect of the characteristics, traits interest and other attributes of individuals, communities, organizations, countries, institutions, departments, companies, firms, or of any other social, economic, statutory, legal, artificial, cultural and similar units and of any article, commodity, product, service, patent, trademark, or of any

other tangible or intangible right, asset, property and of any social, economic or any other trend, affair or any such or other feature.

3. To carry on the business of preparing, making, drawing, formulating, purchase, acquisition, import, sale, disposal, export, marketing of and of trading in; all types of reports, summaries, conclusions, profiles, surveys and similar documents, papers and manuscripts and towards these purposes to carry on all activities, investigations, researches, purchases, sales, marketing, advertising.
4. To act as financial, management, marketing and project consultants and provide advice, services and consultancy in various fields like administrative, secretarial, commercial, financial, legal economic, labour, industrial, public relations, scientific, technical, business, feasibility reports, projects, joint ventures, foreign collaborations and market research.

The main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

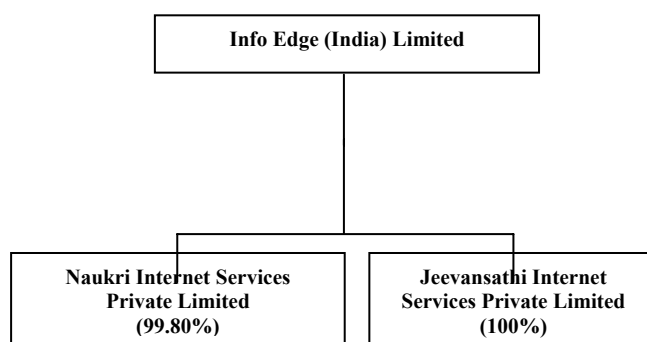
Changes in Memorandum of Association

Since our incorporation, the following changes have been made to the Memorandum of Association:

Date of Shareholder Approval	Amendment
February 15, 2002	Our authorized share capital was increased from Rs. 500,000 to Rs.50,000,000. The nominal value of each Equity Share was also changed from Rs. 10 each to Re.1.
September 13, 2004	Our authorized share capital was increased from Rs. 50,000,000 to Rs.100,000,000, divided into 100,000,000 equity shares of Re. 1 each.
February 14, 2006	Our authorized share capital was increased from Rs. 100,000,000 to Rs.400,000,000. The nominal value of each equity share was also changed from Re. 1 to Rs. 10 each.
April 27, 2006	The word “private” was deleted from our name upon the issuance of a fresh certificate of incorporation consequent upon our conversion from a private company to a public company.

Subsidiaries

Below is a chart outlining on corporate structure and our ownership interest in our subsidiaries:



Subsidiaries

We have the following two Subsidiaries:

1. Naukri Internet Services Private Limited; and
2. Jeevansathi Internet Services Private Limited.

Jeevansathi Internet Services Private Limited is a wholly owned Subsidiary. Our Company holds 99.98% of the paid-up equity share capital of Naukri Internet Services Private Limited. The financial information of our Subsidiaries presented below is based on the audited accounts of such companies and as included in the

Consolidated Financial Statements in the section titled “Financial Statements” beginning on page 94 of this Red Herring Prospectus.

Naukri Internet Services Private Limited (“NISPL”)

NISPL was incorporated on December 9, 1999 inter alia, to carry on the business of providing all kinds of interest, electronic and related services, deal in and operate websites with spinal emphasis on providing placement related services. NISPL owns and maintains certain internet domain names and trademarks. We hold 99.80% of the paid-up equity share capital of NISPL. We pay a sum of Rs.100,000 per annum as license fees to NISPL for use of such domain names and trademarks.

Shareholding Pattern

Name of Shareholder	Number of equity shares (of Rs. 10 each)
Info Edge (India) Limited	9,998
Mr. Sanjeev Bikhchandani	1
Ms. Surabhi Bikhchandani	1
	10,000

Board of Directors

The board of directors of NISPL comprises of Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi, and Mr. Ambarish Raghuvanshi.

Financial Performance

The audited financial results of NISPL for the Fiscal 2004, 2005 and 2006 are set forth below :

(Rs. million, unless otherwise stated)

Particulars	Fiscal 2004	Fiscal 2005	Fiscal 2006
Income/Sales	0.003	0.003	0.10
Profit (Loss) after Tax	(0.03)	(0.02)	0.06
Equity Share Capital	0.10	0.10	0.10
Reserves (excluding revaluation reserves) ⁽¹⁾	(0.05)	(0.07)	(0.01)
Earnings per share (Rs.) ⁽²⁾	(3.20)	(1.61)	6.01
Book Value per share (Rs.) ⁽²⁾	4.56	2.95	9.01

⁽¹⁾ Net of miscellaneous expenditure not written off.

⁽²⁾ Face value of each equity share is Rs. 10.

The equity shares of NISPL are not listed on any stock exchange. NISPL has not done any public or rights issue in the preceding three years. There has been no change in capital structure during previous six months.

Jeevansathi Internet Services Private Limited (“JISPL”)

JISPL was incorporated on December 9, 1999 to carry on the business of providing all kinds of internal electronic and related services, products, operating and managing websites with special emphasis on matrimonial related services for holding and maintaining ownership of certain internet domain names and trademarks. Our Company holds 100% of the paid-up equity share capital of JSIPL. We pay a sum of Rs. 100,000 per annum as license fees to JISPL for use of such domain names and trademarks.

Shareholding Pattern

Name of Shareholder	Number of equity shares (of Rs. 10 each)
Info Edge (India) Limited	9,800
Mr. Sanjeev Bikhchandani*	100
Ms. Surabhi M. Bikhchandani*	100
Total	10,000

* shareholder of the equity shares of JISPL as the nominee of our Company

Board of Directors

The board of directors of JISPL comprises of Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi, and Mr. Ambarish Raghuvanshi.

Financial Performance

The audited financial results of JISPL for the Fiscal 2004, 2005 and 2006 are set forth below:

(Rs. million, unless otherwise stated)

Particulars	Fiscal 2004*	Fiscal 2005	Fiscal 2006
Income/Sales	N/A	2.64	0.11
Profit (Loss) after Tax	N/A	0.38	0.03
Equity Share Capital	N/A	0.10	0.10
Reserves (excluding revaluation reserves) ⁽¹⁾	N/A	(0.39)	(0.35)
Earnings per share (Rs.) ⁽²⁾	N/A	37.97	3.42
Book Value per share (Rs.) ⁽²⁾	N/A	(28.72)	(25.27)

⁽¹⁾ Net of miscellaneous expenditure not written off.

⁽²⁾ Face value of each equity share is Rs. 10.

* As we acquired JISPL in September, 2004, the financial results for the Fiscal 2004 is not available.

The equity shares of JISPL are not listed on any stock exchange. JISPL has not done any public or rights issue in the preceding three years. There has been no change in the capital structure of JISPL during previous six months.

Material Agreements

We have entered into the following Shareholders Agreements:

Mr. Sanjeev Bikhchandani and our Company entered into an investment agreement with ICICI Information Technology Fund (a trust, represented by its manager ICICI Venture Funds Management Company Limited) ("ICICI IT Fund") on April 8, 2000, pursuant to which the ICICI IT Fund subscribed to 4,546 Equity Shares at a premium of Rs. 16,028 aggregating to Rs. 72,908,748 ("ICICI Investment Agreement"). The proceeds of the equity investment were to be used for the development and growth of Naukri.com division.

The ICICI Investment Agreement was novated on December 21, 2002 in favour of ICICI Emerging Sectors Fund (a trust, represented by its manager ICICI Venture Funds Management Company Limited) ("ICICI Emerging Sectors Fund"). The ICICI Investment Agreement was amended on May 6, 2003. Subsequently an addendum was made on March 31, 2005 with ICICI Trusteeship Services Limited in its capacity as a trustee of ICICI Emerging Sectors Fund, whereby Mr. Hitesh Oberoi and Mr. Ambarish Raghuvanshi respectively were, by virtue of having become our Promoters by that time, added as parties to the agreement. The ICICI Investment Agreement was further amended and restated on April 28, 2006 and July 26, 2006.

The parties also signed a letter agreement dated June 30, 2004, pursuant to which the ESOP purchased 11,979,700 of our Equity Shares of the face value of Rs. 1 each held by ICICI Trusteeship Services Limited.

ICICI Emerging Sectors Fund is entitled to appoint one Director to our Board. Such Director need not hold any qualification shares and is not liable to retire by rotation. Further, ICICI Emerging Sectors Fund has the right to appoint one person to the audit committee of the Board of Directors.

We and our Promoters have agreed to indemnify ICICI Emerging Sectors Fund, its affiliates, and its nominee Director, from any damage or loss suffered by any of these persons as a result of any misrepresentation or breach of warranty or covenant by us or by any of the Promoters under the agreement.

The parties will remain subject to certain restrictions on publicity and in connection with confidentiality even after the termination of this agreement.

This agreement will continue to be in effect until it is terminated according to its terms or until ICICI Trusteeship Services Limited continues to remain our shareholder.

- On April 27, 2006, Mr. Sanjeev Bikhchandani, Ms. Surabhi Bikhchandani, Mr. Hitesh Oberoi, Ms. Villambakkam Narasimhan Saroja (collectively referred to as the "Sellers" in this paragraph) and our Company had entered into an agreement ("KP Sheralo Investment Agreement") with Murugan Capital, and Sheralo Mauritius LLC, whereby the Sellers had, subject to the fulfillment of certain conditions precedent, agreed to sell 1,091,811 Equity Shares comprising of 5% of our fully-diluted equity share capital at a price equal of USD 5.495 per equity share

amounting to an aggregate of USD 6 million. Murugan Capital is a 100% owned subsidiary of Kleiner Perkins Caufield & Byers Holdings Inc., a private equity investor based in the U.S.A. The sale and purchase of Equity Shares has since been consummated.

Under the KP Sherpaloo Investment Agreement, we have recorded our intention to conduct an IPO within one year from the date on which the share sale and purchase is completed pursuant to this agreement; and have agreed that immediately upon the occurrence of the IPO, we shall provide to Murugan Capital and Sherpaloo Mauritius the same shareholder rights as are granted to ICICI Trusteeship Services Limited under any agreement with them.

Further, Murugan Capital and Sherpaloo Mauritius jointly are entitled to nominate one Director to our Board. Such Director shall be a non-retiring Director. We have also agreed to indemnify the Director against any act by us or by the Sellers or their employees or agent as a result of which such Director is made a party to or otherwise incurs any loss pursuant to any action, suit, claim or proceeding arising out of or relating to such conduct; or any action or failure to act undertaken by such Director at our specific request or that of the Sellers or contravention of any Law (as defined therein) including the FEMA; and any action taken against such Director in connection with any such contravention or alleged contravention.

- We have entered into a shareholders agreement with each of such of our employees who have been granted options pursuant to the ESOP 2003. Under the terms of the agreement, all Equity Shares issued under the ESOP have a lock-in period as decided by the Compensation Committee of the Board, during which period such Equity Shares cannot be sold/transferred. Even after the expiry of the lock-in period but prior to the listing of the shares on a stock exchange, if an employee leaves our employment and joins a competitor, he will be obligated to sell the Equity Shares to the ESOP Trust or to existing employees with the express approval of the Compensation Committee; and only upon their refusal to so purchase, can such employee sell the Equity Shares to a third party. The Compensation Committee of the Board/ESOP Trust is entitled to fix the price at which options/ Equity Shares can be sold to the ESOP Trust, taking into consideration that an employee, who is leaving our employment, gets a minimum annual return of 5% on the investment made by him in our options/ Equity Shares. However, following the listing of our Equity Shares, the Compensation Committee is not obligated to fix a purchase price for options/Equity Shares at a price higher than the prevailing market price. Further, following the listing, an employee desiring to sell his Equity Shares must give the ESOP Trust a right of first refusal to purchase the Equity Shares at the prevailing minimum market price.

We are aware of the following Shareholders Agreement entered into between certain of our shareholders:

- Mr. Sanjeev Bikhchandani has entered into an agreement dated July 31, 2003 with Mr. Kapil Kapoor, who also is the Chairman of our Board. This agreement is in respect of 1,248,934 equity shares of face value of Re. 1 each that Mr. Kapoor acquired from Ms. Villambakkam Narasimhan Saroja. Pursuant to the terms of this agreement, in the event Mr. Kapoor decides to sell any or all of such Equity Shares, he is obligated to give a first right of refusal to the ESOP Trust, our Promoters and ICICI Trusteeship Services Limited, in that order. Mr. Kapoor may however sell his Equity Shares to any buyer only after the name of the prospective buyer has been pre-approved by the Board. Further, if we are acquired by any entity whereby 51% of the shareholding changes hands or if a Promoter negotiates and receives an offer for purchase of a controlling interest in us to a third party or offers to sell the same to a third party, then this offer shall be made to Mr. Kapoor, who shall have to sell his shareholding to such entity on the same terms and conditions.
- Each of Mr. Ambarish Raghuvanshi and Mr. Hitesh Oberoi has granted, on June 10, 2005, a power of attorney to Mr. Sanjeev Bikhchandani with respect to the 1,871,676 and 4,401,600 of our equity shares of Re. 1 each granted to each of such persons, respectively, on March 31, 2005, upon the exercise of the stock options granted to them under the ESOP 2003. Under the terms of each of the power of attorney, Mr. Bikhchandani has been empowered to exercise all voting rights relating to such Equity Shares and to vote at all of our general meetings and Board meetings on behalf of Mr. Raghuvanshi and Mr. Oberoi. This is valid up to the time of an IPO/listing of our Equity Shares.

MANAGEMENT

Board of Directors

Our Articles of Association prescribe a minimum of three directors and a maximum number of twelve directors. We currently have nine directors.

The following table sets forth details regarding the Board of Directors as of the date of this Red Herring Prospectus:

Name, Designation, Father's Name, Address and Occupation	Independent/Non Independent Director	Nationality	Age (Years)	Other Directorships
Mr. Kapil Kapoor Chairman and Non Executive Director (S/o. Mr. Mahesh Kapoor) C-402, Som Vihar New Delhi – 110 022, India Occupation: Executive	Non Independent Director	India	41	1. Timex Watches Limited 2. TMX Philippines, Inc. 3. Timex (Shanghai) Trading Company Limited
Mr. Sanjeev Bikhchandani Managing Director and Chief Executive Officer (S/o. Dr. R. Bikhchandani) A-6, Swasthya Vihar Delhi – 110 092, India Occupation: Businessman	Non Independent Director	India	43	1. Jeevansathi Internet Services Private Limited 2. Naukri Internet Services Private Limited 3. MakeMyTrip (India) Private Limited
Mr. Hitesh Oberoi Whole Time Director and Chief Operating Officer (S/o. Mr. S.K. Oberoi) B-59, 1 st Floor, Sector 14 NOIDA, Uttar Pradesh – 201301 India Occupation: Employed	Non Independent Director	India	34	1. Jeevansathi Internet Services Private Limited 2. Naukri Internet Services Private Limited
Mr. Ambarish Raghuvanshi Whole Time Director and Chief Financial Officer (S/o. Mr. R.P. Singh) A-20 Geetanjali Enclave New Delhi – 110 017, India Occupation: Employed	Non Independent Director	India	44	1. Jeevansathi Internet Services Private Limited 2. Naukri Internet Services Private Limited
Mr. Arun Duggal Non-executive Director (S/o. Late Mr. S. L Duggal) A-4, West End, IIIrd Floor New Delhi – 110 021, India Occupation: Professional	Independent Director	U.S.A	59	1. Jubilant Energy Limited, Canada 2. Patni Computer Systems Limited 3. Fidelity Fund Management Private Limited 4. Shriram Properties Ltd. 5. Petronet LNG Limited 6. Matrix Laboratories Limited 7. Manipal AcuNova Private Limited 8. Zuari Industries Limited 9. The Economist Intelligence Unit

Name, Designation, Father's Name, Address and Occupation	Independent/Non Independent Director	Nationality	Age (Years)	Other Directorships
				(India) 10. FourS Services Private Limited 11. Carzonrent (India) Pvt. Ltd. 12. Shriram Transport Finance Company Limited 13. Chakra Interactive Private Limited 14. The Bellweather Microfinance Fund 15. International Asset Reconstruction Co. Pvt. Ltd. 16. Blackstone Investment Co. Pvt. Ltd. 17. Tanglewood Financial Advisors Pvt. Ltd. 18. Enterprise Bank of Hualien 19. Transparency International India
Mr. Ashish Gupta Non-executive Director (S/o. Mr. Dharam Paul Gupta) 339 Verona Drive, Los Altos, California, USA Occupation: Consultant	Independent Director	U.S.A.	39	1. MuSigma, Inc 2. Merittrac Services Private Limited
Mr. Saurabh Srivastava Non-executive Director (S/o. Late Mr. Ramdayal Srivastava) C 482 Defence Colony New Delhi – 110025, India Occupation: Consultant	Independent Director	India	60	1. Scicom Infotech Private Limited 2. Ascendant Consultancy Services Private Limited 3. Infinity Technology Investment Private Limited 4. Infinity Technology Trustee Private Limited 5. Opportunia Enterprises Private Limited 6. Kaleidoscope Entertainment Private Limited 7. Media Lab Asia
Ms. Bala Deshpande Non-executive Director ICICI Venture Funds Management Company Limited Stanrose House, Ground Floor Appasaheb Marathe Road Prabhadevi Mumbai – 400 025, India Occupation: Employed	Non Independent/- Nominee Director	India	39	1. Tech Process Solutions Limited 2. Deccan Aviation Limited 3. Indus League Clothing Limited 4. Nagarjuna Constructions Company Limited 5. Pantaloon Retails

Name, Designation, Father's Name, Address and Occupation	Independent/Non Independent Director	Nationality	Age (Years)	Other Directorships
				(India) Limited 6. Shopper's Stop Limited 7. Subiksha Trading Services Limited 8. Team Four Hospitality Services Private Limited 9. Traveljini.com Limited 10. Welspun India Limited 11. MITRA Technology Foundation
Mr. Sandeep Murthy* Non-executive Director (S/o. Mr. Shivarajpur Murthy) 232, Urvashi, Nepeansea Road Mumbai - 400 006, India Occupation: Consultant	Non Independent/ Nominee Director	U.S.A.	29	1. Voyager Investment Management 2. Cleartrip Inc.

* Jointly nominated by Murugan Capital and Sherpalo Mauritius. Murugan Capital and Sherpalo Mauritius have the right to jointly nominate a Director to the Board

Brief Biographies

Mr. Kapil Kapoor, 41, an Indian national, is our Chairman and non-executive Director. He obtained a Bachelor of Arts degree in Economics from the University of Delhi and an Master of Business Administration ("MBA") from Indian Institute of Management ("IIM"), Ahmedabad. Mr. Kapoor is currently the Managing Director of Timex Watches Limited – a position which he has held since October 2000, and also is Vice President – Asia of Timex Corporation. Mr. Kapoor started his professional career 14 years ago with Nestle India Limited and has also worked with Bausch & Lomb, where he was part of the start up team that launched RayBan sunglasses and the Bausch & Lomb vision care range in India; and subsequently went on to manage the overseas marketing territories of Russia, Ukraine and East Africa in addition to the SAARC region. In 1996, Mr. Kapoor relocated to Thailand as the Country Manager for Bausch & Lomb and was promoted to Commercial Director in 1998 with regional responsibility for South East Asia and the SAARC region.

Mr. Sanjeev Bikhchandani 43, an Indian national, is our Managing Director and Chief Executive Officer. He is also a Promoter. Mr. Bikhchandani obtained a Bachelor of Arts degree in Economics from St. Stephen College, Delhi University in 1984 and a Post Graduate Diploma in Management ("PGDM") from IIM, Ahmedabad in 1989. Mr. Bikhchandani is one of our founders. He joined us in April 2000. His work experience includes an advertising position at Lintas India Limited, a marketing position at HMM Limited (now known as Glaxo SmithKline), and a senior management position at CMYK Printech Private Limited (owner of The Pioneer newspaper). Mr. Bikhchandani was selected as a finalist for "Ernst and Young – Entrepreneur of the Year" award in 2005. His gross compensation in Fiscal 2006 was Rs. 5.53 million.

Mr. Hitesh Oberoi, 34, an Indian national, is our Whole Time Director and Chief Operating Officer. He is also a Promoter. Mr. Oberoi obtained a Bachelor of Technology degree in Computer Science from the Indian Institute of Technology, Delhi in 1994 and MBA from IIM Bangalore in 1996. At IIM he featured in the Director's Merit List. He joined us in March 1, 2000. Mr. Oberoi has set up our sales and marketing operations and has been instrumental in launching new products and services at Naukri.com and has also helped set up the Jeevansathi.com and 99acres.com businesses. He looks after sales, marketing, product and other operations at Naukri.com. The Quadrangle, Jeevansathi and 99acres businesses also report into him. Prior to joining us, Mr. Oberoi was the Regional Planning and Distribution Manager (North India) for the Ice Cream Division of Hindustan Lever Limited, the Indian arm of Unilever Plc, where he worked for almost four years. His gross compensation in Fiscal 2006 was Rs. 7.30 million.

Mr. Ambarish Raghuvanshi, 44, an Indian national, is our Whole Time Director and Chief Financial Officer and Head, Legal & Administration. He is also a Promoter. Mr. Raghuvanshi obtained a Bachelor of Commerce

degree from St. Xavier's College, Kolkata in 1983 and a Post Graduate Diploma in Business Management ("PGDBM") from XLRI, Jamshedpur in 1987. He is a qualified Chartered Accountant. Mr. Raghuvanshi joined us in October 20, 2000 and has been part of the early management team. Prior to joining us, Mr. Raghuvanshi has had a wide range of experience in corporate and investment banking with Standard Chartered Bank, HSBC, and the Bank of America, where he has assisted and advised corporates across a wide spectrum of the industry on capital raising, mergers and acquisitions, and raising working capital. His gross compensation in Fiscal 2006 was Rs. 3.43 million.

Mr. Arun Duggal, 59, a U.S. national, is a non-executive Director. He obtained a Bachelor of Technology degree in Mechanical Engineering from IIT, Delhi and an MBA from IIM, Ahmedabad. Mr. Duggal is an experienced international banker and advises various corporations on financial strategy, mergers and acquisitions and in raising capital. He also is an advisor to a number of major financial institutions and private equity firms, including DBZ Partners (U.S.), Macquarie Bank (Australia), TPG NewBridge (U.S.), General Atlantic (U.S.), ACTIS (U.K.), Chrys Capital (Mauritius), the Shriram Group. Mr. Duggal has had a 26 year long career as a professional banker with the Bank of America mostly in the U.S., Hong Kong and Japan. His last assignment was as Chief Executive of Bank of America in India from 1998 to 2001. He spent ten years (1981-1990) with the New York Corporate Office of Bank of America handling multinational relationships, including major integrated international oil companies like Exxon Mobil and Texaco. He was the Chief Executive, Bank of America Asia Limited, Hong Kong, in the period 1991-94, in which capacity he looked after investment banking activities for the bank in Asia. In 1995, he moved to Tokyo as the Regional Executive, managing Bank of America's business in Japan, Australia and Korea. From 2001 to 2003 he was Chief Financial Officer of HCL Technologies Limited. He is the Vice-Chairman (non executive) of International Asset Reconstruction, a de novo company engaged in managing non-performing loan portfolios. He teaches banking and finance at IIM, Ahmedabad as a visiting professor.

Mr. Ashish Gupta, 39, an U.S. national, is a non-executive Director. He has obtained a Bachelors of Technology degree in Computer Science from Indian Institute of Technology ("IIT"), Kanpur, where he was awarded the President's Gold medal; and a Ph.D. in Database Technology from Stanford University, U.S.A. Mr. Gupta is a partner at Helion Venture Partners, investing in early stage companies in India and in the U.S. Mr. Gupta has been involved in several startups in the U.S. and in India as an investor and board member. These include Daksh, now part of International Business Machines ("IBM"), rated as the top Business Process Outsourcing ("BPO") company in the world. He is also a co-founder of Tavant Technologies. Before working at Tavant Technologies, Mr. Gupta was at Amazon.com which he joined in 1998 with the acquisition of Junglelee.com where Mr. Gupta was co-founder, Vice President of Engineering, and board member. Junglelee was a pioneer in data integration technologies and the application service provider internet business model. He has also worked at Oracle Corporation and at IBM's Almaden Research Center. Mr. Gupta has published and presented numerous papers at international conferences, as well as edited a book on "materialized views" published by Massachusetts Institute of Technology press.

Mr. Saurabh Srivastava, 60, an Indian national, is a non-executive Director. He has obtained a Bachelors of Technology degree from the IIT, Kanpur and a Masters of Science degree from Harvard University, USA. Mr. Srivastava is one of India's leading IT entrepreneurs, angel investors and venture capitalists. He chairs or sits on the board of several companies. He founded one of India's most trendsetting IT companies, Xansa Plc.(previously IIS Infotech). Xansa plc. is a USD 600 million IT company listed on the London Stock Exchange. Mr. Srivastava chairs Infinity, India's leading seed-stage VC fund as also the Indian Venture Capital Association; and sits on the boards of several of India's central and state governments' VC funds. Mr. Srivastava is a co-founder and past chairman of NASSCOM, the Indian software industry association, President of The Indus Entrepreneurs ("TiE"), Delhi and on the global board of TiE, which is the world's largest organisation devoted to entrepreneurs. He is on the advisory board of the Imperial College, Business School London, an adjunct professor of entrepreneurship at IIT, Mumbai. The IIT, Kanpur has conferred on him the "Distinguished Alumnus" award.

Ms. Bala Deshpande, 39, an Indian national, has been nominated to the Board by ICICI Venture Funds Management Company Limited ("ICICI Ventures"). She has obtained a Master of Arts degree in Economics from the Bombay University and a Masters degree in Management Studies from the Jammalal Bajaj Institute of Management Studies. Ms. Deshpande has a total of 15 years of professional experience, including five years of experience in the private equity. At ICICI Ventures she is using her operational experience to identify opportunities for investment and to play a strategic role in shaping the future of investee companies. Her private equity experience has seen the full cycle from nurturing young companies to executing over 10 exits including IPOs, buy-back, strategic sale and capital market divestments. She currently focuses on sectors such as retail, media, IT, ITES, telecom, construction as also some manufacturing related industries. Prior to joining ICICI

Ventures, she has worked with leading multi-national groups such as Bestfoods, Cadburys and ICI. She was part of the strategic planning team at Bestfoods and was also nominated for the Women Leadership Forum held at Bestfoods, New York.

Mr. Sandeep Murthy, 29, a national of U.S.A, is a partner at Sherpalo Ventures (www.sherpalo.com) focused on investment opportunities in India. Mr. Murthy also evaluates and manages investments in India for Kleiner Perkins Caufield and Byers Holdings Inc. In 2005, Mr. Murthy has obtained an MBA from the Wharton School. He also holds a Bachelor of Science Degree in Systems Engineering from the University of Pennsylvania and a Bachelor of Economics Degree from the Wharton School both obtained in 1998. Mr. Murthy began his career in investment banking at Credit Suisse First Boston in their Technology Group in Palo Alto, California. Mr. Murthy has spent the past few years in the internet space in the U.S.A most recently working at IAC/InterActive Corp. (www.iac.com), the owners of companies such as Expedia, Match.com, CitySearch, Gifts.com and other online businesses. Prior to joining IAC, Mr. Murthy worked at Sony Music in the new technology group where he focused on launching a digital music service for Sony Music.

Shareholding of the Directors in the Company

Our Articles of Association do not require our Directors to hold any Equity Shares. The following table details the shareholding of our Directors:

Name of Director	No. of Equity Shares
Mr. Kapil Kapoor	1,311,380
Mr. Sanjeev Bikhchandani	11,801,372
Mr. Hitesh Oberoi	2,074,441
Mr. Ambarish Raghuvanshi	655,084
Mr. Sandeep Murthy	53,000
Mr. Ashish Gupta	49,703
Mr. Arun Duggal	20,000
Mr. Saurabh Srivastava	12,500

Term of Office

The details of appointment of our Directors are set forth below:

Name of Director	Retiring/Non Retiring	Tenure
Mr. Kapil Kapoor	To retire by rotation	Until our next AGM
Mr. Sanjeev Bikhchandani	Not to retire by rotation*	Five years from April 27, 2006
Mr. Hitesh Oberoi	Not to retire by rotation*	Five years from April 27, 2006
Mr. Ambarish Raghuvanshi	Not to retire by rotation*	Five years from April 27, 2006
Mr. Arun Duggal	To retire by rotation	Until our next AGM
Mr. Ashish Gupta	To retire by rotation	Until our next AGM
Mr. Saurabh Srivastava	To retire by rotation	Until our next AGM
Ms. Bala Deshpande	Not to retire by rotation	At will of ICICI Investment Management Company Limited
Mr. Sandeep Murthy	Not to retire by rotation	At the will of Murugan Capital and Sherpalo Mauritius LLC

* Appointed as whole time-director pursuant to Section 269 of the Companies Act in the extra-ordinary general meeting held on July 14, 2006

Compensation of the Directors

All Non-Executive Directors on the Board are entitled to sitting fees as may be decided by the Board from time to time within the permissible limit under the Companies Act, 1956 and actual travel, boarding and lodging expenses for attending the Board/committee meetings. They may also be paid commission and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

Interest of Directors

All Non-Executive Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. The executive Directors will be interested to the extent of remuneration paid to them for services rendered as our officers or employees. All the Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Changes in the Board of Directors During the Last Three Years

Name	Date of Appointment	Date of Cessation	Reason
Ms. Vandana Rajadhyaksha (ICICI Ventures Nominee)	May 9, 2002	July 24, 2003	Resigned
Ms. Tirumala Rao (ICICI Ventures Nominee)	July 24, 2003	August 22, 2005	Resigned
Ms. Bala Deshpande (ICICI Ventures Nominee)	August 22, 2005	Continuing	Appointed as Nominee Director by ICICI Investment Management Company Limited
Mr. Anil Lall	April 20, 2000	March 20, 2006	Resigned
Ms. Surabhi M. Bikhchandani	May 1, 1995	March 20, 2006	Resigned
Mr. Arun Duggal	March 13, 2006	Continuing	Confirmed as Director in the AGM held on June 12, 2006
Mr. Ashish Gupta	March 13, 2006	Continuing	Confirmed as Director in the AGM held on June 12, 2006
Mr. Saurabh Srivastava	March 13, 2006	Continuing	Confirmed as Director in the AGM held on June 12, 2006
Mr. Sandeep Murthy	July 14, 2006	Continuing	Appointed as Additional Director

Borrowing Powers of the Board

As per provisions of the Companies Act, the borrowing powers of our Board are limited to moneys, where the money to be borrowed, together with the moneys already borrowed by us (apart from the temporary loans obtained from our bankers in the ordinary course of business), will not exceed the aggregate of our paid-up capital and free reserves.

Corporate Governance

Corporate governance is administered through our Board and the committees of the Board. However, primary responsibility for upholding high standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value vests with our Board.

Pursuant to listing of the Equity Shares, we would be required to enter into listing agreements with the Stock Exchanges. We are in compliance with the applicable provisions of listing agreements pertaining to corporate governance, including appointment of independent Directors and constitution of the following committees of our Board.

Committees of the Board

Audit Committee

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Audit Committee comprises of three Directors namely, Mr. Arun Duggal, Mr. Hitesh Oberoi and Mr. Saurabh Srivastava. Two-thirds of the committee comprises of independent Directors. Mr. Arun Duggal, the Chairman of the Committee is an independent Director and an experienced finance professional.

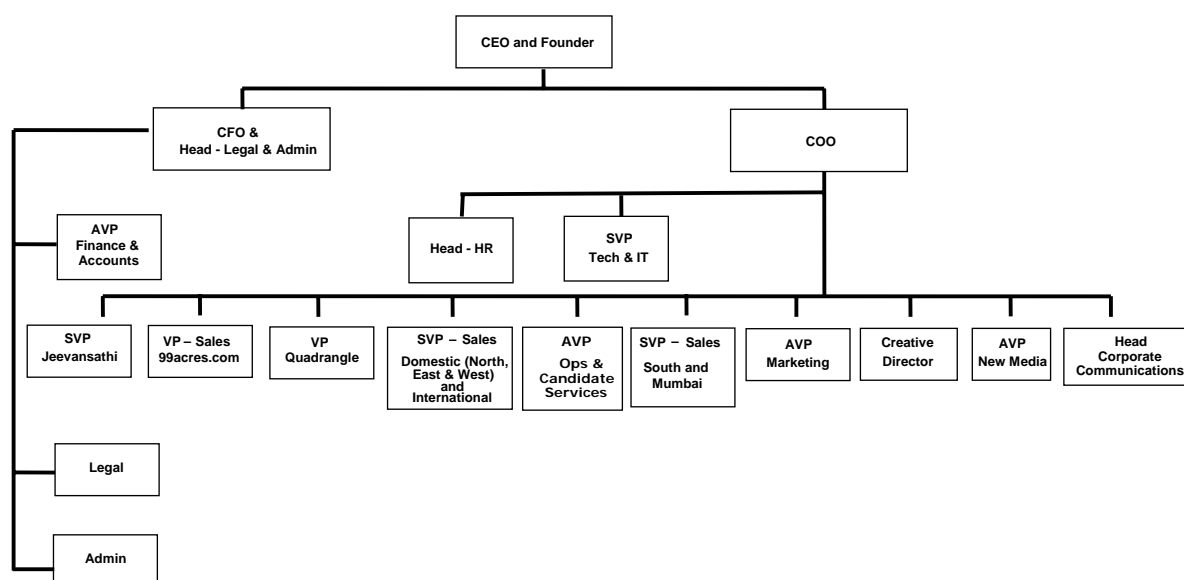
The Audit Committee's role includes overview of our financial reporting process, recommending the appointment and removal of statutory auditors, fixing audit fees, reviewing the annual financial statements with management prior to submitting these to the Board, reviewing related party transactions, reviewing our internal audit functions, reviewing findings of any internal investigations by the internal auditors and reviewing our financial and risk management policies.

Investors' Grievances Committee

The role of the Investors' Grievances Committee includes approving the transfer/transmission of our securities and connected matters, issuing new certificates of our securities upon a split or consolidation of the Equity Shares, deciding any matter relating to our securities, formulating and implementing our code of conduct for prohibition of insider trading, appointing our compliance officer to comply with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time and the listing agreements and redressing investors' complaints relating to transfer of securities, non-receipt of balance sheet, non-receipt of declared dividends and other similar complaints. The Investors' Grievances Committee currently comprises of Mr. Kapil Kapoor as Chairman and Mr. Ambarish Raghuvanshi and Ms. Bala Deshpande as members of the Committee.

We intend to constitute a remuneration committee in the future.

Management Structure



Key Managerial Personnel

Of the Directors, the following are our key management personnel: Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi, and Mr. Ambarish Raghuvanshi. Please see section titled "Management" beginning on page 72 of this Red Herring Prospectus for a brief description of their biographies.

Our other key managerial personnel are:

Mr. Anil Lall, 43, an Indian national, advises us on technology-related matters. Mr. Lall has obtained a Bachelor of Commerce degree from Bhagat Singh College, Delhi in 1986. He joined us on October 4, 2000. He has been an independent software developer for over 14 years. He has helped build Naukri.com and Jeevansathi.com from inception. His gross compensation in Fiscal 2006 was Rs. 0.87 million.

Ms. Deepali Singh, 33, an Indian national is the Business Head of 99acres.com. She has obtained a Bachelor of Science and Law degree from the University of Delhi and an MBA from Institute of Productivity and Management, Ghaziabad. She has been working with us since October 10, 2000, in which period she has also worked as a branch marketing manager in the eastern and northern regions of India. Prior to joining us, Ms. Singh was working at Arena Multimedia division of Aptech Limited. Her gross compensation in Fiscal 2006 was Rs. 1.87 million.

Mr. Harveen Bedi, 35, an Indian national is the head of Quadrangle division. He has obtained an MBA degree from Birla Institute of Management Technology, New Delhi. Mr. Bedi has been with us for more than four years. He has been actively involved in the opening up of our branches. He joined us on October 30, 2002. Prior to joining us, Mr. Bedi had worked for more than seven years in various roles related to sales, distribution, and product management with Nestle India Limited. His gross compensation in Fiscal 2006 was Rs. 1.63 million.

Mr. V. Suresh, 35, an Indian national is the Senior Vice-President, Sales – South and Mumbai, for Naukri.com. He has obtained a Bachelors of Engineering degree in Instrumentation and Control Engineering and a Masters in Management from Sathya Sai Institute of Management. In his current position, Mr. Suresh has been handling a sales force of over 200 people spread across nine branches in South India and Mumbai. He has played a vital role in ensuring continued growth in revenues for Naukri.com since 2000. He joined us on July 2, 2001. Prior to joining us, Mr. Suresh has had over 10 years of work experience in corporate sales and key account management. He started the career with Xerox Modicorp group. He is currently the academic advisor for Institute of Technology and Management, Chennai. His gross compensation in Fiscal 2006 was Rs. 3.15 million.

Mr. Vibhore Sharma, 32, an Indian national, is our Senior Vice-President Technology and IT Infrastructure. He has obtained a Bachelor of Science degree in Chemistry from Indira Gandhi National Open University. He heads our Naukri.com technology team, which is responsible for product innovation and IT operations. He has been instrumental in developing the “Resdex” database of Naukri.com. He joined us on April 14, 2001. Prior to joining us, he was working with the web division of the Pioneer newspaper. His gross compensation in Fiscal 2006 was Rs. 1.99 million.

Mr. Vineet Singh, 34, an Indian national, is the Senior Vice President for domestic (North, East & West) and international sales. He has obtained a Bachelor of Arts degree in English Literature from Ramjas College, University of Delhi and a Post Graduate Diploma in Business Administration (“PGDBA”) from Institute of Productivity and Management, Ghaziabad. Mr. Singh has been with us since our incorporation. He has been instrumental in establishing branch offices throughout India and in the recruitment and training of our sales force. He currently manages a team of over 200 people based out of 19 locations in India and Dubai. He joined us on November 1, 2000. Prior to joining us, Mr. Singh was working with Xerox Modicorp group. Mr. Singh is an active participant in various events, seminars and conferences on the internet and human resources. His gross compensation in Fiscal 2006 was Rs. 3.28 million.

Mr. Vivek Khare, 35, an Indian national is the Senior Vice-President of the Jeevansathi.com division. He has obtained a Masters of Science degree in Physics from IIT, Kanpur and a Post Graduate Diploma in Business Administration (“PGDBA”) from Birla Institute of Management Technology, New Delhi. Mr. Khare has been with us since September 1, 2000. He was actively involved in helping Naukri.com adopt a new web platform, which helped the website to scale up without significantly increasing its capital costs and also reduced the turnaround time for projects. His gross compensation in Fiscal 2006 was Rs. 2.12 million.

All of our key management personnel are our permanent employees.

Shareholding of Key Managerial Personnel

As of the date of this Red Herring Prospectus, the details of the shareholding of the key managerial personnel are as follows:

Name	No. of Equity Shares
Mr. Anil Lall	1,125,358
Ms. Deepali Singh	10,290
Mr. Harveen Bedi	5,880
Mr. V. Suresh	14,700
Mr. Vibhore Sharma	13,230
Mr. Vineet Singh	14,700
Mr. Vivek Khare	108,570

Bonus or Profit Sharing Plan for Key Managerial Personnel

We have developed a structured incentive program, including a performance-linked variable pay structure for certain levels of employees, and we have dedicated resources to training programs. Our compensation for employees has a fixed component that is benchmarked to the industry and a variable component that is linked to the corporate and individual performance. The compensation given to our key managerial personnel and as stated above does not include the bonus payable to them for Fiscal 2006. Except the variable compensation payable to eligible employees, there is no bonus or profit sharing plan for key managerial personnel as of date of this Red Herring Prospectus.

Employees

We believe that a motivated and empowered employee base is the key to our competitive advantage. As of June 30, 2006, we employed a work force of 951 full-time employees, of which approximately 675 were dedicated to the sales and marketing team. The skills and diversity of our employees gives us the flexibility to best adapt to the needs of our customers by organizing our employees into multicultural and mobile teams. We are dedicated to the development of the expertise and know-how of our employees. Our personnel policies are aimed towards recruiting the talent which we need, to facilitate their integration, to encourage the development of their skills in order to accompany the growth in our operations and to organize their geographic and professional mobility.

For further details on our employees, see sections titled “Our Business – Employees” beginning on page 62 of the Red Herring Prospectus.

The ESOP 2003

Under the ESOP 2003, the Compensation Committee constituted of the Board of Directors may decide upon the number of Equity Shares in respect of which the option may be granted to our permanent employees and to such of our Promoters and Directors who either himself or through his relatives holds not more than 10% of our Equity Shares. The ESOP will be administered by our Compensation Committee, which shall determine the terms and conditions of the employee stock options granted from time to time. We have also created a trust – the Info Edge Employees Stock Option Plan Trust – and have formulated rules for it to govern the ESOP 2003. On August 31, 2004, grants of options to acquire an aggregate of 6,972,276 equity shares of Re.1 has been made to certain of our employees and Directors. On March 19, 2006 a further grant was made to acquire an aggregate of 270,550 Equity Shares. Out of these, a certain number of options have already been exercised and a certain number have been forfeited as per their terms. Taking into account the consolidation of our Equity Share capital on February 14, 2006 and the bonus issue on that date (details of which are provided, in section titled “Capital Structure – Our Share Capital History” beginning on page 17 of this Red Herring Prospectus), the total number of options outstanding as of the date of filing of this Red Herring Prospectus are 663,505. All Equity Shares issuable upon the exercise of the outstanding options have already been issued and transferred to the ESOP Trust as shareholder. Therefore any exercise of the outstanding options granted under the ESOP 2003 will not lead to any change in the Equity Share capital of our Company upon completion of the Issue. The details of the options granted under the ESOP 2003 are described in section titled “Capital Structure” beginning on page 17 of this Red Herring Prospectus.

Changes in the Company's Key Managerial Personnel during the Last Three Years

There has not been any change in our key managerial personnel in the last three years.

Payment or Benefit to Officers of the Company

Except as stated otherwise in this Red Herring Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of our officers. None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors.

PROMOTERS AND PROMOTER GROUP

Our Promoters are Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi, and Mr. Ambarish Raghuvanshi. Mr. Sanjeev Bikhchandani is the Managing Director and our Chief Executive Officer. Mr. Hitesh Oberoi is a whole-time director and our Chief Operating Officer. Mr. Ambarish Raghuvanshi is a whole-time director and our Chief Financial Officer.

The pre-Issue shareholding of the Promoters and the Promoter group in us is as follows:

Name of the Shareholder	Number of Equity Shares	Percentage Holding(%)
Mr. Sanjeev Bikhchandani	11,801,373	53.71
Ms. Surabhi Bikhchandani	373,508	1.70
Sub-Total	12,174,881	55.41
Mr. Hitesh Oberoi	2,074,441	9.44
Mr. Ambarish Raghuvanshi	655,084	2.98
Total	14,904,406	67.83

OUR PROMOTERS

Mr. Sanjeev Bikhchandani



Mr. Sanjeev Bikhchandani, 43, an Indian national, is our Managing Director and Chief Executive Officer. Mr. Bikhchandani obtained a Bachelor of Arts degree in Economics from St. Stephen College, Delhi University in 1984 and a Post Graduate Diploma in Management from IIM Ahmedabad in 1989. Mr. Bikhchandani is one of our founders. His work experience includes an advertising position at Lintas India Limited, a marketing position at HMM Limited (now known as Glaxo SmithKline), and a senior management position at CMYK Printech Private Limited (owner of The Pioneer newspaper). Mr. Bikhchandani was selected as a finalist for “Ernst and Young – Entrepreneur of the Year” award in 2005. His gross compensation in Fiscal 2006 was Rs. 5.53 million.

Identification	Details
PAN	AAGPB4511R
Passport Number	E7095136
Voter ID Number	DL\04\043\357463
Driving License Number	P07062003282790
Bank Account Number	0 03701000480

Mr. Hitesh Oberoi

Mr. Hitesh Oberoi, 34, an Indian national, is our Whole Time Director and Chief Operating Officer. Mr. Oberoi obtained a Bachelor of Technology degree in Computer Science from IIT, Delhi in 1994 and a Post Graduate Diploma in Management from IIM Bangalore in 1996. At IIM he featured in the Director's Merit List. He joined our Company in February 2000. Mr. Oberoi has set up our sales and marketing operations and has been instrumental in launching new products and services at Naukri.com and has also helped set up the Jeevansathi.com and 99acres.com businesses. He is in charge of the sales, marketing, product and other operations at Naukri.com. The Quadrangle, Jeevansathi and 99acres businesses also report into him. Prior to joining us, Mr. Oberoi was the Regional Planning and Distribution Manager (North India) for the ice-cream business of Hindustan Lever Limited, the Indian arm of Unilever Plc, where he worked for almost four years. His gross compensation in Fiscal 2006 was Rs. 7.30 million.

Identification	Details
PAN	AAAPO5353K
Passport Number	Z1398539
Voter ID Number	-
Driving License Number	P91061672
Bank Account Number	000701002385

Mr. Ambarish Raghuvanshi

Mr. Ambarish Raghuvanshi, 44, an Indian national, is our Whole Time Director and Chief Financial Officer. Mr. Raghuvanshi obtained a Bachelor of Commerce degree from St. Xavier's College, Kolkata in 1983 and a Post Graduate Diploma in Business Management from XLRI, Jamshedpur in 1987. He is a qualified Chartered Accountant. Mr. Raghuvanshi joined us in October 2000 and has been part of the early management team. Prior to joining us, Mr. Raghuvanshi has had a wide range of experience in corporate and investment banking with Standard Chartered Bank, HSBC Limited, and the Bank of America, where he has assisted and advised corporates across a wide spectrum of the industry on capital raising, mergers and acquisitions and raising working capital. His gross compensation in Fiscal 2006 was Rs. 3.43 million.

Identification	Details
PAN	AFYPR6681M
Passport Number	F4033694
Voter ID Number	LLZ0827360
Driving License Number	1200/VNS/91000.5.91
Bank Account Number	003701020660

Declaration

We confirm that the PAN, bank account details, and passport numbers of each of Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi, and Mr. Ambarish Raghuvanshi will be submitted to the Stock Exchanges, at the time of filing the Red Herring Prospectus with these Stock Exchanges.

Further, our Promoters and Promoter group entities, including relatives of the Promoters, have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Common Pursuits

The Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by us or any of the companies promoted by the Promoter group.

Interest of the Promoters

Mr. Sanjeev Bikhchandani

Mr. Sanjeev Bikhchandani is interested in us to the extent of his shareholding, for which he is entitled to receive the dividend declared, if any, by us. Further, since he is also the Managing Director and our Chief Executive Officer, he is interested to the extent of his remuneration from us, as disclosed in the section titled “Management” beginning on page 72 of this Red Herring Prospectus.

Mr. Hitesh Oberoi

Mr. Hitesh Oberoi is interested in us to the extent of his shareholding, for which he is entitled to receive the dividend declared, if any, by us. Further, since he is also a Director and our Chief Operating Officer, he is interested to the extent of his remuneration from us, as disclosed in the section titled “Management” beginning on page 72 of this Red Herring Prospectus.

Mr. Ambarish Raghuvanshi

Mr. Ambarish Raghuvanshi is interested in us to the extent of his shareholding, for which he is entitled to receive the dividend declared, if any, by us. Further, since he is also a Director and our Chief Financial Officer, he is interested to the extent of his remuneration from us, as disclosed in the section titled “Management” beginning on page 72 of this Red Herring Prospectus.

OTHER PERSONS COMPRISING THE PROMOTER GROUP

In addition to the Promoters mentioned above, the following relatives of the Promoters constitute our Promoter group:

a) Relatives of Mr. Sanjeev Bikhchandani

Name	Relationship with Promoter
Mr. Ram Lokram Bikhchandani	Father
Ms. Dayawanti Bikhchandani	Mother
Ms. Surabhi Bikhchandani	Wife
Ms. Sunita Gehani	Sister
Mr. Sushil Bikhchandani	Brother
Ms. Tanvi Bikhchandani	Daughter
Mr. Raghav Bikhchandani	Son

b) Relatives of Mr. Hitesh Oberoi

Name	Relationship with Promoter
Mr. Suresh Kumar Oberoi	Father
Ms. Mira Oberoi	Mother
Ms. Rimy Oberoi	Wife
Ms. Divya Batra	Sister
Ms. Misha Oberoi	Daughter
Ms. Megha Oberoi	Daughter

c) Relatives of Mr. Ambarish Raghuvanshi

Name	Relationship with Promoter
Mr. Ravindra Pratap Singh	Father
Ms. Ambika Singh	Mother
Ms. Poonam Varma Raghuvanshi	Wife
Ms. Ravija Singh	Sister
Mr. Aman Raghuvanshi	Son
Ms. Anya Raghuvanshi	Daughter

Companies Promoted by the Promoter Group

The only companies promoted by the Promoter group are our two Subsidiaries, namely,

- i) Naukri Internet Services Private Limited; and
- ii) Jeevansathi Internet Services Private Limited.

For details in relation to the same see section titled “History and Certain Corporate Matters – Subsidiaries” beginning on page 68 of this Red Herring Prospectus.

In addition, Mr. Sanjeev Bikhchandani is the sole proprietor of two proprietorship firms, namely:

- i) Info Edge; and
- ii) Info Edge India.

These entities are not presently conducting any business.

Companies from which our Promoters have disassociated with in the last three years:

None of the Promoters have disassociated from any company within the last three years.

RELATED PARTY TRANSACTIONS

- I. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the three months ended June 30, 2006**

Key Management Personnel (KMP) and Relatives

Mr. Sanjeev Bikhchandani
 Ms. Surabhi Bikhchandani (Wife of Mr. Sanjeev Bikhchandani)
 Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
 Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)
 Mr. Anil Lall
 Mr. Hitesh Oberoi
 Mr. Ambarish Raghuvanshi

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

- (b) Details of transactions with related party for the three months ended June 30, 2006 in the ordinary course of business:**

(Rs. million)				
Sr.No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration paid (2) Sanjeev Bikhchandani 1.23 Hitesh Oberoi 1.69 Ambarish Raghuvanshi 0.74	3.78	-	3.78
2	Advances given for business purposes Sanjeev Bikhchandani 0.09 Hitesh Oberoi Nil Ambarish Raghuvanshi 0.00	0.09	-	0.09
3	Receipt of services Minik Enterprises 9.72	0.00	9.72	9.72
4	Dividend Paid Sanjeev Bikhchandani 9.16 Hitesh Oberoi 1.64 Ambarish Raghuvanshi 0.49	12.74	-	12.74

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
- This does not include the management bonus which will be finalised after June 30, 2006.
- Amounts paid to Info Edge Employee Stock Option Trust is as under:
- Dividend paid 0.55 million
 - Amounts due from Info Edge Employee Stock Option Trust as on June 30, 2006 is Rs. 16.29 million
 - Amount due to/from related parties as on June 30, 2006

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances			
1	Outstanding Advances	0.22	-	0.22

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

Key management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
Ms. Surabhi Bikhchandani (Wife of Mr. Sanjeev Bikhchandani)
Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)
Mr. Anil Lall
Mr. Hitesh Oberoi
Mr. Ambarish Raghuvanshi

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

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

(Rs. Million)				
Sr.No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1.	Remuneration Paid (2) Sanjeev Bikhchandani 5.53 Hitesh Oberoi 7.30 Ambarish Raghuvanshi 3.43	17.52	—	17.52
2.	Advances given for business purposes Sanjeev Bikhchandani 0.88 Hitesh Oberoi 0.63 Ambarish Raghuvanshi 0.61	2.14	—	2.14
3.	Receipt of services Minik Enterprises 24.17	0.03	24.17	24.20
4.	Bonus shares issued Sanjeev Bikhchandani 87.23 Hitesh Oberoi 15.60	121.33	—	121.33
5.	Dividend paid Sanjeev Bikhchandani 5.23 Anil Lall 0.94	7.28	—	7.28

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

2. This does not include the management bonus which will be finalised after June 30, 2006.
3. (i) Amounts paid to Info Edge Employee Stock Option Trust as:

- Advances given for business purposes	Rs. 1.50 million
- Bonus Shares issued	Rs. 5.74 million
- Dividend paid	Rs. 0.32 million
- (ii) Amounts due from Info Edge Employee Stock Option Trust as on June 30, 2006 is Rs. 16.29 million.

(c) Amount due to/from related parties as on March 31, 2006

(Rs. million)

Sr. No	Nature of relationship / transaction	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances			—
1.	Outstanding Advances	0.25	—	0.25

III.(a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2005

Key Management Personnel (KMP) and Relatives

Mr. Sanjeev Bikhchandani
 Ms. Surabhi Bikhchandani (Wife of Mr. Sanjeev Bikhchandani)
 Ms. Daya Bikhchandani (Mother of Mr. Sanjeev Bikhchandani)
 Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
 Mr. Anil Lall
 Mr. Hitesh Oberoi
 Mr. Ambarish Raghuvanshi
 Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2005 in the ordinary course of business:

(Rs. million)

Sr. No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1.	Remuneration Paid			
	Sanjeev Bikhchandani 8.34	19.57	—	19.57
	Hitesh Oberoi 6.13			
	Ambarish Raghuvanshi 3.85			
2.	Bonus shares issued	29.61	—	29.61
	Sanjeev Bikhchandani 23.26			

3.	ESOP Granted Hitesh Oberoi 59.77 Ambarish Raghuvanshi 25.42	85.19	—	85.19
4.	Receipt of services Minik Enterprises 15.28	0.01	15.28	15.29
5.	Dividend Paid Sanjeev Bikhchandani 0.23	0.28	—	0.28
6.	Investment made in JISPL during the year Daya Bikhchandani 2.13 Anil Lall 4.25	6.38	—	6.38

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13 (ASI 13) issued by The Institute of Chartered Accountants of India.
2. (i) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 50.50 million
 - Bonus Shares issued Rs. 1.44 million
 - Dividend paid Rs. 0.03 million
 - Advances written off (refer Note 3 below) Rs. 36.71 million
- (ii) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2005 is Rs. 14.79 million.
3. This represents amounts written off from advances given to Info Edge Employee Stock Option Trust in respect of options exercised by the employees as on March 31, 2005.

IV.(a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2004

Key Management Personnel (KMP) and Relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by of Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2004 in the ordinary course of business

(Rs. Million)				
Sr. No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1.	Remuneration Paid		—	

	Sanjeev Bikhchandani	4.01	12.42		12.42
	Hitesh Oberoi	4.73			
	Ambarish Raghuvanshi	2.47			
2.	Receipt of services		–	6.63	6.63
	Minik Enterprises	6.63			
3.	Dividend Paid		0.23	–	0.23
	Sanjeev Bikhchandani	0.17			

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13 (ASI 13) issued by The Institute of Chartered Accountants of India.
2. (i) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 0.67 million
 - Uncalled Share capital money received Rs. 0.66 million
 - Dividend paid Rs. 0.02 million
- (ii) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2004 is Rs.1.01 million.

V. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2003

Key Management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2003 in the ordinary course of business

(Rs. Million)				
Sr.No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1.	Remuneration Paid			
	Sanjeev Bikhchandani 1.83	8.41	–	8.41
	Hitesh Oberoi 2.55			
	Ambarish Raghuvanshi 1.57			
	V.N. Saroja 1.35			
	Anil Lall 0.94			
2.	Receipt of services		4.08	4.08
	Minik Enterprises 4.08			
3.	Unsecured Loan Given	0.00	–	0.00
	Sanjeev Bikhchandani 0.00			

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13 (ASI 13) issued by The Institute of Chartered Accountants of India.
2. (i) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 0.34 million
- (ii) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2003 is Rs.0.34 million

VI.(a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2002

Key Management Personnel (KMP) and Relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2002 in the ordinary course of business:

(Rs. Million)				
Sr.No	Nature of relationship / transaction(1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1.	Remuneration Paid Sanjeev Bikhchandani 0.85 Hitesh Oberoi 0.86 Ambarish Raghuvanshi 1.01 V.N. Saroja 0.96 Anil Lall 0.75 Jayadev Parthasarathy 0.55	5.30	—	5.30
2.	Bonus shares issued Sanjeev Bikhchandani 11.68	15.45	—	15.45
3.	Receipt of services Minik Enterprises 1.13	—	1.13	1.13

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

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to /our profits, capital requirements and overall financial condition. The dividend paid by us during the last five financial years is presented below:

Particulars	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006
Number of equity shares of face value of Rs. 10	Nil	Nil	Nil	Nil	21,836,202
Number of equity shares of face value of Re. 1	19,806,090	20,796,395	20,796,395	62,389,185	Nil
Rate of Dividend on Equity (%)					
Interim	Nil	Nil	Nil	Nil	Nil
Final	Nil	1.50	2.00	15.00	7.5
Amount of Dividend on Equity (Rs. million)					
Interim	Nil	Nil	Nil	Nil	Nil
Final	Nil	0.30	0.41	9.36	16.38
Total Corporate Dividend Tax (Rs. million)	Nil	0.04	0.06	1.31	2.29

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy or dividend amounts, if any, in the future.

SECTION V – FINANCIAL STATEMENTS

INFO EDGE (INDIA) LIMITED
[Formerly Known as Info Edge (India) Private Limited]
SUMMARY CONSOLIDATED RESTATED FINANCIAL STATEMENTS
FOR FIVE YEARS ENDED MARCH 31, 2006 AND FOR THE QUARTER ENDED JUNE 30, 2006

To
The Board of Directors
Info Edge (India) Limited
A-6 Swasthya Vihar
Vikas Marg
New Delhi 1100092

Re: Initial Public Offering of Info Edge (India) Limited

Dear Sirs,

We have examined the attached Summary of Consolidated Restated Assets and Liabilities of Info Edge (India) Limited (the “Company”) and its subsidiaries as at June 30, 2006, March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002 and the Summary of Consolidated Restated Profit and Loss Account for the quarter ended and five years ended on those dates (hereinafter referred as “Summary Consolidated Restated Financial Statements”).

The preparation and presentation of the Summary Consolidated Restated Financial Statements are based on the Consolidated Financial Statements of the Company and are in accordance with the requirements of (a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”); (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, issued by SEBI on January 19, 2000 in pursuance of Section 11 of The SEBI Act, 1992 (“the SEBI Guidelines”), and (c) instructions dated January 9, 2006 received from the Company, requesting us to carry out work relating to the offer document being issued by the Company in connection with the initial public offer of equity shares in the Company.

The preparation and presentation of these Summary Consolidated Restated Financial Statements is the responsibility of the management of the Company.

In our opinion, the Summary Consolidated Restated Financial Statements of the Company, read with the respective significant accounting policies and notes to the accounts and after making appropriate groupings and adjustments, have been prepared in accordance with Part II of Schedule II to the Act and the SEBI Guidelines.

This report is provided solely for the purpose of assisting the Company to which it is addressed in discharging their responsibilities under the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines, 2000) and paragraph B(1) of Part II of Schedule II to the Indian Companies Act, 1956. Our work has not been carried out in accordance with the auditing standards generally accepted in the United States of America or outside of India and accordingly should not be relied on as if it had been carried out in accordance with those standards.

Kaushik Dutta

Partner

Membership No. F – 88540

For and on behalf of

Price Waterhouse

Chartered Accountants

Place: New Delhi
Date: September 18, 2006

Annexure I

SUMMARY CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

Assets and Liabilities of Info Edge (India) Limited and its subsidiaries at the end quarter June 30, 2006 and financial years from March 31, 2002 to March 31, 2006 read with significant accounting policies (Refer Annexure III B), after making re-groupings and adjustments are set out below:

Amount (Rs. Million)						
Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	156.54	151.54	88.44	34.79	27.09	22.74
Less: Depreciation	66.20	56.62	29.59	19.16	11.96	6.74
Net Block	90.34	94.92	58.85	15.63	15.13	16.00
Capital advances	3.66	-	1.28	0.77	-	0.01
Goodwill	0.25	0.25	0.25	0.01	0.01	0.01
Total	94.25	95.17	60.38	16.41	15.14	16.02
Investments:						
Long Term Non Trade Unquoted Investments	0.00	0.00	0.00	0.03	0.23	0.45
Short Term Non Trade quoted Investments	225.61	125.82	20.56	5.04	-	-
Advance recoverable from ESOP trust	16.29	16.29	14.79	1.00	0.34	-
Current Assets, Loans and Advances						
Sundry Debtors	17.50	12.22	8.72	6.66	4.26	3.58
Cash and Bank Balances	280.46	321.34	156.16	113.92	40.14	22.68
Loans and Advances	64.03	63.13	52.07	10.15	6.88	3.79
Total (A)	361.99	396.69	216.95	130.73	51.18	30.05
Current Liabilities and Provisions						
Current Liabilities	397.08	364.44	174.36	72.91	21.00	7.03
Provisions	5.45	3.21	1.32	1.54	0.09	0.03
Dividend Payable (Including dividend tax)	-	18.67	10.67	0.47	0.34	-
Total (B)	402.53	386.32	186.35	74.92	21.43	7.06
Net Current Assets (A-B)	(40.54)	10.37	30.60	55.81	29.75	22.99
Profit and Loss Account	-	-	1.25	-	16.54	21.07
Miscellaneous Expenditure (to the extent not written off or adjusted)	2.18	0.30	-	-	1.57	-
TOTAL	297.79	247.95	127.58	78.29	63.57	60.53
SOURCES OF FUNDS						
Loan Funds						
Secured Loans	2.40	1.81	0.77	0.74	0.97	1.03
Unsecured Loans	0.05	0.05	0.05	0.00	0.00	0.00
Total	2.45	1.86	0.82	0.74	0.97	1.03
Share Capital and Reserves						
Share Capital	218.36	218.36	62.39	20.80	20.13	19.81
ESOP outstanding Account	7.67	6.26	1.58	-	-	-
Securities Premium Account	-	-	9.39	50.99	50.99	51.41
General reserve	15.89	15.89	52.44	-	-	-
Profit and Loss Account	56.83	4.60	-	7.01	-	-
Total	298.75	245.11	125.80	78.80	71.12	71.22
Deferred Tax Liability/(Asset)	(3.41)	0.98	0.96	(1.25)	(8.52)	(11.72)
TOTAL	297.79	247.95	127.58	78.29	63.57	60.53

The accompanying significant accounting policies (Annexure III(B) below) and Notes to Accounts (Annexure III (C) below) form an integral part of this statement

Director

Director

Annexure II

SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNT, AS RESTATED

The profits/(losses) of Info Edge (India) Limited and its subsidiaries for the quarter ended June 30, 2006 and five financial years ended March 31, 2006 read with significant accounting policies (Refer Annexure III B), after making re-groupings and adjustments are set out below:

Amount (Rs. Million)						
Particulars	For the Quarter ended June 30, 2006	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003	For the year ended March 31, 2002
Income						
Revenue	279.18	824.05	440.55	191.64	89.13	36.34
Other Income	14.05	16.54	10.63	3.08	1.63	1.54
Total Income	293.23	840.59	451.18	194.72	90.76	37.88
Expenditure						
Network and Other Charges	27.60	92.33	52.91	31.78	15.44	3.12
Personnel Expenses	83.61	210.53	111.10	62.88	33.41	22.88
Administrative and Other Costs	91.78	288.34	147.28	51.92	25.90	18.48
Employees Stock Option Plan Compensation expense (Refer note 20 on Annexure III C)	1.42	7.28	90.57	-	-	-
Deferred revenue expenditure written off	-	-	-	1.57	1.57	-
Total Expenditure	204.41	598.48	401.86	148.15	76.32	44.48
Profit/(Loss) (EBITDA)	88.82	242.11	49.32	46.57	14.44	(6.60)
Interest and Financial Charges	1.39	4.31	1.65	0.58	0.39	0.39
Profit/(Loss) before Depreciation and Tax	87.43	237.80	47.67	45.99	14.05	(6.99)
Depreciation	9.67	27.58	11.16	7.20	5.51	4.65
Profit/(Loss) before Tax	77.76	210.22	36.51	38.79	8.54	(11.64)
Current Tax Expense	29.00	73.29	30.86	7.00	0.12	-
Deferred Tax Expense	(4.40)	0.66	2.55	7.47	3.34	-
Fringe Benefit Tax	0.93	3.36	-	-	-	-
Profit/(Loss) for the year	52.23	132.91	3.10	24.32	5.08	(11.64)
Net profit/(Loss) as per audited Statement of Account (A)	52.23	132.91	3.10	24.32	5.08	(11.64)
Adjustment on account of :						
Deferred Tax Credit	-	-	-	-	-	3.91
Employee Benefits						
- Gratuity and leave encashment	-	(1.60)	(0.86)	(0.50)	(0.35)	(0.19)
- Deferred tax credit on incremental leave encashment	-	0.63	0.34	0.20	0.14	0.08
Total Adjustment (B)	-	(0.97)	(0.52)	(0.30)	(0.21)	3.80
Adjusted Profit/(Loss) (A+B)	52.23	131.94	2.58	24.02	4.87	(7.84)
Dividend (Including Dividend Tax)	-	18.67	10.67	0.47	0.34	-
Transfer to General reserve	-	13.28	0.17	-	-	-
Carry Forward Profit/(Loss) from Previous Year	4.60	(1.25)	7.01	(16.54)	(21.07)	(13.23)
Balance transferred to Balance sheet	56.83	98.74	(1.25)	7.01	(16.54)	(21.07)

The accompanying significant accounting policies (Annexure III(B) below) and Notes to Accounts (Annexure III (C) below) form an integral part of this statement

Director

Director

NOTES TO SUMMARY RESTATED CONSOLIDATED FINANCIAL STATEMENTS**A. BACKGROUND**

1. Info Edge India Limited (the Company) was incorporated under the laws of India on May 1, 1995 and has two Subsidiaries as at March 31, 2006-Jeevansathi Internet Services Private Limited (wholly owned subsidiary) and Naukri Internet Services Private Limited.
2. Following are the dates of incorporation and Country of origin of Company's Subsidiaries:

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

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation and principles of consolidation of Summary Restated Consolidated Financial Statements for the Quarter ended June 30, 2006 and Financial years ended March 31, 2006 to March 31, 2002

- (a) The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements of Info Edge (India) Limited include the accounts of Naukri Internet Services Private Limited (NISPL) and Jeevansathi Internet Services Private Limited (JISPL) (collectively referred to as the “Group”) after elimination of all inter company accounts and transactions and are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India. Reserves shown in the consolidated balance sheet represent the Group's share in the respective reserves of the Group companies
- (b) The summary restated consolidated Profit and Loss statement for the year ended March 31, 2002 and summary restated consolidated Balance sheet as on March 31, 2002 prepared in accordance with Part II of Schedule II of the Companies Act, 1956 (“The Act”) and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended vide circular No. 17 on November 11, 2005 (“The Guidelines”) issued by the Securities and Exchange Board of India (“SEBI”) on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, includes the share* of Info Edge (India) Limited in the profit and loss and assets and liabilities of NISPL from January 30, 2002. The summary restated consolidated Profit and Loss statement for the year ended March 31, 2005 and summary restated consolidated Balance sheet as on March 31, 2005 includes the share of Info Edge (India) Limited in the profit and loss and assets and liabilities of JISPL from September 13, 2004, the date on which it became the Company's subsidiary.
- (c) The notes and significant policies to the Restated Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the required disclosure.

* Info Edge (India) Limited had 90% of share holding in NISPL from January 30, 2002, the share holding was increased to 99.80% on April 1, 2003. The consolidation of profit/(loss) and assets and liabilities has been done on a 100% from January 30, 2002, as the share of minority was immaterial.

2. Goodwill on consolidation

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

3. 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.

4. Depreciation

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

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

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

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

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

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

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

In respect of the Fixed Assets of JISPL the depreciation has been provided on Written Down Value method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

5. Foreign Currency Transactions

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

6. Revenue Recognition

The Company earns revenue significantly from four sources viz.

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

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

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

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

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

7. Investments

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

8. Employee Benefits [(Refer Note 22 on Annexure III (C))]

- (a) Up to March 31, 2006 liability towards Employee Gratuity is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Gratuity Fund is administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with demand notices received from LIC and are charged to the Profit & Loss account. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. The estimated rate of return reflects the existing market rate of interest. Actuarial gains and losses are recognized in the Profit & Loss account as income and expense in the period in which they occur. Leave encashment liability is determined on the basis of actuarial valuation.
- (b) On and from April 1, 2006
- (i) Liability towards Employee Gratuity is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Gratuity Fund is administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with demand notices received from LIC and are charged to the Profit & Loss account. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. The estimated rate of return reflects the existing market rate of interest. Actuarial gains and losses are recognized in the Profit & Loss account as income and expense in the period in which they occur.
- (ii) Liability towards long term compensated absences is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit

Method. The actuarial valuation of the liability towards the long term compensated absences of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations. Actuarial gains and losses are recognized in the Profit & Loss account as income and expense in the period in which they occur.

- (iii) Short term compensated absences are recognized on an undiscounted basis for services recorded by the employees during an accounting period.

9. Leased Assets

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

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

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

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

10. Taxes on Income

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

11. 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.

12. Employee Stock Option Based Compensation

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

C. NOTES TO SUMMARY RESTATED CONSOLIDATED FINANCIAL STATEMENTS

1. The List of Subsidiaries included in the Consolidated Financial statements is as under:

Proportion of ownership as on, / Name of the Subsidiary	June 30, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
1. Naukri Internet Services Private Limited*	99.80%	99.8%	99.8%	99.8%	90.0%	90.0%
2. Jeevansathi Internet Services Private Limited	100%	100%	100%	**	**	-

* Refer Note B 1(b) on Annexure III

** Became subsidiary on September 13, 2004 (Refer note B 1 (b) on Annexure III)

2. Goodwill

As on, /Particulars	March 31, 2005 JISPL	March 31, 2002 NISPL
Carrying value of Investment in Info Edge (India) Limited(A)	0.10	0.00
Info Edge (India) Limited's share in the net assets of its subsidiary (as at the date of acquisition) (B)	(0.14)	(0.01)
Goodwill(A-B)	0.24	0.01

3. Adjustments / Re-groupings

Particulars	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Net profit/loss as per Audited Statement of Account(A)	52.23	132.91*	3.10*	24.32	5.08	(11.64)
Adjustment on account of:						
Deferred tax adjustment (refer note a below)	-	-	-	-	-	3.91
Employee Benefits (refer note b below)						
- incremental effect on gratuity and leave encashment	-	(1.60)	(0.86)	(0.50)	(0.35)	(0.19)
- deferred tax credit on incremental leave encashment	-	0.63	0.34	0.20	0.14	0.08
Total adjustments (B)	-	(0.97)	(0.52)	(0.30)	(0.21)	3.80
Adjusted profit /(loss)(A+B)	52.23	131.94	2.58	24.02	4.87	(7.84)

a. Info Edge (India) Limited has accounted for Deferred Tax for earlier years in order to comply with the provisions of mandatory Accounting Standard - 22 "Taxes on Income" issued by the Institute of Chartered Accountants of India.

b. The company has adopted Accounting Standard 15 (Revised 2005) on Employee Benefits issued by The Institute of Chartered Accountants of India, with effect from April 1, 2006.

* Refer note 20 below.

4. Jeevansathi Internet Services Private Limited (JISPL)

In 1999-2000, the Company invested in 28 shares of Rs. 10 each of JISPL, operating primarily a matrimonial website, Jeevansathi.com. A further investment in 3,472 shares of Rs. 10 each

was made during the year 2002-2003. In 2004-05 the Company acquired the balance 6,500 shares at a total consideration of Rs. 0.65 million thereby making it its wholly owned subsidiary company.

Further, the company has entered into an agreement with Jeevansathi Internet Services Pvt. Ltd, whereby the operations and marketing activities would be carried out by the company against a one time payment of Rs. 27.56 million and annual payment of license fee of Rs. 0.10 million to Jeevansathi Internet Services Pvt. Ltd for usage of all its domain name(s), trademark(s) etc. Jeevansathi is “Free to List, pay to conduct” site.

5. Naukri Internet Services Private Limited (NISPL)

During 2001-2002, the Company invested in 18 shares of Rs. 10 each thereby making it its subsidiary. In 2003-04 a further investment in 9,980 shares of Rs. 10 each was made by the Company.

6. Quadrangle

On November 1, 2000, Info Edge (India) Limited acquired the business of Quadrangle, a sole proprietorship engaged in the business of placement services, for a consideration of 1,546 equity shares of Rs. 10 each. The shares were transferred to a trust to be released to the erstwhile owner of Quadrangle over a period of three years from November 1, 2000. The release of shares was contingent upon the erstwhile owner of Quadrangle continuing to remain in employment with the Company.

The erstwhile owner resigned on October 30, 2001 thereby losing the right to receive the first and subsequent tranches of shares to be allotted to him as per the scheme. The aforementioned shares (as adjusted for subdivision and bonus) have been transferred to Info Edge Employee Stock Option Trust. Out of the said shares, 471,530 shares were transferred to ICICI during 2002-2003.

7. Only Research Private Limited

In 2000-2001, Info Edge (India) Limited invested in 45,000 shares of Only Research Private Limited for a total consideration of Rs. 0.45 million. In 2002-2003 and in 2003-2004 the Company had written off Rs. 0.25 million and Rs. 0.20 million respectively from the carrying value of the investment as no future economic benefit was expected to accrue. The investment is being carried in the books of the Company at a nominal value of Re.1.

8. Naukri.com -Magazine

Info Edge (India) Limited had transferred the publishing and distribution rights of the magazine “Naukri.com” to Naukri Internet Services Private Limited, a subsidiary of the Company, on December 30, 2005.

9. Funding Arrangement with ICICI

In the year 2000-01 Info Edge (India) Limited entered into a Funding arrangement with ICICI Venture Funds Management Company (“ICICI”), wherein ICICI had to subscribe 4,546 equity shares of Rs. 10/- each at the price of 16,038/- per share. 3,100 shares in 2000-2001 and the balance shares in 2001-2002 were issued to ICICI Information Technology Fund (nominee of ICICI Venture Funds Management Company).

In the year 2002-03, the shares held by the ICICI Venture Funds Management Company were transferred to ICICI Emerging Sector Fund. The custodian of the aforesaid shares was also changed to ICICI Bank Limited.

10. Detail of Loans as on June 30, 2006

- a. During the three month period ended June 30, 2006 Info Edge (India) Limited has taken motor vehicles on finance lease from ICICI Bank Ltd. for Rs. 0.72 million. The loan is secured against hypothecation of the vehicles. As on June 30, 2006 a total of Rs. 0.72 million is outstanding against this loan.
- b. Info Edge (India) Limited also has other loans amounting to Rs. 1.67 million which are secured by hypothecation of other motor vehicles.

11. Details of Share Capital

Amount (Rs. Million)						
Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Authorised Capital :						
Equity Shares	400.00	400.00	100.00	50.00	50.00	50.00
Post-Consolidation (Refer notes below)	(40,000,000 shares of Rs. 10/- each)	(40,000,000 shares of Rs. 10/- each)	(10,000,000 shares of Rs. 10/- each)	(5,000,000 on shares of Rs. 10/- each)	(5,000,000 shares of Rs. 10/- each)	(5,000,000 shares of Rs. 10/- each)
Pre-Consolidation (Refer notes below)	(400,000,000 shares of Re. 1/- each)	(400,000,000 shares of Re. 1/- each)	(100,000,000 shares of Re. 1/- each)	(50,000,000 shares of Re. 1/- each)	(50,000,000 shares of Re. 1/- each)	(50,000,000 shares of Re. 1/- each)
Issued, Subscribed and Paid Up Capital :						
Equity Shares	218.36	218.36	62.39	20.80	20.13	19.81
Post-Consolidation (Refer notes below)	(21,836,202 shares of Rs. 10/- each)	(21,836,202 shares of Rs. 10/- each)	(6,238,918.5 shares of Rs. 10/- each)	(2,079,639.5 shares of Rs. 10/- each)	(1,980,609 shares of Rs. 10/- each & 99,030.5 shares of Rs. 10/- each Rs. 3.3 called and paid up)	(1,980,609 shares of Rs. 10/- each)
Pre-Consolidation (Refer notes below)	(218,362,020 shares of Re. 1/- each)	(218,362,020 shares of Re. 1/- each)	(62,389,185 shares of Re. 1/- each)	(20,796,395 shares of Re. 1/- each)	(19,806,090 shares of Re. 1/- each & 990,305 shares of Re. 1/- each Re. 0.33 called and paid up)	(19,806,090 shares of Re. 1/- each)

Notes:

- (a) 2001-2002
During the year 2001-02, Info Edge (India) Limited carried out the sub division of its equity shares of face value of Rs. 10 each into shares of face value of Rs. 1 each. The authorised share capital of the Company was increased from Rs. 0.50 million to Rs. 50.00 million represented by 50,000,000 equity shares of Rs. 1 each. Further, the Company issued 19,481,400 equity shares of Rs. 1 each in the ratio 60:1 (60 bonus shares for each share held) as fully paid up by way of bonus shares out of securities Premium Account.
- (b) 2004-2005
During the year 2004-2005 Info Edge (India) Limited increased its authorised share capital from Rs. 50.00 million (post split 50,000,000 Equity shares of Rs. 1 each) to Rs. 100.00 million (post split 100,000,000 Equity shares of Rs. 1 each). Further, the Company issued 41,592,790 bonus shares of Rs. 1 each in the ratio 2:1 (2 bonus shares for each share held) out of securities premium account.

(c) 2005-2006

During the year 2005-06, Info Edge (India) Limited carried out a consolidation of its equity shares of face value of Re.1 each into shares of Rs. 10 each. The authorised share capital of the Company was increased to Rs. 400.00 million (post consolidation 40,000,000 shares of Rs. 10 each) from Rs. 100.00 million (pre consolidation 100,000,000 Equity shares of Re. 1 each). Further the Company issued 15,597,286 bonus shares of Rs. 10 each, after adjusting fractional shares arising on Consolidation, in the ratio of 5:2 (5 bonus shares for 2 shares held) out of securities premium account and reserves not earmarked for any specific purposes.

12. Details of Loans and Advances and Other Current Assets as on June 30, 2006

Unsecured - Considered Good		Amount (Rs. million)
A.	Security Deposits	24.29
B.	Advance recoverable in cash or in kind or for value to be received	24.44
C.	Prepaid Expenses	2.96
D.	Interest accrued but not due on Fixed Deposits	4.25
E.	Advance Tax net of Provision for Tax	8.09
	Total	64.03

13. Details of Sundry Debtors as on June 30, 2006

(Unsecured, Considered Good unless otherwise specified)		Amount (Rs. million)	
A.	Debts outstanding for a period exceeding 6 months	0.26	
	Less : Provision for Doubtful Debts	0.26	-
B.	Other Debts	20.41	
	Less : Provision for Doubtful Debts	2.91	17.50
	Total		17.50

14. Deferred Taxes

Income tax expense/ (benefit) for the year consists of:

Particulars	Amount (Rs. million)					
	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Income tax expense/ (benefit)						
Current	29.00	73.29	30.86	7.00	0.13	-
Deferred	(4.40)	0.03	2.21	7.27	3.20	(3.99)
Total	24.60	73.32	33.07	14.27	3.33	(3.99)

Significant components of Deferred Tax Assets/ (Liabilities) are as follows:

Particulars	Amount (Rs. million)					
	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Deferred tax assets						
Depreciation	-	-	-	0.09	-	-
Carried forward business loss and unabsorbed depreciation	-	-	-	-	8.21	12.07
Provision for expenses	4.19	0.38	0.43	0.75	0.91	0.13

Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Incremental leave encashment liability on adoption of AS-15 Revised 2005	-	1.39	0.75	0.41	0.21	0.07
Total	4.19	1.77	1.18	1.25	9.33	12.27
Deferred tax liability						
Depreciation	(0.78)	(2.75)	(2.14)	-	(0.25)	(0.55)
Deferred revenue expenditure	-	-	-	-	(0.56)	-
Total	(0.78)	(2.75)	(2.14)	-	(0.81)	(0.55)
Net deferred tax asset/(liability)	3.41	(0.98)	(0.96)	1.25	8.52	11.72

15. Segment Reporting

As per the requirements of Accounting Standard 17 on Segment Reporting issued by The Institute of Chartered Accountants of India no disclosure is required as Info Edge (India) Limited is operating in single business/geographical segment of internet based service delivery.

16. Related Party Transactions

- I. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the quarter ended June 30, 2006**

Key Management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
Ms Surabhi Bikhchandani (Wife of Mr. Sanjeev Bikhchandani)
Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)
Mr. Anil Lall
Mr. Hitesh Oberoi
Mr. Ambarish Raghuvanshi

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

- (b) Details of transactions with related party for the quarter ended June 30, 2006 in the ordinary course of business:**

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration paid (2) Sanjeev Bikhchandani 1.23 Hitesh Oberoi 1.69 Ambarish Raghuvanshi 0.74	3.78	-	3.78

Sr.No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
2	Advances given for business purposes Sanjeev Bikhchandani 0.09 Hitesh Oberoi Nil Ambarish Raghuvanshi 0.00	0.09	-	0.09
3	Receipt of services Minik Enterprises 9.72	0.00	9.72	9.72
4	Dividend Paid Sanjeev Bikhchandani 9.16 Hitesh Oberoi 1.64 Ambarish Raghuvanshi 0.49	12.74	-	12.74

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
- This does not include the management bonus which will be finalised after June 30, 2006.
- Amounts paid to Info Edge Employee Stock Option Trust is as under:
- Dividend paid Rs. 0.55 million
 - Amounts due from Info Edge Employee Stock Option Trust as on June 30, 2006 is Rs. 16.29 million
 - Amounts due to/from related parties as on June 30, 2006

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances			
1	Outstanding Advances	0.22	-	0.22

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

Key management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
Ms Surabhi Bikhchandani (Wife of Mr. Sanjeev Bikhchandani)
Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)
Mr. Anil Lall
Mr. Hitesh Oberoi
Mr. Ambarish Raghuvanshi

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

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

Amount (Rs. million)				
Sr. No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid (2) Sanjeev Bikhchandani 5.53 Hitesh Oberoi 7.30 Ambarish Raghuvanshi 3.43	17.52	-	17.52
2	Advances given for business purposes Sanjeev Bikhchandani 0.88 Hitesh Oberoi 0.63 Ambarish Raghuvanshi 0.61	2.14	-	2.14
3	Receipt of services Minik Enterprises 24.17	0.03	24.17	24.20
4	Bonus shares issued Sanjeev Bikhchandani 87.23 Hitesh Oberoi 15.60	121.33	-	121.33
6	Dividend paid Sanjeev Bikhchandani 5.23 Anil Lall 0.94	7.28	-	7.28

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation - 13(ASI 13) issued by The Institute of Chartered Accountants of India.
2. This does not include the management bonus which will be finalised after June 30, 2006
3. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 1.50 million
 - Bonus Shares issued Rs. 5.74 million
 - Dividend paid Rs. 0.32 million
- (b) Amounts due from Info Edge Employee Stock Option Trust as on June 30, 2006 is Rs. 16.29 million
- (c) **Amount due to/from related parties as on March 31, 2006**

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances			
1	Outstanding Advances	0.25	-	0.25

III.(a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2005

Key Management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
 Ms Surabhi Bikhchandani
 Ms Daya Bikhchandani (Mother of Mr. Sanjeev Bikhchandani)
 Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
 Mr. Anil Lall

Mr. Hitesh Oberoi
Mr. Ambarish Raghuvanshi
Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2005 in the ordinary course of business:

Amount (Rs. million)				
Sr. No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 8.34 Hitesh Oberoi 6.13 Ambarish Raghuvanshi 3.85	19.57	-	19.57
2	Bonus shares issued Sanjeev Bikhchandani 23.26	29.61	-	29.61
3	ESOP Granted Hitesh Oberoi 59.77 Ambarish Raghuvanshi 25.42	85.19	-	85.19
4	Receipt of services Minik Enterprises 15.28	0.01	15.28	15.29
5	Dividend Paid Sanjeev Bikhchandani 0.23	0.28	-	0.28
6	Investment made in JISPL during the year Daya Bikhchandani 2.13 Anil Lall 4.25	6.38	-	6.38

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation - 13(ASI 13) issued by the Institute of Chartered Accountants of India.
- Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 50.50 million
 - Bonus Shares issued Rs. 1.44 million
 - Dividend paid Rs. 0.03 million
 - Advances written off (refer Note 3 below) Rs. 36.71 million
 - Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2005 is Rs. 14.79 million
- This represents amounts written off from advances given to Info Edge Employee Stock Option Trust in respect of options exercised by the employees as on March 31, 2005

IV.(a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2004

Key Management Personnel (KMP) and relatives

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

Mr. Anil Lall
Mr. Hitesh Oberoi
Mr. Ambarish Raghuvanshi

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2004 in the ordinary course of business

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction(1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 4.01 Hitesh Oberoi 4.73 Ambarish Raghuvanshi 2.47	12.42	-	12.42
2	Receipt of services Minik Enterprises 6.63	-	6.63	6.63
3	Dividend Paid Sanjeev Bikhchandani 0.17	0.23	-	0.23

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

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

- Advances given for business purposes	Rs. 0.67 million
- Uncalled Share capital money received	Rs. 0.66 million
- Dividend paid	Rs. 0.02 million

(b) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2004 is Rs. 1.01 million

V. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2003

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2003 in the ordinary course of business

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction(1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 1.83 Hitesh Oberoi 2.55 Ambarish Raghuvanshi 1.57 V.N. Saroja 1.35 Anil Lall 0.94	8.41	-	8.41
2	Receipt of services Minik Enterprises 4.08	-	4.08	4.08
3	Unsecured Loan Given Sanjeev Bikhchandani 0.00	0.00	-	0.00

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
- Advances given for business purposes Rs0.34 million
- (b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2003 is Rs. 0.34 million.

VI.(a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2002

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2002 in the ordinary course of business:

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction*	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 0.85 Hitesh Oberoi 0.86 Ambarish Raghuvanshi 1.01 V.N. Saroja 0.96	5.30	-	5.30

	Anil Lal 0.75 Jayadev Parthasarathy 0.55			
2	Bonus shares issued Sanjeev Bikhchandani 11.68	15.45	-	15.45
3	Receipt of services Minik Enterprises 1.13	-	1.13	1.13

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

17. Earnings per Share

(a) Computed on restated profits after ESOP cost

Description	Quarter ended June 30, 2006 (not annualized)	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Restated Profit attributable to Equity shareholders						
(Rs. million)	52.23	131.94**	2.58**	24.02	4.87	(7.84)
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Post-Consolidation)#	21,836,202	21,836,202 *	21,836,202 *	21,818,764 *	20,796,484 *	20,794,995 *
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Pre-Consolidation)#	218,362,020	218,362,020 *	218,362,020 *	218,187,637 *	207,964,840 *	207,949,945 *
Basic & Diluted Earnings per Equity Share of Rs. 10 each						
(In Rs.)						
(Post-Consolidation)#	2.39	6.04	0.12	1.10	0.23	(0.38)
Basic & Diluted Earnings per Equity Share of Re. 1 each						
(In Rs.)						
(Pre-Consolidation)#*	0.24	0.60	0.01	0.11	0.02	(0.04)

(b) Computed on restated profits before ESOP cost

Description	Quarter ended June 30, 2006 (not annualized)	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Restated Profit attributable to Equity shareholders						
(Rs. million)	53.65	139.22 **	79.71 **	24.02	4.87	(7.85)
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Post-Consolidation)#	21,836,202	21,836,202 *	21,836,202 *	21,818,764 *	20,796,484 *	20,794,995 *
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Pre-Consolidation)#	218,362,020	218,362,020 *	218,362,020 *	218,187,637 *	207,964,840 *	207,949,945 *
Basic & Diluted Earnings per Equity Share of Rs. 10 each						
(In Rs.)						
(Post-Consolidation)#	2.46	6.38	3.65	1.10	0.23	(0.38)
Basic & Diluted Earnings per Equity Share of Rs. 1 each						
(In Rs.)						
(Pre-Consolidation)#	0.25	0.64	0.37	0.11	0.02	(0.04)

- * As adjusted for bonus shares issued during the years reported as per AS-20- Earnings per Share, issued by the Institute of Chartered Accountants of India
- # Refer Note 11 above
- ** Refer note 20 below

18. Leases

(a) Finance Leases

The Company has taken motor vehicles on finance leases from financial institutions / banks. The future minimum lease payments in respect of the same are as follows:

Amount (Rs. million)						
Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Payable not later than 1 year	1.15	0.84	0.51	0.55	0.52	0.18
Payable later than 1 year and not later than 5 years	1.56	1.20	0.32	0.26	0.58	0.01
Payable later than 5 years			-	-	-	-
Total minimum lease payments	2.71	2.04	0.83	0.81	1.10	0.19

(b) Operating Leases

Info Edge (India) Limited has entered into lease transactions mainly for leasing of office premises for periods between 1 to 8 years. The terms of the leases include terms of renewal, increase in rents in future periods and terms of cancellation.

The rental expense of the same was as below:

Amount (Rs. million)						
Particulars	For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
Rental Expense	6.04	18.46	10.67	6.11	3.58	2.58
Total	6.04	18.46	10.67	6.11	3.58	2.58

19. Contingent Liabilities, Guarantees and Capital Commitments not provided for in respect of:

Amount (Rs. million)							
Sr. No.	Description	Quarter ended June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
1	Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	1.53	-	2.92	0.63	-	0.03

Note (i). During the financial year 2005-06, the Company has received an assessment order under section 143(3) for the assessment year 2003-04 and a demand notice for Rs. Nil under section 156 and a

notice under section 271(1)(c) of the Indian Income Tax Act, 1961 on November 30, 2005. The Company has filed an appeal against the notice under section 271(1)(c) on January 5, 2006.

- (ii). The Company has received notices under section 143(2) of Income Tax Act, 1961 for the assessment years 2004-05 and 2005-06. No order/demand has been received by the company up to the date of finalisation of these financial information.

20. Employee Stock Option Plan

The Company on August 31, 2004 had granted 2,324,092 options representing an equivalent number of shares of Re. 1 each at an exercise price of Re.1 each vesting up to a period of three years ending on January 1, 2007. Subsequently, the Company had issued bonus shares of Re. 1 each in the ratio 2:1 (2 bonus shares for each share held) and consequently the number of options has increased to 6,972,276 shares at offer price of Re 0.33 each. A trust was operationalised to administer this plan and was advanced Rs. 51.51 million to acquire the shares from various parties. The difference between the grant price of Re. 1 each (after bonus Re 0.33) per option and its fair value of Rs. 13.92 (after bonus) on the date of the grant in respect of the options vested or its proportionate amount as at June 30, 2006 is Rs. 0.28 million (as on March 31, 2006 is Rs. 2.80 million), which has been charged to profit and loss account. After the Consolidation of the Shares as referred to in Note 9 above, the Company, on March 19, 2006, granted a further 45,150 and 225,400 options representing an equivalent number of shares of Rs. 10 each at an exercise price of Rs. 10 each and Rs. 245 each respectively, vesting between a period of three years ending March 31, 2008 and March 31, 2009 respectively. The difference between the grant price of Rs. 10 each per option and its fair value of Rs. 245 on the date of grant in respect of the options vested or its proportionate amount as at June 30, 2006 is Rs. 1.14 million (as on March 31, 2006 is Rs. 4.48 million), which has been charged to profit and loss account. Rs. 2.61 million has been adjusted against the general reserve related to all the above options exercised till March 31, 2006. The advance outstanding with the trust as on June 30, 2006 is Rs. 16.29 million (March 31, 2006 is Rs. 16.29 million) which will be amortised on the exercise of outstanding options with the employees, as per the plan.

21. Gratuity

Amount (Rs. Million)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	
	Quarter ended June 30, 2006
Obligations at quarter beginning	6.57
Services Cost	0.55
Interest Cost	0.12
Actuarial (gain)/ loss	0.84
Benefits Paid	-
Obligations at quarter end	8.08
Change in plan assets	
Plan assets at quarter beginning, at fair value	3.36
Expected return on plan assets	0.07
Actuarial gain/ (loss)	-
Contributions	-
Benefits paid	-
Plan assets at quarter end, at fair value	3.43
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of the plan assets at the end of the quarter	3.43
Present value of the defined benefit obligations at the end of the quarter	8.08
Assets/(liability) recognized in the balance sheet	(4.65)
Gratuity cost for the quarter	

Service Cost	0.56
Interest Cost	0.12
Expected return on plan assets	(0.07)
Actuarial (gain)/loss	0.84
Net gratuity cost	1.45
Investment details of plan assets	
100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme	
Assumptions	
Interest rate	7.50%
Estimated rate of return on plan assets	7.90%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.	

Note: In the absence of information for earlier years, disclosure requirements as stated in Accounting Standard 15 (Revised 2005) on Employee Benefits, have not been given.

22. The company has adopted Accounting Standard 15 (Revised 2005) on Employee Benefits issued by The Institute of Chartered Accountants of India, with effect from April 1, 2006. In accordance with the transitional provisions of this standard, Rs. 0.62 million and Rs. 4.13 million (net of deferred tax of Rs. 1.39 million) has been transferred to opening reserves in respect of gratuity and leave encashment respectively. As a result of adoption of this standard the leave encashment and gratuity expense charged to Profit & Loss in this quarter is higher by Rs. 0.50 million and Rs. 1.59 million respectively with consequential effect on the profit for the quarter.
23. On April 27, 2006 Mr Sanjeev Bikhchandani, Ms Surabhi Bikhchandani, Mr Hitesh Oberoi and Ms Villambakkam Saroja (existing shareholders of the company) have entered into an Agreement to sell an aggregate of 1,091,811 shares held by them (being 5% of the Company's equity share capital), to Murugan Capital and Sherpalo Mauritius LLC for a total purchase consideration of USD 6 million @ USD 5.495 per equity share (about Rs. 245 per equity share). Murugan Capital is a 100% subsidiary of Kleiner Perkins Caufield & Byers Holdings Inc., a private equity investor. The purchase consideration has since been received by the sellers and the share transfers are being effected.
24. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation suits in relation to the business activities carried on by it. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.

INFO EDGE (INDIA) LIMITED
[Formerly Known as Info Edge (India) Private Limited]
SUMMARY UNCONSOLIDATED RESTATED FINANCIAL STATEMENTS
FOR FIVE YEARS ENDED MARCH 31, 2006 AND FOR THE QUARTER ENDED JUNE 30, 2006

To
The Board of Directors
Info Edge (India) Limited
A-6 Swasthya Vihar
Vikas Marg
New Delhi-1100092

Re: Initial Public Offering of Info Edge (India) Limited

Dear Sirs,

We have examined the financial information of Info Edge (India) Limited ("the Company"), as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ("The Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended vide circular No. 17 on November 11, 2005 ("The Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in accordance with your instructions dated January 9, 2006 requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its Initial Public Offering of Equity Shares (referred to as "the issue")

A. Financial Information as per audited financial statements

We have examined the attached summary restated assets and liabilities of the Company as at June 30, 2006, March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002 (Annexure II) and the attached summary restated statements of Profit and Loss Account for each of these quarter ended and five years ended on those dates (Annexure I), together referred to as "Summary Statements". These summary statements have been extracted from the financial statements audited by us and adopted by the Board of Directors/members for the respective quarter ended and five years ended. Based on our examination of these summary statements, we confirm that:

1. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies of the Company (as disclosed in Annexure III to this report) as adopted by the Company.
2. The material adjustments relating to previous periods have been adjusted in the summary statements in the year to which they relate.
3. There are no qualifications in the auditor's report which require adjustment to the summary statements.
4. There are no extra-ordinary items which need to be disclosed separately in the summary statements.

B. Other Financial Information

We have examined the following financial information relating to Info Edge (India) Limited proposed to be included in the Offer Document, as approved by you and annexed to this report:

- i) Statement of Cash Flows is enclosed as Annexure V
- ii) Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth is enclosed as Annexure VI
- iii) Capitalisation statement of the Company is enclosed as Annexure VII
- iv) Statement of Taxation is enclosed as Annexure VIII
- v) Details of items of other income which exceed 20 percent of net profits before tax are enclosed as Annexure IX
- vi) Details of dividend paid by the Company is enclosed as Annexure X

In our opinion, the financial information of the Company, as attached to this report as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies after making re-groupings and

adjustments have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is provided solely for the purpose of assisting the Company to which it is addressed in discharging their responsibilities under the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines, 2000) and paragraph B(1) of Part II of Schedule II to the Indian Companies Act, 1956. Our work has not been carried out in accordance with the auditing standards generally accepted in the United States of America or outside of India and accordingly should not be relied on as if it had been carried out in accordance with those standards.

Kaushik Dutta

Partner

Membership No. F-88540

For and on behalf of

Price Waterhouse

Chartered Accountants

Place: New Delhi

Date: September 18, 2006

ANNEXURE -I

SUMMARY PROFIT AND LOSS ACCOUNT, AS RESTATED

The profits/(losses) of Info Edge (India) Limited for quarter ended June 30, 2006 and five financial years ended March 31, 2006 read with significant accounting policies (Refer Annexure III below), after making re-groupings and adjustments are set out below:

Amount (Rs. million)						
Particulars	For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
INCOME						
Sales	279.18	824.05	440.55	191.64	89.13	36.34
Other Income	14.05	16.52	10.62	3.08	1.63	1.54
Total Income	293.23	840.57	451.17	194.72	90.76	37.88
Expenditure						
Network and Other Charges	27.60	92.33	52.77	31.78	15.44	2.90
Personnel Expenses	83.61	210.53	111.10	62.88	33.41	22.88
Administrative and Other expenses	91.82	288.50	147.34	51.88	25.90	18.48
Employees Stock Option Plan Compensation expense (Refer note 18 on Annexure IV)	1.42	7.28	90.57	-	-	-
Deferred revenue expenditure written off	-	-	-	1.57	1.57	-
Total Expenditure	204.45	598.64	401.78	148.11	76.32	44.26
Profit/(Loss) (EBITDA)	88.78	241.93	49.39	46.61	14.44	(6.38)
Interest and Financial Charges	1.39	4.30	1.59	0.58	0.38	0.39
Profit/(Loss) before Depreciation, Tax	87.39	237.63	47.80	46.03	14.06	(6.77)
Depreciation	9.67	27.56	11.13	7.20	5.51	4.65
Profit/(Loss) before Tax and Prior Period items	77.72	210.07	36.67	38.83	8.55	(11.42)
Current Tax Expense	29.00	73.23	30.86	7.00	0.12	-
Deferred Tax Expense	(4.40)	0.66	2.55	7.47	3.34	-
Fringe Benefit Tax	0.93	3.36	-	-	-	-
Profit/(Loss) before Prior period item	52.19	132.82	3.26	24.36	5.09	(11.42)
Prior period Item	-	-	-	-	0.50	-
Net profit/(Loss) as per audited Statement of Account (A)	52.19	132.82	3.26	24.36	4.59	(11.42)
Adjustment on account of :						
Prior period item	-	-	-	-	0.50	(0.22)
Deferred Tax Credit	-	-	-	-	-	3.91
Employee Benefits						
- Gratuity and leave encashment	-	(1.60)	(0.86)	(0.51)	(0.35)	(0.19)
- Deferred tax credit on incremental leave encashment	-	0.63	0.34	0.20	0.14	0.08

Particulars	For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
Total Adjustment (B)		(0.97)	(0.52)	(0.31)	0.29	3.57
Adjusted Profit/(Loss) (A+B)	52.19	131.85	2.74	24.05	4.88	(7.85)
Dividend (Including Dividend Tax)	-	18.68	10.67	0.47	0.34	-
Transfer to General reserve	-	13.28	0.16	-	-	-
Carry forward profit/(Loss) from previous year	4.71	(1.04)	7.05	(16.53)	(21.07)	(13.22)
Balance transferred to Balance Sheet	56.90	98.85	(1.04)	7.05	(16.53)	(21.07)

The accompanying significant accounting policies (Annexure - III below) and Notes to Accounts (Annexure - IV below) are an integral part of this statement.

Director

Director

ANNEXURE - II

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

Assets and Liabilities of Info Edge (India) Limited at the end of the quarter June 30, 2006 and financial years from March 31, 2002 to March 31, 2006 read with significant accounting policies (Refer Annexure III below), after making re-groupings and adjustments are set out as below:

Amount (Rs. million)						
Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	156.25	151.24	88.16	34.79	27.09	22.74
Less Depreciation	65.95	56.36	29.37	19.16	11.97	6.74
Net Block	90.30	94.88	58.79	15.63	15.12	16.00
Capital advances	3.66	-	1.27	0.77	-	0.01
Total	93.96	94.88	60.06	16.40	15.12	16.01
Investments:						
Long Term Non Trade Unquoted Investments	0.20	0.20	0.20	0.13	0.24	0.45
Short Term Non Trade unquoted Investments	225.61	125.82	20.56	5.04	-	-
Advance recoverable from ESOP trust	16.29	16.29	14.79	1.00	0.34	-
Current Assets, Loans and Advances						
Sundry Debtors	17.50	12.22	8.72	6.66	4.26	3.58
Cash and Bank Balances	280.13	321.00	155.91	113.84	40.04	22.68
Loans and Advances and other current Assets	64.43	63.55	52.52	10.15	6.88	3.78
Total (A)	362.06	396.77	217.15	130.65	51.18	30.04
Current Liabilities and Provisions						
Current Liabilities	397.04	364.38	174.29	73.69	20.99	7.02
Provisions	5.45	3.20	1.32	0.73	0.08	0.02
Dividend Payable (Including dividend tax)	-	18.67	10.67	0.47	0.34	-
Total (B)	402.49	386.25	186.28	74.89	21.41	7.04
Net Current Assets (A-B)	(40.43)	10.52	30.87	55.76	29.77	23.00
Profit and Loss Account	-	-	1.04	-	16.53	21.07
Miscellaneous Expenditure	2.18	0.30	-	-	1.57	-
Total	297.81	248.01	127.52	78.33	63.57	60.53
SOURCES OF FUNDS						
Loan Funds						
Secured Loans	2.39	1.81	0.76	0.74	0.97	1.03
Unsecured loans	-	-	-	-	-	-
Total	2.39	1.81	0.76	0.74	0.97	1.03
Share Capital and Reserves		-	-	-	-	-
Share Capital	218.36	218.36	62.39	20.80	20.13	19.81
ESOP outstanding Account	7.68	6.26	1.58	-	-	-

Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Securities Premium Account	-	-	9.39	50.98	50.99	51.41
General reserve	15.89	15.89	52.44	-	-	-
Profit and Loss Account	56.90	4.71	-	7.05	-	-
Total	298.83	245.22	125.80	78.83	71.12	71.22
Deferred Tax Liability/(Asset)	(3.41)	0.98	0.96	(1.24)	(8.52)	(11.72)
Total	297.81	248.01	127.52	78.33	63.57	60.53

The accompanying significant accounting policies (Annexure - III below) and Notes to Accounts (Annexure - IV below) are an integral part of this statement.

Director

Director

Schedules to the Accounts

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the historical cost convention, relevant disclosure requirements of the Companies Act, 1956 ("the Act") and relevant Securities and Exchange Board of India (SEBI) guidelines.

2. Fixed Assets

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

Intangible assets are stated at their cost of acquisition.

3. Depreciation

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

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

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

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

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

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

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

4. Foreign Currency Transactions

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

5. Revenue Recognition

The Company earns revenue significantly from four sources, viz.

- Its career web site, Naukri.com

- Matrimonial web site, Jeevansathi.com
- Real Estate Portal, 99 Acres.Com
- Placement search, Quadrangle

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

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

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

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

6. Investments

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

7. Employee Benefits (Refer Note 20 on Annexure IV)

- (a) Up to March 31, 2006 liability towards Employee Gratuity is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Gratuity Fund is administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with demand notices received from LIC and are charged to the Profit & Loss account. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. The estimated rate of return reflects the existing market rate of interest. Leave encashment liability is determined on the basis of actuarial valuation.
- (b) On and from April 1, 2006
 - (i) Liability towards Employee Gratuity is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Gratuity Fund is administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with demand notices received from LIC and are charged to the Profit & Loss account. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. The estimated rate of return reflects the existing market rate of interest. Actuarial gains and losses are recognized in the Profit & Loss account as income and expense in the period in which they occur.
 - (ii) Liability towards long term compensated absences is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The actuarial valuation of the liability towards the long term compensated absences of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations. Actuarial gains and losses are recognized in the Profit & Loss account as income and expense in the period in which they occur.

- (iii) Short term compensated absences are recognized on an undiscounted basis for services recorded by the employees during an accounting period.

8. Leased Assets

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

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

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

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

9. Taxes on Income

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

10. Earnings Per Share (EPS)

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

11. Employee Stock Option Based Compensation

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

Notes to Accounts

1. Adjustments / Re-groupings

Particulars	Amount (Rs. million)					
	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Net profit/loss as per Audited profit or loss account(A)	52.19	132.82*	3.26*	24.36	4.59	(11.42)
Adjustment on account of:						
Changes in Accounting policies:						
Deferred tax adjustment	-	-	-	-	-	3.91
(refer note a below)						
Employee Benefits						
(refer note b below)						
- gratuity and leave encashment	-	(1.60)	(0.86)	(0.51)	(0.35)	(0.19)
-Deferred tax credit on incremental leave encashment	-	0.63	0.34	0.20	0.14	0.08
Prior period items	-	-	-	-	0.50	(0.23)
(refer note c below)						
Total adjustments (B)	-	(0.97)	(0.52)	(0.31)	0.29	3.57
Adjusted profit /(loss)(A+B)	52.19	131.85	2.74	24.05	4.88	(7.85)

- (a) The Company has accounted for Deferred Tax for earlier years in order to comply with the provisions of mandatory Accounting Standard -22 “Taxes on Income” issued by the Institute of Chartered Accountants of India.
- (b) The company has adopted Accounting Standard 15 (Revised 2005) on Employee Benefits issued by The Institute of Chartered Accountants of India, with effect from April 1, 2006.
- (c) Restatements relating to prior period adjustments represent expenses restated to the respective year to which they relate.

The restatements primarily pertain to internet charges related to earlier years, aggregating to Rs.0.50 million charged to profit and loss account in the year ended March 31, 2003. As per requirements of SEBI (DIP) Guidelines, 2000 and paragraph B(1) of Part II of Schedule II to the Indian Companies Act, 1956, the above restatements have been disclosed as Adjustment on Account of Prior Period Item in the Summary Profit and Loss Account, as Restated.

* Refer note 18 below.

2. Jeevansathi Internet Services Private Limited (JISPL)

In 1999-2000, the Company invested in 28 shares of Rs. 10 each of JISPL, operating primarily a matrimonial website, Jeevansathi.com. A further investment in 3,472 shares of Rs. 10 each was made during the year 2002-2003. In 2004-05 the Company acquired the balance shares at a total consideration of Rs. 0.06 million thereby making it its wholly owned subsidiary company.

Further, the Company has entered into an agreement with Jeevansathi Internet Services Pvt. Ltd, whereby the operations and marketing activities would be carried out by the company against a one time payment of Rs. 27.56 million and annual payment of Rs. 1 lac to Jeevansathi Internet Services Pvt. Ltd. for usage of all its domain name(s), trademark(s) etc. Jeevansathi is “Free to List, pay to conduct” site.

3. Naukri Internet Services Private Limited (NISPL)

During 2001-2002, the Company invested in 18 shares of Rs. 10 each thereby making it its subsidiary. In 2003-04 a further investment in 9,980 shares of Rs. 10 each was made by the Company.

4. Quadrangle

On November 1, 2000 the Company acquired the business of Quadrangle, a sole proprietorship engaged in the business of placement services, for a consideration of 1,546 equity shares of Rs. 10 each. The shares were transferred to a trust to be released to the erstwhile owner of Quadrangle over a period of three years from November 1, 2000. The release of shares was contingent upon the erstwhile owner of Quadrangle continuing to remain in employment with the Company.

The erstwhile owner resigned on October 30, 2001 thereby losing the right to receive the first and subsequent tranches of shares to be allotted to him as per the scheme. The aforementioned shares (as adjusted for subdivision and bonus) have been transferred to Info edge employee stock option trust. Out of the said shares 471,530 shares were transferred to ICICI during 2002-2003.

5. Only Research Private Limited

In 2000-2001, the Company invested in 45,000 shares of Only Research Private Limited for a total consideration of Rs. 0.45 million. In 2002-2003 and in 2003-2004 the Company had written off Rs. 0.25 million and Rs. 0.20 million respectively from the carrying value of the investment as no future economic benefit was expected to accrue. The investment is being carried in the books of the Company at a nominal value of Rs. 1.

6. Naukri.com -Magazine

The company has transferred the publishing and distribution rights of the magazine "Naukri.com" to Naukri Internet Services Private Limited, a subsidiary of the Company, on December 30, 2005.

7. Funding Arrangement with ICICI

In the year 2000-01 the Company entered into a Funding arrangement with ICICI Venture Funds Management Company (ICICI), wherein ICICI had to subscribe 4,546 equity shares of Rs. 10/- each at the price of 16,038/- per share. 3,100 shares in 2000-2001 and the balance shares in 2001-2002 were issued to ICICI Information Technology Fund (nominee of ICICI Venture Funds Management Company).

In the year 2002-03, the shares held by the ICICI Venture Funds Management Company were transferred to ICICI Emerging Sector Fund. The custodian of the aforesaid shares was also changed to ICICI Bank Limited.

8. Detail of Loans as on June 30, 2006

- (a) During the quarter ended June 30, 2006 the Company has taken motor vehicles on finance lease from ICICI Bank Ltd for Rs. 0.72 million. The loan is secured against hypothecation of the vehicles. As on June 30, 2006 a total of Rs. 0.72 million is outstanding against this loan.
- (b) The Company also has other loans amounting to Rs. 1.67 million which are secured by hypothecation of other motor vehicles.

9. Details of Share Capital:

Amount (Rs. million)						
Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Authorised Capital :						
Equity Shares	400.00	400.00	100.00	50.00	50.00	50.00
Post - Consolidation (Refer notes below)	(40,000,000 shares of Rs. 10/- each)	(40,000,000 shares of Rs. 10/- each)	(10,000,000 shares of Rs. 10/- each)	(5,000,000 shares of Rs. 10/- each)	(5,000,000 shares of Rs. 10/- each)	(5,000,000 shares of Rs. 10/- each)
Pre- Consolidation (Refer notes below)	(400,000,000 shares of Re. 1/- each)	(400,000,000 shares of Re. 1/- each)	(100,000,000 shares of Re. 1/- each)	(50,000,000 shares of Re. 1/- each)	(50,000,000 shares of Re. 1/- each)	(50,000,000 shares of Re. 1/- each)
Issued, Subscribed and Paid Up Capital :						
Equity Shares	218.36	218.36	62.39	20.80	20.13	19.81
Post - Consolidation (Refer notes below)	(21,836,202 shares of Rs. 10/- each)	(21,836,202 shares of Rs. 10/- each)	(6,238,918.5 shares of Rs. 10/- each)	(2,079,639.5 shares of Rs. 10/- each)	(1,980,609 shares of Rs. 10/- each & 99,030.50 shares of Rs. 10/- each Rs. 3.3 called and paid up)	(1,980,609 shares of Rs. 10/- each)
Pre- Consolidation (Refer notes below)	(218,362,020 shares of Re. 1/- each)	(218,362,020 shares of Re. 1/- each)	(62,389,185 shares of Re. 1/- each)	(20,796,395 shares of Re. 1/- each)	(19,806,090 shares of Re. 1/- each & 990,305 shares of Re. 1/- each Re. 0.33 called and paid up)	(19,806,090 shares of Re. 1/- each)

Notes:

(a) 2001-2002

During the year 2001-02, the Company carried out the sub division of its equity shares of face value of Rs. 10 each into shares of face value of Rs. 1 each. The authorised share capital of the Company was increased from Rs. 0.50 million to Rs. 50.00 million represented by 50,000,000 equity shares of Rs. 1 each. Further, the Company issued 19,481,400 equity shares of Rs. 1 each in the ratio 60:1 (60 bonus shares for each share held) as fully paid up by way of bonus shares out of securities premium account.

(b) 2004-2005

During the year 2004-2005 the Company increased its authorised share capital from Rs. 50.00 million (post split 50,000,000 Equity shares of Rs. 1 each) to Rs. 100.00 million (post split 100,000,000 Equity shares of Rs. 1 each). Further, the Company issued 41,592,790 bonus shares of Rs. 1 each in the ratio 2:1 (2 bonus shares for each share held) out of securities premium account.

(c) 2005-2006

During the year 2005-06 the Company carried out a consolidation of its equity shares of face value of Re. 1 each into shares of Rs. 10 each. The authorised share capital of the Company was increased to Rs. 400.00 million (post consolidation 40,000,000 shares of Rs. 10 each) from Rs. 100.00 million (pre consolidation 100,000,000 Equity shares of Re.1 each). Further the Company issued 15,597,286 bonus shares of Rs. 10 each, after adjusting for fractional

shares arising on consolidation, in the ratio of 5:2 (5 bonus shares for 2 shares held) out of securities premium account and reserves not earmarked for any specific purposes.

10. Details of Loans and Advances and other current assets as on June 30, 2006:

Unsecured - Considered Good		Amount (Rs. million)
A.	Security Deposits	24.29
B.	Advance recoverable in cash or in kind or for value to be received	24.80
C.	Prepaid Expenses	2.96
D.	Interest accrued but not due on Fixed Deposits	4.25
E.	Advance Tax net of Provision for Tax	8.13
	Total	64.43

11. Details of Sundry Debtors as on June 30, 2006:

(Unsecured, Considered Good unless otherwise specified)		Amount (Rs. million)	
A.	Debts outstanding for a period exceeding 6 months	0.26	
	Less : Provision for Doubtful Debts	0.26	
B.	Other Debts	20.41	
	Less : Provision for Doubtful Debts	2.91	17.50
	Total		17.50

12. Deferred Taxes

Income tax expense/ (benefit) for the year consists of:

Particulars	Amount (Rs. million)					
	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Income tax expense/(benefit)						
Current	29.00	73.23	30.86	7.00	0.12	-
Deferred	(4.40)	0.03	2.21	7.27	3.20	(3.99)
Total	24.60	73.26	33.07	14.27	3.32	(3.99)

Significant Components of Deferred tax Assets/ (Liabilities) are as follows:

Deferred tax Assets	Amount (Rs. million)					
	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Depreciation	-	-	-	0.09	-	-
Carried forward business loss and Unabsorbed Depreciation	-	-	-	-	8.21	12.07
Provision for expenses	4.20	0.38	0.43	0.74	0.91	0.13
Incremental leave encashment liability on adoption of AS-15 Revised 2005	-	1.39	0.75	0.41	0.21	0.07
Total	4.20	1.77	1.18	1.24	9.33	12.27
Depreciation	(0.79)	(2.75)	(2.14)	-	(0.25)	(0.55)
Deferred revenue expenditure	-	-	-	-	(0.56)	-

Total	(0.79)	(2.75)	(2.14)	-	(0.81)	(0.55)
Net Deferred Tax Asset/(liability)	3.41	(0.98)	(0.96)	1.24	8.52	11.72

13. Segment Reporting

As per the requirements of Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India no disclosure is required as the Company is operating in single business/geographical segment of internet based service delivery.

14. Related Party Transactions

- VII. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the quarter ended June 30, 2006.**

Subsidiaries

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

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

- (b) Details of transactions with related party for the quarter ended June 30, 2006 in the ordinary course of business:**

Amount (Rs. million)					
Sr.No	Nature of relationship / transaction (1)	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	License Fee Paid JISPL 0.03 NISPL 0.03	0.05	-	-	0.05
2	Remuneration Paid (2) Sanjeev Bikhchandani 1.23 Hitesh Oberoi 1.69 Ambarish Raghuvanshi 0.74	-	3.78	-	3.78
3	Advances Given for business purposes Sanjeev Bikhchandani 0.09 Hitesh Oberoi NIL Ambarish Raghuvanshi 0.00	-	0.09	-	0.09
4	Provision of services Minik Enterprises Rs. 9.73	-	-	9.73	9.73

6	Dividend Paid		-	12.74	-	12.74
	Sanjeev Bikhchandani	9.16				
	Hitesh Oberoi	1.64				
	Ambarish Raghuvanshi	0.49				

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
- This does not include the management bonus which will be finalised after June 30, 2006
- Amounts paid to Info Edge Employee Stock Option Trust as:
- Dividend paid Rs. 0.55 million
 - Amounts due from Info Edge Employee Stock Option Trust as on June 30, 2006 is Rs. 16.29 million
 - Amount due to/from related parties as on June 30, 2006

Amount (Rs. million)

Sr.No	Nature of relationship / transaction	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances				
1	Outstanding Advances	0.40	0.22	-	0.62
	Credit balances				
1	Outstanding Payable	0.03	-	-	0.03

Related Party Transactions

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

Subsidiaries

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

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

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

(Rs. million)

Sr.No	Nature of relationship / transaction (1)	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	License Fee Paid JISPL 0.10 NISPL 0.10	0.20	-	-	0.20
2	Remuneration Paid (2) Sanjeev Bikhchandani 5.53 Hitesh Oberoi 7.30 Ambarish Raghuvanshi 3.43	-	17.52	-	17.52
3	Advances Given for business purposes Sanjeev Bikhchandani 0.89 Hitesh Oberoi 0.63 Ambarish Raghuvanshi 0.61	-	2.14	-	2.14
4	Receipt of services Minik Enterprises 24.18	-	-	24.18	24.18
5	Bonus Shares issued Sanjeev Bikhchandani 87.23 Hitesh Oberoi 15.60		121.33	-	121.33
6	Dividend Paid Sanjeev Bikhchandani 5.23 Hitesh Oberoi 0.94	-	7.28	-	7.28

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

- Advances given for business purposes	1.50
- Bonus Shares issued	5.74
- Dividend paid	0.32
- (b) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2006 is Rs. 16.29 million
- (c) **Amount due to/from related parties as on March 31, 2006**

(Rs. million)

Sr.No	Nature of relationship / transaction	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances				
1	Outstanding Advances	0.43	0.25	-	0.68

IX. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2005.

Subsidiaries

Jeevansathi Internet Services Private Limited (JISPL) (w.e.f September 13, 2004)
Naukri Internet Services Private Limited (NISPL)

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2005 in the ordinary course of business:

Sr. No	Nature of relationship / transaction (1)	Subsidiary Companies	Key Management Personnel & Relatives	Amount (Rs. million)	
				Enterprises over which KMP & Relatives have significant influence	Total
1	License Fee Paid JISPL 0.10	0.10	-	-	0.10
2	Remuneration Paid Sanjeev Bikhchandani 8.34 Hitesh Oberoi 6.13 Ambarish Raghuvanshi 3.85	-	19.57	-	19.57
3	Advance written off NISPL 0.00	0.00	-	-	0.00
4	Bonus shares issued Sanjeev Bikhchandani 23.26	-	28.17	-	28.17
5	ESOP Granted Hitesh Oberoi 59.77 Ambarish Raghuvanshi 25.42	-	85.19	-	85.19
6	Receipt of services Minik Enterprises 15.28	-	-	15.28	15.28
7	Dividend Paid Sanjeev Bikhchandani 0.23	-	0.28	-	0.28
8	Investment made in JISPL during the year Daya Bikhchandani 2.13 Anil Lall 4.25	-	6.38	-	6.38

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

2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
- Advances given for business purposes Rs. 50.50 million
 - Bonus Shares issued Rs. 1.44 million
 - Dividend paid Rs. 0.03 million
 - Advances written off (refer Note 3 below) Rs. 36.71 million
- (b) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2005 is Rs. 14.79 million
3. This represents amounts written off from advances given to Info Edge Employee Stock Option Trust in respect of options exercised by the employees as on March 31, 2005

(c) Amount due to/from related parties as on March 31, 2005

Amount (Rs. million)					
Sr.No	Nature of relationship / transaction	Subsidiary Companies	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances				
1	Outstanding Advances	0.53	-	-	0.53

- X. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2004.**

Subsidiaries

Naukri Internet Services Private Limited (NISPL)

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

- (b) Details of transactions with related party for the year ended March 31, 2004 in the ordinary course of business**

Amount (Rs. million)					
Sr.No	Nature of relationship / transaction(1)	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 4.01 Hitesh Oberoi 4.73	-	12.42	-	12.42

	Ambarish Raghuvanshi 2.47				
2	Investment during the Year NISPL 0.10	0.10	-	-	0.10
3	Receipt of services Minik Enterprises 6.63	-	-	6.63	6.63
4	Dividend Paid Sanjeev Bikhchandani 0.17	-	0.23	-	0.23

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 0.67 million
 - Uncalled Share capital money received Rs. 0.66 million
 - Dividend paid Rs. 0.02 million
- (b) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2004 is Rs. 1.00 million

XI.(a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2003.

Subsidiaries

Naukri Internet Services Private Limited (NISPL)

Key management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
 Ms Surabhi Bikhchandani
 Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
 Mr. Anil Lal
 Mr. Hitesh Oberoi
 Mr. Ambarish Raghuvanshi
 Ms. V.N. Saroja

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2003 in the ordinary course of business

Sr. No	Nature of relationship / transaction(1)	Subsidiary Companies	Key Management Personnel & Relatives	Amount (Rs. million)	
				Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 1.83 Hitesh Oberoi 2.55 Ambarish Raghuvanshi 1.57 V.N. Saroja 1.35 Anil Lal 0.94	-	8.41		8.41
2	Advances Given for business purposes	0.10	-	-	0.10

	NISPL	0.10			
3	Receipt of services Minik Enterprises	4.08	-	4.08	-
					4.08

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 0.34 million
- (b) Amount due from Info Edge Employee Stock Option Trust as on March 31, 2003 is Rs. 0.34 million
- (c) Amount due to/from related parties as on March 31, 2003

Amount (Rs. million)					
Sr.No	Nature of relationship / transaction	Subsidiary Companies	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances				
1	Outstanding Advances	0.10	-	-	0.10

- XII. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2002.**

Subsidiaries

Naukri Internet Services Private Limited (NISPL)

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

- (b) Details of transactions with related party for the year ended March 31, 2002 in the ordinary course of business:**

Amount (Rs. million)					
Sr.No	Nature of relationship / transaction(1)	Subsidiary Companies	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have	Total

				significant influence	
1	Remuneration Paid Sanjeev Bikhchandani Rs. 0.85 Hitesh Oberoi Rs. 0.86 Ambarish Raghuvanshi Rs. 1.01 V.N. Saroja Rs. 0.96 Anil Lal Rs. 0.76 Jayadev Parthasarathy Rs. 0.55	-	5.30	-	5.30
2	Investment During the Year NISPL Rs. 0.00	0.00		-	0.00
3	Bonus shares issued Sanjeev Bikhchandani Rs. 11.44	-	15.45	-	15.45
4	Receipt of services Minik Enterprises Rs. 1.13	-	-	1.13	1.13

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

15. Earnings per Share

(A) Computed on restated profits after ESOP cost

Description	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Restated Profit attributable to Equity shareholders						
(Rs. million.)	52.19	131.85**	2.74 **	24.05	4.88	(7.85)
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Post-Consolidation)#	21,836,202	21,836,202 *	21,836,202 *	21,818,764 *	20,796,484	20,794,995 *
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Pre-Consolidation)#	218,362,020	218,362,020 *	218,362,020 *	218,187,637 *	207,964,840 *	207,949,945 *
Basic & Diluted Earnings per Equity Share of Rs. 10 each						
(In Rs.)						
(Post-Consolidation)#	2.39	6.04	0.13	1.10	0.23	(0.38)
Basic & Diluted Earnings per Equity Share of Re. 1 each						
(In Rs.)						
(Pre-Consolidation)#*	0.24	0.60	0.01	0.11	0.02	(0.04)

(B) Computed on restated profits before ESOP cost

Description	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Restated Profit attributable to Equity shareholders						
(Rs. million)	53.61	139.13 **	79.88 **	24.05	4.88	(7.85)
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Post-Consolidation)#	21,836,202	21,836,202 *	21,836,202 *	21,818,764 *	20,796,484	20,794,995 *
Weighted Average number of Equity shares outstanding during the year (In Nos.)						
(Pre-Consolidation)#	218,362,020	218,362,020 *	218,362,020 *	218,187,637 *	207,964,840 *	207,949,945 *
Basic & Diluted Earnings per Equity Share of Rs. 10 each						
(In Rs.)						
(Post-Consolidation)#	2.46	6.37	3.66	1.10	0.23	(0.38)
Basic & Diluted Earnings per Equity Share of Re. 1 each						
(In Rs.)						
(Pre-Consolidation)#*	0.25	0.64	0.37	0.11	0.02	(0.04)

* As adjusted for bonus issue during the year as per AS-20- Earnings per Share, issued by the Institute of Chartered Accountants of India

Refer Note 9 above

** Refer Note 18 Below

16. Leases

(A) Finance Leases

The Company has taken motor vehicles on finance leases from financial institutions / banks.

The future minimum lease payments in respect of the same are as follows:

Particulars	Amount (Rs. million)					
	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Payable not later than 1 year	1.15	0.84	0.51	0.55	0.52	0.18
Payable later than 1 year and not later than 5 years	1.56	1.20	0.32	0.26	0.58	0.01
Payable later than 5 years	-	-	-	-	-	-
Total minimum lease payments	2.71	2.04	0.83	0.81	1.10	0.19

(B) Operating Leases

The Company has entered into lease transactions mainly for leasing of office premises for periods between 1 to 8 years. The terms of the leases include terms of renewal, increase in rents in future periods and terms of cancellation.

The rental expense of the same was as below:

Amount (Rs. million)						
Particulars	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Rental Expense	6.04	18.44	10.66	6.12	3.58	2.58
Total	6.04	18.44	10.66	6.12	3.58	2.58

17. Contingent Liabilities, Guarantees and Capital Commitments not provided for in respect of:

Amount (Rs. million)							
Sr. No.	Description	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
1	Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	1.53	-	2.92	0.63	-	0.03

- Note:** (i) During the financial year 2005-06 the Company received an assessment order under section 143(3) for the assessment year 2003-04 and a demand notice for Rs. Nil under section 156 and a notice under section 271(1)(c) of the Indian Income Tax Act, 1961 on November 30th, 2005. The Company has filed an appeal against the notice under section 271(1) (c) on January 5th, 2006.
- (ii) The Company has received notices under section 143(2) of Income Tax Act, 1961 for the assessment years 2004-05 and 2005-06. No order/demand has been received by the company up to the date of finalisation of these financial information

18. Employee Stock Option Plan

The Company on August 31, 2004 had granted 2,324,092 options representing an equivalent number of shares of Re. 1 each at an exercise of price of Re.1 each vesting up to a period of three years ending on January 1, 2007. Subsequently, the Company had issued bonus shares of Re. 1 each in the ratio 2:1 (2 bonus shares for each share held) and consequently the number of options has increased to 6,972,276 shares at offer price of Re 0.33 each. A trust was operationalised to administer this plan and was advanced Rs. 51.51 millions to acquire the shares from various parties. The difference between the grant price of Re.1 each (after bonus Re 0.33) per option and its fair value of Rs. 13.92 (after bonus) on the date of the grant in respect of the options vested or its proportionate amount as at June 30, 2006 is Rs0.28 million (March 31, 2006 is Rs. 2.80 millions), which has been charged to profit and loss account. After the Consolidation of the Shares as referred to in Note 9 above, the Company, on March 19, 2006, granted a further 45,150 and 225,400 options representing an equivalent number of shares of Rs. 10 each at an exercise price of Rs. 10 each and Rs. 245 each respectively, vesting between a period of three years ending March 31, 2008 and March 31, 2009 respectively. The difference between the grant price of Rs. 10 each per option and its fair value of Rs. 245 on the date of grant in respect of the options vested or its proportionate amount as at June 30, 2006 is Rs. 1.14 millions (March 31, 2006- Rs. 4.48 millions), which has been charged to profit and loss account. Rs. 2.61 millions has been adjusted against the general reserve related to all the above options exercised till March 31, 2006. The advance outstanding with the trust as on June 30, 2006 is Rs. 16.29 millions (March 31, 2006- 16.29 millions) which will be amortised on the exercise of outstanding options with the employees, as per the plan.

19. Gratuity

Amount (Rs. million)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	Quarter ended June 30, 2006
Obligations at quarter beginning	6.57
Services Cost	0.55
Interest Cost	0.12
Actuarial (gain)/ loss	0.84
Benefits Paid	-
Obligations at quarter end	8.08
Change in plan assets	
Plan assets at quarter beginning, at fair value	3.36
Expected return on plan assets	0.07
Actuarial gain/ (loss)	-
Contributions	-
Benefits paid	-
Plan assets at quarter end, at fair value	3.43
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of the plan assets at the end of the quarter	3.43
Present value of the defined benefit obligations at the end of the quarter	8.08
Assets/(liability) recognized in the balance sheet	(4.65)
Gratuity cost for the quarter	
Service Cost	0.56
Interest Cost	0.12
Expected return on plan assets	(0.07)
Actuarial (gain)/loss	0.84
Net gratuity cost	1.45
Investment details of plan assets	
100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme	
Assumptions	
Interest rate	7.50%
Estimated rate of return on plan assets	7.90%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.	

Note: In the absence of information for earlier years, disclosure requirements as stated in Accounting Standard 15 (Revised 2005) on Employee Benefits, have not been given.

- 20.** The company has adopted Accounting Standard 15 (Revised 2005) on Employee Benefits issued by The Institute of Chartered Accountants of India, with effect from April 1, 2006. In accordance with the transitional provisions of this standard, Rs. 0.62 million and Rs.4.13 million (net of deferred tax of Rs. 1.39 million) has been transferred to opening reserves in respect of gratuity and leave encashment respectively. As a result of adoption of this standard the leave encashment and gratuity expense charged to Profit & Loss in this quarter is higher by Rs. 0.50 million and Rs, 1.59 million respectively with consequential effect on the profit for the quarter.
- 21.** On April 27, 2006 Mr. Sanjeev Bikhchandani, Ms. Surabhi Bikhchandani, Mr. Hitesh Oberoi and Ms. Villambakkam Saroja (existing shareholders of the company) have entered into an Agreement to sell an aggregate of 1,091,811 shares held by them (being 5% of the Company's equity share capital), to Murugan Capital and Sherpalu Mauritius LLC for a total purchase consideration of USD 6 million @ USD 5.495 (about Rs. 245 per share) per equity share.

Murugan Capital is a 100% subsidiary of Kleiner Perkins Caufield & Byers Holdings Inc., a private equity investor. The purchase consideration has since been received by the sellers and the share transfers are being effected.

- 22.** The Company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation suits in relation to the business activities carried on by it. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.

ANNEXURE V

**CASH FLOW STATEMENTS AS PER RESTATED UNCONSOLIDATED FINANCIAL
STATEMENTS OF INFO EDGE (INDIA) LIMITED**

Amount (Rs. Million)

PARTICULARS	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
NET PROFIT/(LOSS) BEFORE TAX	77.72	208.47	35.81	38.32	8.20	(11.83)
ADJUSTMENTS FOR:	-	-	-	-	-	-
DEPRECIATION	9.67	27.56	11.13	7.20	5.51	4.65
INTEREST EXPENSE	0.04	0.13	0.10	0.11	0.12	0.20
INVESTMENT INCOME	(5.92)	(15.43)	(5.81)	(2.78)	(1.53)	(1.22)
(PROFIT)/LOSS ON SALE OF FIXED ASSETS	(0.01)	(0.06)	(0.29)	-	(0.01)	0.09
PROVISION FOR DOUBTFUL DEBTS AND ADVANCES	2.00	2.20	1.50	1.25	0.39	-
DEFERRED REVENUE EXPENDITURE WRITTEN OFF	-	-	-	1.57	1.57	-
DEBTS/ADVANCES WRITTEN OFF	-	-	3.67	4.88	2.13	0.77
PROVISION FOR GRATUITY AND LEAVE ENCASHMENT	4.48	4.20	2.63	1.57	0.77	(0.31)
(PROFIT)/LOSS ON SALE OF INVESTMENTS	0.00	(0.07)	-	-	-	-
LIABILITY NO LONGER REQUIRED WRITTEN BACK	(7.98)	(0.97)	(4.52)	(0.31)	(0.07)	(0.32)
PROVISION FOR THE DIMINUTION IN THE VALUE OF INVESTMENT	-	-	-	0.20	0.25	-
UNREALISED FOREX (GAIN)/LOSS	(0.01)	-	-	-	-	-
EMPLOYEE STOCK OPTION EXPENSE WRITTEN OFF	1.42	7.28	90.57	-	-	-
OPERATING PROFIT BEFORE	81.41	233.31	134.79	52.01	17.33	(7.97)
WORKING CAPITAL CHANGES						
ADJUSTMENT FOR :						
(INCREASE)/DECREASE IN DEBTORS	(7.27)	(5.70)	(7.24)	(8.52)	(3.21)	(4.08)

PARTICULARS	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
(INCREASE)/DECREASE IN OTHER CURRENT ASSETS	(19.62)	(11.25)	(75.04)	(5.84)	(1.41)	(1.36)
INCREASE/(DECREASE) IN CURRENT LIABILITIES	37.49	188.73	103.06	52.10	13.34	2.54
DIRECT TAXES PAID	(9.00)	(75.09)	(47.65)	(4.61)	(1.77)	(0.65)
MISCELLANEOUS EXPENDITURE (PAID)	-	-	-	-	(3.14)	-
CASH GENERATED FROM OPERATIONS	83.01	330.00	107.94	85.14	21.14	(11.52)
CASH FLOW FROM INVESTING ACTIVITIES						
PURCHASE OF FIXED ASSETS	(8.76)	(63.09)	(54.96)	(8.47)	(5.03)	(4.50)
PURCHASE OF INVESTMENTS(NET)	(98.88)	(105.19)	(15.58)	(5.04)	(0.13)	(0.00)
PROCEEDS ON SALE OF FIXED ASSETS	0.02	0.77	0.46	-	0.40	-
INTEREST RECEIVED	0.96	10.30	4.25	2.14	1.25	1.10
DIVIDEND RECEIVED	0.91	2.04	0.53	0.04	-	-
NET CASH USED IN INVESTING ACTIVITIES	(105.75)	(155.17)	(65.30)	(11.33)	(3.51)	(3.40)
CASHFLOW FROM FINANCING ACTIVITIES						
PROCEEDS FROM LONG TERM BORROWING (NET)	0.58	1.05	0.02	0.43	(0.16)	22.28
INTEREST PAID	(0.03)	(0.12)	(0.10)	(0.10)	(0.11)	(0.19)
DIVIDENDS PAID	(16.38)	(9.36)	(0.42)	(0.30)	-	-
DIVIDEND TAX PAID	(2.30)	(1.31)	(0.05)	(0.04)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(18.13)	(9.74)	(0.55)	(0.01)	(0.27)	22.09
NET INCREASE IN CASH AND CASH EQUIVALENTS	(40.87)	165.09	42.07	73.80	17.36	7.17
CASH AND CASH EQUIVALENTS -Opening	321.00	155.91	113.84	40.04	22.68	15.51
CASH AND CASH EQUIVALENTS -Closing	280.13	321.00	155.91	113.84	40.04	22.68

PARTICULARS	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
CASH AND CASH EQUIVALENTS COMPRISE						
Cash and, Cheques (in hand)	0.94	0.85	0.58	1.85	1.49	0.09
Balance with Scheduled Banks	-	-	-	-	-	-
In current accounts	25.71	47.87	49.67	17.17	7.82	2.03
In fixed deposits	-	-	-	-	-	-
- liquid assets	253.48	272.28	105.66	94.82	30.73	20.56
TOTAL	280.13	321.00	155.91	113.84	40.04	22.68

Note:

1. The above Cash Flow statement has been prepared under the indirect method setout in AS-3, Cash Flow Statements, issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.

ANNEXURE VI

STATEMENT OF ACCOUNTING RATIOS BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS OF INFO EDGE (INDIA) LIMITED

Post-Consolidation (Refer Note 9 on Annexure IV)

Amount (Rs. million)

Key Ratios	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Earnings per Share (Rs.)	2.39	6.04*	0.13 *	1.10	0.23	(0.38)
Net Asset Value per Share (Rs.)	13.59	11.22	5.71	3.61	2.55	2.41
Return on Net Worth (%)	0.18	0.54*	0.02*	0.30	0.09	(0.16)
Weighted Average Number of Equity Shares during the year (In Nos.)	21,836,202	21,836,202	21,836,202	21,818,764	20,796,484	20,794,995

Formula:

1. Earnings per Share (Rs.) =
$$\frac{\text{Restated Net Profit after tax}}{\text{Weighted Average Number of equity shares outstanding during the year as adjusted for bonus issue during the period reported.}}$$
2. Net Asset Value per Share (Rs.) =
$$\frac{\text{Restated Net Worth as at the year end}}{\text{Weighted Average Number of equity shares outstanding during the year as adjusted for bonus issue during the period reported}}$$
3. Return on Net worth (%) =
$$\frac{\text{Restated Net Profit after tax}}{\text{Restated Net Worth as at the year end.}}$$

Pre – Consolidation (Refer Note 9 on Annexure IV)

Key Ratios	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Earnings per Share (Rs.)	0.24	0.60*	0.01*	0.11	0.02	(0.04)
Net Asset Value per Share (Rs.)	1.36	1.12	0.57	0.36	0.26	0.24
Return on Net Worth (%)	0.17	0.54*	0.02*	0.31	0.08	(0.17)
Weighted Average Number of Equity Shares during the year (In Nos.)	218,362,020	218,362,020	218,187,637	218,187,637	207,964,840	207,949,945

*Refer note 18 on annexure IV

**CAPITALISATION STATEMENT BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS
OF INFO EDGE (INDIA) LIMITED**

	(Rs. million) Pre-Issue As on June 30, 2006
Long Term Debt	1.43
Short Term Debt	0.96
Total Debt	2.39
<u>Shareholders' Funds</u>	
Share Capital	218.36
Stock Options Outstanding Account	7.68
General Reserve	15.89
Profit & Loss Account	56.90
Total Shareholders' Funds	298.83
Debt / Equity	0.008

Note:

The post-issue capitalisation cannot be determined till the completion of the initial public offering.

ANNEXURE VIII

STATEMENT OF TAXATION
BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS OF INFOEDGE (INDIA) LIMITED
Amount (Rs. Million)

Particulars	Year ended March 2006	Year ended March 2005	Year ended March 2004	Year ended March 2003	Year ended March 2002
Profit/(loss) before tax (A)	210.06	36.67	38.82	8.05	(11.41)
Tax on Actual profits	70.70	13.42	13.93	2.96	-
Permanent differences (B)					
PF and ESI late deposited	-	-	-	-	-
Penalty and Fine	-	-	-	-	-
Prior period items	-	-	-	0.50	-
(Income)/loss on the sale of Fixed Assets and investments	(0.03)	(0.28)	-	(0.01)	-
Dividend Income exempt	(2.04)	(0.53)	-	-	-
ESOP expenses	7.28	53.86	-	-	-
Other permanent differences	1.46	-	-	(0.05)	-
Total (B)	6.67	53.05	-	0.44	-
Timing differences (C)					
Difference between tax depreciation and book depreciation	(1.74)	(6.37)	1.09	0.72	(0.29)
Unpaid Gratuity (net of Payment)	-	-	-	-	0.00
Unpaid Bonus and Leave encashment (Net of payments)	0.43	0.93	0.80	0.40	0.36
Deferred revenue expenditure	-	-	1.57	(1.57)	-
Unabsorbed depreciation and Business losses	-	-	(24.60)	(32.65)	-
Other Timing differences (PDD, net of write off and expenses disallowed u/s 40(a))	0.70	0.25	1.25	-	-
Total (C)	(0.61)	(5.19)	(19.89)	(33.10)	0.07
Total Adjustments (D) {D = B+C}	6.06	47.86	(19.89)	(32.66)	0.07
tax expenses/(saving) thereon	2.04	17.51	(7.13)	-	-
Profit/(loss) as per return/books*(E)	216.13	84.54	18.94	(24.60)	(11.34)
(E)=(A+D)					
Taxable Income as per MAT	210.06	36.67	32.37	1.59	(11.34)
Tax on Income as per return/books*	72.75	30.93	6.79	0.12	-
Interest U/S 234	-	0.08	0.09	-	-
Total Tax as per Return	-	31.01	6.88	0.12	-

* The Information pertaining to years ended March 31, 2005 to March 31, 2002 is as per the Income tax returns (as revised) filed by the company. The figures pertaining to year ended March 31, 2006 are provisional and final amount will be ascertained at the time of filing of return.

ANNEXURE IX

DETAILS OF OTHER INCOME BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS OF INFO EDGE (INDIA) LIMITED

The detail of Other Income of Info Edge (India) Limited, where it exceeds 20% of the net profits (as restated) before tax of respective years, is as follows:

Amount (Rs. Million)								
Particulars	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002	Nature	Arising out of
Interest on Fixed Deposit	-	-	5.12	-	-	-	Recurring	Other than Normal Business Activities
Interest - Others	-	-	0.16	-	-	-	Recurring	Other than Normal Business Activities
Dividend Income	-	-	0.53	-	-	-	Non Recurring	Other than Normal Business Activities
Profit on Sale of Assets	-	-	0.29	-	-	-	Non Recurring	Other than Normal Business Activities
Excess provision written back	-	-	4.52	-	-	-	Non Recurring	Normal Business Activities
Grand Total	-	-	10.62	-	-	-		

Working Notes

Particulars	Quarter ended June 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Other Income (A)	14.05	16.52	10.62	3.08	1.63	1.54
Net Profit Before Tax (B)	77.72	208.47	35.81	38.32	8.20	(11.83)
(A) / (B) %	18.08	7.92	29.68	8.05	19.90	(13.05)

ANNEXURE X**DIVIDENDS BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS
OF INFO EDGE (INDIA) LIMITED**

We further report that the dividends (subject to deduction of tax at source, where applicable) declared by Info Edge (India) Limited in respect of each financial year are as under:

Amount (Rs. Million)

Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Equity Share Capital	218.36	218.36	62.39	20.80	20.13	19.81
Rate of Dividend	-	7.5%	15.00%	2.00%	1.50%	-
Amount of Dividend	-	16.39	9.36	0.42	0.30	-
Corporate Dividend Tax	-	2.29	1.31	0.05	0.04	-

INFO EDGE (INDIA) LIMITED
[Formerly Known as Info Edge (India) Private Limited]
CONSOLIDATED FINANCIAL STATEMENTS
FOR FIVE YEARS ENDED MARCH 31, 2006 AND FOR THE QUARTER ENDED JUNE 30, 2006

To
The Board of Directors
Info Edge (India) Limited
A-6 Swasthya Vihar
Vikas Marg
New Delhi-1100092

Re: Initial Public Offering of Info Edge (India) Limited

Dear Sirs,

1. We have audited the attached Consolidated Balance Sheet of Info Edge (India) Limited (the Company) and its subsidiaries (hereinafter together referred to as “consolidated entities”) as at June 30, 2006, March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002, the Consolidated Profit and Loss Account for the quarter ended and five years ended on those dates, annexed hereto and the Consolidated Cash Flow statement for the quarter ended and five years ended on those dates annexed hereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its consolidated entities included in the Consolidated Financial Statements.
4. On the basis of the information and explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its consolidated entities as at June 30, 2006, March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its consolidated entities for the quarter ended June 30, 2006, and five years ended March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002; and
 - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Company and its consolidated entities for the quarter ended June 30, 2006, and five years ended March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002.

5. This report is solely for your information and for inclusion in the offer document being issued by the Company in connection with the Initial Public Offer of equity shares in the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Kaushik Dutta

Partner

Membership Number F- 88540

For and on behalf of

Price Waterhouse

Chartered Accountants

Place: New Delhi

Date: September 18, 2006

CONSOLIDATED BALANCE SHEET

Amount (Rs. Million)

Particulars	Schedule No.	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
SOURCES OF FUNDS							
Shareholders Funds							
Share Capital	1	218.36	218.36	62.39	20.80	20.13	19.81
Stock options outstanding account	2	7.67	6.25	1.58	-	-	-
Reserves & Surplus	3	72.73	22.61	61.73	58.62	34.77	18.81
Total		298.76	247.22	125.70	79.42	54.90	38.62
Loan Funds							
Secured Loans	4	2.39	1.81	0.76	0.74	0.97	1.03
Unsecured Loans	5	0.06	0.05	0.06	0.00	0.00	0.00
Total		2.45	1.86	0.82	0.74	0.97	1.03
TOTAL		301.21	249.08	126.52	80.16	55.87	39.65
APPLICATION OF FUNDS							
Goodwill							
(Refer note 2 on Schedule 18B)		0.25	0.25	0.25	0.01	0.01	0.01
Fixed Assets	6						
Gross Block		156.54	151.54	88.44	34.79	27.09	22.74
Less: Depreciation		66.20	56.62	29.59	19.16	11.96	6.74
Net Block		90.34	94.92	58.85	15.63	15.13	16.00
Capital Advances		3.67	-	1.28	0.77	-	0.00
Total		94.01	94.92	60.13	16.40	15.13	16.00
Deferred Tax Asset/(Liability)	7	3.41	(2.37)	(1.72)	0.83	8.30	-
Investments	8	225.61	125.82	20.56	5.08	0.23	0.45
Advance recoverable from ESOP trust		16.29	16.29	14.79	1.00	0.34	-
(Refer note 17 on Schedule 19)							
Current Assets, Loans and Advances							
Sundry Debtors	9	17.50	12.22	8.72	6.66	4.26	3.58
Cash and Bank Balances	10	280.46	321.34	156.16	113.92	40.14	22.68
Loans and Advances and Other Current Assets	11	64.03	63.00	52.07	10.14	6.79	3.74
Total (A)		361.99	396.56	216.95	130.72	51.19	30.00
Current Liabilities and Provisions	12						
Current Liabilities		397.08	360.32	172.11	72.50	20.37	6.81
Provisions		5.45	22.37	12.33	1.38	0.53	0.00
Total (B)		402.53	382.69	184.44	73.88	20.90	6.81
Net Current Assets (A-B)		(40.54)	13.87	32.51	56.84	30.29	23.19
Miscellaneous Expenditure	13	2.18	0.30	-	-	1.57	-
(to the extent not written off or adjusted)							
TOTAL		301.21	249.08	126.52	80.16	55.87	39.65

SIGNIFICANT ACCOUNTING POLICIES 18

NOTES TO ACCOUNTS 19

This is the Balance Sheet referred to
in our report of even date
Kaushik Dutta
Partner
Membership No. - F – 88540
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
New Delhi
Date: September 18, 2006

The schedules referred to above form an integral part
of these accounts
For and on behalf of the Board Company
of Directors Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Amount (Rs. Million)

Particulars	Schedule No.	For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
INCOME							
Revenue (Refer note on Schedule 18B)		279.18	824.05	440.55	191.64	89.13	36.34
Other Income	14	14.05	16.54	10.63	3.08	1.63	1.54
Total Income		293.23	840.59	451.18	194.72	90.76	37.88
Expenditure							
Network and Other Charges	15	27.60	92.33	52.91	31.78	15.44	3.12
Personnel Expenses	16	83.61	210.53	111.10	62.88	33.41	22.88
Administrative and Other Costs	17	91.78	288.34	147.28	51.92	25.90	18.48
Employees Stock Option Plan Compensation expense (Refer note 12 on Schedule 18B and Note 17 on Schedule 19)		1.42	7.28	90.57	-	-	-
Deferred revenue expenditure written off		-	-	-	1.57	1.57	-
Interest and Financial Charges		1.39	4.31	1.65	0.58	0.39	0.39
Depreciation	6	9.67	27.58	11.16	7.20	5.51	4.65
Total Expenditure		215.47	630.37	414.67	155.93	82.22	49.52
Profit/(Loss) before Tax		77.76	210.22	36.51	38.79	8.54	(11.64)
Current Tax Expense		29.00	73.29	30.86	7.00	0.12	-
Deferred Tax Expense	7	(4.40)	0.66	2.55	7.47	3.34	-
Fringe Benefit Tax		0.93	3.36	-	-	-	-
Profit/(Loss) for the year		52.23	132.91	3.10	24.32	5.08	(11.64)
Adjustment on account of :							
Deferred Tax Credit		-	-	-	-	11.64	-
Total Adjustment		-	-	-	-	11.64	-
Adjusted Profit/(Loss)		52.23	132.91	3.10	24.32	16.72	(11.64)
Dividend (Including Dividend Tax)		-	18.67	10.67	0.47	0.34	-
Transfer to General reserve		-	13.28	0.16	-	-	-
Carry Forward Profit/(Loss) from Previous Year		6.72	(0.10)	7.63	(16.22)	(32.60)	(20.96)
Net profit/(loss) transferred to Balance sheet		58.95	100.86	(0.10)	7.63	(16.22)	(32.60)

Earnings Per Share (in Rs.) – Basic and Diluted

After ESOP (Also refer Note 15 on Schedule 19)	2.39	6.09	0.14	1.11	0.80	(0.56)
Before ESOP (Also refer Note 15 on Schedule 19)	2.46	6.42	3.67	1.11	0.80	(0.56)

SIGNIFICANT

ACCOUNTING POLICIES **18**

NOTES TO ACCOUNTS **19**

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

Kaushik Dutta

Partner

Membership No. - F - 88540

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

New Delhi

Date: September 18, 2006

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

For and on behalf of the Board
of Directors

Company Secretary

Consolidated Cash Flow Statement

Amount (Rs. Million)

		For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
A.	Cash flow from operating activities:						
	Net profit/(loss) before tax	77.76	210.22	36.51	38.79	8.54	(11.64)
	Adjustments for:	-	-	-	-	-	-
	Depreciation	9.67	27.58	11.16	7.20	5.51	4.65
	Interest Expense	0.04	0.11	0.10	0.11	0.12	0.20
	Interest Income	(5.01)	(13.39)	(5.28)	(2.73)	(1.53)	(1.22)
	Income from Investment - Dividends	(0.91)	(2.04)	(0.53)	(0.05)	-	-
	(Profit)/Loss on Fixed Assets sold	(0.01)	(0.06)	(0.29)	-	(0.01)	0.09
	(Profit)/Loss on sale of Investments	0.00	(0.07)	-	-	-	-
	Miscellaneous Expenditure written off	-	-	-	1.57	1.57	-
	Investment Written off	-	-	-	0.20	0.25	-
	Debts / Advances Written off	-	-	3.67	4.88	2.13	0.77
	Unrealised forex (Gain)/Loss	(0.01)	-	-	-	-	-
	Provision for Bad & Doubtful Debts	2.00	2.20	1.50	1.25	0.39	-
	Liability no longer required written back	(7.98)	(0.97)	(4.52)	(0.31)	(0.07)	(0.32)
	Provision for Gratuity & Leave Encashment	4.48	2.60	1.76	1.06	0.42	(0.49)
	Employee Stock Option Scheme Compensation Expense	1.42	7.28	90.57	-	-	-
	Operating profit before working capital changes	81.45	233.46	134.65	51.97	17.32	(7.97)
	Adjustments for changes in working capital :						
	- (INCREASE)/DECREASE in Sundry Debtors	(7.27)	(5.70)	(7.24)	(8.52)	(3.21)	(4.08)
	- (INCREASE)/DECREASE in Other Receivables	(19.65)	(11.32)	(74.72)	(5.82)	(1.41)	(1.35)
	- INCREASE/(DECREASE) in Trade and Other Payables	37.47	188.74	103.05	52.10	13.34	2.36

Amount (Rs. Million)

		For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
	Particulars						
	Cash generated from operations	92.00	405.18	155.74	89.73	26.04	(11.04)
	- Taxes (Paid) / Received	(9.00)	(75.09)	(47.65)	(4.61)	(1.77)	(0.65)
	- Prior Period (Expenses)/Income (Net)	-	-	-	-	-	-
	- Miscellaneous Expenditure (Paid)	-	-	-	-	(3.14)	-
	Net cash from operating activities	83.00	330.09	108.09	85.12	21.13	(11.69)
B.	Cash flow from Investing activities:						
	Purchase of fixed assets	(8.76)	(63.09)	(54.96)	(8.47)	(5.03)	(4.50)
	Proceeds from Sale of fixed assets	0.02	0.77	0.46	-	0.41	-
	Proceeds from Sale of Investments	36.12	15.40	5.04	-	(0.03)	-
	Purchase of Investments	(135.00)	(120.59)	(20.62)	(5.04)	-	(0.00)
	Interest Received (Revenue)	0.96	10.30	4.25	2.14	1.25	1.10
	Dividend Received	0.91	2.04	0.53	0.04	-	-
	Net cash used in investing activities	(105.75)	(155.17)	(65.30)	(11.33)	(3.40)	(3.40)
C.	Cash flow from financing activities:						
	Proceeds from fresh issue of Share Capital (including Share Premium)	-	-	-	0.66	(0.10)	22.74
	Proceeds from long term borrowings	0.58	1.05	0.02	(0.23)	(0.06)	(0.29)
	Interest Paid	(0.03)	(0.12)	(0.10)	(0.10)	(0.11)	(0.19)
	Receipt of unsecured loans	-	-	-	-	0.00	-
	Dividend Paid	(16.38)	(9.36)	(0.42)	(0.30)	-	-
	Dividend Tax Paid	(2.30)	(1.31)	(0.05)	(0.04)	-	-
	Net cash used in financing activities	(18.13)	(9.74)	(0.55)	(0.01)	(0.27)	22.26
	Net Increase/(Decrease) in Cash & cash equivalents	(40.88)	165.18	42.24	73.78	17.46	7.17
	Cash and cash equivalents as at beginning of the period	321.34	156.16	113.92	40.14	22.68	15.51

Amount (Rs. Million)

		For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004	For the Year ended March 31, 2003	For the Year ended March 31, 2002
	Particulars						
	Cash and cash equivalents as at end of the period	280.46	321.34	156.16	113.92	40.14	22.68
	Cash and cash equivalents comprise						
	Cash in hand	0.94	0.85	0.58	1.85	1.59	0.09
	Balance with Scheduled Banks	-	-	-	-	-	-
	-in current accounts	25.98	48.15	49.86	17.17	7.82	2.04
	-in fixed deposits	253.54	272.34	105.72	94.90	30.73	20.55
	Total	280.46	321.34	156.16	113.92	40.14	22.68

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outgo.

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

Kaushik Dutta

Partner

Membership No. F – 88540

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

New Delhi

Date: September 18, 2006

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

For and on behalf of the Board
of Directors

Company
Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Amount (Rs. Million)

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
SCHEDULE 1						
SHARE CAPITAL						
AUTHORIZED CAPITAL						
40,000,000 {(2006- 40,000,000) Equity shares of Rs.10/- each (2005- 100,000,000, 2004,2003,2002 -50,000,000) shares of Re. 1 each/-}	400.00	400.00	100.00	50.00	50.00	50.00
ISSUED, SUBSCRIBED						
AND PAID-UP CAPITAL						
21,836,202 {(2006- 21,836,202) Equity shares of Rs. 10/- each, (2005- 62,389,185; 2004, 2003- 20,796,395; 2002-19,806,090) shares of Re. 1 each}	218.36	218.36	62.39	20.80	19.81	19.81
{[Of the above 21,704,705 (2006-21,704,705) of Rs. 10 each), (2005-61,074,190, 2004,2003,2002-19,481,400 of Re.1 each were allotted as fully paid up by way of bonus shares out of Securities Premium, General Reserve and Profit & Loss account)}						
(990,305 Equity shares of Re.1 each, Re 0.33 called and paid up)	-	-	-	-	0.32	-
Total	218.36	218.36	62.39	20.80	20.13	19.81
SCHEDULE 2						
Stock Options Outstanding Account						
(Refer Note 12 on Schedule 18B and Note 17 on Schedule 19)						
Opening Balance	6.25	1.58	-	-	-	-
Add: Transfer during the year	1.42	7.28	90.57	-	-	-
Less: Transferred to General Reserve	0.00	2.61	52.27	-	-	-

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Less: Adjusted against Advance Given to Info Edge Employees Stock Option Trust	0.00	0.00	36.72	-	-	-
Total	7.67	6.25	1.58	-	-	-
SCHEDULE 3 RESERVES AND SURPLUS						
Share Premium						
As per last Balance Sheet	-	9.40	50.99	50.99	51.41	47.41
Add: Addition during the year	-	-	-	-	-	23.48
Less: Share Issue expenses written off	-	-	-	-	0.42	0.00
Less: Utilisation for Bonus Shares Issued	-	9.40	41.59	0.00	0.00	19.48
(i)	-	-	9.40	50.99	50.99	51.41
Profit & Loss Account Balance	58.95	100.86	(0.10)	7.63	(16.22)	(32.60)
Less: Utilisation for bonus issue	0.00	94.14	-	-	-	-
(ii)	58.95	6.72	(0.10)	7.63	(16.22)	(32.60)
General Reserve						
Opening Balance	15.89	52.43	-	-	-	-
Less: Additional charge on initial adoption of AS 15 (Revised 2005)- Employee Benefits*	(2.11)	-	-	-	-	-
Add: Transfer from Profit and Loss Account	-	13.28	0.16	-	-	-
Less:Utilisation for bonus shares issued	-	52.43	-	-	-	-
Add: Transfer from Stock Options Outstanding Account	-	2.61	52.27	-	-	-
(iii)	13.78	15.89	52.43	-	-	-
Total (i)+(ii)+(iii)	72.73	22.61	61.73	58.62	34.77	18.81
*Refer note 13 on Schedule 19						
SCHEDULE 4						

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
SECURED LOANS						
Deferred payment liability	2.39	1.81	0.76	0.74	0.97	1.03
(Secured by way of hypothecation of vehicles)						
{Payable within one year Rs. 964,277 (2006- Rs. 702,610, 2005-Rs.464,495, 2004- Rs. 490,121, 2003- Rs. 443,366, 2002- Rs. 759,829)}.						
	2.39	1.81	0.76	0.74	0.97	1.03
SCHEDULE 5						
UNSECURED LOANS						
Other than Banks	0.06	0.05	0.06	0.00	0.00	0.00
	0.06	0.05	0.06	0.00	0.00	0.00

SCHEDULE 6
FIXED ASSETS (Refer Notes 3, 4 and 5 on Schedule 18B)

Amount (Rs. Million)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at	Additions during the quarter	Deletions during the 3 months	As at	Up to	Depreciation/	Accumulated Depreciation on Deletions	Up to	As at	As at
	April 1, 2006			June 30, 2006	April 1, 2006	Amortization		June 30, 2006	June 30, 2006	March 31, 2006
						for the Year				
Intangible Assets										
Goodwill	0.26	-	-	0.26	0.15	0.01	-	0.16	0.10	0.09
Operating and Marketing Rights	27.56	-	-	27.56	8.53	1.38	-	9.91	17.65	19.03
Tangible Assets										
Leasehold Improvements	29.07	-	-	29.07	4.55	2.22	-	6.77	22.30	24.53
Computers	52.25	3.15	0.09	55.31	22.23	4.03	0.09	26.17	29.14	30.04
Plant and Machinery	10.47	0.18	-	10.65	6.59	0.28	-	6.87	3.78	3.88
Furniture and Fixtures	14.71	0.08	-	14.79	7.52	0.54	-	8.06	6.73	7.19
Office Equipment	11.74	0.40	-	12.14	5.05	0.89	-	5.94	6.20	6.69
Vehicles	0.36	0.37	-	0.73	0.36	0.01	-	0.37	0.36	0.00
LEASED ASSETS										
Vehicles	5.12	0.91	-	6.03	1.64	0.31	-	1.95	4.08	3.47
Total	151.54	5.09	0.09	156.54	56.62	9.67	0.09	66.20	90.34	94.92
Capital Advances	-	-	-	-	-	-	-	-	3.67	-
Previous Year	88.44	64.38	1.28	151.54	29.59	27.58	0.55	56.62	94.92	58.85

Amount (Rs. Million)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at	Additions during the year	Deletions during the Year	As at	Up to	Depreciation/	Accumulated Depreciation on Deletions	Up to	As at	As at
	April 1, 2005			March 31, 2006	April 1, 2005	Amortization		March 31, 2006	March 31, 2006	March 31, 2005
						for the Year				
Intangible Assets										
Goodwill	0.26	-	-	0.26	0.12	0.03	-	0.15	0.11	0.13
Operating and Marketing Rights	27.56	-	-	27.56	3.02	5.51	-	8.53	19.03	24.54
Tangible Assets										
Leasehold Improvements	7.45	21.62	-	29.07	0.92	3.63	-	4.55	24.52	6.54
Computers	27.01	25.34	0.10	52.25	12.34	9.98	0.09	22.23	30.02	14.68
Plant and Machinery	8.37	2.10	-	10.47	4.99	1.60	-	6.59	3.88	3.38
Furniture and Fixtures	9.35	5.36	-	14.71	4.60	2.92	-	7.52	7.19	4.74
Office Equipment	5.52	6.22	-	11.74	2.02	3.03	-	5.05	6.69	3.50
Vehicles	0.82	-	0.46	0.36	0.62	0.19	0.45	0.36	-	0.22
LEASED ASSETS										
Vehicles	2.10	3.74	0.72	5.12	0.96	0.69	0.01	1.64	3.48	1.13
Total	88.44	64.38	1.28	151.54	29.59	27.58	0.55	56.62	94.92	58.85
Capital Advances	-	-	-	-	-	-	-	-	-	1.28
Previous Year	35.08	54.48	1.12	88.44	19.38	11.16	0.95	29.59	58.85	15.63

Amount (Rs. Million)

Description	GROSS BLOCK (AT COST)					DEPRECIATION					NET BLOCK	
	As at	Assets taken over consequent to acquisition of subsidiary *	Additions during the year	Deletions during the year	As at	Up to	Assets taken over consequen t to acquisition of subsidiary *	Depreciation/	Accumulated Depreciation on Deletions	Up to	As at	As at
	April 1, 2004				March 31, 2005	April 1, 2004		Amortization during the year		March 31, 2005	March 31, 2005	March 31, 2004
Intangible Assets												
Goodwill	0.26	-	-	-	0.26	0.09	-	0.03	-	0.12	0.14	0.17
Operating and Marketing Rights	-	-	27.56	-	27.56	0.00	-	3.02	-	3.02	24.54	-
Tangible Assets												
Leasehold Improvements	1.77	-	5.67	-	7.44	0.61	-	0.31	-	0.92	6.52	1.17
Computers	13.59	0.29	13.16	0.03	27.01	8.21	0.22	3.93	0.02	12.34	14.67	5.38
Plant and Machinery	5.36	-	3.02	-	8.38	3.48	-	1.51	-	4.99	3.39	1.86
Furniture and Fixtures	8.43	-	0.92	-	9.35	3.52	-	1.08	-	4.60	4.75	4.91
Office Equipment	2.05	-	3.47	-	5.52	1.30	-	0.72	-	2.02	3.50	0.75
Vehicles	1.91	-	-	1.09	0.82	1.45	-	0.10	0.93	0.62	0.20	0.49
LEASED ASSETS												
Vehicles	1.42	-	0.68	-	2.10	0.50	-	0.46	-	0.96	1.14	0.89
Total	34.79	0.29	54.48	1.12	88.44	19.16	0.22	11.16	0.95	29.59	58.85	15.63
Capital Advances	-	-	-	-	-	-	-	-	-	-	1.28	0.77
Previous Year	27.09	0.00	7.70	0.00	34.79	11.96	0.00	7.20	0.00	19.16	15.63	15.13

* Consequent to acquisition of subsidiary Jeevansathi Internet Services Private Limited during the year.

Amount (Rs. Million)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at	Additions	Deletions	As at	Up to	Depreciation	Accumulated	Up to	As at	As at
	April 1, 2003	during the year	during the year	March 31, 2004	April 1, 2003	during the year	Depreciation on Deletions	March 31, 2004	March 31, 2004	March 31, 2003
Goodwill	0.26	-	-	0.26	0.06	0.03	-	0.09	0.17	0.20
Leasehold Improvements	0.97	0.80	-	1.77	0.25	0.36	-	0.61	1.16	0.72
Computers	9.17	4.42	-	13.59	4.82	3.39	-	8.21	5.38	4.35
Plant and Machinery	5.24	0.12	-	5.36	2.42	1.06	-	3.48	1.88	2.82
Furniture and Fixtures	7.15	1.28	-	8.43	2.36	1.16	-	3.52	4.91	4.79
Office Equipment	1.39	0.66	-	2.05	0.78	0.52	-	1.30	0.75	0.61
Vehicles	1.58	-	-	1.58	1.03	0.25	-	1.28	0.30	0.55
LEASED ASSETS										
Vehicles	1.33	0.42	-	1.75	0.24	0.43	-	0.67	1.08	1.09
Total	27.09	7.70	-	34.79	11.96	7.20	-	19.16	15.63	15.13
Capital Advances	-	0.77	-	0.77	-	-	-	-	0.77	-
Previous Year	22.74	5.05	0.70	27.09	6.74	5.51	0.29	11.96	15.13	16.00

Amount (Rs. Million)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at	Additions	Deletions	As at	Up to	Depreciation	Accumulated	Up to	As at	As at
	April 1, 2002	during the year	during the year	March 31, 2003	April 1, 2002	during the year	Depreciation on Deletions	March 31, 2003	March 31, 2003	March 31, 2002
OWN ASSETS										
Goodwill	0.26	-	-	0.26	0.03	0.03	-	0.06	0.20	0.23
Leasehold Improvements	0.94	0.03	-	0.97	0.13	0.12	-	0.25	0.72	0.81
Computers	6.21	2.96	-	9.17	2.44	2.38	-	4.82	4.35	3.77
Plant and Machinery	5.19	0.08	0.03	5.24	1.40	1.04	0.02	2.42	2.82	3.79
Furniture and Fixtures	6.49	0.66	-	7.15	1.44	0.92	-	2.36	4.79	5.05
Office Equipment	1.07	0.32	-	1.39	0.37	0.41	-	0.78	0.61	0.70
Vehicles	2.25	-	0.67	1.58	0.86	0.44	0.27	1.03	0.55	1.39
LEASED ASSETS										
Vehicles	0.33	1.00	-	1.33	0.07	0.17	-	0.24	1.09	0.26
Total	22.74	5.05	0.70	27.09	6.74	5.51	0.29	11.96	15.13	16.00
Capital Advances	-	-	-	-	-	-	-	-	-	0.00
Previous Year	18.10	4.77	0.13	22.74	2.14	4.65	0.05	6.74	16.00	15.95

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on	Additions during the year	Deletions during the year	As on	Up to	Depreciation	Accumulated Depreciation on Deletions	Up to	As on	As on
	April 1, 2001			March 31, 2002	April 1, 2001	during the year		March 31, 2002	March 31, 2002	March 31, 2001
OWN ASSETS										
Goodwill	0.26	-	-	0.26	0.00	0.03	-	0.03	0.23	0.26
Lease Hold Improvements	0.78	0.16	-	0.94	0.02	0.11	-	0.13	0.81	0.76
Computer	3.61	2.60	-	6.21	0.77	1.67	-	2.44	3.77	2.83
Plant & Machinery	4.85	0.34	-	5.19	0.37	1.03	-	1.40	3.79	4.48
Furniture & Fixtures	5.84	0.70	0.05	6.49	0.56	0.89	0.01	1.44	5.05	5.28
Office Equipment	0.51	0.64	0.08	1.07	0.13	0.28	0.04	0.37	0.70	0.38
Vehicles	2.25	-	-	2.25	0.29	0.57	-	0.86	1.39	1.96
LEASED ASSETS										
Vehicles	-	0.33	-	0.33	-	0.07	-	0.07	0.26	-
	18.10	4.77	0.13	22.74	2.14	4.65	0.05	6.74	16.00	15.95
Capital Advances	-	-	-	-	-	-	-	-	0.00	0.29
Previous Year	1.34	16.75	-	18.10	0.32	1.81	-	2.14	15.95	1.01

Amount (Rs. Million)

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
SCHEDULE 7						
DEFERRED TAX ASSET/(LIABILITIES) (Refer Note 10 on Schedule 18B and Note 10 on Schedule 19) Deferred Tax Asset						
- Opening Balance	(2.38)	(1.71)	0.83	8.30	11.64	-
- Deferred Tax asset on adoption of AS-15 (Revised 2005)	1.39	-	-	-	-	-
- Adjustment for the current year	4.40	(0.66)	(2.55)	(7.47)	(3.34)	-
	3.41	(2.37)	(1.72)	0.83	8.30	-
SCHEDULE 8						
INVESTMENTS (Refer Note 7 on Schedule 18B)						
Non Trade Investments - Short Term (Quoted)						
NIL (2006-5,45,725, 2005- 520,124) Units of Rs. 10/- each in Templeton Mutual Fund Floating Rate Income Plan	-	5.46	5.23	-	-	-
50,54,268.566 (Previous Year - NIL) Units of Rs. 10/- each in Prudential ICICI Super Institutional Plan Daily dividend Option	50.54	-	-	-	-	-
19,98,001.998 Units (Previous Year- Nil Units) of Rs. 10/- each in Prudential ICICI FMP Series XII Institutional 1 Growth	20.00	-	-	-	-	-
30,00,000 Units (Previous Year- Nil Units) of Rs. 10/- each in Prudential ICICI FMP PLAN Institutional Cumulative XXVIII- Dividend	30.00	30.00	-	-	-	-
10,03,255.80 (Previous Year - NIL) Units of Rs. 10.007/- each in Principal Floating Rate Fund SMP Daily Dividend Reinvestment	10.03	-	-	-	-	-
NIL (Previous - 10,34,524.94) Units of Rs. 10.0113 /- each in G67 Std Chtd Liquidity Manager- Weekly Dividend	-	10.36	-	-	-	-

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
10,00,000 (Previous - 10,00,000) Units of Rs. 10/- each in HDFC FMP Institutional Plan Growth	10.00	10.00	-	-	-	-
10,00,000 (Previous - 10,00,000) Units of Rs. 10/- each in BIRLA FTP - Series H Growth	10.00	10.00	-	-	-	-
10,00,000 (Previous - 10,00,000) Units of Rs. 10/- each in Deutsche Fixed Term Fund	10.00	10.00	-	-	-	-
10,000 (Previous - 10,000) Units of Rs. 1000/- each in DSP Merill Lynch Fixed Term Plan Series	10.00	10.00	-	-	-	-
20,00,000 (Previous -20,00,000) Units of Rs. 10/- each in JM Fixed Maturity Fund	20.00	20.00	-	-	-	-
10,00,000 (Previous - 10,00,000) Units of Rs. 10/- each in HSBC Fixed Term Series 13 Inst Growth	10.00	10.00	-	-	-	-
20,00,000 (Previous - Nil) Units of Rs. 10/- each in HSBC Fixed Term Series IX	20.00	-	-	-	-	-
10,00,000 (Previous - 10,00,000) Units of Rs. 10/- each in TATA Fixed Horizon Fund Series	10.00	10.00	-	-	-	-
13489.88 (Previous - Nil) Units of Rs. 1114.52/- each in TATA Liquid Fund Daily Dividend	15.04	-	-	-	-	-
Nil (2006, 2005-Nil, 2004 - 4,624.496) Units of Rs. 1000/- each in Templeton Mutual Fund Short Term Income Plan	-	-	-	5.04	-	-
NIL (2006- NIL, 2005- 499,925.011) Units of Rs. 10/- each in Prudential ICICI FMP Series XXV	-	-	5.00	-	-	-
NIL (2006- NIL, 2005- 1,031,854.910) Units of Rs. 10/- each Prudential ICICI FMP Series XXVI	-	-	10.33	-	-	-
Trade Investments - Long Term (Unquoted) Investments in Subsidiary Company						
(Refer Note 1 on Schedule 18)						

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
(2004, 2003- 3,500; 2002-28) shares of Jeevansathi Internet Services Pvt. Ltd. of Rs. 10/- each fully paid up	-	-	-	0.04	0.04	0.00
Other Investments 45,000 (2006, 2005, 2004, 2003, 2002 - 45,000) shares of Only Research Pvt. Ltd. of Rs. 10/- each fully paid up	0.00	0.00	0.00	0.00	0.19	0.45
Total	225.61	125.82	20.56	5.08	0.23	0.45
SCHEDULE 9						
SUNDRY DEBTORS (Unsecured)						
Debts outstanding for a period exceeding six months						
Considered doubtful	0.27	0.52	0.21	0.16	-	-
Less: Provision for Doubtful Debts	0.27	0.52	0.21	0.16	-	-
(i)	-	-	-	-	-	-
Considered Good (ii)	-	-	-	-	0.23	0.04
Other Debts						
Considered good (iii)	17.50	12.22	8.72	6.66	4.03	3.54
Considered doubtful	2.92	1.68	1.30	1.09		
Less: Provision for Doubtful Debts	2.92	1.68	1.30	1.09	-	-
(iv)	-	-	-	-	-	-
Total (i)+(ii)+(iii)+(iv)	17.50	12.22	8.72	6.66	4.26	3.58

Amount (Rs. Million)

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
SCHEDULE 10						
CASH AND BANK BALANCES						
Cash and Cheques in hand	0.94	0.86	0.58	1.85	1.59	0.09
Bank Balances						
- with Scheduled Banks	25.98	48.15	49.86	17.17	7.82	2.04
Fixed Deposit Accounts	253.54	272.33	105.72	94.90	30.73	20.55
	280.46	321.34	156.16	113.92	40.14	22.68
SCHEDULE 11						
LOANS AND ADVANCES AND OTHER CURRENT ASSETS						
(Unsecured, considered good)						
Security Deposits	24.29	24.01	7.29	4.99	2.66	1.99
Advance recoverable in cash or in kind or for value to be received	24.44	15.06	24.72	3.36	0.57	0.50
Prepaid Expenses	2.96	3.41	0.96	0.51	0.48	0.15
Interest Accrued but not due on Fixed Deposits	4.25	0.35	0.06	0.09	0.04	-
Advance Tax (Net of provision)	8.09	20.17	19.04	1.19	3.04	1.10
	64.03	63.00	52.07	10.14	6.79	3.74
SCHEDULE 12						
CURRENT LIABILITIES AND PROVISIONS						
CURRENT LIABILITIES						
Sundry Creditors	81.26	76.68	35.24	12.69	2.28	0.85
Deferred Sales Revenue	274.77	255.10	119.05	47.32	14.50	4.90
Provision for Bonus	23.23	18.28	12.60	7.85	2.05	0.12
Other liabilities	17.82	10.26	5.22	4.64	1.54	0.94
(A)	397.08	360.32	172.11	72.50	20.37	6.81
PROVISIONS						
Retirement benefits (Refer Note 8 on Schedule 18B and Note 20 on Schedule 19)	4.65	3.83	1.66	0.91	0.19	(0.00)
Provision for Fringe benefit tax (Net of Advance Tax NIL, 2006- Rs.3.49)	0.80	(0.13)	-	-	-	-
Proposed Dividend	-	16.38	9.36	0.42	0.30	-

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Dividend Tax	-	2.29	1.31	0.05	0.04	-
(B)	5.45	22.37	12.33	1.38	0.53	(0.00)
(A)+(B)	402.53	382.69	184.44	73.88	20.90	6.81

Amount (Rs. Million)

	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
SCHEDULE 13						
MISCELLANEOUS						
EXPENDITURE						
(to the extent not written off or adjusted)						
Deferred Revenue						
Expenditure						
Opening Balance	0.30	-	-	1.57	-	-
Add: Addition during the year	1.88	0.30	-	-	3.14	-
Less: Amortisation for the year	-	-	-	1.57	1.57	-
	2.18	0.30	-	-	1.57	-

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Amount (Rs. Million)

	For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004
SCHEDULE 14				
OTHER INCOME				
Interest Received:				
On Fixed Deposits	5.01	12.66	5.13	
(Tax deducted at source 150,503 (2006- Rs. 2,807,764, 2005- Rs. 1,057,774, 2004- Rs. 542,500, 2003- Rs.239,045, 2002- Rs. 121,532).				
Others	-	0.74	0.16	
Dividend Income	0.91	2.04	0.53	
Income on sale of Fixed Assets	0.01	0.06	0.29	
Income on sale of Investments	0.00	0.07	-	
Excess Provisions Written Back	7.98	0.97	4.52	
Miscellaneous Receipts	0.14	-	-	
	14.05	16.54	10.63	
SCHEDULE 15				
NETWORK AND OTHER CHARGES				
Internet and Server Charges	11.46	29.22	15.65	
Sales Incentives and Commissions*	16.04	62.61	34.49	
Others	0.10	0.50	2.77	
	27.60	92.33	52.91	
* Represents payments to employees				
SCHEDULE 16				
PERSONNEL EXPENSES				
Salaries and Wages	63.41	157.55	78.37	
Contributions to Provident Fund	2.33	6.98	3.64	
Gratuity	1.45	3.82	1.66	
Bonus Payments	6.62	18.45	12.60	
Contributions to Employee State Insurance Fund	0.02	0.15	0.10	
Leave Encashment	3.04	3.05	2.08	
Staff Welfare	2.03	6.83	3.66	
Other Employee Expenses	1.08	2.43	1.30	
Training, Conference and Seminars	2.18	5.73	2.99	
Retainership Charges	1.45	5.54	4.70	
	83.61	210.53	111.10	
SCHEDULE 17				
ADMINISTRATION AND OTHER EXPENSES				
Electricity and Water	2.78	7.57	4.38	
Rent (Refer Note 3 on Schedule 19)	6.04	18.46	10.67	
Repairs and Maintenance (Building)	1.40	5.10	4.43	
Repairs and Maintenance (Machinery)	1.45	4.16	1.56	
Legal and Professional Charges	2.30	10.06	6.63	
Insurance	0.67	1.27	0.85	
Communication expenses	4.58	16.38	8.42	
Travel and Conveyance	5.02	18.38	10.90	
Miscellaneous Expenses	5.80	18.75	4.70	
Provision for Doubtful Debts	2.00	2.20	1.50	

	For the Quarter ended June 30, 2006	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the Year ended March 31, 2004
Advertising	59.19	184.24	62.63	
Marketing and Promotion expenses	0.55	1.77	30.61	
	91.78	288.34	147.28	

Schedule 18

A. Background

1. Info Edge (India) Limited (the Company) was incorporated under the laws of India on May 1, 1995 and has two Subsidiaries as at June 30, 2006-Jeevansathi Internet Services Private Limited (wholly owned subsidiary) and Naukri Internet Services Private Limited.
2. Following are the dates of incorporation and Country of origin of Company's Subsidiaries

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

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

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

*Info Edge India Limited had 90% of share holding in NISPL from January 30, 2002, the share holding was increased to 99.8% on April 1, 2003. The consolidation of profit/(loss) and assets and liabilities has been done on a 100% from January 30, 2002, as the share of minority was immaterial.

2. Goodwill on consolidation

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

3. 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.

4. Depreciation

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

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

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

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

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

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

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

In respect of the Fixed Assets of JISPL the depreciation has been provided on Written Down Value method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 on prorate basis.

5. Foreign Currency Transactions

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

6. Revenue Recognition

The Company earns revenue significantly from four sources viz.

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

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

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

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

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

7. 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.

8. Employee Benefits (Refer Note 13 on Schedule 19 to Accounts)

- (a) Up to March 31, 2006 liability towards Employee Gratuity is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Gratuity Fund is administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with demand notices received from LIC and are charged to the Profit & Loss account. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. The estimated rate of return reflects the existing market rate of interest. Leave encashment liability is determined on the basis of actuarial valuation.

- (b) On and from April 1, 2006

- (i) Liability towards Employee Gratuity is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Gratuity Fund is administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with demand notices received from LIC and are charged to the Profit & Loss account. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. The estimated rate of return reflects the existing market rate of interest. Actuarial gains and losses are recognized in the Profit & Loss account as income and expense in the period in which they occur.
- (ii) Liability towards long term compensated absences is provided on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The actuarial valuation of the liability towards the long term compensated absences of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations. Actuarial gains and losses are recognized in the Profit & Loss account as income and expense in the period in which they occur.
- (iii) Short term compensated absences are recognized on an undiscounted basis for services recorded by the employees during an accounting period.

9. Leased Assets

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

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

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

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

10. Taxes on Income

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

11. 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.

12. Employee Stock Option Based Compensation

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

Schedule 19

Notes to Accounts:

1. The List of Subsidiaries included in the Consolidated Financial statements is as under:

Proportion of ownership as on, / Name of the Subsidiary	June 30, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
1.Naukri Internet Services Private Limited	99.8%	99.8%	99.8%	99.8%	90%	90%
2.Jeevansathi Internet Services Private Limited	100%	100%	100%	**	**	-

2. Goodwill

Particulars	March 31, 2005 Amount(Rs. million) JISPL	March 31, 2002 Amount(Rs. million) NISPL
Carrying value of Investment in Info Edge (India) Limited(A)	0.10	0.00
Info Edge (India) Limited's share in the net assets of its subsidiary (as at the date of acquisition) (B)	(0.14)	(0.01)
Goodwill(A-B)	0.24	0.01

3. Jeevansathi Internet Services Private Limited (JISPL)

In 1999-2000, the Company invested in 28 shares of Rs. 10 each of JISPL, operating primarily a matrimonial website, Jeevansathi.com. A further investment in 3,472 shares of Rs. 10 each was made during the year 2002-2003. In 2004-05 the Company acquired the balance 6,500 shares at a total consideration of Rs. 0.07 million thereby making it its wholly owned subsidiary company.

Further, the company has entered into an agreement with Jeevansathi Internet Services Pvt. Ltd, whereby the operations and marketing activities would be carried out by the company against a one time payment of Rs. 27.56 million and annual payment of license fee of Rs. 0.10 million to Jeevansathi Internet Services Pvt. Ltd for usage of all its domain name(s), trademark(s) etc. Jeevansathi is "Free to List, pay to conduct" site.

4. Naukri Internet Services Private Limited (NISPL)

During 2001-2002, the Company invested in 18 shares of Rs. 10 each thereby making it its subsidiary. In 2003-04 a further investment in 9,980 shares of Rs.10 each was made by the Company.

5. Quadrangle

On November 1, 2000 Info Edge (India) Limited acquired the business of Quadrangle, a sole proprietorship engaged in the business of placement services, for a consideration of 1,546 equity shares of Rs. 10 each. The shares were transferred to a trust to be released to the

erstwhile owner of Quadrangle over a period of three years from November 1, 2000. The release of shares was contingent upon the erstwhile owner of Quadrangle continuing to remain in employment with the Company.

The erstwhile owner resigned on October 30, 2001 thereby losing the right to receive the first and subsequent tranches of shares to be allotted to him as per the scheme. The aforementioned shares (as adjusted for subdivision and bonus) have been transferred to Info edge employee stock option trust. Out of the said shares 471,530 shares were transferred to ICICI during 2002-2003.

6. Only Research Private Limited

In 2000-2001, Info Edge (India) Limited invested in 45,000 shares of Only Research Private Limited for a total consideration of Rs. 0.45 million. In 2002-2003 and in 2003-2004 the Company had written off Rs. 0.25 million and Rs. 0.20 million respectively from the carrying value of the investment as no future economic benefit was expected to accrue. The investment is being carried in the books of the Company at a nominal value of Re.1.

7. Naukri.com -Magazine

Info Edge (India) Limited has transferred the publishing and distribution rights of the magazine "Naukri.com" to Naukri Internet Services Private Limited, a subsidiary of the Company, on December 30, 2005.

8. Funding Arrangement with ICICI

In the year 2000-01 Info Edge (India) Limited entered into a Funding arrangement with ICICI Venture Funds Management Company (ICICI), wherein ICICI had to subscribe 4,546 equity shares of Rs.10/- each at the price of 16,038/- per share. 3,100 shares in 2000-2001 and the balance shares in 2001-2002 were issued to ICICI Information Technology Fund (nominee of ICICI Venture Funds Management Company).

In the year 2002-03, the shares held by the ICICI Venture Funds Management Company were transferred to ICICI Emerging Sector Fund. The custodian of the aforesaid shares was also changed to ICICI Bank Limited.

9. (a) Capital Commitments

The estimated value of contracts remaining to be executed on capital account and not provided for:-

Particulars	Amount (Rs. Million)					
	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances)	1.52	NIL	2.92	0.63	NIL	0.03

(b) Contingent Liabilities

- (i) During the Financial Year 2005-06 the Company received an assessment order under section 143(3) for the assessment year 2003-04 and demand notice for Re. Nil under section 156 and a notice under section 271(1)(c) of the Indian Income Tax Act, 1961 on November 30th, 2005. The Company filed an appeal against the notice under section 271(1) (c) on January 5th, 2006.

- (ii) The Company received notices under section 143(2) of Income Tax Act, 1961 for the assessment years 2004-05 and 2005-06. No order/demand has been received by the company up to the date of finalization of these financial statements.

10. Deferred Taxes

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

Amount (Rs. Million)						
Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Deferred tax asset/(liability)						
Provision for Leave Encashment	3.13	0.14	0.34	0.29	0.17	-
Provision for Doubtful Debts	1.07	0.24	0.08	0.45	-	-
Depreciation	(0.79)	(2.75)	(2.14)	0.09	(0.25)	-
Unabsorbed Depreciation	-	-	-	-	2.72	-
Carry forward Business Loss	-	-	-	-	5.49	-
Deferred Revenue Expenditure	-	-	-	-	(0.56)	-
Provision for bonus	-	-	-	-	0.73	-
Net Deferred Tax Asset/(liability)	3.41	(2.37)	(1.72)	0.83	8.30	-

11. Operating Leases where the company is a lessee:

The company has entered into lease transactions mainly for leasing of office premises for periods between 1 to 8 years. The terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The operating lease payments recognised in the Profit & Loss Account amount to Rs.6.04 million (2006- Rs. 18.46 million, 2005- Rs. 10.67 million, 2004- Rs. 6.12 million, 2003- Rs. 3.58 million, 2002- Rs. 2.58 million) for the leases, which commenced on or after April 1, 2001.

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

Amount (Rs. Millions)						
Finance lease liabilities – minimum lease payments:	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Not later than 1 year	1.15	0.84	0.51	0.55	0.53	0.18
Later than 1 year and not later than 5 years	1.57	1.20	0.32	0.26	0.58	0.01
Later than 5 years	-	-	-	-	-	-
Total minimum lease payments	2.72	2.04	0.83	0.81	1.11	0.19
Less: Future finance charges on finance leases	0.32	0.23	0.07	0.07	0.14	0.02

Finance lease liabilities – minimum lease payments:	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Present value of finance lease liabilities	2.40	1.81	0.76	0.74	0.97	0.17
Representing lease liabilities:						
-Current	0.96	0.70	0.46	0.49	0.44	0.16
-Non current	1.43	1.11	0.30	0.25	0.53	0.01
	2.39	1.81	0.76	0.74	0.97	0.17
The present value of finance lease liabilities may be analyzed as follows:						
Not later than 1 year	0.96	0.70	0.46	0.49	0.44	0.16
Later than 1 year and not later than 5 years	1.43	1.11	0.30	0.25	0.53	0.01
Later than 5 years	-	-	-	-	-	-
	2.39	1.81	0.76	0.74	0.97	0.17

13. The company has adopted Accounting Standard 15 (Revised 2005) on Employee Benefits issued by The Institute of Chartered Accountants of India, with effect from April 1, 2006. In accordance with the transitional provisions of this standard, Rs. 0.62 million and Rs.4.13 million (net of deferred tax of Rs. 1.39 million) has been transferred to opening reserves in respect of gratuity and leave encashment respectively.

As a result of adoption of this standard the leave encashment and gratuity expense charged to Profit & Loss in this quarter is higher by Rs. 0.50 million and Rs. 1.59 million respectively with consequential effect on the profit for the quarter.

14. Details of investment purchased, reinvested and sold on various dates within the quarter ended June 30, 2006 and the five financial years ended March 31, 2006 are as follows:

Name of Investment	Quarter ended June 30, 2006			
	PURCHASE		SALE/ REDEMPTION	
	UNITS (Nos)	AMOUNT (Rs.million)	UNITS (Nos)	AMOUNT (Rs. million)
HSBC Fixed Term Series 9 Growth	2,000,000	20.00	-	-
TATA Liquid Super High Investment Fund- Daily Dividend	13,459	15.00	-	-
Prudential ICICI FMP Series XII Institutional 1 Growth	1,998,002	20.00	-	-
Prudential ICICI Institutional Liquid Plan- Super Institutional Daily Dividend	7,000,000	70.00	2,000,000	20.00
Deutsche Insta Cash Plus Fund- Daily Dividend Option	970,780	10.00	979,531	10.09
DSP Merrill Lynch Liquidity Fund – Daily Regular – Dividend	999,001	10.00	1,009,524	10.11
Standard Chartered Liquidity Manager- Weekly Dividend	-	-	1,042,194	10.43
Franklin Templeton Floating Rate Income Fund- Short Term Plan- Div Reinvestment	-	-	548,216	5.49

Name of Investment	Quarter ended June 30, 2006			
	PURCHASE		SALE/ REDEMPTION	
	UNITS (Nos)	AMOUNT (Rs.million)	UNITS (Nos)	AMOUNT (Rs. million)
Principal Floating Rate Fund SMP Insti Option Div Reinvestment Daily	999,930	10.00	-	-
Total	13,981,172	155.00	5,579,465	56.12

Name of Investment	Year ended March 31, 2006			
	PURCHASE		SALE/ REDEMPTION	
	UNITS (Nos)	AMOUNT (Rs. million)	UNITS (Nos)	AMOUNT (Rs. million)
HSBC Floating Rate Fund-Short Term Series	1,997,363	20.00	2,033,706	20.36
HSBC Fixed Term Series	1,000,000	10.00	-	-
HDFC Cash Management Fund-Savings Plus Plan- Dividend	1,995,072	20.00	2,030,796	20.34
HDFC FMP Institutional Plan Growth	1,000,000	10.00	-	-
Grindlays Floating Rate Fund	993,996	10.00	1,022,200	10.33
Standard Chartered Liquidity Manager – Weekly Dividend	1,031,644	10.33	-	-
Tata Short term Bond Fund-Dividend	915,340	10.00	931,899	10.16
TATA Fixed Horizon Fund Series	1,000,000	10.00	-	-
JM Fixed Maturity Fund	2,000,000	20.00	-	-
Deutsche Fixed Term Fund	1,000,000	10.00	-	-
DSP Merrill Lynch Fixed Term Plan Series	10,000	10.00	-	-
Birla FTP - Series H Growth	1,000,000	10.00	-	-
Prudential ICICI FMP Plan Institutional Cumulative XXVIII-Dividend	3,000,000	30.00	-	-
Prudential ICICI Short Term Plan- Dividend Reinvestment-Fortnightly	930,207	10.00	942,946	10.09
Prudential ICICI Long Term Floating Rate Plan A- Dividend	996,939	10.00	996,939	10.03
Prudential ICICI FMP Quarterly Series XXVI	-	-	1,043,300	10.44
Prudential ICICI FMP Quarterly Series XXV	-	-	505,429	5.05
Total		200.33	95,072,155	96.80

Name of Investment	Year ended March 31, 2005			
	PURCHASE		SALE/ REDEMPTION	
	UNITS (Nos)	AMOUNT (Rs. million)	UNITS (Nos)	AMOUNT (Rs. million)
Templeton India Short Term Income Plan Weekly Dividend Reinvestment	-	-	4,661	5.07
Templeton India Short Term Income Plan Short Term Plan Dividend Reinvestment	507,101	5.07	-	-

Prudential ICICI Floating Rate Plan- Dividend	994,471	10.00	1,028,126	10.33
Prudential ICICI FMP Quarterly Series XXVI	1,031,855	10.33	-	-
Prudential ICICI FMP Quarterly Dividend Series XXV	499,740	5.00	-	-
Total		30.40		15.40

	Year ended March 31, 2004			
	PURCHASE		SALE/ REDEMPTION	
	UNITS (Nos)	AMOUNT (Rs. Million)	UNITS (Nos)	AMOUNT (Rs. million)
Templeton India Short Term Income Plan Weekly Dividend	4,587	5.00	-	-

15. Basic and Diluted Earnings per share (EPS):

Description	Quarter ended June 30, 2006 (*)	Year ended, March 31, 2006	Year ended, March 31, 2005	Year ended, March 31, 2004	Year ended, March 31, 2003	Year ended, March 31, 2002
Profit/(Loss) attributable to Equity Shareholders after Employee Stock Option Scheme Compensation Expense (Rs. Million)	52.23	132.91	3.10	24.32	16.72	(11.64)
Weighted average number of Equity Shares outstanding during the year (Nos.)	21,836,202	21,836,202	21,836,202	21,818,764	20,796,484	20,794,995
Basic & Diluted Earnings Per Equity Share of Re. 10 each (Rs.)	2.39	6.09	0.14	1.11	0.80	(0.56)
Profit/(Loss) attributable to Equity Shareholders before Employee Stock Option Scheme Compensation Expense (Rs. Million)	53.65	140.19	80.24	24.32	16.72	(11.64)
Weighted average number of Equity Shares outstanding during the year (Nos.)	21,836,202	21,836,202	21,836,202	21,818,764	20,796,484	20,794,995
Basic & Diluted Earnings Per Equity Share of Re. 1 each (Rs.)	2.46	6.42	3.67	1.11	0.80	(0.56)

(*) Not Annualized

16. Related Party Transactions

- XIII. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the quarter ended June 30, 2006**

Key Management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
 Ms. Surabhi Bikhchandani (Wife of Mr. Sanjeev Bikhchandani)
 Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
 Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)
 Mr. Anil Lall
 Mr. Hitesh Oberoi
 Mr. Ambarish Raghuvanshi

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the quarter ended June 30, 2006 in the ordinary course of business:

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration paid (2) Sanjeev Bikhchandani 1.23 Hitesh Oberoi 1.69 Ambarish Raghuvanshi 0.74	3.78	-	3.78
2	Advances given for business purposes Sanjeev Bikhchandani 0.09 Hitesh Oberoi Nil Ambarish Raghuvanshi 0.00	0.09	-	0.09
3	Receipt of services Minik Enterprises 9.72	0.00	9.72	9.72
4	Dividend Paid Sanjeev Bikhchandani 9.16 Hitesh Oberoi 1.64 Ambarish Raghuvanshi 0.49	12.74	-	12.74

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
- This does not include the management bonus which will be finalised after June 30, 2006.
- Amounts paid to Info Edge Employee Stock Option Trust is as under:
- Dividend paid 0.55 million
 - Amounts due from Info Edge Employee Stock Option Trust as on June 30, 2006 is Rs. 16.29 million
 - Amount due to/from related parties as on June 30, 2006

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances			
1	Outstanding Advances	0.22	-	0.22

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

Key management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
 Ms. Surabhi Bikhchandani (Wife of Mr. Sanjeev Bikhchandani)
 Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
 Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)
 Mr. Anil Lall
 Mr. Hitesh Oberoi
 Mr. Ambarish Raghuvanshi

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

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

Amount (Rs. million)				
Sr. No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid (2) Sanjeev Bikhchandani 5.53 Hitesh Oberoi 7.30 Ambarish Raghuvanshi 3.43	17.52	-	17.52
2	Advances given for business purposes Sanjeev Bikhchandani 0.88 Hitesh Oberoi 0.63 Ambarish Raghuvanshi 0.61	2.14	-	2.14
3	Receipt of services Minik Enterprises 24.17	0.03	24.17	24.20
4	Bonus shares issued Sanjeev Bikhchandani 87.23 Hitesh Oberoi 15.60	121.33	-	121.33
6	Dividend paid Sanjeev Bikhchandani 5.23 Anil Lall 0.94	7.28	-	7.28

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation - 13(ASI 13) issued by The Institute of Chartered Accountants of India.
- This does not include the management bonus which will be finalised after June 30, 2006
- Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 1.50 million
 - Bonus Shares issued Rs. 5.74 million
 - Dividend paid Rs. 0.32 million
 - Amounts due from Info Edge Employee Stock Option Trust as on June 30, 2006 is Rs. 16.29 million

(c) Amount due to/from related parties as on March 31, 2006

(Rs. million)				
Sr.No	Nature of relationship / transaction	KMP & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
	Debit balances			
1	Outstanding Advances	0.25	-	0.25

XV. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2005

Key Management Personnel (KMP) and relatives

Mr. Sanjeev Bikhchandani
 Ms. Surabhi Bikhchandani
 Ms. Daya Bikhchandani (Mother of Mr. Sanjeev Bikhchandani)
 Mr. Sushil Bikhchandani (Brother of Mr. Sanjeev Bikhchandani)
 Mr. Anil Lall
 Mr. Hitesh Oberoi
 Mr. Ambarish Raghuvanshi
 Dr. R.K Bikhchandani (Father of Mr. Sanjeev Bikhchandani)

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2005 in the ordinary course of business:

Amount (Rs. million)				
Sr. No	Nature of relationship / transaction (1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 8.34 Hitesh Oberoi 6.13 Ambarish Raghuvanshi 3.85	19.57	-	19.57
2	Bonus shares issued Sanjeev Bikhchandani 23.26	29.61	-	29.61
3	ESOP Granted Hitesh Oberoi 59.77 Ambarish Raghuvanshi 25.42	85.19	-	85.19
4	Receipt of services Minik Enterprises 15.28	0.01	15.28	15.29
5	Dividend Paid Sanjeev Bikhchandani 0.23	0.28	-	0.28
6	Investment made in JISPL during the year Daya Bikhchandani 2.13 Anil Lall 4.25	6.38	-	6.38

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

2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 50.50 million
 - Bonus Shares issued Rs. 1.44 million
 - Dividend paid Rs. 0.03 million
 - Advances written off (refer Note 3 below) Rs. 36.71 million
- (b) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2005 is Rs. 14.79 million
3. This represents amounts written off from advances given to Info Edge Employee Stock Option Trust in respect of options exercised by the employees as on March 31, 2005

XVI. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2004

Key Management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2004 in the ordinary course of business

Amount (Rs. million)

Sr.No	Nature of relationship / transaction(1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 4.01 Hitesh Oberoi 4.73 Ambarish Raghuvanshi 2.47	12.42	-	12.42
2	Receipt of services Minik Enterprises 6.63	-	6.63	6.63
3	Dividend Paid Sanjeev Bikhchandani 0.17	0.23	-	0.23

1. The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
2. (a) Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs. 0.67 million
 - Uncalled Share capital money received Rs. 0.66 million
 - Dividend paid Rs. 0.02 million
- (b) Amounts due from Info Edge Employee Stock Option Trust as on March 31, 2004 is Rs. 1.01 million

XVII. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2003

Key management Personnel (KMP) and relatives

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

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2003 in the ordinary course of business

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction(1)	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 1.83 Hitesh Oberoi 2.55 Ambarish Raghuvanshi 1.57 V.N. Saroja 1.35 Anil Lal 0.94	8.41	-	8.41
2	Receipt of services Minik Enterprises 4.08	-	4.08	4.08
3	Unsecured Loan Given Sanjeev Bikhchandani 0.00	0.00	-	0.00

- The transactions with an individual related party have been disclosed as per Accounting Standard Interpretation-13(ASI 13) issued by the Institute of Chartered Accountants of India.
- Amounts paid to Info Edge Employee Stock Option Trust as:
 - Advances given for business purposes Rs0.34 million
 - Amount due from Info Edge Employee Stock Option Trust as on March 31, 2003 is Rs. 0.34 million.

XVIII. (a) Names of related parties with whom transactions were carried out and description of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by The Institute of Chartered Accountants of India and where control exists for the year ended March 31, 2002

Key management Personnel (KMP) and relatives

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

Mr. Ambarish Raghuvanshi
Ms. V.N. Saroja

Enterprises over which Key Management Personnel (KMP) & Relatives have significant influence

Minik Enterprises (Entity controlled by Mr. Sushil Bikhchandani)

(b) Details of transactions with related party for the year ended March 31, 2002 in the ordinary course of business:

Amount (Rs. million)				
Sr.No	Nature of relationship / transaction *	Key Management Personnel & Relatives	Enterprises over which KMP & Relatives have significant influence	Total
1	Remuneration Paid Sanjeev Bikhchandani 0.85 Hitesh Oberoi 0.86 Ambarish Raghuvanshi 1.01 V.N. Saroja 0.96 Anil Lal 0.75 Jayadev Parthasarathy 0.55	5.30	-	5.30
2	Bonus shares issued Sanjeev Bikhchandani 11.68	15.45	-	15.45
3	Receipt of services Minik Enterprises 1.13	-	1.13	1.13

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

17. Employee Stock Option Plan – ESOP 2003

The company has a stock compensation plan for its employees and associates. The Employee Stock Option Plan (“ESOP”) was approved by the Board of Directors on February 20, 2003.

As per the ESOP - eligible employees of the company shall be given the options to purchase shares of the company held by a Trust (established for the administration of the ESOP). The number of options to be granted is determined by a Compensation Committee. The vesting period of the options shall be one year (which may be extended or shortened by the Compensation Committee) from the date of the grant and the employees will be eligible to exercise their options during the exercise period as determined by the Compensation Committee. The minimum number of awarded options based on the employee’s grade will be:

Grade	Number of options
Junior Management	10
Middle Management	50
Senior Management	100

Options not exercised by the employees shall lapse. Options granted to employees who resign or are terminated before the vesting period is over will be deemed to be cancelled.

All shares issued under the ESOP shall have a lock in period to be decided by the Compensation Committee. The employees leaving the Company will be eligible to sell their shares to the ESOP Trust at a price determined by the Compensation Committee / ESOP Trust. For employees leaving the company the price shall be such so as to ensure a minimum annual return of 5% to the employee. On the listing of the company the employees would be eligible to sell their shares in the open market after giving the Trust the first right of refusal to the Trust at the prevailing market price.

The stock option scheme is not available for employees / associates who are promoters or directors of the company who either themselves or through his relatives or through any body corporate directly or indirectly hold more than 10% of the equity shares of the company.

In the event that the company undergoes a restructuring exercise aimed at acquisition of the same by an outside agency and during the course of its acquisition – more than 51% of the shareholding changes hands or the promoter of the company negotiates and receives an offer for purchase from an outside agency and offers to sell the same to the third party then, an offer on the same terms and conditions shall be made to all Employee(s) / Associates who have been allotted shares under the ESOP or options in their favor, whether exercised or not. The employees / associates would be compulsorily bound to transfer their shares at the same price and terms applicable to the acquisition of the shareholdings of the Promoters or the majority shareholdings in the company.

The company has also filed an application with the Income tax authorities for the registration of the ESOP.

The Company has set up an irrevocable Employee Stock Option Plan Trust (“Trust”) to administer the ESOP scheme.

A total of 2,177,365 shares were transferred to the Trust during the year 2002-2003. Out of the same 471,530 shares were transferred to ICICI Emerging Sectors Fund in accordance with the terms of the Trust deed dated March 1, 2003, during the year ended March 31, 2004. Further the trust acquired 1,197,700 shares of the Company from ICICI Emerging Sectors Fund and 5,807,070 shares were allotted to the Trust as Bonus shares, during the year ended March 31, 2005. A total of 6,552,876 shares were transferred to employees in pursuance of the options exercised, during the year ended March 31, 2005.

The trust acquired 137,250 shares from existing shareholder, during the year ended March 31, 2006. After the consolidation and issue of bonus shares the trust holds 803,239 shares as on March 31, 2006 (Prior to transfer of shares to employees who have exercised their options during the year).

As at June 30, 2006 337,802 (Previous Year 337,802) options are outstanding with the employees of the Company under the above mentioned ESOP plan 2003.

Particulars	As at June 30, 2006	As at March 31, 2006	As at March 31, 2005
Options outstanding at the beginning of the quarter	337,802	419,400	-
Options forfeited during the quarter		35,100	-
Options consolidated during the quarter	-	38,430	-
Adjusted for bonus shares	-	96,080*	-
Options granted during the quarter	-	270,550	6,972,276
Options exercised during the quarter	-	67,258*	6,552,876
Options outstanding at the quarter end	337,802	337,802	419,400

In accordance with the above mentioned ESOP Scheme, Rs. 1.42 million (Previous Year Rs.7.28 million) has been charged to the Profit and Loss Account in relation to the options vested under the Intrinsic Value method during the quarter ended June 30, 2006 as Employee Stock Option Scheme Compensation Expense. Had the fair value method been used, the profit for the quarter would be lower by Rs.5.98 million (March 31, 2006 - Rs. 1.81 million) and the EPS after Employee Stock Option Scheme Compensation Expense would be Rs.2.12 (March 31, 2006 - Rs.6.00).

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

18. The Company has received legal notices of claims/lawsuits filed against it relating to infringement of copyrights, trademarks and defamation suits in relation to the business activities carried on by it. In the opinion of the management, no material liability is likely to arise on account of such claims/law suits.
19. As per the requirements of Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India no disclosure is required as the Company is operating in single business/geographical segment of internet based service delivery.
20. **Gratuity**

Amount (Rs. Million)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	
	Quarter ended June 30, 2006
Obligations at quarter beginning	6.57
Services Cost	0.55
Interest Cost	0.12
Actuarial (gain)/ loss	0.84
Benefits Paid	-
Obligations at quarter end	8.08
Change in plan assets	
Plan assets at quarter beginning, at fair value	3.36
Expected return on plan assets	0.07
Actuarial gain/ (loss)	-
Contributions	-
Benefits paid	-
Plan assets at quarter end, at fair value	3.43
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of the plan assets at the end of the quarter	3.43
Present value of the defined benefit obligations at the end of the quarter	8.08
Assets/(liability) recognized in the balance sheet	(4.65)
Gratuity cost for the quarter	
Service Cost	0.55
Interest Cost	0.12
Expected return on plan assets	(0.07)
Actuarial (gain)/loss	0.84
Net gratuity cost	1.45
Investment details of plan assets	
100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme	
Assumptions	
Interest rate	7.50%
Estimated rate of return on plan assets	7.90%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.	

Note: In the absence of information for earlier years, disclosure requirements as stated in Accounting Standard 15 (Revised 2005) on Employee Benefits, have not been given.

- 21.** On April 27, 2006 Mr. Sanjeev Bikhchandani, Ms. Surabhi Bikhchandani, Mr. Hitesh Oberoi and Ms. Villambakkam Saroja (existing shareholders of the company) have entered into an Agreement to sell an aggregate of 1,091,811 shares held by them (being 5% of the Company's equity share capital), to Murugan Capital and Sherpalo Mauritius LLC for a total purchase consideration of USD 6 million @ USD 5.495 (about Rs. 245 per share) per equity share. Murugan Capital is a 100% subsidiary of Kleiner Perkins Caufield & Byers Holdings Inc., a private equity investor. The purchase consideration has since been received by the sellers and the share transfers are being affected.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Financial Information" beginning on page 94 of this Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page xii of this Red Herring Prospectus which discusses a number of factors and contingencies that could impact our financial condition and results of operations. We have two Subsidiary companies, Naukri Internet Services Private Limited and Jeevansathi Internet Services Private Limited, which own certain internet domain names and related trademarks. The following discussion relates to the Company and its Subsidiaries on a consolidated basis and is based on our consolidated financial statements, appearing in the section titled "Financial Information" beginning on page 94 of this Red Herring Prospectus.

Our Fiscal year ends on March 31 of each year. All references to a particular Fiscal year are to the 12-month period ended on March 31 of that year.

Overview

We are a leading provider of online recruitment and matrimonial classifieds and related services in India. We own and operate Naukri.com, which is India's number one job website, and Jeevansathi.com, which is India's number three matrimonial website (each ranking based on the number of unique visitors to the websites in the period January 2005 – July 2006 (*Source: Comscore*)). Our business is managed through four divisions, which comprise online recruitment classified division (operating through www.naukri.com), online matrimonial classified division (operating through www.jeevansathi.com), online real estate classified division (operating through www.99acres.com) and offline executive search division (operating through our Quadrangle division). We present our results in one business segment.

Recruitment Classifieds and Related Services

We provide recruitment classifieds and related services through our Naukri.com and Quadrangle business divisions. Our recruitment classifieds and related services generated 92.73%, 96.80% and 98.41% of our total income for the Fiscal years 2006, 2005 and 2004, respectively.

Online recruitment classifieds and related services. We provide online recruitment classifieds and related services to job seekers, employers and recruitment consultants on our website www.naukri.com, supported by our network of 45 offices in India, and one office outside India in Dubai. We launched Naukri.com in March 1997, when the internet industry in India was at a nascent stage and as such we had perceived an opportunity in this sector. Job seekers can upload their resumes on our website. For job seekers, we also provide assistance in preparing resumes and listing them on our website. For our employer and recruitment consultant customers, we list their job vacancies, provide tools to conduct searches in our database of resumes and provide job application screening programs. We also post advertisements on our websites for our Corporate Customers.

Executive search services. We acquired Quadrangle, a sole proprietary concern, in November 2000. Through our Quadrangle division, we provide offline executive search and placement services for middle and senior level management personnel to our Corporate Customers in all industries and a wider range of search and placement services to our Corporate Customers in the IT and ITES industries.

Matrimonial Classifieds and Related Services

We provide matrimonial classifieds and related services through our Jeevansathi.com division. We acquired Jeevansathi.com, in which we held 35% equity interest, pursuant to a stock acquisition in September 2004. We provide an information exchange service to prospective brides, grooms and their relatives, in India and in certain other countries, through our website at www.jeevansathi.com, which is supported by our office network in India. On Jeevansathi.com, listing of profiles of prospective grooms and brides, as well as viewing of submitted profiles is free, however, users are required to pay in order to view contact information provided in the profiles.

Real Estate Classifieds and Related Services

We provide real estate classifieds and related services on our website at www.99acres.com. 99acres.com was launched in September 2005 and provides a convenient forum where lessors, lessees, buyers, sellers, and brokers of residential and commercial real estate in India can exchange information concerning real estate property with a view to entering into a transaction. We also sell advertising space on our website to property developers and brokers. The online real estate classifieds service market in India is developing and there are no major established competitors in India as yet. As such, we believe that there is significant growth and revenue generation opportunity for us in this sector.

Factors Affecting our Financial Results

Branding

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

Competition

The markets for our services are highly competitive and competition in these markets is likely to increase. We face competition from multinational companies which have strong brands and significantly more resources and experience. We also face competition from traditional media which is not internet based, such as newspapers, printed yellow pages, radio and television and from traditional recruitment, matrimonial agencies and property brokers. The contents of our database are provided by our Corporate Customers and other users who are not bound by any exclusivity with us and are therefore not prohibited from providing the same content to our competitors. In addition, we do not have exclusive advertising arrangements with our Corporate Customers, who in most cases advertise on media other than the internet as well as on websites of third parties. Our inability to compete effectively with existing or future competitors could adversely affect our business and financial condition.

Innovation and Customization

Constant innovation and customization of our products and services and our service delivery platforms is key to ensuring that we are able to maintain a steady growth in the number of users of our services and products. We continue to launch and improve our products and services. In addition, we are in the process of expanding the delivery models for our products and services, including the integration of mobile telephones into our delivery platforms. If we fail to continue to upgrade our infrastructure and service delivery platforms on a continuous basis, our business and financial condition may be adversely affected.

Internet Usage

A substantial portion of our business is conducted online through our websites and any adverse change in the growth of internet usage in India would have a substantial impact on our business and results of operations. Any slowdown or decrease in the levels of internet penetration could reduce the number of resumes, profiles and properties listed on our websites. Such decrease would make us less attractive with users of our products and services, and would have an adverse impact on our business and results of operations.

Economic Outlook and Performance of Key Sectors

We derive a substantial portion of our total income from recruitment classifieds and related services and as such are dependent on this division for the growth of our revenues. Any downturn in the Indian economy would adversely affect recruitments in the Indian employment market and have an adverse impact on our business. We are also dependent on the IT and financial services industries for our recruitment business. Trends in these industries, such as backlash against business process outsourcing in the developed economies, may reduce employment levels in these industries in India and would in turn have an adverse impact on our business and results of operations.

Network and Systems Failures and Misuse of Our Websites

A substantial portion of our business is conducted online, as such we are heavily dependent on the continuing and uninterrupted operation of our network and systems for our ability to provide the products and services to the users of our websites in a secure, uninterrupted and efficient manner. Any interruptions or failures relating to, inter alia, our hardware or software, breakdown in servers on which our websites are hosted, changes in our technical systems, difficulties in linkages with third-party systems, any corruption or loss of our electronically stored data, or disruption in internet access or in the internet generally could negatively impact the operation of our websites and adversely affect our business. Although our network and systems infrastructure has not experienced any shut down, failure or disruption for a significant period of time, no assurance can be given that we will not experience any such shut down, failure or disruption in the future.

We are also exposed to misuse by third parties (who use our websites to send spam mail) of the postings on our websites. Spam that can be traced to our server poses the threat of our legitimate emails being blocked by anti-spam monitoring agencies and/or tools. Any of the above could disrupt our ability to operate our online services or may materially affect the efficiency of the services provided by us as well as our reputation and, as such have a negative impact on our results of operations.

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

Expansion into New Markets

We are constantly evaluating the possibilities for expanding our business through acquisitions and introduction of new products and services. For example, in 2005, we launched 99acres.com to provide an online forum where potential buyers, sellers, lessors, lessees and brokers of real property in India can exchange information in the form of online classifieds. We are also in the process of expanding the delivery models for our services, including the integration of mobile telephones (and short text messaging services) into our delivery platforms. At this time, the diversification of our business and the introduction of new modes of delivery are in their early stages. Although we believe that there are synergies between our current business and these expansion plans, we do not have any significant experience in these new areas. These new businesses and modes of delivery may pose significant challenges to our administrative, financial and operational resources. The early stage and evolving nature of these businesses makes it difficult for us to predict the competition and the consumer demand for such businesses.

We believe that growth outside of India, in markets such as South Asia and West Asia, is important to the success of our business in the future, and our lack of experience outside of India may increase the risk that our international expansion efforts and operations will not be successful. Our strategic initiatives to seek growth in overseas markets may require us to expend a significant amount of financial and other resources, including management attention, which could place a heavy burden on our business. No assurance may be given that we will be successful in implementing our overseas initiatives.

Our Significant Accounting Policies

1. Basis of Preparation of Financial Statements

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

The summary consolidated profit and loss statement for the year ended March 31, 2002 and summary consolidated balance sheet as on March 31, 2002, includes the profit/(loss) and assets and liabilities of NISPL from January 30, 2002. Info Edge (India) Limited held 90% of the issued and outstanding shares of NISPL as of January 30, 2002. It increased its shareholding in NISPL to 99.8% on April 1, 2003. The consolidation of

profit/(loss) and assets and liabilities of NISPL has been done as if Info Edge (India) Limited held 100% of the issued and outstanding shares of NISPL from January 30, 2002, as the share of minority interest was not material.

The summary consolidated profit and loss statement for the year ended March 31, 2005 and summary consolidated balance sheet as on March 31, 2005 includes the share of Info Edge (India) Limited in the profit and assets and liabilities of JISPL from September 13, 2004, the date on which it became a subsidiary of the Company.

2. Fixed Assets

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

3. Depreciation

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

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

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

The effective rates of depreciation based on the estimated useful lives are above the minimum rates prescribed by Schedule XIV of the Companies Act. Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition. The goodwill arising on the acquisition of Quadrangle is being written off over a period of eight years. Costs of operating and marketing rights acquired are amortised over a period of five years.

Depreciation of the fixed assets of JISPL has been provided on the Written Down Value method as per the rates prescribed in Schedule XIV of the Companies Act on pro rata basis.

4. Foreign Currency Transactions

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of the transaction. Gains and losses arising out of fluctuation in the exchange rate between the transaction date and settlement date in respect of revenue items are recognised in the profit and loss account, while in the case of fixed assets are adjusted to the carrying cost of the respective assets. Current assets and current liabilities denominated in foreign currency are restated at the exchange rate prevailing at the year end and the overall net gain or loss is adjusted on the profit and loss account.

5. Revenue Recognition

We earn revenues primarily from the following four sources:

- Naukri.com, our online recruitment classifieds division;
- Jeevansathi.com, our online matrimonial classifieds division;
- 99acres.com, our online real estate classifieds division; and
- Quadrangle, our offline executive search division.

Revenue from Naukri.com is received in the form of fees, which is recognised ratably over the term of the subscription or advertising agreement, usually ranging between one to twelve months. Revenue is not recognised in instances where there is uncertainty with regard to ultimate collection. In such case revenue is recognised on reasonable certainty of collection. However, all of our revenues are paid by our users in advance or within a short period of time after we start providing service to our such users.

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

The unaccrued amounts are not recognised as income till all obligations are fulfilled and such unaccrued amounts are reflected in the balance sheet as deferred sales revenue.

Revenue from Quadrangle is received in the form of fees, for placements at various levels in a client's organization. Revenue is booked upon the successful completion of the search and placement activity. A portion of revenues generated from Quadrangle are provided for as doubtful debt to account for refunds in the event candidates hired through Quadrangle leave the employment of the client within specified periods.

6. Investments

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

7. Retirement Benefits to Employees

Liability towards employee gratuity is provided on the basis of actuarial valuation on the balance sheet date based on the Projected Unit Credit Method. Our gratuity fund is administered through Life Insurance Corporation of India ("LIC") under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with demand notices received from LIC and are accounted for under personnel expenses. The actuarial valuation of the liability towards the gratuity retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on investments. The estimated rate of return reflects the existing market rate of interest. Actuarial gains and losses are recognized in our profit & loss accounts as income and expense in the period in which they occur. Leave encashment liability is determined on the basis of actuarial valuation.

In addition, from April 1, 2006, liability towards long term compensated absences is provided on the basis of actuarial valuation on the balance sheet date based on the Projected Unit Credit Method. The actuarial valuation of the liability towards the long term compensated absences of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations. Actuarial gains and losses are recognized in our profit & loss account as income and expense in the period in which they occur. Short term compensated absences are recognized on an undiscounted basis for services recorded by the employees during an accounting period.

8. Leased Assets

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

Lease rentals in respect of assets acquired on lease are charged to the profit and loss account on accrual basis.

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

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

lease are recognised as expense in the profit and loss account on a straight line basis over the lease term.

9. *Taxes on Income*

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

10. *Employee Stock Option Based Compensation*

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

RESULTS OF OPERATIONS

Income

We derive our total income from recruitment, matrimonial and real estate classifieds and related services and other income. The table below reflects the breakup of the total income for the three months ended June 30, 2006 and preceding four Fiscal years:

(Rs. Millions)

Particulars	For the three Months Ended June 30, 2006		For the Fiscal year							
			2006		2005		2004		2003	
	Rs.	% of Total Income	Rs.	% of Total Income	Rs.	% of Total Income	Rs.	% of Total Income	Rs.	% of Total Income
Recruitment Services	260.94	88.99	779.51	92.73	436.74	96.80	191.64	98.41	89.13	98.20
Other Verticals@	18.24	6.22	44.54	5.30	3.81	0.84	—	—	—	—
Other Income#	14.05	4.79	16.54	1.97	10.63	2.36	3.08	1.59	1.63	1.80
Total Income	293.23	100	840.59	100	451.18	100	194.72	100	90.76	100
Total Expenditure	**214.05	73.00	**623.09	74.13	**324.10	71.83	155.93	80.08	82.21	90.58
Profit Before Tax	79.18	27.00	217.50	25.87	127.08	28.17	38.79	19.92	8.55	9.42

@ We started providing our Jeevansathi.com and 99acres.com services recently and hence these services have been aggregated under Other Verticals. The information in respect of these businesses is incorporated from the respective dates of launch or acquisition of these businesses.

Other Income primarily includes income derived from investments, interest received on fixed deposits and provisions written back.

** See note on employee stock option compensation cost, beginning on page 197 of this Red Herring Prospectus. The amount relating to ESOPs granted and expensed in Fiscal year 2005 is significant because ESOPs were not awarded in previous years. ESOPs were granted to employees who had been with us for a number of years and therefore the absolute and percentage figures are significant. In Fiscal year 2006, this charge is comparatively low since the number of options granted is lower and the ESOPs have generally been priced closer to fair value price. We expect to follow the practice of granting ESOPs at or about the fair value price in future.

We derive substantially all of our total income from Naukri.com and Quadrangle divisions, which provide recruitment classifieds and related services. After the introduction of Jeevansathi.com and 99acres.com in 2005, the percentage of total income derived from our Jeevansathi.com and 99acres.com divisions increased from 0.84% for Fiscal year 2005 to 5.30% for Fiscal year 2006, and the percentage of total income derived from our recruitment classifieds and related services decreased from 96.80% for Fiscal year 2005 to 92.73% for Fiscal

year 2006. The growth of revenue in our recruitment classifieds and related services in Fiscal year 2006 from Fiscal year 2005 of 78.48% is comparable to the growth of revenue from recruitment classifieds and related services for the preceding two Fiscal years, 127.90% for Fiscal year 2005 from Fiscal year 2004, and 115.01% for Fiscal year 2004 from Fiscal year 2003. However, profit for the year for the last three Fiscal years have not increased in such amounts due to increased expenditure, primarily as a result of our diversification into matrimonial classifieds and related services and real estate classifieds and related services and the advertising and marketing expenses incurred to promote our brand names. We believe that a strong brand is a key driver of growth in our business, and as such, focus is on building our brands, in particular because our matrimonial and real estate classifieds and related services business are still at the growth stage of the business cycle.

Expenditure (excluding Interest and Financial Charges; and Depreciation)

Our expenditure consists primarily of advertising, marketing and promotion charges, employee salaries and other costs and sales incentives, administrative costs and costs of maintaining our network and system infrastructure, such as internet connection and server hosting charges. Since our acquisition of Jeevansathi.com in September 2004 and launch of 99acres.com in September 2005, we have incurred substantial costs for brand building, setting up the infrastructure and recruiting a management team for these new businesses.

Our advertising, marketing and promotion expenses increased from Rs. 19.94 million in Fiscal year 2004 to Rs. 93.24 million in Fiscal year 2005, which represents an increase of more than 367%. Our advertising, marketing and promotion expenses again increased from Rs. 93.24 million in Fiscal year 2005 to Rs. 186.01 million in Fiscal year 2006, which represents an increase of more than 99%. We have similarly experienced increases in administrative costs, personnel expenses and infrastructure costs.

For Fiscal year 2004, our total expenditure as a percentage of our total income was 76.08% and our profits before tax as a percentage of total income was 19.92%. However, for Fiscal year 2005, our total expenditure as a percentage of our total income increased to 89.07% and our profit before tax as a percentage of our total income decreased to 8.09%. For Fiscal year 2006, our total expenditure as a percentage of our total income decreased to 71.20% and our profit before tax and prior period items as a percentage of our total income increased to 25.01%. These substantial variations over the three Fiscal years were primarily due to the recognition of the employee stock option compensation costs in Fiscal year 2005 and Fiscal year 2006.

Employee Stock Option Compensation Costs

The profit before tax for Fiscal year 2006 and Fiscal year 2005 decreased by Rs. 7.28 million and Rs. 90.57 million, respectively, due to charges in the profit and loss account required on account of our employee stock option compensation cost. The charges to our profit before tax equal 0.87% and 20.07% of our total income for Fiscal year 2006 and Fiscal year 2005, respectively.

The Institute of Chartered Accountants of India issued a Guidance Note dated January 3, 2005 suggesting a method for accounting for costs related to employee share based payments. We adopted the method of accounting for employee stock option compensation cost as prescribed in the said Guidance Note from the year when employee stock options were granted by us for the first time, i.e., Fiscal year 2005. The charges of Rs. 7.28 million and Rs. 90.57 million for Fiscal year 2006 and Fiscal year 2005, respectively, are made in compliance with this Guidance Note.

We formed an ESOP Trust to administer the ESOP 2003. Eligible employees are given an option to buy our Equity Shares from the ESOP Trust. There is a vesting period of one year for the eligible employees and exercise periods are determined by our Compensation Committee. The excess of fair value price of the options as of the date of the grant over the exercise price of such options is recognized as employee stock option compensation cost to our profit and loss account over the vesting period of the options on a straight line basis. The fair value price of the options on the date of grant is determined on the basis of the share price considered for the most recent arm's length transaction. 270,550 options were granted by the ESOP Trust to our employees during Fiscal year 2006. The employee stock option compensation cost for these options was Rs. 7.28 million. 6,972,276 options were granted by the ESOP Trust to our employees during Fiscal year 2005. The employee stock option compensation cost for these options was Rs. 90.57 million. The higher charge in Fiscal Year 2005 as compared to Fiscal Year 2006 was primarily due to grant and simultaneous vesting of significantly higher number of employee stock options in Fiscal Year 2005 as compared to Fiscal Year 2006.

The Equity Shares held by the ESOP Trust have been acquired from a number of persons, including us, beginning in the Fiscal year 2003. The balance standing to the credit of the stock option outstanding account, with respect to the options exercised, is transferred to our general reserve. As required by the Guidance Note, during Fiscal year 2006 and Fiscal year 2005, Rs. 2.61 million and Rs. 52.27 million, respectively, were transferred to the general reserves on exercise of the employee stock options granted, as per the stated terms.

Administrative & Other Costs

Under administrative & other costs, general costs incurred in our day-to-day operations are aggregated. Advertising, marketing and promotion costs are one of the major items of expenditure under this line item. Administrative & other costs also includes expenses such as rents, electricity and water charges, vehicle operation and maintenance expenses, insurance fees and premiums, communication costs and travel and conveyance charges. Our advertising, marketing and promotion expenses increased from Rs. 19.94 million in Fiscal year 2004 to Rs. 93.24 million in Fiscal year 2005 and to Rs. 186.01 million in Fiscal year 2006.

Personnel Expenses

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

Network and Other Charges

Network and Other Charges comprises of expenses incurred in relation to our network and system infrastructure, including for the maintenance and upkeep of the infrastructure as well as expenses related to internet and server charges. Network and other charges also include sales incentives and commissions to employees. These payments to employees are linked to performance and increase with a growth in the volume of business.

We believe that our variable pay structure aligns the performance of our employees to compensation paid to them, and, as such helps retain and motivate the quality managers and employees, who generally end up earning above the market levels of compensation. Further, we believe that our variable pay structure differs from the pay structures adopted by our competitors, as we pay sales incentives and commissions, together with salaries, on a monthly basis to a number of our employees.

Depreciation

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

Interest and Financial Charges

Interest and financial charges includes bank charges for cheque collections and remittances, fees to payment gateway service providers for credit card payments as well as interest payments on outstanding vehicle financing loans.

Taxation

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

The table below sets out the total income, the total expenditure and the heads of expenditure and certain other items for the three months ended June 30, 2006, Fiscal year 2006, Fiscal year 2005, Fiscal year 2004 and Fiscal year 2003. These line items are also expressed as percentage of total income for the Fiscal periods indicated.

	Three Months Ended June 30, 2006		Fiscal year 2006		Fiscal year 2005		Fiscal year 2004		Fiscal year 2003	
	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income
Income:										
Revenue	279.18	95.21%	824.05	98.03%	440.55	97.64%	191.64	98.42%	89.13	98.20%
Other Income	14.05	4.79%	16.54	1.97%	10.63	2.36%	3.08	1.58%	1.63	1.80%
Total Income	293.23	100.00%	840.59	100.00%	451.18	100.00%	194.72	100.00%	90.76	100.00%
Expenditure:										
Network and Other Charges	27.60	9.41%	92.33	10.98%	52.91	11.73%	31.78	16.32%	15.44	17.01%
Personnel Expenses	83.61	28.51%	210.53	25.05%	111.10	24.62%	62.88	32.29%	33.41	36.81%
Administrative and Other Costs	91.78	31.30%	288.34	34.30%	147.28	32.64%	51.92	26.66%	25.90	28.54%
Employees Stock Option Plan Compensation Expense	1.42	0.48%	*7.28	0.87%	*90.57	20.07%	—	—	—	—
Deferred Revenue Expenditure Written Off	—	—	—	—	—	—	1.57	0.81%	1.57	1.73%
Total Expenditure	204.41	69.71%	598.49	71.20%	401.86	89.07%	148.15	76.08%	76.32	84.09%
Profit/(Loss) before Interest and Financial Charges, Depreciation and Tax	88.82	30.29%	242.10	28.80%	49.32	10.93%	46.57	23.92%	14.44	15.91%
Interest and Financial Charges	1.39	0.47%	4.31	0.51%	1.65	0.37%	0.58	0.30%	0.39	0.43%
Profit/(Loss) before Depreciation and Tax	87.43	29.82%	237.80	28.29%	47.67	10.57%	45.99	23.62%	14.06	15.49%
Depreciation	9.67	3.30%	27.58	3.28%	11.16	2.47%	7.20	3.70%	5.51	6.07%
Profit/(Loss) before Tax	77.76	26.52%	210.22	25.01%	36.51	8.09%	38.79	19.92%	8.54	9.41%
Fringe Benefit Tax	0.93	0.32%	3.36	0.40%	—	—	—	—	—	—
Current Tax Expense	29.00	9.89%	73.29	8.72%	30.86	6.84%	7.00	3.59%	0.12	0.13%
Deferred Tax Expense	(4.40)	(1.50)%	0.66	0.08%	2.55	0.57%	7.47	3.84%	3.34	3.68%
Profit/(Loss) for the Period/Year	52.23	17.81%	132.91	15.81%	3.10	0.69%	24.32	12.49%	5.08	5.60%

The table below sets out adjustments made in accordance with applicable SEBI Guidelines and the Companies Act for the three months ended June 30, 2006, Fiscal year 2006, Fiscal year 2005, Fiscal year 2004 and Fiscal year 2003. This line item is also expressed as percentage of total income for the Fiscal periods indicated.

	Three Months Ended June 30, 2006		Fiscal year 2006		Fiscal year 2005		Fiscal year 2004		Fiscal year 2003	
	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income
Net Profit/(Loss) as per Audited	52.23	17.81%	132.91	15.81%	3.10	0.69%	24.32	12.49%	5.08	5.60%

	Three Months Ended June 30, 2006		Fiscal year 2006		Fiscal year 2005		Fiscal year 2004		Fiscal year 2003	
	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income	Rs. Millions	% of Total Income
Financial Statements										
Adjustments	—	—	(0.97)	(0.12)%	(0.52)	(0.12)%	(0.30)	(0.15)%	(0.21)	(0.23)%
Adjusted Profit/(Loss)	52.23	17.81%	131.94	15.70%	2.58	0.57%	24.02	12.34%	4.87	5.37%

Year ended March 31, 2006 compared to year ended March 31, 2005

Our results of operations for the Fiscal year 2006 were particularly affected by the following factors:

- Our total income for Fiscal year 2006 increased primarily as a result of the increase in income from the online recruitment classified division.
- We launched 99acres.com in September 2005. As such, the income generated from the real estate classifieds and related services business is included in our total income for Fiscal year 2006. The 99acres.com business division was not a part of our business in Fiscal year 2005. The increase in income in Fiscal year 2006 is also as a result of the significant increase in income from our matrimonial classifieds and related services business. However, we undertook several brand building measures and have incurred significant advertisement expenditure for these initiatives. We also incurred expenses for setting up marketing and distribution networks, as well as increased personnel expenses following the recruitment of efficient and trained management teams for operating our 99acres.com and Jeevansathi.com business divisions.
- The Institute of Chartered Accountants of India issued a Guidance Note dated January 3, 2005 suggesting a method accounting for costs related to employee share based payments. Although compliance with this Guidance Note is not mandatory for the Company, we adopted the method of accounting for the costs of the ESOP 2003 in accordance with the method prescribed in the said Guidance Note from Fiscal year 2005, the year in which employee stock options were granted by us for the first time.

Total Income

Our total income increased to Rs. 840.59 million for Fiscal year 2006 from Rs. 451.18 million for Fiscal year 2005, an increase of Rs. 389.41 million, or 86.31%. This increase was primarily due to an increase in revenue from our recruitment services business, as well as from our matrimonial services business. Our real estate classified and related services business, launched in September 2005, also contributed to this increase. In addition, this increase was also as a result of an increase in other income.

Revenue

Our revenues increased to Rs. 824.05 million for Fiscal year 2006 from Rs. 440.55 million for Fiscal year 2005, an increase of Rs.383.50 million, or 87.05%. The increase in revenues was primarily due to the increase in revenue in the recruitment services business of Rs. 342.77 million, which resulted from an increase in number of users and higher realizations from existing users. Our revenues also increased due to the increase in revenues from our matrimonial services business. Our real estate classified and related services business, launched in September 2005, also contributed to this increase.

Other Income

Our other income increased to Rs. 16.54 million for Fiscal year 2006 from Rs. 10.63 million for Fiscal year 2005, an increase of Rs. 5.91 million, or 55.60%. This increase was primarily due to an increase in income from investments and interest received on fixed deposits.

Total Expenditure

Our total expenditure increased to Rs. 598.48 million for Fiscal year 2006 from Rs. 401.86 million for Fiscal year 2005, an increase of Rs.196.63 million, or 48.93%. Our total expenditure increased primarily due to an increase in administrative and other costs from Rs. 147.28 million in Fiscal year 2005 to Rs. 288.34 million in Fiscal year 2006, in particular, in connection with our brand building measures resulting in an increase in advertising expenses and expenses incurred in connection with setting up a marketing and distribution network. In addition, our total expenditure also increased as a result of an increase in personnel expenses following the recruitment of an efficient and trained management team for our matrimonial and real estate services businesses. Our personnel expenses also increased by Rs. 99.43 million for Fiscal year 2006 as compared for Fiscal year 2005. Our total expenditure as a percentage of the total income was 71.20% for Fiscal year 2006.

Employee Stock Option Compensation Cost

Our employee stock option compensation cost was Rs. 7.28 million for Fiscal year 2006 as compared to Rs. 90.57 million for Fiscal year 2005. In the Fiscal year 2006, this amounted to only 0.87% of the total income whereas in Fiscal year 2005, this amounted to 20.07% of the total income. While 6,972,276 options were granted in Fiscal year 2005, 270,550 options were granted in Fiscal year 2006. The employee stock option compensation cost is provided for on the basis of the Guidance Note dated January 3, 2005 of the Institute of Chartered Accountants of India. The employee stock option compensation cost was lower in Fiscal year 2006 as compared to Fiscal year 2005 due to the grant and simultaneous vesting of a significant lower number of employee stock options in Fiscal year 2006 as compared to Fiscal year 2005.

The excess of the employee stock compensation cost to us (as described above) over the actual cost of acquisition of the Equity Shares, with respect to stock options that are exercised, are transferred to our general reserve. During Fiscal year 2006, Rs. 2.61 million was transferred to the general reserves on this account whereas for Fiscal year 2005, Rs. 52.27 million was transferred to the general reserves on this account.

Administrative & Other Costs

Our administrative and other costs increased to Rs. 288.34 million for Fiscal year 2006 from Rs. 147.28 million for Fiscal year 2005, an increase of Rs. 141.04 million, or 95.76%. We initiated a major brand building and advertising exercise in Fiscal year 2005 (both on the internet (for click-throughs) and through mass media (for new users)), which we continued in Fiscal year 2006. A substantial portion of our administrative and other cost was also directed towards promotion and brand building expenses for 99acres.com beginning from September 2005, the date of its launch. As such, our advertising, marketing and promotion expenses increased from Rs. 93.24 million for Fiscal year 2005 to Rs.186.01 million for Fiscal year 2006. We consider our advertising, marketing and brand-promotion expenses as an investment for future years, particularly in our new businesses such as Jeevansathi.com and 99acres.com. Our administrative & other costs also increased in Fiscal year 2006 as compared to Fiscal year 2005 due to an increase in rental expenses, communication costs and travel and conveyance charges as a result of the growth of our business and operations.

Personnel Expenses

Our personnel expenses increased to Rs. 210.53 million for Fiscal year 2006 from Rs. 111.10 million for Fiscal year 2005, an increase of Rs. 99.43 million, or 89.50%. During Fiscal year 2006, we hired 411 additional employees, which increased our total number of employees to 896 as of the end of the Fiscal year 2006. This increase in the number of employees resulted in the increase in personnel expenses. We believe that direct selling and telemarketing are critical in penetrating new markets in the industries in which we operate.

Network and Other Charges

Our network and other charges increased to Rs. 92.33 million for Fiscal year 2006 from Rs. 52.91 million for Fiscal year 2005, an increase of Rs. 39.42 million, or 74.50%. The increase in network and other charges in Fiscal year 2006 was primarily due to the increase in number of employees, the increase in sales incentives and commissions paid to our employees during such year and the increase in internet server charges.

Interest and Financial Charges

Our interest and financial charges increased to Rs. 4.31 million for Fiscal year 2006 from Rs. 1.65 million for Fiscal year 2005, an increase of Rs. 2.66 million, or 161.21%. The increase in the interest and financial charges in Fiscal year 2006 was mainly due to increases in fees and commissions paid to banks and payment gateway service providers for credit card receipts as a result of an increase in revenues.

Depreciation

The total amount provided on account of depreciation for Fiscal year 2006 was Rs. 27.58 million as compared to Rs. 11.16 million for Fiscal year 2005, an increase of Rs. 16.42 million, or 147.13%. The increase in depreciation was primarily because of increased investment in computers and office equipment and increased amortization charge on leasehold improvements and operating and marketing rights.

Profit Before Tax

As a result of the factors mentioned above, our profit before tax for Fiscal year 2006 was Rs. 210.22 million as compared to profit before tax for Fiscal year 2005 of Rs. 36.51 million, an increase of Rs. 173.71 million, or 475.79%.

Taxation

The total tax expense for Fiscal year 2006 was Rs. 77.31 million as compared to the total tax expense for Fiscal year 2005 of Rs. 33.41 million. The total tax expense for Fiscal year 2006 increased as a result of the increase in profit before tax for Fiscal year 2006, when compared to the corresponding amounts for Fiscal year 2005. The total tax expense for Fiscal year 2006 included deferred tax expense of Rs. 0.66 million as compared to Rs. 2.55 million of deferred tax expense for Fiscal year 2005. The deferred tax expense in Fiscal year 2006 was lower than the deferred tax expense in Fiscal year 2005, primarily due to shorter timing differences between book depreciation and tax depreciation in Fiscal year 2006 when compared to Fiscal year 2005.

Profit for the Year

Our profit for the year increased to Rs. 132.91 million for Fiscal year 2006 as compared to Rs. 3.10 million for Fiscal year 2005, an increase of Rs. 129.81 million, primarily due to the factors discussed above.

Adjusted Profit

Our adjusted profit increased to Rs. 131.94 million for Fiscal year 2006 as compared to Rs. 2.58 million for Fiscal year 2005, an increase of Rs. 129.36 million, primarily due to the factors discussed above.

Year ended March 31, 2005 compared to year ended March 31, 2004

Our results of operations for the Fiscal year 2005 were particularly affected by the following factors:

- Our total income for Fiscal year 2005 increased primarily as a result of the increase in income from the online recruitment classified division.
- We acquired the business of Jeevansathi.com with effect from September 30, 2004. As such, the income generated from the matrimonial classifieds and related services business of Jeevansathi.com in the last two quarters of Fiscal year 2005 is included in our total income for Fiscal year 2005. The Jeevansathi.com business division was not a part of our business in Fiscal year 2004. However, we undertook several brand building measures and have incurred significant advertisement expenditure for these initiatives. We also incurred expenses for setting up marketing and distribution networks, as well as increased personnel expenses as a result of recruiting efficient and trained management teams for operating this business division.
- The Institute of Chartered Accountants of India issued a Guidance Note dated January 3, 2005 suggesting a method accounting for costs related to employee share based payments. Although compliance with this Guidance Note is not mandatory for the Company, we adopted the

method of accounting for the costs of the ESOP 2003 in accordance with the method prescribed in the said Guidance Note.

Total Income

Our total income increased to Rs. 451.18 million for Fiscal year 2005 from Rs. 194.72 million for Fiscal year 2004, an increase of Rs. 256.46 million, or 131.71%. This increase in total income was primarily due to the increase in revenue from our recruitment classifieds and related services business of Rs. 245.11 million. Revenue generated from the matrimonial classifieds and related services business of Jeevansathi.com as well as an increase in other income also resulted in the increase in total income. Revenue from our Jeevansathi.com business division is included in the total income for Fiscal year 2005 but not in total income for Fiscal year 2004 as this business was acquired on September 30, 2004.

Revenue

Our revenues increased to Rs. 440.55 million for Fiscal year 2005 from Rs. 191.64 million for Fiscal year 2004, an increase of Rs. 248.91 million, or 129.88%. The increase in revenues was primarily due to an increase in revenue in the recruitment classifieds and related services business resulting from an increase in number of users and higher realizations from existing users. During the Fiscal year 2005, we also acquired the business of Jeevansathi.com. 0.84% of the total income for Fiscal year 2005 was due to revenues from matrimonial related services which were not part of our business in Fiscal year 2004.

Other Income

Our other income increased to Rs. 10.63 million for Fiscal year 2005 from Rs. 3.08 million for Fiscal year 2004, an increase of Rs. 7.55 million, or 245.12%. This increase was due to an increase in income from investments, interest received on fixed deposits and provisions written back.

Total Expenditure

Our total expenditure increased to Rs. 401.86 million for Fiscal year 2005 as compared to Rs. 148.15 million for Fiscal year 2004, an increase of Rs. 253.71 million, or 171.25%. Our total expenditure as a percentage of the total income was 89.07% for Fiscal year 2005. The substantial difference in the total expenditure for the Fiscal years 2005 and 2004 is because in Fiscal year 2005, Rs. 90.57 million of employee stock option compensation cost was incurred, while there was no such corresponding charge in Fiscal year 2004. Moreover, we implemented several brand building measures resulting in an increase in advertising expenses and incurred expenses for setting up a marketing and distribution network, as well as for recruiting an efficient and trained management team for our matrimonial classifieds and related services business in Fiscal year 2005.

Employee Stock Options Compensation Cost

Our employee stock option compensation cost was Rs. 90.57 million for Fiscal year 2005, which amounted to 20.07% of the total income for such Fiscal year. This expense was provided for on the basis of the Guidance Note dated January 3, 2005 of the Institute of Chartered Accountants of India. We did not incur any employee stock option compensation cost in Fiscal year 2004.

The excess of the employee stock compensation cost to us (as described above) over the actual cost of acquisition of the Equity Shares, with respect to stock options that are exercised, are transferred to our general reserve. During Fiscal year 2005, Rs. 52.27 million was transferred to the general reserves on this account. As such, though Rs. 90.57 million was charged to the profit & loss account as employee stock option compensation cost, there was a transfer to the general reserve of Rs. 52.27 million in Fiscal year 2005.

Administrative & Other Costs

Our administrative and other costs increased to Rs. 147.28 million for Fiscal year 2005 from Rs. 51.92 million for Fiscal year 2004, an increase of Rs.95.36 million, or 183.67%. We initiated a major brand building and advertising exercise in Fiscal year 2005, resulting in an increase of 367.60% in our advertising, marketing and promotion expenses, from Rs. 19.94 million for Fiscal year 2004 to Rs. 93.24 million for Fiscal year 2005. A substantial portion of this expenditure was spent towards the promotion and brand building expenses for Jeevansathi.com, which we acquired in September 2004.

Personnel Expenses

Our personnel expenses increased to Rs. 111.10 million for Fiscal year 2005 from Rs. 62.88 million for Fiscal year 2004, an increase of Rs. 48.22 million, or 76.69%. During Fiscal year 2005, we hired 203 additional employees, which increased the total number of our employees to 485 as of the end of the Fiscal year 2005. The increase in personnel expenses reflects the increase in salaries and wages, which increased by 84.31% to Rs. 78.37 million from Rs. 42.52 million in Fiscal year 2004, as a result of the increase in the number of employees.

Network and Other Charges

Our network and other charges increased to Rs. 52.91 million for Fiscal year 2005 from Rs. 31.78 million for Fiscal year 2004, an increase of Rs. 21.13 million, or 66.49%. This increase was due to the increase in internet and server charges, which increased from Rs. 9.35 million for Fiscal year 2004 to Rs. 15.65 million for Fiscal year 2005. The increase in internet and server charges was primarily due to the increase in our businesses and operations. The sales incentives and commissions that we paid to our employees based on the volume of business generated also increased from Rs. 16.69 million for Fiscal year 2004 to Rs. 34.49 million for Fiscal year 2005.

Deferred Revenue Expenditure Written Off

Rs. 1.57 million was written off as deferred revenue expenditure in Fiscal year 2004. This was on account of certain advertising and brand building expenditure that we wrote-off over two years, Fiscal year 2004 and Fiscal year 2003. There was no such write-off in Fiscal year 2005.

Interest and Financial Charges

We did not have any significant indebtedness and did not incur any secured or unsecured loans to finance our operations in Fiscal years 2005 or 2004. Our indebtedness for such Fiscal periods consists of loans under vehicle financing schemes of banks and financial institutions granted for purchase of vehicles. Our interest and financial charges for Fiscal year 2005 was Rs. 1.65 million as compared to Rs. 0.58 million for Fiscal year 2004, primarily due to an increase in number of vehicles purchased by us under financing schemes resulting in an increase in interest accrued and paid. The increase in interest and financial charges was also due to increases in fees and commissions paid to banks and payment gateway service providers for credit card receipts as a result of an increase in revenues.

Depreciation

The total amount provided on account of depreciation for Fiscal year 2005 was Rs.11.16 million as compared to Rs. 7.20 million for Fiscal year 2004, an increase of Rs. 3.96 million or 55.00%. The increase in depreciation is because of increase in amortization of operating and marketing rights as well as increase in investment in computers and other equipment.

Profit Before Tax

As a result of the factors mentioned above, our profit before tax for Fiscal year 2005 was Rs. 36.51 million as compared to profit before tax for Fiscal year 2004 of Rs. 38.79 million. This marginal decrease in profit before tax was affected by the employee stock option compensation cost, which was more than 20.07% of the total income for Fiscal year 2005.

Taxation

The total tax expense for Fiscal year 2005 was Rs. 33.41 million. The total current tax expense that we were liable to pay at the end of this Fiscal year was Rs. 30.86 million. Of the total tax expense, Rs. 2.55 million has been provided as the deferred tax expense for this Fiscal year. The increase in total tax expense for Fiscal 2005 as compared to Fiscal 2004 was due to the increase in profit before tax for Fiscal 2005 when compared to Fiscal 2004, thereby resulting in utilization of unabsorbed business losses and depreciation of earlier Fiscal years. The total tax expense for Fiscal year 2004 was Rs. 14.47 million. The total current tax expense that we were liable to pay at the end of this Fiscal year was an amount of Rs. 7.00 million. Of this amount, Rs. 7.47 million has been provided as the deferred tax expense for this Fiscal year.

Profit for the Year

Our profit for the year decreased to Rs. 3.10 million for Fiscal year 2005 as compared to Rs. 24.32 million for Fiscal year 2004, primarily due to the factors discussed above.

Adjusted Profit

Our adjusted profit decreased to Rs. 2.58 million for Fiscal year 2005 as compared to Rs. 24.02 million for Fiscal year 2004, primarily due to the factors discussed above and an increase in payment of taxes due to the consumption of available tax credits.

Year ended March 31, 2004 compared to year ended March 31, 2003

Total Income

Our total income increased to Rs. 194.72 million for Fiscal year 2004 from Rs. 90.76 million for Fiscal year 2003, an increase of Rs. 103.96 million, or 114.54%. This increase was primarily due to an increase in revenue from our recruitment classifieds and related services business as well as from an increase in other income.

Revenue

Our revenues increased to Rs. 191.64 million for Fiscal year 2004 from Rs. 89.13 million for Fiscal year 2003, an increase of Rs. 102.51 million, or 115.01%. The increase in revenues was as a result of an increase in the number of users and higher realizations from existing users.

Other Income

Our other income increased from Rs. 1.63 million for Fiscal year 2003 to Rs. 3.08 million for the Fiscal year 2004, an increase of Rs. 1.45 million, or 88.95%. The primary reasons for this increase was higher interest income accruing from an increase in investments in fixed deposits as well as provisions written back.

Total Expenditure

Our total expenditure increased to Rs. 148.15 million for Fiscal year 2004 from Rs. 76.32 million for Fiscal year 2003, an increase of Rs. 71.83 million, or 94.12%. Our total expenditure as a percentage of the total income was 76.08% for Fiscal year 2004. Our total expenditure increased as a result of the expansion of our business and operations.

Administrative & Other Costs

Our administrative and other costs increased to Rs. 51.92 million for Fiscal year 2004 from Rs. 25.90 million for Fiscal year 2003, an increase of Rs. 26.02 million, or 100.46%. Our advertising, marketing and promotion expenses increased from Rs. 4.67 million for Fiscal year 2003 to Rs. 19.94 million for Fiscal year 2004. The rent costs also increased to Rs. 6.12 million for Fiscal year 2004 from Rs. 3.65 million for Fiscal year 2003. The increase in administrative and other costs was primarily due to the growth of our operations.

Personnel Expenses

Our personnel expenses increased to Rs. 62.88 million for Fiscal year 2004 from Rs. 33.41 million for the Fiscal year 2003, an increase of Rs. 29.47 million, or 88.20%. The increase in personnel expenses reflects the increase in salaries and wages which increased by 81.16% to Rs. 42.52 million for Fiscal year 2004 from Rs. 23.47 million for Fiscal year 2003 as a result of an increase in the number of employees during Fiscal year 2004.

Network and Other Charges

Our network and other charges increased to Rs. 31.78 million for Fiscal year 2004 from Rs. 15.44 million for Fiscal year 2003, an increase of Rs. 16.34 million, or 105.83%. Internet and server charges increased from Rs. 4.56 million for Fiscal year 2003 to Rs. 9.35 million for Fiscal year 2004. The sales incentives and commissions also increased to Rs. 16.69 million for Fiscal year 2004 from Rs. 6.56 million for Fiscal year 2003. The increase in network and other charges was primarily due to the growth of our operations.

Deferred Revenue Expenditure Written Off

Rs. 1.57 million written off as deferred revenue expenditure in Fiscal year 2004. Rs. 1.57 million was also written off as deferred revenue expenditure in Fiscal year 2003. These write-offs were on account of certain advertising and brand building expenditures incurred in previous fiscal periods that we decided to write-off over such Fiscal years.

Interest and Financial Charges

Our interest and financial charges increased to Rs. 0.58 million for Fiscal year 2004 from Rs. 0.39 million for Fiscal year 2003, an increase of Rs. 0.19 million, or 48.72%. Our financial charges consist of fees and commissions paid to banks and payment gateway service providers. Our indebtedness for such Fiscal periods consists of loans under vehicle financing schemes of banks and financial institutions granted for purchase of vehicles. Our interest and financial charges for Fiscal year 2004 as compared to Fiscal year 2003 increased primarily due to an increase in number of vehicles purchased by us under financing schemes resulting in an increase in interest accrued and paid.

Depreciation

The total amount provided on account of depreciation for Fiscal year 2004 was Rs. 7.20 million as compared to Rs. 5.51 million for Fiscal year 2003, an increase of Rs. 1.69 million, or 30.67%. The increase in depreciation was primarily due to an increase in investment in computers and furniture and fixtures and increase in amortization of leasehold improvements.

Profit Before Tax

As a result of the factors mentioned above, our profit before tax for Fiscal year 2004 was Rs. 38.79 million as compared to profit before tax for Fiscal year 2003 of Rs. 8.54 million.

Taxation

The total tax expense for the Fiscal year 2004 was Rs. 14.47 million. The total current tax expense that we were liable to pay for this Fiscal year was Rs. 7.00 million. In addition, Rs. 7.47 million has been provided as deferred tax expense for this Fiscal year. The total tax expense for Fiscal year 2003 was Rs. 3.46 million. The total current tax expense that we were liable to pay for this Fiscal year was Rs. 0.12 million. In addition, Rs. 3.34 million has been provided as the deferred tax expense for this Fiscal year. The comparatively low tax expense for Fiscal year 2003 was because of higher deferred tax assets on account of unabsorbed business losses and depreciation.

Profit for the Year

Our profit for the year increased to Rs. 24.32 million for Fiscal year 2004 as compared to Rs. 5.08 million for Fiscal year 2003, an increase of 19.24 million, primarily due to the factors discussed above.

Adjusted Profit

Our adjusted profit increased to Rs. 24.02 million for Fiscal year 2004 as compared to Rs. 4.87 million for Fiscal year 2003, an increase of Rs. 19.15 million, primarily due to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have been to finance our capital expenditure requirements. We have financed our operations solely from cash flows from operations and have not had to resort to any long term or short term borrowings. As of June 30, 2006, we had Rs. 280.46 million in cash and cash equivalents.

Set forth below is a table from our consolidated financial statements showing our cash flow from operations, cash flow from investing activities and cash investments in expansion and financing activities.

	(Rs. Millions)				
	Three months ended June 30, 2006	Fiscal year 2006	Fiscal year 2005	Fiscal year 2004	Fiscal year 2003
Cash Flow from Operating Activities	83.00	330.09	108.09	85.12	21.13
Cash Flow from Investing Activities	(105.75)	(155.17)	(65.30)	(11.33)	(3.40)
Cash Flow from Financing Activities	(18.13)	(9.74)	(0.55)	(0.01)	(0.27)
Net increase in Cash and Cash Equivalents	(40.88)	165.18	42.24	73.78	17.46

Cash Flows

Most of our revenues, in the form of subscriptions are received by us, in cash, in advance or within a short period of time after we start providing services. We recognize such revenues as income in the books of accounts in accordance with accepted revenue recognition norms. See “Our Significant Accounting Policies” beginning on page 193 of this Red Herring Prospectus. Due to the nature of our business, we have strong cash flow streams and have, historically, not required any working capital or other financings to meet our costs of operations and capital expenditures. In addition, our strong cash flow streams result in substantial short term and long term investments, which we utilized to meet our liquidity requirements.

Cash flows from operating activities. Net cash provided by operating activities consists of profit before tax, adjusted for certain non-cash items such as deferred revenue expenditure written off, depreciation and employee stock option plan compensation expense. Net cash from operating activities for Fiscal year 2006 was Rs.330.09 million as compared to Rs.108.09 million for Fiscal year 2005, which increase was primarily due to the growth in our revenues as a result of the growth in our businesses and operations.

Cash flows from investing activities. Net cash used in investing activities primarily consists of investments in money market mutual funds and bank deposits and purchase of fixed assets. Net cash used in investing activities for Fiscal year 2006 was Rs.155.17 million as compared to Rs.65.30 million for Fiscal year 2005. The increases were due primarily to investments in money market mutual funds and bank deposits. Such increases in cash used in investing activities were offset in part by proceeds from sale of investments, which increased from Rs.5.04 million in Fiscal year 2005 to Rs.15.40 million in Fiscal year 2006.

Cash flows from financing activities. Net cash used in financing activities primarily consists of payment of dividends and payment of dividend tax. Net cash used in financing activities for Fiscal year 2006 was Rs.9.74 million as compared to Rs.0.55 million for Fiscal year 2005, which was primarily due to the payment of dividend and dividend tax.

The net decrease in cash and cash equivalents as of June 30, 2006 was as a result of an increase in investments in money market mutual funds.

Indebtedness

We have not availed any term loans or credit facilities from banks or other financial institutions, except as discussed below. Our total secured indebtedness as on June 30, 2006 is Rs. 2.39 million, is as a result of vehicle financing loans. These amounts are payable by us to banks in respect of vehicles purchased by us under vehicle financing loans. These vehicles have been hypothecated to the banks and financial institutions under the vehicle financing schemes.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Other than loans incurred in connection with purchase of vehicles, we have not availed of any credit facilities or term loans from banks or financial institutions and hence, changes in interest rates are not likely to affect our business or results of operations materially.

Exchange Rate Risk

Although we do not have any foreign currency borrowings, we pay server charges and incur certain other expenditure in foreign currencies. For Fiscal year 2006, this amount was Rs. 38.95 million whereas for Fiscal year 2005, this amount was Rs. 19.47 million. We also earn a portion of our revenues in foreign currencies. We currently do not use any foreign exchange hedging contracts to manage our exchange rate risk. Historically, our results of operations have not been materially affected by fluctuations in exchange rates.

Inflation

India has experienced significant fluctuation in inflation rates in recent years. However, this has not had a material impact on our businesses. Inflation in India was about 6.5% in Fiscal year 2004, 4.6% in Fiscal year 2005 and 5% in Fiscal year 2006 (*Source: CMIE*).

Unusual or Infrequent Events or Transactions

Except as discussed elsewhere in this Red Herring Prospectus, there have been no events or transactions to our knowledge which could be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Except as discussed in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages xii and 190 of this Red Herring Prospectus and elsewhere in this Red Herring Prospectus, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on our revenues.

Future Relationship between Costs and Income

Except as discussed in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages xii and 190 of this Red Herring Prospectus, respectively, and elsewhere in this Red Herring Prospectus, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on our costs.

New Products or Business Segments

Except as discussed in this Red Herring Prospectus, there are no new publicly announced products or business segments which we have entered into.

Seasonality of Business

Our business is not seasonal.

Competitive Conditions

We expect competition to intensify from existing and potential competitors both in the online businesses and from competitors who provide these services offline. For details of competitive conditions, please refer to “Our Business” beginning on page 47 of this Red Herring Prospectus.

Significant Developments subsequent to June 30, 2006

Our Directors confirm that there have been no events or circumstances since June 30, 2006, the date of our last financial statements which materially and adversely affect or are likely to materially or adversely affect our profitability or the value of our assets or our ability to pay liabilities within the next twelve months.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as described below, there are:

- no outstanding litigations against us, our Directors, our Subsidiaries or our Promoter group, or against any other company whose outcome could have an adverse effect on us;
- no litigation against Directors or Promoters involving violation of statutory regulations or alleging criminal offence;
- no pending proceedings initiated for economic offences against us, the Directors, the Promoters, the companies and firms promoted by the Promoters;
- no past cases in which penalties were imposed by the concerned authorities against us, the Directors, or the Promoters or companies, firms or ventures promoted by the Promoters;
- no outstanding litigation or defaults, including disputed tax liabilities and/or prosecution under any enactment mentioned in Schedule XIII to the Companies Act, likely to effect our operations or finances;
- no non-payment of statutory dues, proceedings initiated for economic offences/civil offences, including a finding of guilt in past cases, or any disciplinary action taken by the SEBI or any stock exchange against us, the Directors, the Promoters or the other business ventures of the Promoters;
- no small scale undertakings or other creditors to whom we owe a sum exceeding Rs.100,000 which is outstanding for more than 30 days;
- no pending litigations in which the Promoters are involved;
- no defaults to financial institutions or banks, or dues to instrument holders such as debenture-holders, fixed deposits, arrears on cumulative Preference Shares by the Promoters or companies or firms promoted by the Promoters; or
- no pending litigations or defaults in respect of companies, firms or ventures with which the Promoters were associated in the past but are no longer associated in which their name continues to be associated.

Litigation against the Company

Sr. No.	Case No.	Case Title	Forum	Nature of Case	Status
1.	Suit No. 178/2004	Sumanta Bhattacharya vs. Info Edge India Private Limited and Others*	City Civil Court, Kolkata	Civil litigation. Claim of ownership rights in the domain name “naukri.com”	Case stayed sine die under orders of Kolkata City Civil Court pending decision in case filed in the Delhi High Court by us against the Plaintiff (See Sr. No. 1 of table below titled “Litigation by the Company”).
2.	Ref. No. 390/2004	Rajesh Bansal vs. Info Edge (India) Private Limited.	Labour Court, Pune	Civil litigation. Claim of re-instatement and back-wages under the Industrial Disputes Act	Pending
3.	Civil Suit No. 160/2006	Hari Ram vs. Naukri.com	Additional Civil Judge (Senior Division), Phagwara	Civil litigation for restraining our Company from interpreting the name “HARI” as portrayed in the advertisement issued by our Company.	Pending: No interim order issued.

* Mr. Sanjeev Bikhchandani, one of the Promoters and Directors, is also a defendant in this case. For details please see section titled “Outstanding Litigation – Litigation against the Promoters or Companies, Firms or Business Ventures promoted by the Promoters”

and “Outstanding Litigation – Litigation against the Directors” beginning on pages 211 and 211 respectively of the Red Herring Prospectus.

Litigation by the Company

Sr. No.	Case No.	Case Title	Forum	Nature of Case	Status
1.	Suit No. 1971/ 2001	Info Edge (India) Private. Limited and Others vs. Satesh Gupta*	Delhi High Court	Civil litigation. Case filed by us to restrain defendant from using domain name "naukari.com" to run and operate a competing job portal	Pending. Court has granted the temporary injunction in our favour. At a later stage, the Court directed transfer of the domain name “naukari.com” to us.
2.	Suit No. 2169/2003	Info Edge (India) Private Limited and Others vs. Sumanta Bhattacharya*	Delhi High Court	Civil litigation. Case filed by us to restrain defendant from operating a job portal under the domain name “naukrie.com”	Pending. Court has issued interim injunction restraining the defendant from using the domain name “naukrie.com” or creating any third party interest in it; and has also passed a subsequent order restraining the defendant from interfering with our ownership and possession of the domain name “Naukri.com”.
3.	Suit No. 783/2006	Info Edge (India) Limited and Others vs. Sanjeev Goyal*	Delhi High Court	Civil litigation. Case filed by us to restrain defendant from operating a job portal under the domain name “naukri.com”	Pending: Court has issued ad interim ex parte injunction restraining the defendant from using the domain name “naukri.com”.

* Mr. Sanjeev Bikhchandani, one of the Promoters and Directors, is also a plaintiff in these suits. For details please see section titled “Outstanding Litigation – Litigation Against the Promoters or Companies, Firms or Business Ventures promoted by the Promoters” and “Outstanding Litigation – Litigation Against the Directors”.

Litigation against the Subsidiaries

There are no defaults, disputed tax liabilities, prosecution under any enactment mentioned in Schedule XIII to the Companies Act by or against the Subsidiaries of the Company or any other outstanding litigation pertaining to matters likely to effect the operations or finances of our Subsidiaries.

Litigation against the Directors

Except as described in the table below, there are no outstanding litigations against the Directors involving statutory regulations or allegations of criminal offences; or pending proceedings initiated for economic offences or past case in which penalties were imposed by the concerned authorities against the Directors. Mr. Sanjeev Bikhchandani, who is a Director as well as a Promoter is a defendant in the case filed by Sumanta Bhattacharya described at Serial No. 1 of the table headed “Litigation against the Company” above.

Sr. No.	Case No.	Director	Case Title	Forum	Nature of Case	Status
1.	Suit No. 51/2004	Ms. Bala Deshpande	M/s Citrex Products Limited vs. M/s Viswapriya Financial Services and Securities Ltd. and Others	High Court of Chennai	Civil litigation. Claim of Rs. 11,817,677.15, in connection with borrowing by Plaintiff from Viswapriya Financial Services and Securities Ltd. (“Viswapriya”). Group companies of Viswapriya, including Subiksha Trading Services Private Limited (“Subiksha”) and Ms. Deshpande, as director of Subiksha, are made party to this suit.	There is no claim against Ms. Deshpande or Subiksha. However, Ms. Deshpande and Subiksha have been made parties to this suit. The suit is in a preliminary stage. Counsel has been engaged to represent Ms. Deshpande. Viswapriya has filed a application before the High Court of Chennai to dismiss the suit and the matter is expected to be heard shortly.

Sr. No.	Case No.	Director	Case Title	Forum	Nature of Case	Status
2.	N.A.	Ms. Bala Deshpande	The Inspector of Legal Metrology vs. Pantaloon Retail (India) Limited (PRIL) and Others	7 th Metropolitan Magistrate's Court at Dadar, Mumbai	Claim of Rs.0.11 million for alleged violation of Rule 23(1) of the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 in the Big Bazaar Premises in Lower Parel.	The cases have been compounded among the parties for compounding fees aggregating Rs.0.11 million.

Litigation against the Promoters or Companies, Firms or Business Ventures promoted by the Promoters

Sr. No.	Case No.	Promoter/ Company or Firm or Venture promoted by the Promoter	Case Title	Forum	Nature of Case	Status
1.	Suit No. 178/2004	Mr. Sanjeev Bikhchandani	Sumanta Bhattacharya vs. Info Edge India Private Limited and Others*	City Civil Court, Kolkata	Civil litigation. Claim of ownership rights in the domain name "naukri.com"	Case stayed sine die under orders of Kolkata City Civil Court pending decision in case filed in the Delhi High Court by us against the plaintiff (See Sr. No. 2 of table above titled "Litigation by the Company").

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors, there have not arisen, since the date of the last audited financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability on a consolidated basis or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

I. Approvals for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on March 20, 2006, authorized the Issue subject to the approval by our shareholders under Section 81(1A) of the Companies Act. Pursuant to the authority granted by the Board of Directors at its meeting held on December 30, 2005 the IPO Committee of the Board approved the Issue in its meeting held on May 4, 2006.

The shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at our EGM held on May 4, 2006 at New Delhi.

II. Approvals for our Business

We require various approvals to carry on our business in India and overseas. We have received the following major Government and other approvals pertaining to our business:

A. Within India

(a) Approvals from Tax Authorities

We have received the following registrations under various tax authorities in relation to our business:

- Permanent Account Number is AAACI1838D.
- Tax Deduction Account Number under the Income Tax Act DELI04379E.
- Service tax registrations:
 1. Grant of service tax code number AAACI1838DST001 by the Assistant Commissioner, Service Tax, Delhi.
 2. Grant of centralized registration no. M.R/DLH-I/S.T./323/99 under Section 69, Finance Act, 1994.
- Professional Tax registrations:
 3. Registration Nos. PT/R/1/1/28/11132 and PT/E/1/1/28/18/303 in the State of Maharashtra.
 4. Registration Nos. PR-0734000068 and PE-0734000099 in the State of Gujarat.
 5. Registration Nos. PJT/03/1/BP/REGN PT/597/2003-2004; PJT/03/1/BP/ENR/P; and T/824/2003-2004 in the State of Andhra Pradesh.
 6. Registration Nos. ECS 0113085 and RCS 0032344 in the State of West Bengal.
 7. Registration Nos. 2365002118-3 and 2305018-4 in the State of Karnataka.
 8. Registration Nos. RC/78590901464 and ER/79700900320 in the State of Madhya Pradesh.
 9. Registration Nos. PRBHII593/3.3.6 in the State of Orissa.

(b) Labor and Environmental Laws Related Approvals

We have received the following registrations under various labour and environmental laws in relation to our business:

- Registration No. 21-33233-67 under the Employees' State Insurance Act, 1948.
- Registration No. DL 23912 under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- Approval for usage of generating set at B- 56, Sector 5, Noida from Air Pollution Authority, Uttar Pradesh dated May 24, 2004.
- Approval for usage of generating set at B- 77, Sector 5, Noida from Air Pollution authority, Uttar Pradesh dated May 24, 2004.

(c) Approval for the Print Edition of Naukri.com

In addition, we have received the following registration in relation to approval for the print edition of Naukri.com:

- Certificate of Registration No. DELENG/2001/5501 from the Registrar of Newspapers for India.

(d) Others

We also require certain other registrations/approvals e.g. registration of the premises from where we offer our services to our customers under the Shops and Establishments Act and trade licenses as applicable in certain states. We have obtained all registrations/licenses required under the Shops and Establishments Act, except the following, which applications are still pending:

- Application in respect of our office in Surat, Gujarat
- Application in respect of our office in Vishakhapatnam, Andhra Pradesh
- Application in respect of our office in Chennai, Tamil Nadu

B. Outside India

We have received the following license for opening of a branch office in Dubai

- License No. 18361, dated January 3, 2006, from the Dubai Technology and Media Free Zone Authority.

III. Intellectual Property Related Approvals

In addition to the above, we have obtained the following intellectual property approvals in India and outside India:

A. Registrations in India under the Trademarks Act

Unless otherwise indicated, we own the following trademark registrations:

- Trademark Registration No. 888594, dated February 11, 2005, of "Naukri" in Class 9. This is valid for ten years from date of application, i.e., November 26, 1999.
- Trademark Registration No. 1155235, dated February 11, 2005, of the logo of naukri.com in Class 9. This is valid for ten years from date of application, i.e., December 3, 2002.

- Trademark Registration No. 1155239, dated May 10, 2005, of the logo of Quadrangle in Class 9. This is valid for ten years from date of application, i.e., December 3, 2002.
- Trademark Registration No. 1155238, dated April 4, 2005, of the logo of Quadrangle in Class 16. This is valid for ten years from date of application, i.e., December 3, 2002.
- Trademark Registration No. 1008455, dated May 10, 2005, of “Infoedge” in Class 16. This is valid for ten years from date of application, i.e., May 10, 2001.
- Trademark Registration No. 1155240, dated March 19, 2005, of the logo of “naukri.com” in Class 16. This is valid for ten years from date of application, i.e., December 3, 2002.
- Trademark Registration No. 1266841, dated October 29, 2005, of “Naukri.co.in” in Class 42. This is valid for 10 years from date of application, i.e., February 13, 2004. This trademark is owned by our Subsidiary, NISPL.
- Trademark Registration No. 896958, dated October 18, 2005, of “Jeevansathi” in Class 9. This is valid for 10 years from date of application, i.e., January 10, 2000. This trademark is owned by our Subsidiary, JISPL.
- Trademark Registration No. 1244907, dated October 18, 2005, for registration of the trademark “EXECUTIVE SEARCH GALLERY” in class 42. This is valid for 10 years from the date of application, i.e., October 22, 2003.
- Trademark Registration No. 1244908, dated October 18, 2005, for registration of the trademark “RESUME FLASH” in class 42. This is valid for 10 years from the date of application, i.e., October 22, 2003.
- Trademark Registration No. 1266561, dated October 26, 2005, for registration of logo of “Quadrangle” in class 42. This is valid for 10 years from the date of application, i.e., February 12, 2004.
- Trademark Registration No. 1266257, dated October 17, 2005, for registration of the trademark “Quadrangle” in class 42. This is valid for 10 years from the date of application, i.e., February 11, 2004.
- Trademark Registration No. 1266255, dated December 17, 2005, for registration of the trademark “BEST PLACES TO WORK” in class 42. This is valid for 10 years from the date of application, i.e., February 11, 2004.
- Trademark Registration No. 1244903, dated October 11, 2005, for registration of the trademark “HR ZONE”, in class 42. This is valid for 10 years from the date of application, i.e., October 22, 2003.
- Trademark Registration No. 1244909, dated December 23, 2005, for registration of the trademark “JOB MAIL”, under class 42. This is valid for 10 years from the date of application, i.e., October 22, 2003.
- Trademark Registration No. 1266254, dated October 29, 2005, for registration of the trademark “Hot Vacancies”, under class 42. This is valid for 10 years from the date of application, i.e., February 12, 2004.
- Trademark Registration No. 1266562, dated October 29, 2005, for registration of the trademark (logo) “INFO EDGE”, under class 42. This is valid for 10 years from the date of application, i.e., February 12, 2004.
- Trademark Registration No. 1244904, dated January 2, 2006, for registration of the trademark “TOP MANAGEMENT ZONE”, under class 42. This is valid for 10 years from the date of application, i.e., October 22, 2003.

- Trademark Registration No. 1244906, dated January 2, 2006, for registration of the trademark “CALL CENTRE ZONE”, under class 42. This is valid for 10 years from the date of application, i.e., October 22, 2003.
- Trademark Registration No. 1266256, dated December 17, 2005, for registration of the trademark “JOB GALLERY” under class 42. This is valid for 10 years from the date of application, i.e., February 11, 2004.
- Trademark Registration No. 1262309, dated June 9, 2006, for registration of the trademark “NAUKRI.COM”, under class 42. This is valid for 10 years from the date of application, i.e., January 21, 2004.
- Trademark Registration No. 1267614, dated March 17, 2006, for registration of the trademark “NAUKRI.ORG”, under class 42, 16 and 9. This is valid for 10 years from the date of application, i.e., February 17, 2004.
- Trademark Registration No. 896959, dated January 13, 2006, for registration of the trademark “Jeevansathi” under class 16. This is valid for 10 years from the date of application, i.e., January 10, 2000. This trademark is owned by our Subsidiary, JISPL.
- Trademark Registration No. 1244668, dated March 17, 2006, for registration of logo of “Naukri” in class 35, 36 and 42. This is valid for 10 years from the date of application, i.e., October 21, 2003.

B. Registrations outside India

We have received the following registrations in relation to our trademark outside India:

- Trademark Registration No. 23/05/RADM, dated January 26, 2005, of “Naukri” in the Republic of Djibouti. This will expire on July 25, 2014.
- Certificate of registration No. 3031183, dated December 20, 2005, of “Naukri” as a service mark with the Trademark Registry, United States of America.
- Certificate of registration No. 3031184, dated December 20, 2005, of “Naukri.com ” as a service mark with the Trademark Registry, United States of America.

C. Applications in India under the Trademarks Act

Further, unless otherwise indicated, we have made applications in relation to the registration of the following trademarks in India, which are pending:

- Application No. 1239406, dated September 24, 2003, for registration of the trademark “Jeevansathi” under class 42 is pending with the Trademark Registry, Delhi. This application was made by our Subsidiary, JISPL.
- Application No. 12399694, dated September 26, 2003, for registration of the trademark “Jeevansathi.com” under class 42 is pending with the Trademark Registry, Delhi. This application was made by our Subsidiary, JISPL.
- Application No. 1244905, dated October 22, 2003, for registration of the trademark “E-CAMPUS ZONE”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1244910, dated October 22, 2003, for registration of the trademark “RESUME DISPLAY”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 888595, dated November 26, 1999, for registration of the trademark “Naukri”, under class 16 is pending with the Trademark Registry, Delhi. This application has been opposed by M/s Accent Overseas Private Limited. We have filed a rejoinder to the opposition.

- Application No. 1265371, dated February 6, 2004, for registration of the trademark “INFO EDGE”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1262308, dated January 21, 2004, for registration of the trademark “NAUKRI”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1267265, dated February 16, 2004, for registration of the trademark “NAUKRI.CO.IN”, under class 9 and 16 is pending with the Trademark Registry, Delhi. This application was made by our Subsidiary, NISPL.
- Application No. 1373960, dated July 26, 2005, for registration of the trademark “99acres.com”, under class 9 is pending with the Trademark Registry, Delhi.
- Application No. 1373961, dated July 26, 2005, for registration of the trademark “99acres.com”, under class 16 is pending with the Trademark Registry, Delhi.
- Application No. 1373962, dated July 26, 2005, for registration of the trademark “99acres.com”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1373963, dated July 26, 2005, for registration of the trademark “99acres”, under class 9 is pending with the Trademark Registry, Delhi.
- Application No. 1373964, dated July 26, 2005, for registration of the trademark “99acres”, under class 16 is pending with the Trademark Registry, Delhi.
- Application No. 1373965, dated July 26, 2005, for registration of the trademark “99acres”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1436340, dated March 21, 2006, for registration of the trademark “RESDEX”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438560, dated March 27, 2006, for registration of the trademark “99acresonmobile.com”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438559, dated March 27, 2006, for registration of the trademark “99acresonmobile”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438556, dated March 27, 2006, for registration of the trademark “naukrionmobile.com”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438563, dated March 27, 2006, for registration of the trademark “naukrionmobile”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438561, dated March 27, 2006, for registration of the trademark “jeevansathionmobile.com”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438562, dated March 27, 2006, for registration of the trademark “jeevansathionmobile”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438557, dated March 27, 2006, for registration of the trademark “instanuakri”, under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1438558, dated March 27, 2006, for registration of the trademark “instanaukri.com”, under class 42 is pending with the Trademark Registry, Delhi.

D. Applications outside India

We have made the following applications in relation to the registration of our trademarks outside India, which are pending:

- Application No. 209245, dated May 17, 2005, for registration of the trademark “NAUKRI” under class 35 is pending with the Trademarks Registry, Karachi, Pakistan.
- Application No. 220031, dated March 25, 2006, for registration of the trademark “NAUKRI” under class 42 is pending with the Trademarks Registry, Karachi, Pakistan

E. Others

In addition, we have received the following certificate in relation to our domain name:

- Certificate dated January 6, 2005, from the National Internet Exchange of India certifying that the domain name www.naukri.in has been allotted to us.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Company

The Board of Directors has, pursuant to resolution passed at its meeting held on March 20, 2006, authorized the Issue subject to the approval by our shareholders under Section 81(1A) of the Companies Act. Pursuant to the authority granted by the Board of Directors at its meeting held on December 30, 2005, the IPO Committee of the Board approved the Issue in its meeting held on May 4, 2006.

The shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at our EGM held on May 4, 2006 at New Delhi.

Prohibition by SEBI

We, the Directors, the Promoters, our Promoter group companies, associates, subsidiaries and affiliates and companies with which the Directors are associated with as directors or promoters have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

We are an unlisted Company satisfying the conditions specified in 2.2.1(b); 2.2.1(c); 2.2.1(d) and 2.2.1(e) of the SEBI Guidelines. However we do not satisfy the conditions specified in 2.2.1(a) as more than 50% of our net tangible assets was held in monetary assets during the preceding three years (i.e., Fiscal years 2004, 2005 and 2006). The workings in this regard are presented below:

Amount (Rs. million)			
Particulars	March 31, 2004	March 31, 2005	March 31, 2006
Monetary Assets			
Cash & Bank Balances	113.84	155.91	321
Short Term Non Trade unquoted Investments	5.04	20.56	125.82
	118.88	176.47	446.82
Net Tangible Assets			
Net Fixed Assets	16.4	60.06	94.88
Investments	5.04	20.56	125.82
Advance recoverable from ESOP trust	1.00	14.79	16.29
Current Assets, Loans and Advances	130.65	217.15	396.77
Less: Intangibles	(0.17)	(24.68)	(19.14)
	152.92	287.88	614.62
Monetary Assets as % of Net tangible assets	77.7%	61.3%	72.7%

As we are an unlisted company not complying with the conditions specified in Clause 2.2.1(a) of the SEBI Guidelines and are, therefore, required to meet both the conditions for the Issue as per Clause 2.2.2 of the SEBI Guidelines. We are eligible for the issue as per Clause 2.2.2 of the SEBI Guidelines, which states as follows:

“2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of the net offer to public being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

Or

(a) (ii) The “project” has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

And

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

Or

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

- (a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
- (b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)”

We are required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

We are complying with Clause 2.2.2 (a) (i) of the SEBI Guidelines and at least 60% of the Net Issue is proposed to be Allotted to QIB Bidders (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders. Accordingly, as per the second proviso to Clause 11.3.5(i) of the SEBI Guidelines, Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the Net Issue, respectively.

We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. 272.95 million, which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, the Issue is subject to the fulfillment of the following conditions as required under Clause 19(2)(b) of the SCRR:

A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are being offered to the public;

The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs.1,000 million; and

The Net Issue is made through the Book Building Process with allocation of at least 60% of the Net Issue to QIBs as defined under the SEBI Guidelines.

We undertake that the number of Allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. Further, if at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

We, the Promoters, individual members of the Promoter group, the Promoter group companies and associate companies are not defined as willful defaulters by the RBI/Government of India authorities and there are no

violations of securities laws committed by them in the past or pending against them. No penalty has been imposed by SEBI and other regulatory bodies against us, the Directors, the Promoters and the Promoter group companies.

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED AND ICICI SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE WE ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT WE DISCHARGE OUR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED AND ICICI SECURITIES LIMITED HAVE FURNISHED TO SEBI, DUE DILIGENCE CERTIFICATES DATED MAY 26, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992. THE DUE DILIGENCE CERTIFICATES DATED MAY 26, 2006 READ AS FOLLOWS:

- “(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- (II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. OFFERED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE ISSUE.

BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Red Herring Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at New Delhi.

The filing of the Red Herring Prospectus does not, however, absolve us from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from BSE

BSE has given vide its letter dated July 28, 2006 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer documents; or
- (ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management, or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer from NSE

As required, a copy of this Offer Document has been submitted to NSE. NSE has given vide its letter ref: NSE/LIST/26710-G dated August 1, 2006 permission to the Issuer to use Exchange's name in this Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on

the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation any analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer from the Company and the BRLMs

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to us, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares and will not offer, sell, pledge or transfer our Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares. We, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire our Equity Shares.

We, the Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our websites, www.naukri.com, www.jeevansathi.com and www.99acres.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated May 24, 2006 and the Underwriting Agreement entered into among the Underwriters and us.

All information shall be made available by us and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither us nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended from time to time (the "Securities Act") or any state securities laws in the United States and

may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers” (as defined in Rule 144A of the Securities Act) in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act, and in compliance with the applicable laws of the jurisdictions where those offers and sales occur.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at New Delhi.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered through the Red Herring Prospectus. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then we shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, the legal advisors, the Banker to the Issue; and (b) the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus to concerned regulatory authorities.

Price Waterhouse, Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus to concerned regulatory authorities.

Expert Opinion

Except as specifically stated in the Red Herring Prospectus, we have not obtained any expert opinions.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. million)	Expense (% of total expenses)	Expense (% of Issue Size)
Lead management, underwriting and selling commissions*	[•]	[•]	[•]
Advertising and marketing expenses*	[•]	[•]	[•]
Printing and stationery*	[•]	[•]	[•]
Other (Registrar's fees, legal fees, etc.)*	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

* Will be provided after the finalization of the Issue Price

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs, a copy of which is available for inspection at the Registered Office of the Company and reimbursement of their out of pocket expenses.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with our Company dated May 22, 2006, a copy of which is available for inspection at the Registered Office of the Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by us to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

We have not made any public or rights issues during the last five years.

Offers otherwise than for Cash

Except as stated in the section "Capital Structure" and "History and Certain Corporate Matters" beginning on page 17 and 66 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Offers of the Equity Shares

Since this is the initial public offering of our Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our inception.

Companies under the Same Management

There is no other company under the same management within the meaning of Section 370 (1B) of the Companies Act, other than the subsidiaries and Promoter group companies, details of which companies are provided in the sections titled "History and Certain Corporate Matters" and "Promoters and Promoter Group" beginning on pages 66 and 82 of this Red Herring Prospectus.

Promise vs. Performance – Last Issue of Group/Associate Companies

None of the our Promoter group or associate companies are listed and hence there is no disclosure relating to "Promise vs. Performance".

Outstanding Debentures or Bonds

We do not have any outstanding debentures or bonds.

Outstanding Preference Shares

We do not have any outstanding Preference Shares.

Stock Market Data of our Equity Shares

This being our initial public offering, the Equity Shares are not listed on any stock exchange.

Other Disclosures

The Promoter group, or the Directors have sold their securities during a period of six months preceding the date on which this Red Herring Prospectus, the details of which are as follows:

Seller	Relationship with the Company	Purchaser	No. of Equity Shares of Rs. 10 each	Price (in Rs./Equity Share)
Mr. Sanjeev Bikhchandani	Promoter and Director	Murugan Capital	410,400	245
Ms. Surabhi Bikhchandani	Member of Promoter Group	Sherpalo Mauritius LLC	436,723	245
Ms. Surabhi Bikhchandani	Member of the Promoter Group	Murugan Capital	1	245
Mr. Hitesh Oberoi	Promoter and Director	Sherpalo Mauritius LLC	109,181	245

Mechanism for Redressing Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressing their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to the Issue for the redressing routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Amit Gupta as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

A-88, Sector 2
Noida 201 301, Uttar Pradesh, India
Tel: +91 120 3082000
Fax: +91 120 3082095
Email: investors@naukri.com

Mechanism for the Redressal of Investor Grievances by Companies under the Same Management

We do not have any other company under the same management within the meaning of Section 370(1B) of the Companies Act except for our Subsidiaries.

Changes in Auditors

There have been no changes of the auditors in the last three years.

Capitalization of Reserves or Profits

Except as disclosed in this Red Herring Prospectus, we have not capitalized our reserves or profits at any time during the last five years.

Revaluation of Assets

We have not revalued our assets in the last five years.

Interest of Promoters and Directors

Promoters

Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi, and Mr. Ambarish Raghuvanshi are our Promoters.

- Mr. Sanjeev Bikhchandani is our Managing Director and Chief Executive Officer. He receives a salary of Rs. 5.53 million per annum.
- Mr. Hitesh Oberoi is our Whole Time Director and Chief Operating Officer. He receives a salary of Rs. 7.30 million per annum.
- Mr. Ambarish Raghuvanshi is our Whole Time Director and Chief Financial Officer. He receives a salary of Rs. 3.43 million per annum.

Each of the Promoters is an interested party in any dividend and distributions made by us.

The Promoters will be interested parties in any future contracts that we may enter into with any Promoter group companies.

Directors

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or any committee thereof. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

Payment or Benefit to Promoters of the Company

Except as stated otherwise in this Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or has been given during the preceding two years by us to any of the Promoters except the remuneration rendered to certain individual Promoters as Directors, officers or employees.

SECTION VII – ISSUE STRUCTURE

ISSUE STRUCTURE

The present Net Issue of 4,791,466 Equity Shares of Rs.10 each for cash by us issued at a price of Rs. [●] per Equity Share, aggregating Rs. [●] million, and is being made through the 100% Book Building Process. 532,385 Equity Shares will be reserved in the Issue for subscription by Employees at the Issue Price.

If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money shall be refunded forthwith.

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation	532,385 Equity Shares	At least 2,874,880 Equity Shares or Net Issue allocation in Non Institutional Bidders and Retail Individual Bidders.	Up to 479,146 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders ⁽¹⁾	Up to 1,437,440 Equity Shares or Net Issue less allocation to QIB Bidder and NIIs ⁽¹⁾
Percentage of Issue Size available for allocation	Up to 10% of the Issue.	At least 60% of the Net Issue or Net Issue allocation in Non Institutional Bidders and Retail Individual Bidders. ⁽²⁾ 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Up to 10% of the Net Issue to public or Net Issue less allocation to QIBs and Retail Portion ⁽²⁾	Up to 30% of the Net Issue to public or Net Issue less allocation to QIBs and Non Institutional Bidders ⁽²⁾
Basis of Allocation	Proportionate	Proportionate (a) 143,744 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 2,731,136 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	20 Equity Shares and in multiples of 20 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 20 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 20 Equity Shares	20 Equity Shares and in multiples of 20 Equity Shares thereafter
Maximum Bid	Not exceeding the size of the Issue, subject to applicable limits.	Not exceeding the Net Issue subject to regulations as applicable to the Bidders	Not exceeding the Net Issue subject to regulations applicable to the Bidders	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs.100,000
Allotment Mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply⁽³⁾	A permanent employee or a Director (whole-time Director, part-time Director or otherwise) of the Company, who is, as on the date of the	Public financial institutions, as defined in section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI,	Resident Indian individuals, HUF (in the name of <i>Karta</i>), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts	Resident Indian individuals including Eligible NRIs and HUFs (in the name of <i>Karta</i>) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs.100,000

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
	submission of the Bid cum Application Form, an Indian National and is based in India, excluding any Promoter or member of the Promoter group. The permanent employees should be on the payroll of the Company as of September 1, 2006 and the Directors should be Directors on the date of this Red Herring Prospectus. The Employee(s) may also be referred to as “Bidder(s) in the Employee Reservation Portion” in this Prospectus.	venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, permitted insurance companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 million and Pension Funds with minimum corpus of Rs.250 million in accordance with applicable law.		
Terms of Payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application Form to the Syndicate Member	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate
Margin Amount	Full Bid Amount on Bidding(4)	At least 10% of the Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

- (1) The unsubscribed portion, if any, out of the Equity Shares under Employee Reservation Portion will be added back to the Net Issue and allocated in accordance with the description in “Issue Procedure – Basis of Allotment”.
- (2) Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in the Non Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories or combination of categories, at our discretion in consultation with the BRLMs and the BSE. However, if the aggregate demand by Mutual Funds is less than 143,744 Equity Shares (assuming QIB Portion is 60% of the Net Issue 2,874,880 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.
- (3) In the event that the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- (4) After the Bid/Issue Closing Date, depending on the level of subscription, additional Margin amount, if any, may be called for from the QIB Bidders.

Withdrawal of the Issue

We, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefor.

Bid/Issue Programme

Bidding/Issue Period

BID/OFFER OPENS ON	October 30, 2006
BID/OFFER CLOSES ON	November 2, 2006

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding/Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form and uploaded till such time as permitted by the Stock Exchanges on the Bid/Issue Closing Date.

We reserve the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The Cap Price should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document/certificates that may be executed in respect of the Issue. In addition, the Equity Shares shall also be subject to all applicable laws, guidelines, notifications, rules and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Company

The Board of Directors has, pursuant to resolution passed at its meeting held on March 20, 2006, authorized the Issue subject to the approval by our shareholders under Section 81(1A) of the Companies Act. Pursuant to the authority granted by the Board of Directors at its meeting held on December 30, 2005, the IPO Committee of the Board in its meeting held on May 4, 2006.

The shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at our EGM held on May 4, 2006 at New Delhi.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per provisions of the Companies Act.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association and shall rank *pari passu* in all respects with our existing Equity Shares including in respect of the rights to receive dividends. See the section entitled “Main Provisions of Articles of Association of the Company” beginning on page 262 of this Red Herring Prospectus for a description of the Articles of Association. The persons in receipt of Allotment will be entitled to dividends or any other corporate benefits (including dividends), if any, declared by us from the date of Allotment.

Face Value and Issue Price

The Equity Shares having a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a total price of Rs. [•] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien transfer and transmission and/or consolidation/splitting, see the section entitled

“Main Provisions of Articles of Association of the Company” beginning on page 262 of this Red Herring Prospectus.

Market Lot and Trading Lot

As trading in the Equity Shares is compulsorily in dematerialized form, the tradable lot is one Equity Share. In accordance with Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. Allotment of Equity Shares through this Issue will be done in electronic form, in multiples of one Equity Share, subject to a minimum allotment of 20 Equity Shares.

Jurisdiction

Exclusive jurisdiction for purposes of this Issue is with the competent courts in Delhi, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale /transfer/alienation of the Equity Shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the Registrar and transfer agent of our company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment/transfer of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors require a change in the nomination, they are requested to inform their respective Depository Participant.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue less the Employee Reservation Portion including devolvement of the Underwriters/members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount (i.e., 60 days from the Bid/Issue Closing Date), we shall pay interest as per Section 73 of Companies Act.

If at least 60% of the Net Issue cannot be allotted to QIB's, then the entire application money will be refunded.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended from time to time (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers” (as defined in Rule 144A of the Securities Act) in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act, and in compliance with the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post-Issue capital and Clause 2.2.2(a)(i) of the SEBI Guidelines, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers including up to 5% of the QIB Portion which shall be available for allocation to Mutual Funds only. Further, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Our Company in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated in writing to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and bids under the Employee Reservation Portion, we would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges. Successful Bidders will have the option to dematerialize the Equity Shares so allotted if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid cum Application Form
Indian Public, Eligible NRIs applying on a non-repatriation basis	White
Non-residents, including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis	Blue
Bidders in the Employee Reservation Portion	Green

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, or in the names, of their minor children, as natural/legal guardians, in single or joint names (not more than three);
3. Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of

Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;

4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
5. Mutual Funds registered with SEBI;
6. Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI guidelines and regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
9. FIIs registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. State Industrial Development Corporations;
11. Insurance companies registered with Insurance Regulatory and Development Authority; India
12. Provident funds with minimum corpus of Rs.250million and who are authorized under their constitution to invest in Equity Shares;
13. Pension funds with minimum corpus of Rs.250million and who are authorized under their constitution to invest in Equity Shares;
14. Trusts/societies registered under the Societies Registration Act, 1860, as amended from time to time, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in the Equity Shares;
15. Eligible NRIs subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
16. Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the Issue;
17. Scientific and/or industrial research organizations in India authorized under their constitution to invest in Equity Shares; and
18. Our permanent employees or Directors (whole-time Directors, part-time Directors or otherwise), who are Indian Nationals and are based in India. The permanent employees should be on our payroll as of April 30, 2006 and the Directors should be Directors on the date of the Red Herring Prospectus.

Participation by BRLMs and Syndicate Members, and their associates

Associates of BRLMs and Syndicate Members may bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in the Non-Institutional Portion, as may be applicable to such investors. Such bidding and subscription may be either on their own account or on behalf of their clients. Allotment to all investors including associates of BRLMs and Syndicate Members shall be on a proportionate basis.

However, the BRLMs and Syndicate Members shall not be entitled to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations.

As per existing regulations, OCBs cannot Bid in the Issue.

It is to be distinctly understood that there is no reservation for Non Residents including eligible NRIs, FIIs and FVCIs and all Non Residents will be treated on the same basis as other categories for the purpose of allocation.

Note: The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis."

Bidders should note that:

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the application is being made.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-Issue paid-up capital (i.e., 10% of 27,295,256 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital or 5% of the total paid-up capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in us cannot exceed 24% of our total paid-up capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended from time to time, an FII or its sub account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any venture capital fund or foreign venture capital investor should not exceed 25% of the corpus of the venture capital fund or of the foreign venture capital investor.

The above information is given for the benefit of the Bidders. We and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Individual Bidders

The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000. In case the Bid Amount is over Rs.100,000 due to revision of the Price Band, or revision of the Bid or on exercise of an option to Bid at the Cut-off Price, the Bid would be considered for allocation under the Non Institutional Bidders category. The option to bid at the Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

For Non Institutional Bidders and QIB Bidders

The Bid must be for a minimum of such number of Equity Shares and in multiples of 20 Equity Shares thereafter, so as to ensure that the Bid Amount exceeds Rs.100,000. A Bid cannot be submitted for more than the size of the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws, regulations and guidelines. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin upon submission of the Bid cum Application Form.**

In case of revision in Bids, the Non Institutional Bidders who are individuals will have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non Institutional Bidders category. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Individual Bidder category would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed the option of bidding at the Cut-off Price.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.100,000 may bid at the Cut-off Price. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum Allotment to any Employee will be capped at up to 50,000 Equity Shares.

Information for the Bidders

1. We will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

1. We and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Red Herring Prospectus filed with RoC and publish the same in two widely circulated

newspapers (one each in English and Hindi). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act and shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period (in accordance with the terms of the Syndicate Agreement).

2. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and the Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, for an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to the Equity Shares should approach the members of Syndicate or their authorized agents to register their Bid. Every member of the Syndicate shall accept Bids from investors who place orders through them and shall have the right to vet the Bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the section titled “Issue Procedures – Bids at Different Price Levels” beginning on page 238 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation/allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the section titled “Issue Procedure – Build up of the Book and Revision of Bids” beginning on page 242 of this Red Herring Prospectus.
6. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip or TRS, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled “Issue Procedure – Terms of Payment and Payment into Escrow Account” beginning on page 240 of this Red Herring Prospectus.
8. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept bids from all clients/ investors who place orders through them and shall have the right to vet the Bids.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 290 to Rs. 320 per Equity Share, Rs. 290 being the Floor Price and Rs. 320 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.
2. We, in consultation with the BRLMs, can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/Issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. The cap on the Price Band will not be more than 20% of the floor of the Price Band. Subject to compliance with the

immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and also indicating the change on the web site of the BRLMs and at the terminals of the members of the Syndicate.
4. We, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to Rs.100,000 may bid at the Cut-off Price. Employees applying for a maximum Bid in any of the bidding options not exceeding up to Rs.100,000 may also bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for Employees bidding for an amount exceeding Rs.100,000 and for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders and employees shall be rejected.
6. Retail Individual Bidders/Bidders in the Employee Reservation Portion who bid at the Cut-off Price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which will be any price within the Price Band. Retail Individual Bidders/ Bidders in the Employee Reservation Portion bidding at the Cut-off Price shall deposit in the Escrow Account the Bid Amount based on the Cap Price Band. In the event the Bid Amount is higher than the Allocation Amount, Cut-off Price Retail Individual Bidders/Bidders in the Employee Reservation Portion shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders/Bidders in the Employee Reservation Portion who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, (such that the total amount i.e., original Bid amount plus additional payment does not exceed Rs. 100,000 if the bidder wants to continue to Bid at the Cut-off Price) with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs.100,000, the Bid will be considered for allocation under the Non Institutional category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allocation, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders or Bidders in the Employee Reservation Portion who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Account.
9. In the event of any revision in the Price Band whether upwards or downwards the minimum application size shall remain 20 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Application In the Issue

Equity Shares being issue through this Red Herring Prospectus can be applied for in the dematerialized form only.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 147,395 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible NRI's

NRI Bidders to Comply with the following;

- 1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, our corporate office, members of the Syndicate or the Registrar to the Issue.**
- 2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange, shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color)**

Escrow Mechanism

We and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank in whose favor the Bidders shall make out the cheque or demand draft in respect of their Bid(s) and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement with us. Payments of refund to the Bidders shall also be made from the Escrow Accounts as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder who is required to pay Margin Amount greater than 0% shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favor of the Escrow Account of the Escrow Collection Bank (for details refer to the section titled "Issued Procedure – Payment Instructions" beginning on page 249 of this Red Herring Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. In case of the QIB Portion, the Margin Amount has to be submitted along with the Bid to the Syndicate. Bid cum Application Forms accompanied by cash/stock invest/money order shall not be accepted. The maximum Bid Amount has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Bank shall be held for the benefit of the Bidders who are entitled to a refund in the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIB Bidders, Non Institutional Bidders and Retail Individual Bidders and Bidders in the Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The details of the Margin Amount payable is mentioned under the section titled "Issue Structure" beginning on page 227 of this Red Herring Prospectus and will be available with the Syndicate and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than such Bidder had bid for the excess amount paid on bidding, if any, after adjustment for allocation will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the period mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange centre is located in India, and where Bids are accepted.
2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Issue Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, members of the Syndicate will upload the Bids until such time as permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on each of the electronic facilities of the BSE and the NSE will be consolidated on half hourly basis. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor;
 - Investor Category — Individual, Corporate, Eligible NRI, FII, or QIBs, etc.;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository Participant identification number and Client identification number of the demat account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or by us.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The members of the Syndicate have the right to review the Bid. Consequently QIB Bids procured can be rejected by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, their Bids shall not be rejected except on the technical grounds listed under section titled "Issue Procedure – Grounds for Technical Rejections" beginning on page 253 of this Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by us or the BRLMs are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the our financial or other soundness or of the Promoters, our management or any of our schemes or projects.
9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the BSE and the NSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE and the NSE mainframe on half hourly basis.
2. During the Bidding/Issue Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form that is a part of the Bid cum Application Form.
3. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
4. The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revisions in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form (or copies thereof).**
5. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

6. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.**
7. Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for allocation/ allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, our decision in consultation with the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with us.
2. We, in consultation with the BRLMs, shall finalize the “Issue Price” and the number of Equity Shares to be allotted and the allotment to successful Bidders.
3. The allocation to QIBs of at least 60% of the Net Issue would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs) in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price, in the manner as described in the section titled “Issue Procedure – Basis of Allotment – Allotment to QIB Bidders” beginning on page 254 of this Red Herring Prospectus. The allocation to Non Institutional Bidders and Retail Individual Bidders of up to 10% and up to 30% of the Net Issue, respectively, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
4. Under subscription, if any, in the Retail and Non Institutional categories, would be allowed to be met with spill over of demand from any of the other categories or combination of categories, at our sole discretion in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 147,395 Equity Shares, the balance Equity Shares from the 5% specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Any under subscription in the Equity Shares reserved for allocation to Bidders in the Employee Reservation Portion would be treated as part of the Net Issue to the public and allocation in accordance with the Basis of Allocation described in the section titled “Other Regulatory and Statutory Disclosures” beginning on page 218 of this Red Herring Prospectus.
5. Allocation to Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
6. The BRLMs and we shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
7. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefor, but before allotment.
8. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

1. We, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation to the Bidders.
2. After the Underwriting Agreement is signed, we will file the Red Herring Prospectus with the RoC, which then would be termed “Prospectus” and would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Red Herring Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi). This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that we shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
2. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account at the time of submitting the Bid cum Application Form shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of submitting the Bid cum Application Form shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we will allot/transfer the Equity Shares to the Allottees. Successful Bidders will receive credit for the Equity Shares directly in their Depository Accounts. Equity Shares will be allotted only in the dematerialized form to the Allottees. Successful Bidders will have the option to rematerialize the Equity Shares so Allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

We will ensure the Allotment within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we will ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of Allotment.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

General Instructions

Do's:

- Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in color) or Non-Resident Bid cum Application Form (blue in color) or Employee Bid Application Form (green in color), as the case may be;
- Ensure that you Bid only within the Price Band;
- Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in dematerialized form only;

- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- **Investors should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the depository account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the depository account is also held in the same joint names and such joint names are in the same sequence in which they appear in the Bid cum Application Form.**
- Where Bid(s) is/ are for Rs. 50,000 or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.
- If you are a body corporate making an Application in this Issue, ensure that you provide your UIN. If you have made an application for such a number before December 31, 2004 but the number has not been allotted or where an appeal has been filed but not disposed off, ensure that you provide such information in the Bid cum Application Form. For further information, see the section titled "Issue Procedure – Unique Identification Number" on page 252 of the Red Herring Prospectus.
- Ensure that the demographic details are updated and are true and correct in all respects.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the Floor Price or higher than the Cap Price;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash, by money order, postal order or by stockinvest;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at the Cut-off price (for Non Institutional Bidders, or QIB Bidders or Bidders in the Employee Reservation Portion for whom the Bid Amount exceeds Rs.100,000);
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under applicable laws or regulations or under the terms of the Red Herring Prospectus; and
- Do not submit the GIR number instead of PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue color for Non-Residents, including Eligible NRIs, FIIs registered with SEBI, foreign venture capital investors registered with SEBI applying on repatriation basis and green color for Bidders in the Employee Reservation Portion).
2. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of 20 Equity Shares and in multiples of 20 thereafter subject to a maximum Bid Amount of Rs.100,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 20 Equity Shares thereafter. Bids cannot be made for more than the size of the Net Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws and regulations.
5. For Bidders in the Employee Reservation Portion the bid must be for a minimum of 20 Equity Shares and shall be in multiples of 20 Equity Shares thereafter. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum Allotment to any Bidder in the Employee Reservation Portion will be capped at up to 50,000 Equity Shares.
6. In single name or in joint names (not more than three) and in the same order as their Depository Participant details).
7. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bid by Employees

For the sake of clarity, the term “Employees” shall mean all or any of the following all of whom should be Indian Nationals and are based in India:

- (i) a permanent employee on our payroll as on September 1, 2006.
 - (ii) a Director, whether a whole-time Director, part time Director or otherwise, who is a Director on the date of the Red Herring Prospectus.
1. Bids by Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e., green color form).
 2. Employees should mention their Employee Number at the relevant place in the Bid cum Application Form.
 3. The sole/First Bidder should be an Employee as defined above. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.
 4. Only permanent employees on our payroll as on the cut-off date, i.e., April 30, 2006 and Directors as of the date of the Red Herring Prospectus would be eligible to apply in this Issue under reservation for Employees on a competitive basis.
 5. Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allotment under this category.

6. If the aggregate demand in this category is less than or equal to 532,385 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Issue and Allotment in accordance with the description in Basis of Allocation in the section titled “Other Regulatory and Statutory Disclosures” beginning on page 218 of this Red Herring Prospectus.
7. If the aggregate demand in this category is greater than 532,385 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to maximum Allotment to any Employee of up to 50,000 Equity Shares.
8. Bidding at the Cut-off Price is allowed only for Employees whose Bid Amount is less than or equal to Rs. 100,000. Bids made by Employees both under Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

Bidder’s Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidder’s bank account details including the nine digit Magnetic Ink Character Reader (“MICR”) as appearing on the cheque leaf. These bank account details would be printed on the refund order, if any, to be sent to Bidders. Also, Bidders who bid at 15 centers where clearing houses are managed by the RBI will get refunds only through ECS (subject to availability of information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to receive refunds through NEFT, RTGS or direct credit and the bank details of such Bidders shall be taken directly from the database of the Depository Participants. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder’s sole risk and neither the BRLMs nor the Company shall have any responsibility or undertake any liability for the same.

Bidder’s Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as “Demographic Details”). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund order and the demographic details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, each Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories; provided that Bidders who bid at 15 centers where clearing houses are managed by the RBI will get refunds only through ECS and the bank details of such Bidders shall be taken

directly from the database of the Depository Participants. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of CANs/refund orders. Please note that any such delay shall be at the Bidder's sole risk.

In case no corresponding record is available with the Depositories that match three parameters, i.e., name of the Bidder (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or, if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, eligible corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

We, in our absolute discretion, reserve the right to relax the above conditions of simultaneous lodging of the Power of Attorney along with the Bid cum Application Form, subject to such terms and conditions as we may deem fit.

Bids by Eligible NRIs

Eligible NRI Bidders to comply with the following:

1. Individual Eligible NRI Bidders can obtain the Bid cum Application Forms from our Registered Office at A-6 Swasthya Vihar, New Delhi 110 092, India, the BRLMs, members of the Syndicate or the Registrar to the Issue.

2. Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (white in color).

Bids by Eligible NRIs, FIIs registered with SEBI/ FVCIs registered with SEBI/ Multilateral and Bilateral Development Financial Institutions on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By Eligible NRIs - Bids for a Bid Amount of up to Rs.100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs.100,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation;

By FIIs/FVCIs - for a minimum of such number of Equity Shares and in multiples of 20 thereafter that the Bid Amount exceeds Rs.100,000 for further details see section titled "Issue Procedure – Maximum and Minimum Bid Size" beginning on page 237 of this Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs/ FVCIs or multilateral and bilateral development institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals excluding Eligible NRIs or their nominees.
5. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

We shall open Escrow Accounts with the Escrow Collection Bank for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand drafts for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

1. The Bidders for whom the applicable margin is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate along with the Bid cum Application Form.
2. In case the Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allotted to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN, which shall be subjected to a minimum period of two days from the date of communication of the allotment list to the Syndicate Member(s) by the BRLMs.
3. In case the payment of the Bid Amount has been waived by a member of the Syndicate during the Bidding/Issue Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the

period specified in the CAN which shall be a minimum period of two days from the date of communications of the allocation list to the members of the Syndicate by the BRLMs.

4. The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - (a) In case of resident QIB Bidders: “Escrow Account – Info Edge (India) Limited Public Issue – QIB-R”;
 - (b) In case of non resident QIB Bidders: “Escrow Account – Info Edge (India) Limited Public Issue – QIB-NR”;
 - (c) In case of Resident Retail and Non Institutional Bidders: “Escrow Account – Info Edge (India) Limited Public Issue”;
 - (d) In case of Employees, “Escrow Account – Info Edge (India) Limited Public Issue – Employees”; and
 - (e) In case of Non Resident Retail and Non Institutional Bidders: “Escrow Account – Info Edge (India) Limited Public Issue – NR”
 - In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
 - In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts abroad or cheques or bank drafts for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
 - In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
5. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
6. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
7. On the Designated Date, the Escrow Collection Bank shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Issue.
8. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque or demand draft drawn on any bank (including a co-operative bank) which is situated at and is a member of, or sub-member of the bankers clearing house, located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques/bank drafts are liable to be rejected. Cash/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the option to use the stockinvest instrument for payment of the Bid money was withdrawn. Accordingly, payment through stockinvest will not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Forms. A member of the Syndicate may, at its discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and the Revision Form in the case of QIB Bidders, provided however that for QIB Bidders the Syndicate Member shall collect the QIB Margin and deposit the same in a specified Escrow Account.

The collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement will be valid and binding on us and the Syndicate. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids in the case of Individuals

Individuals may make Bids in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

Bids made by Employees both under Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in all or any categories.

PAN or GIR Number

Where the Bid is for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the Income Tax Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s)

shall mention “Not Applicable” and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention “Applied for” in the Bid cum Application Form. Further, where the Bidder(s) has mentioned “Applied for” or “Not Applicable”, the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number (“UIN”)

Under the SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time (“**MAPIN Regulations**”), and SEBI notifications dated November 25, 2003, July 30, 2004 and August 17, 2004, and press release dated December 31, 2004, no specified investor being a body corporate shall subscribe to securities which are proposed to be listed on any recognized stock exchange unless such specified investor and its promoters and directors have been allotted unique identification numbers or UINs, except (i) those promoters or directors who are persons resident outside India (such promoters or directors are required to obtain their UINs by December 31, 2005) and (ii) where such specified investor being a body corporate has applied for allotment of a UIN before December 31, 2004 and has not yet been allotted the UIN until disposal of its application, or where it has filed an appeal, until disposal of the appeal, as the case may be.

The SEBI press release dated December 31, 2004 further clarified that wherever the President of India/ Central Government/ State Government is a promoter, it is exempted from the requirement of obtaining a UIN under regulation 6(2) of the MAPIN Regulations.

Previously SEBI required that all resident investors not being bodies corporate who enter into any securities market transaction (including any transaction in units of mutual funds or collective investment schemes) of the value of Rs. 100,000 or more would be required to obtain a UIN by March 31, 2005. Subsequently, by a press release dated February 24, 2005, SEBI has announced that the date for obtaining the UIN has been extended from March 31, 2005 to December 31, 2005 for such specified investors.

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UINs and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/circulars, vide its circular MAPIN/Cir-13/2005. However, in its press release dated December 30, 2005, SEBI has decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut-off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. This limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors either to obtain a PAN or a UIN. SEBI has, however, stated in this press release that these changes will come into effect only upon necessary amendments being made to the SEBI MAPIN Regulations.

In terms of the above, it shall be compulsory as of the date of this Red Herring Prospectus for an investor being a body corporate making an application in this Issue to provide its UIN. In cases where a body corporate has made an application for such a number before December 31, 2004 but the number has not been allotted, or where an appeal has been filed but not disposed off, the investor shall provide such information in the Bid cum Application Form. A Bid cum Application Form from a specified investor being a body corporate that does not provide a UIN or UIN application status (in cases where an application for a UIN has been made before December 31, 2004, is liable to be rejected.

Right to Reject Bids

The BRLMs may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder in writing at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and

Bidders in the Employee Reservation Portion, we will have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or drafts and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by persons not competent to contract under the Indian Contract Act, including minors and persons of unsound mind;
5. PAN not stated if Bid is for Rs.50,000 or more or GIR number furnished instead of the PAN;
6. Bids for lower number of Equity Shares than specified for that category of investor;
7. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
8. Bids at the Cut-off Price where the Bid Amount exceeds Rs.100,000;
9. Bids for number of Equity Shares, which are not multiples of 20;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
13. Bid cum Application Form does not have the stamp of a member of the Syndicate;
14. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
15. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
16. Bids for amounts greater than the maximum permissible amounts prescribed by the applicable regulations;
17. Bids not duly signed by the sole/joint Bidders;
18. Bids by OCBs;
19. Bids accompanied by stockinvest/cash/money order;
20. Bids by U.S. residents or U.S. persons other than "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended;
21. Bids by Employees or Directors not eligible to apply in the Employee Reservation Portion;
22. In case no corresponding record is available with the Depositories that matches three parameters, i.e., name of the Bidder (including the sequence of names of joint holders), the Depository Participant's ID (DP ID) and the beneficiary's identity;

23. Bids by persons who are not eligible to acquire our Equity Shares, in terms of all applicable laws, rules, regulations, guidelines and approvals, including NRIs (except eligible NRIs);
24. Bids that are not accompanied by the applicable Margin Amount.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid bids in this portion is less than or equal to 1,437,440 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the valid bids in this category aggregate to more than 1,437,440 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid bids in this category aggregate to less than or equal to 479,146 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid bids.
- In case the valid bids in this category aggregate to more than 479,146 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;

- (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
- (ii) In the event that the valid bids for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
- (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- (c) The aggregate allocation to QIB Bidders shall not be less than 2,947,892 Equity Shares.

D. For Employee Reservation Portion

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the valid bids in this category aggregate to less than or equal to 532,385 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the valid bids in this category aggregate to more than 532,385 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.
- Only Employees (as defined above) may apply under the Employee Reservation Portion.

Method of Proportionate Basis of Allocation

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be Allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate Allotment to a Bidder is a number that is more than 1 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

- (d) In all Bids where the proportionate Allotment is less than 20 Equity Shares per Bidder, the Allotment shall be made as follows:
- Each successful Bidder shall be Allotted a minimum of 20 Equity Shares; and
 - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalized in consultation with the BSE.

Equity Shares in Dematerialized Form with NSDL or CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be Allotted only in dematerialized form (i.e., not in the form of physical certificates but fungible and represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been among the Registrar to the Issue, the depositories and us:

1. An agreement dated [●] among NSDL, us and the Registrar to the Issue for offering the depository option to the investors; and
2. An agreement dated [●] between CDSL, us and the Registrar to the Issue for offering the depository option to the investors.

Bidders will be allotted Equity Shares only in the dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading "Bidders Depository Account Details" in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the stock exchanges where the Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of the Equity Shares would be in dematerialized form only and for all investors in the demat segment of the respective stock exchange.

9. Non-transferable Allotment, advise or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. Amit Gupta, our Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Amit Gupta
Info Edge (India) Limited
A-88, Sector 2
Noida 201 301, Uttar Pradesh, India
Tel: +91 120 3082000
Fax: +91 120 3082095
Email: investors@naukri.com

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously;
- that we shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of Allotment;
- that the funds required for dispatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or Allotment advice to the Bidders shall be dispatched within specified time; and
- that other than the Pre-IPO Placement, no further offer of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.

Utilization of Issue Proceeds

The Board of Directors certifies that:

- all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested.

The Board of Directors also certifies that:

- the utilization of monies received from the Employee Reservation Portion shall be disclosed under an appropriate head in our balance sheet, indicating the purpose for which such monies have been utilized.

- the details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in our balance sheet, indicating the form in which such unutilized monies have been invested.

Disposal of Applications and Application Money

We shall ensure dispatch of Allotment advice or refund orders and giving of benefit to the beneficiary account with Depository Participants and submission of the Allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of Allotment of Equity Shares. We shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, “Under Certificate of Posting”, and dispatch of refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder’s sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of Allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, we further undertake that:

- Allotment/transfer of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date; and
- We would ensure dispatch of refund orders within 15 days of the Bid/Issue Closing Date.

Delay in Dispatch of Allotment Letters

We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within 15 days from the Bid/Issue Closing Date.

We will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or Allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank and payable at par at places where Bids are received, provided however that Bidders who bid at 15 centers where clearing houses are managed by the RBI will get refunds through ECS (subject to availability of information for crediting the refund through ECS) except where the applicant is otherwise disclosed as eligible to receive refunds through [●●●] and the bank details of such Bidders shall be taken directly from the database of the Depository Participants. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

We shall not have recourse to the Issue proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) **otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

No person shall make a Bid in pursuance of this Issue, unless such person is eligible to acquire our Equity Shares in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to us, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares and will not offer, sell, pledge or transfer our Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares. We, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire our Equity Shares.

PAYMENT OF REFUND

Mode of making refunds

- The payment of refund, if any, would be done through various modes in the following order of preference:
 - ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
 - NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants’ bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
 - Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, NEFT, RTGS shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
 - RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant’s bank receiving the credit would be borne by the applicant.
 - For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such

refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details Of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders (I)	Shares bid for (II)	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below) (III)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below) (IV)	Aggregate allocation to MFs (V)
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	6	114	51.64

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled “Issue Structure” beginning on page 227 of this Red Herring Prospectus.
2. Out of 120 million equity shares allocated to QIBs, 6 million (i.e., 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 114 million equity shares (i.e., 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 114 million equity shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares bid for (i.e., in column II) x 114/494
 - For Mutual Funds (MF1 to MF5)= [(No. of equity shares bid for (i.e., in column II of the table above) less equity shares allotted (i.e., column III of the table above)] x 114/494
 - The numerator and denominator for arriving at allocation of 114 million equity shares to the ten QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

In the event the Issue is over-subscribed, the basis of Allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that basis of Allotment is finalised in a fair and proper manner.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs.

The BRLMs, Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with SEBI Guidelines. The drawal of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy, foreign equity participation up to 100% is permissible.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, Indian law does not prohibit an FII or its sub-account to issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance with “Know Your Client” requirements, which stipulate fortnightly disclosures by the FII to SEBI informing them about the name, location, type of investor (hedge fund, corporate body, individual, pension fund or trust), quantity and value of investment made on behalf of the investor. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

As per the RBI regulations, OCBs cannot participate in the Issue.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Foreign Direct Investment (FDI) Policy, (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

1. INTERPRETATION

Interpretation

1. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which the Articles become binding on the Company.

The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith:

“The Act” means The Companies Act, 1956, and includes, where the context so admits, any re-enactment or statutory modification thereof for the time being in force.

“The Articles” mean these Articles of Association as adopted or as from time to time altered by Special Resolution.

“The Auditors” or “the Auditor” means Auditors or Auditor of the Company appointed in pursuance of the provisions of Section 224 or 224-A of the Act.

“Beneficial Owner” shall mean beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

“Board of Directors” or “the Board” means the Board of Directors for the time being of the Company.

“Bye-laws” means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

“The Company” means Info Edge (India) Limited.

“Depositories Act, 1996” shall include any statutory modification or re-enactment thereof.

“Depository” shall mean a Depository as defined in clause (e) of the sub-section (1) of Section 2 of the Depositories Act, 1996.

“The Directors” mean the Directors for the time being of the Company.

“Dividend” includes bonus but excludes bonus shares.

“Employee/Associate, Exercise period, Exercise price, Exercise date, Compensation Committee, Grant, Option Life, shall have the meaning defined under the ESOP Scheme, 2002 and any modification or renewal thereof.”

“Exchange” means the Stock Exchange or Exchanges where the shares of

the Company are listed for the time being or may be listed.

“Financial Year” means the Company’s fiscal year beginning on April 1 of each calendar year and ending on March 31 of the immediately succeeding year, or any extension thereof in accordance with the provisions of the Companies Act, 1956.

“Group” means the Company and any company which is, or shall be, wholly or partly owned, by the Company and shall include any corporation, partnership, joint venture or other form of business entity.

“Investment Agreements” means

- a. Investment Agreement dated 28th April 2006 between the Company and ICICI Emerging Sectors Fund on the other hand
- b. Investment Agreement dated 27th April 2006 between the Company on the one hand and Murugan Capital & Sherpalo Mauritius LLC on the other hand
- c. any changes in the above agreements by way of an amendment or a new agreement.

“The Managing Director” means the Managing Director or the Deputy Managing Director or the Joint Managing Director for the time being of the Company, by whatever name called.

“Member” means members of the Company holding a share or shares of any class and includes the beneficial owner in the records of the Depository.

“Month” means English calendar month.

“The Office” means the Registered Office for the time being of the Company.

“Options or ESOPs” means the options offered by the Company to its employees of all or such class or classes as it may deem expedient or proper; to subscribe to the securities of the Company of whatever nature; given by the Company subject to the provisions of the Companies Act, 1956 including any amendment or re-enactment thereof and in keeping with other rules and / or regulations made thereunder or otherwise applicable. Option means a right but not an obligation to buy a specified no. of shares granted to an employee under ESOP.

“Paid up” includes credited as paid up.

“Promoters” means Mr. Sanjeev Bikhchandani, Mr. Ambarish Raghuvanshi and Mr. Hitesh Oberoi.

“Proxy” includes Attorney duly constituted under a Power of Attorney.

“The Register” means the Register of Members to be kept in pursuant to the Act and where shares are held in dematerialized form. “The Register” includes the Register of Beneficial owners maintained by a Depository.

“Record” includes the records maintained in the form of Books or stored in a computer or in such other form as may be determined by Regulations.

“Regulations” means the regulations made by the SEBI.

“Shares” means the equity and voting share capital of the Company.

“Seal” means the Common Seal of the Company.

“SEBI” means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

“Security” means such security as may be specified by SEBI from time to time.

“In writing” and “Written” include printing, lithography and other modes of representing or reproducing words in a visible form. Words importing the singular number also include the plural number and vice versa.

“VC Investors” means

- a. ICICI Emerging Sectors Fund represented by its investment manager ICICI Venture Funds Management Company Limited (“ICICI”).
- b. Murugan Capital & Sherpalo Mauritius LLC, acting jointly (collectively referred to as “MC&S”).

Table “A” not to apply	2.	The regulations contained in these Articles of Association shall overrule the regulations contained in Table “A” in the First Schedule to the Companies Act, 1956. The Articles of Association referred to in this paragraph shall be subject to any exercise of the statutory power of the Company in reference to the repeal or alteration of, or addition to its regulations by Special Resolution, as prescribed by the Companies Act, 1956, and the Articles of Association shall refer to the Articles as existing from time to time.
Company not to purchase its Shares	3.	Subject to the provisions of the Companies Act, 1956 or any amendment or re-enactment thereof and subject to the buyback rules or other allied rules, the Company shall have the power to purchase its own shares or other securities as may be specified from time to time in this regard for such purposes as may be permitted and to the extent and in the manner as may be prescribed.
Registered Office	4.	The Office shall be at such place as the Board of Directors shall determine subject to provisions of the Act.

SHARES

Share Capital	5.	The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association payable in the manner as may be determined by the Directors from time to time, with power to increase, reduce, sub-divide, consolidate, buy-back or to repay the same or to divide the same into several classes and to attach thereto any right and to re-organise the shares subject to the provisions of the Act, to vary such rights as may be determined in accordance with the Company’s regulations and legislative provisions for the time being in force in that behalf and to issue stock or shares with differential rights as to voting or dividend.
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The minimum paid-up capital of the Company will be Rs. 5,00,000

(Rupees Five Lacs only).

Allotment of Shares	6.	Subject to the provisions of these Articles and of Section 81 of the Act, the shares shall be under the control of the Board, which may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit. Provided that, where at any time (after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier) it is proposed to increase the subscribed capital of the Company by the allotment of further shares, subject to the provisions of Section 81 (1A) of the Act, the Board shall issue such shares in the manner set out in Section 81 (1) of the Act.
Power to convert and / or issue shares	7.	The Directors shall have power, at their discretion, to convert the un-issued equity shares into Redeemable Preference Shares, if any, and vice versa and the Company may, subject to the provisions of Section 81 of the Act, issue any part or parts of the un-issued shares (either equity or preference carrying a right to redemption out of the profits or liable to be so redeemed at the option of the Company) upon such terms and conditions and with such rights and privileges annexed thereto as the Directors at their discretion may think fit and proper. Subject to the provisions of Sections 86 and 87 of the Act and in particular, the Directors may issue such shares with such preferential or qualifying rights to dividends and for the distribution of the assets of the Company as the Directors may subject to the aforesaid Sections, determine from time to time.
Commission and Brokerage	8.	The Company may exercise the power of paying commission conferred by Section 76 of the Act and in such case shall comply with the requirements of that Section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
Share at a discount	9.	With the previous authority of the Company in General Meeting and sanction of the Court and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued.
Installment on shares to be duly paid	10.	If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator.
Liability of joint holders of shares	11.	The joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
Trusts not recognized	12.	Subject to Section 187-C of the Act, save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as by statute required, be bound to recognise any equitable or any other claim to or interest in such share on the part of any other person.
Who may be registered	13.	Share may be registered in the name of any person, Company or other body corporate. Not more than four persons shall be registered as joint holders of any share.

CALLS

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| Calls | 14. | The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorising such call was passed. |
| Restriction on power to make calls and notice | 15. | Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such call be paid. |
| | 16. | <p>(i) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being in respect of the share for which the call shall have been made or the installment shall be due, shall pay interest for the same at maximum rate of 12 (twelve) percent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.</p> <p>(ii) The Board shall be at liberty to waive payment of any such interest either wholly or in part.</p> |
| Amount payable at fixed times or payable in installments on calls | 17. | If by the terms of any share or otherwise any amount is made payable upon allotment or at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly. |
| Evidence in action by Company against shareholders | 18. | On the trial or hearing of any action or suit brought by the Company against any share-holder or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt. |
| Payment of calls in advance | 19. | The Board may, if it thinks fit, and subject to the provisions of Section 92 of the Act, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so in respect thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay Interest at such rate not exceeding, unless the Company in General meeting shall otherwise direct, 6 per cent per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less three |

months' notice in writing.

Such member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of this Article 20 shall mutatis mutandis apply to the calls on debentures of the Company.

Revocation of call	20.	A call may be revoked or postponed at the discretion of the Board.
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FORFEITURE AND LIEN

If calls or installments not paid notice may be given	21.	If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time, thereafter during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same, together with any Interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
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	22.	The notice shall name a day (not being less than thirty days from the date of notice) and the place or places on and at which such call or installment and such Interest and expenses aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
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If notice is not complied with share may be forfeited	23.	If the requisitions of any such notice as aforesaid not be complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, Interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect.
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Notice after forfeiture	24.	When any share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by an omission or neglect to give such notice or to make such entry as aforesaid.
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Forfeited share to become property of the Company	25.	Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
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Power to annul forfeiture	26.	The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
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Liability on forfeiture	27.	A person whose share has been forfeited shall cease to be a member in respect of the share, but shall, notwithstanding the forfeiture, remain liable to pay, and shall forthwith pay to the Company, all calls or installments, Interest and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with Interest thereon, from the time of the forfeiture, until payment, at 12 (twelve) percent per annum and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
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Evidence of forfeiture	28.	A duly verified declaration in writing that, the declarant is a Director,
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Manager or Secretary of the Company and has been authorised by a Board Resolution to act as declarant and that certain shares in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares, and such declaration and the receipt of the Company for the consideration, if any given for the shares on the sale or deposition thereof, shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see the application of purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

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| Forfeiture provisions to apply to non-payment in terms of issue | 29. | The provisions of Articles 22 to 29 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified. |
| Company's lien on shares | 30. | The Company shall have a first and paramount lien upon every share not being fully paid up, registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share, whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except as otherwise provided in the Articles. Such lien shall extend to all dividends from time to time declared in respect of such share subject to the provisions of Section 205A of the Act. Unless otherwise agreed, the registration of a transfer of a share shall operate as waiver of the Company's lien, if any, on such share. |
| As to enforcing lien by sale | 31. | For the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member, his executor or administrator or his committee, curator bonis or other legal representatives, as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for thirty days after the date of such notice. |
| Application of proceeds of sale | 32. | The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of this sale. |
| Validity of sales in exercise of lien and after forfeiture | 33. | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some persons to execute an instrument of transfer of the share sold and cause the purchasers name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register in respect of such share the validity of the sale not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. |
| Board may issue new certificate | 34. | Where any share under the powers in the behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up. |

TRANSFER AND TRANSMISSION

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| | 35. | Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee. |
| Form of transfer | 36. | The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. |
| In what cases the Board may refuse to register transfer | 37. | Subject to the provisions of Section 111A of the Act, the Board, without assigning any reasons for such refusal may, within two months from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of or the transmission by operation of law of the right to a share. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account. The Board may refuse registration of transfer or transmission of shares to an undesirable person or any transfer to shares on which the Company has a lien. |
| Directors may refuse to register transfer | 38. | Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares, whether fully paid or not, and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a member of the Company; but in such cases, the Directors shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor the notice of refusal; provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refunded. |
| No transfer to a person of unsound mind, etc. | 39. | No transfer shall be made to a person of unsound mind and no transfer of partly paid shares shall be made to a minor. |
| Transfer to be left at office when to be retained. | 40. | Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the share and such other evidences as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register, shall be returned to the person depositing the same. |
| Notice of refusal to register transfer | 41. | If the Board refuses, whether in pursuance of Article 39 or otherwise, to register the transfer of, or the transmission by operation of law of the right to any share, the Company shall, within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was lodged with the Company send the transferee and |

transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal.

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| Fee on registration of transfer, probate, etc. | 42. | No fee shall be payable to the Company in respect of transfer or transmission of any shares in the Company, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document. |
| Transmission of registered shares | 43. | The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such member, and in case of the death of any or more of the joint-holders of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator, the Board may require him to obtain a Grant or Probate or Letters of Administration or other legal representation, as the case may be, from a competent Court in India, provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense Letters of Administration or such other legal representation upon such terms as to indemnity, as it considers proper. |
| As to transfer of share of insane, minor, deceased or bankrupt members | 44. | Any committee or guardian of a lunatic or minor member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of such share, or may, subject to the regulations as to transfer herein-before contained transfer such share. |
| Election under Transmission | 45. | <p>(i) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.</p> <p>(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.</p> <p>(iii) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred.</p> |
| Rights of person entitled to shares under the Transmission | 46. | A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 77 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share, except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. |

Provided that the Board may at any time give a notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, or other moneys

payable in respect of the share, until the requirements of the notice have been complied with.

INCREASE AND REDUCTION OF CAPITAL

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| Power to increase capital | 47. | The Company in General Meeting may, from time to time increase its capital by the creation of new shares or the existing un-issued shares of any class may be issued in the case of new shares upon such terms and conditions, and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no directions be given, and in the case of existing un-issued shares, as the Board shall determine, and in particular in the case of shares as the Board shall determine, and in particular in the case of preference shares such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with rights of redemption. |
| On what conditions new shares may be issued | 48. | Subject to any special rights or privilege for the time being attached to any shares in the capital of the Company then issued, the new shares or the existing un-issued shares of any class may be issued in the case of new shares upon such terms and conditions, and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no directions be given, and in the case of existing un-issued shares as the Board shall determine, and in particular in the case of shares as the Board shall determine, and in particular in the case of preference shares such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with rights of redemption. |
| Provisions relating to the issue | 49. | Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium, or subject to the provisions of Section 79 of the Act, at a discount; and upon default of any such provision or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 6. |
| How far new shares to rank with existing shares | 50. | Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise. |
| Inequality in number of new shares | 51. | If owing to any inequality in the number of new shares to and the number of shares held by the members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in General Meeting, be determined by the Board. |
| Reduction of capital, etc. | 52. | The Company may, from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account, if any, or Share Premium Account in any manner and with and subject to any incident authorised and consent required by law. |

Nothing in this Article 53 shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- (i) To convert such debentures or loans into shares in the Company;
or
- (ii) To subscribe to shares in the Company;

whether such option is conferred in these Articles otherwise.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include as a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and
- (b) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

Shares at the disposal of the Directors	52 A	Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or the right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
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ALTERATION OF CAPITAL

Powers to subdivide shares	53.	<p>The Company in General Meeting may from time to time:</p> <ul style="list-style-type: none"> (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum so, however, that in the sub division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; (c) cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Surrender of shares	54.	Subject to the provisions of Sections 100 to 105 of the Act, the Board may

accept from any member the surrender on such terms and conditions as shall be agreed, of all or any of his shares.

MODIFICATION OF RIGHTS

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| Power of modify rights | 55. | Whenever the capital (by reason of the issue of Preference Shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is (A) consented to in writing by the holders of at least three-fourths of the issued shares of that class, or (B) sanctioned by a special resolution passed at a separate Meeting of the holders of the issued shares of that class and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis, apply to every such meeting, except that the quorum thereof shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of the class. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies. |
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GENERAL MEETINGS

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| When Extraordinary General Meeting to be held | 56. | In addition to any other Meetings, General Meeting of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such General Meeting shall be called as "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called as "Extraordinary General Meeting". |
| | 57. | Provided that the Board may also call an Extraordinary General Meeting by passing a resolution by circulation and the resolution so passed would be as effective as Resolution passed at a later meeting. |
| Circulation of Members' resolution | 58. | The Company shall comply with provisions of Section 188 of the Act, as to giving notice of resolutions and circulating statements on the requisition of members. |
| Notice of Meeting | 59. | Save as permitted under Section 171(2) of the Act, a General Meeting of the Company may be called by giving not less than 21(twenty one) days' notice in writing. Notice of every meeting shall be given to the members and such other person or persons as required under and in accordance with Section 172 and 173 of the Act and it shall be served in the manner authorized by Section 53 of the Act. |

PROCEEDINGS AT GENERAL MEETINGS

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| Business of Meeting | 60. | The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting |
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shall be deemed to be special business.

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| Quorum to be present when business commenced | 61. | No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five members present in person shall be the quorum. |
| When, if quorum not present, meeting to be dissolved and when to be adjourned | 62. | If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon requisition of members shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place as the Board may, by notice, appoint and if, at such adjourned meeting, a quorum be not present within half-an-hour from the time appointed for holding the meeting, those members who are present and not being less than two, shall be a quorum and may transact the business for which the meeting was called. |
| Resolution to be passed by Company in General Meeting | 63. | An act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically requires such Act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act. |
| Chairman of General Meeting | 64. | The Chairman of the Board shall be entitled to take the Chair at every General Meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the Chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their numbers being a member entitled to vote, to be the Chairman. |
| How questions to be decided at meetings | 65. | Every question submitted to a meeting shall, be decided, in the first instance by a show of hands, and in case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled to as a member. |
| What is the evidence of the passing of a resolution when poll is demanded | 66. | At any General Meeting, unless poll is (before or on the declaration of the result of the show of hands) demanded by either the Chairman on his own motion, or by at least five members having the right to vote on the resolution in question or by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of such resolution, or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on such resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring that right, a declaration by the Chairman that the resolution has or has not been carried, either unanimously, or by a particular majority and an entry to that effect in the book containing the Minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution. |
| Poll | 67. | (i) If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case, in such manner and at such time, not being later than forty-eight hours from the time, when the demand was made and at such place as the Chairman of the meeting directs, and subject |

as aforesaid, either at once or after an interval or adjournment or otherwise, and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

- (ii) The demand of a poll may be withdrawn at any time.
 - (iii) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and report to him thereon.
 - (iv) On a poll, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
 - (v) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- Power to adjourn General Meeting 68.
- (i) The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
 - (ii) When the meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting unless the adjournment is for a period of 30 days or more.
- Vote of members 69.
- (i) Save as hereinafter provided, on a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a General Proxy on behalf of a holder of Equity Shares, if he is not entitled to vote in his own right, or as a duly authorised representative of a body corporate, being a holder of Equity Shares, shall have one vote.
 - (ii) Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.
 - (iii) The voting rights of every member holding preference shares, if any, shall upon a show of hands or upon a poll be subjected to the provisions, limitations and restrictions laid down in Section 87 of the Act. Provided that no body corporate shall vote by proxy so long as resolution of its Board of Directors under provisions of Section 187 of the Act is in force and the person named in such resolution is present at the General Meeting at which the vote by proxy is tendered.
- Procedure where a Company or body corporate is member of the Company. 70.
- (i) Where a body corporate (hereinafter called "member Company") is a member of the Company, a person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member Company at a meeting of the Company, shall not be by reason of such appointment be deemed to be a proxy, and the lodging with the Company at the Office or production at the meeting of a copy of such resolution duly signed

by one Director of such member company and certified by him as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member Company which he represents, as that member Company could exercise if it were an individual member.

- (ii) Where the President of India or the Government of a State is a member of the Company then his/their representation at the meeting shall be in accordance with Section 187-A of the Act.

Votes in respect of deceased, insane and insolvent members	71.	Any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he purports to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be lunatic, idiot or non compose mentis, he may vote whether on a show of hand or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy.
Joint holders	72.	Where there are joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of said persons so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this Article be deemed joint holders thereof.
Proxies permitted	73.	Votes may be given either personally, or in the case of a body corporate, by a representative duly authorised as aforesaid, or by proxy.
Instrument appointing proxy to be in writing. Proxies may be in general or special	74.	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a special meeting shall be called a Special Proxy. Any other shall be called a General Proxy.
Instrument appointing a proxy to be deposited at the office	75.	The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed, or a notary certified copy of the power or authority shall be deposited at the Office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be considered as valid.
Whether vote by proxy valid through authority revoked	76.	A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the shares in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the Office before the vote is given. Provided nevertheless that the Chairman of meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
Form of instrument	77.	Every instrument appointing a special proxy shall be retained by the

appointing a special proxy		Company and shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.
Restriction on voting	78.	No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien but the Board Directors may by a resolution passed at the Board, waive the operation of this Article.
Chairman's power in voting	79.	<p>(i) Any objection as to the admission or rejection of a vote either, on a show of hands, or a Poll made in due time, shall be referred to the Chairman, who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.</p> <p>(ii) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.</p>

DIRECTORS

Number of Director	80.	The number of Directors of the Company shall not be less than three and not more than twelve.
Company in general meeting to increase or reduce the number of directors	81.	Subject to the provisions of the Act, the Company in General Meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 89.
First Directors	82.	<p>The first Directors of the Company shall be the following:</p> <p>1. Sanjeev Bikhchandani 2. Surabhi Motihar Bikhchandani</p>
Limit on number of non-retiring Directors	83.	All the Directors of the company (except the directors nominated by each of the VC Investors) shall be liable to retire by rotation. At every Annual General Meeting of the company one third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number of nearest to one third shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day those who are to retire shall in default of any agreement among themselves be determined by lot.

84. Notwithstanding anything to the contrary contained in the Articles, so long as any monies remain owing by the Company to Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India, (ICICI) and Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), Industrial Reconstruction Bank of India (IRBI), General Insurance Corporation of India (GIC), New India Assurance Company Ltd. (NIA), Oriental Insurance Company Ltd. (OIC), United Indian Insurance Company Ltd (UI), National Insurance Ltd. (NIC), or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, LIC, UTI, IRBI, GIC, NIA, OIC, UI & NIC or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC, UTI, IRBI, GIC, NIA, OIC, UI & NIC or any other Financing Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation" continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Directors/s") on the Board of the Company and to remove from such office any person(s) so appointed and to appoint any person or persons in his or their place(s).

The Board of Directors of the Company shall have no power to remove from office the Nominee Directors(s). At the option of the Corporation such Nominee Director(s) shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director(s) shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director(s) shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director(s) so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director(s) so appointed in exercise of the said power shall *ipso facto* vacate such office immediately the monies owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.

The Nominee Director(s) appointed under the Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director(s) is / are members as also the Minutes of such meetings. The Corporation shall also be entitled to receive all such notices and Minutes.

The Company shall pay to the Nominee Director(s) sitting fees and expenses to which the other Directors of the Company are entitled. But if any other fees, commissions, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director(s) shall accrue to

the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s) in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Directors(s).

Provided that if any such Nominee Director(s) is an officer of the Corporation, the sitting fees, in relating to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

In the event of the Nominee Director(s) being appointed as Whole Time Director(s) such Nominee Director(s) shall exercise such powers and have such rights as are usually exercised or available to a Whole Time Director in the management of the affairs of the Company. Such Whole Time Director(s) shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

Nomination of
Directors from VC

84 A.

- (1) Each of ICICI and MC&S shall have a right to appoint and remove from time to time, one Director each on the Board of Directors of the Company (such director is hereinafter referred to as "VC Nominee Director").
- (2) The VC Nominee Director shall not be required to hold qualification shares and not be liable to retire by rotation.
- (3) The VC Nominee Director shall be entitled to all the rights and privileges of other directors including the sitting fees and expenses as payable to other Directors but if any other fees, commission, monies or remuneration if any form is payable to the Director, the fees, commission, monies and remuneration in relation to such VC Nominee Director shall accrue to the concerned VC Investor and the same shall accordingly be paid by the Company directly to the concerned VC Investor.
- (4) Provided that if any such VC Nominee Director is an officer of the VC Investor having nominated him/her, the sitting fees in relation to such VC Nominee Director shall also accrue to the concerned VC Investor and the same shall accordingly be paid by the Company directly to the VC Investor concerned.
- (5) Any expenditure incurred by the VC Investors or the respective VC Nominee Director in connection with their appointment or directorship shall be borne by the Company.

Debenture Director

85.

Any trust deed for securing debenture or debenture stock may, if so arranged, provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture stock, of some persons or persons to be Director(s) of the Company and may empower such Trustees or holders of debentures or debenture stock, from time to time, to remove and re-appoint any Director(s) so appointed. The Directors appointed under this Article are herein referred to as "Debenture Directors" and the term "Debenture Directors" means the Directors for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained. But he shall be counted in determining the number of retiring directors.

Power of Directors to add to their number	86.	The Board shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors should not exceed the limit fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.
Share Qualification of Directors	87.	A Director shall not be required to acquire qualification shares but nevertheless shall be entitled to attend and speak at any General Meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.
Part-time Directors' remuneration and expenses	88.	<p>a) Part-time Directors shall be entitled to receive out of the funds of the Company by way of Sitting Fees, a sum, as may be approved by the Board of Directors from time to time, in accordance with the provisions of the Act and the rules made thereunder for attending every meeting of the Board and any Committee thereof.</p> <p>b) Every Director, who is not a bona-fide resident of the place where the General Meetings and meetings of the Board or Committee thereof, are ordinarily held and who shall come to such a place for the purpose of attending any such meeting, shall be reimbursed such sum as the Board may consider fair compensation for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as specified above and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with the business of the Company.</p> <p>c) The Company may pay remuneration, either by way of commission or fixed periodical payments to the Part-time Directors in accordance with the provisions of the Act as amended from time to time.</p>
Remuneration for extra service	89.	If any Director, being willing, shall be called upon to perform extra services or to make any special exertions for any of the purposes of the Company or as a member of a Committee of the Board then, subject to Sections 198, 309 and 310 of the Act, the Board may remunerate the Directors so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution of any other remuneration to which he may be entitled.
Board may act notwithstanding vacancy	90.	The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum as fixed above, the Directors shall not, except for the purpose of filling vacancies or for summoning a General Meeting, act so long as the number is below the minimum.
Vacation of office of Director	91.	The office of Director shall <i>ipso facto</i> become vacant if at any time he commits any of the acts set out in Section 283 of the Act.
Office of profit	92.	No Director or other person referred to in Section 314 of the Act shall hold an office or place of profit save as permitted by that Section.

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| Conditions under which Directors may contract with Company | 93. | Subject to the provisions of Section 297 of the Act, neither shall a Director be disqualified from contracting with the Company whether as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debenture of the Company nor shall any such contract or agreement entered into by or on behalf of the Company with the relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private Company of which such Director is a member or Director, be void nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established. |
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ROTATION OF DIRECTORS

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| Rotation and retirement of Director | 94. | At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. Neither a nominated Director nor an Additional Director appointed by the Board under Article 92 hereof shall be liable to retire by rotation within the meaning of this Article. But they shall be counted in determining the number of retiring Directors. |
| Which Directors to retire | 95. | <p>(a) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.</p> <p>(b) Save as permitted by Section 263 of the Act, every resolution of a General Meeting for the appointment of a Director shall relate to one named individual only.</p> |
| Power to remove Directors by Ordinary Resolution on special notice | 96. | The Company may remove any Director before the expiration of his period of office in accordance with the provisions of Section 284 of the Act and may subject to the provision of Section 262 of the Act appoint another person in his stead if the Director so removed was appointed by the Company in General Meeting or by the Board under Article 103. |
| Board may fill up casual vacancies | 97. | If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 102. |
| When the Company and candidate for office of Director must give Notice | 98. | The eligibility and appointment of a person other than a retiring Director of the office of Director shall be governed by the provisions of Section 257 of the Act. |

ALTERNATE DIRECTORS

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| Power to appoint Alternate Director | 105. | The Board may in accordance with and subject to the provisions of Section 313 of the Act, appoint any person to act as Alternate Director for a Director during the latter's absence for a period of not less three months from the State in which meetings of the Board are ordinarily held. |
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PROCEEDINGS OF DIRECTORS

Meeting of Directors	99.	The Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit; provided that a meeting of the Board of Directors shall be held at least once in every three calendar months and four such meetings shall be held in every calendar year.
Director may summon meeting	100.	A Director may, at any time, and the Manager or Secretary shall upon the request of a Director made at any time, convene a meeting of the Board.
Chairman	101.	The Board shall appoint a Chairman of its Meetings and determine the period for which he is to hold office. If no such Chairman is appointed or if at any meeting of the Board, the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their member to be Chairman of such meeting.
Quorum	102.	The Quorum for a meeting of the Board shall be determined from time to time in accordance with provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.
Power of quorum	103.	A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretion by or under these Articles or the Act for the time being vested in or exercisable by the Board.
How questions to be decided	104.	Subject to the provisions of Sections 316, 372-A(2) and 386, of the Act questions arising at any meeting shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.
Power to be appoint Committees and to delegate	105.	The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a committee consisting of such Director or Directors as it think fit, and may, from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.
Proceedings of Committee	106.	The meeting and proceedings of such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings superseded by regulations made by the Board under the last preceding Articles.
When acts of a Director valid notwithstanding defective appointment	107.	Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had been terminated by virtue of any provision contained in the Act or in these Articles. Provided that nothing in these Articles shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.
Passing of resolution by Circulation	108.	Save in those cases where a resolution is required by Sections 262, 292, 297, 308, 316, 372A and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or committee of the Board, as the case may be, duly called and constituted, if a thereof in writing is circulated, together with the necessary papers, if any, to all the Directors or to all the members of

the Committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee, at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution.

MINUTES

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| Minutes to be made | 109. | (a) | The Board shall in accordance with the provisions of Section 193 of the Act, cause Minutes to be kept of every General Meeting of the Company and of every meeting of the Board or of every Committee of the Board. |
| | | (b) | Any such Minutes of any meeting of the Board or of any Committee of the Board or of the Company in General Meeting, if kept in accordance with provisions of Section 193 of the Act, shall be evidence of the matters stated in such Minutes. The Minutes Books of General Meetings of the Company shall be kept at the office and shall be open to inspection by members during the hours of 10.30 A.M. & 4 P.M. on such business days as the Act requires them to be open for inspection. |

POWERS OF THE BOARD

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| General powers of Company vested in the Board | 110. | (a) | Subject to the provisions of the Act, the control of the Company shall be vested in the Board which shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act, or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior Act of the Board which would have been valid if that regulation had not been made. |
| | | (b) | The Directors shall have the power to open bank accounts, to sign cheques on behalf of the Company and to operate all banking account of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies, bills or may authorise any other persons to exercise such powers. |

MANAGING OR WHOLE-TIME DIRECTOR (S)

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| Power to Board to appoint Managing or Whole-time Director(s) | 111. | | Subject to the provisions of the Act, and of these Articles, the Company in General Meeting or the Board may from time to time appoint one or more of their body to be Managing Director or Managing Directors (in which expression shall be included Joint or Deputy Managing Director) or Whole-time Director or Whole time Directors of the Company, for such |
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term not exceeding five years at a time and upon such terms and conditions as they may think fit, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Managing or Whole-time Director(s) not liable to retirement

112. Subject to the provisions of the Act, and of these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 100. However, they shall be counted in determining the number of retiring Directors. He shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to the resignation and removal as the other Directors of the Company, and he shall *ipso facto* and immediately cease to be a Managing Director or Whole-time Director if he ceases to hold the office of Director from any cause, provided that if at any time the number of Directors (including Managing Director or Whole-time Directors) as are not subject to retirement by rotation shall exceed one-third of the total number of Directors for the time being, then such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors, as the Directors shall, from time to time select, be liable to retirement by rotation in accordance with Article 100 to the intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

Remuneration of Managing or Whole-time Director(s)

113. Subject to the provisions of the Act, and of these Articles and of any contract between him and the Company, the remuneration of the Managing Director or Whole-time Director shall from time to time be fixed by the Directors, subject to the approval of the Company in General Meeting, consisting of fixed monthly payment and /or commission on profits/ any other performance parameter as determined by the compensation committee of the Board of the Company or by participation in such profits or by any or all of these modes or any other mode not expressly prohibited by the Act.

Powers and duties of Managing or whole-time Director

114. Subject to the provisions of the Act, and of these Articles, the Company or the Board may from time to time entrust to and confer upon a Managing Director or Managing Directors or Whole Time Director or Whole-time Directors for the time being, such of the powers exercisable under these Articles or otherwise by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms, and they may subject to the provisions of the Act and of these Articles confer such powers either collaterally with, or to the exclusion of or in substitution for all, or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

MANAGEMENT

Management of the Company

115. The Board of Directors may in accordance with the provisions of the Act, appoint a Whole Time Chairman, or Managing Director or Whole Time Director or President or Executive Director or Manager to manage its affairs. A Director may be appointed as a Secretary or Manager or Executive Director but an Executive Director, Secretary or Manager need not be a Director of the Company. The terms and conditions and appointment of paid Directors shall be subject to the provisions of the Act, and to the consent of the General Meeting of the Company wherever required.
116. Subject to the provisions of the Act the following regulations shall have

effect:-

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| Local Management | (i) | The Board may, from time to time, provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph |
| Local Directorate delegation | (ii) | The Board, from time to time and at any time, may establish any local Directorates or Agencies for managing any of the affairs of the Company outside India, or in any specified locality in India, and may appoint any persons to be members of any such local Directorate of any Managers or Agents and may fix their remuneration and, save as provided in Section 292 of the Act, the Board from time to time and at any time may delegate to any person so appointed any of the powers, authorities and discretions for the time being of any such local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and may fix any such appointment conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegations. |
| Power of Attorney | (iii) | The Board may, at any time and from time to time, by Power of Attorney under Seal appoint any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may, from time to time think fit; any such appointments may, if the Board thinks fit be made in favour of the members or any of the members of any Local Directorate established as aforesaid, or in favour of the Company or of the members, Directors, nominees, or officers of any Company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board; and any such Power of Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorneys as the Board thinks fit. |
| Sub-delegation | (iv) | Any such delegate or Attorney as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him. |
| Seal for use abroad | (v) | The Company may exercise the power conferred by Section 50 of the Act with regard to having an Official Seal for use abroad, and such powers shall be vested in the Board, and the Company may cause to be kept in any State or country outside India, as may be permitted by the Act, a Foreign Register of Members or Debenture holders residents in any such State or country and the Board may from time to time, make such regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act, and the Board may from time to time, make such regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act, and the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of any local law and shall in any case comply with the provisions of Sections 157 and 158 of the Act. |

SECRETARY

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| Secretary | 117. Subject to the provisions of Section 383A of the Act, the Chairman with the approval of the Board, may appoint a Secretary and determine the period for which he is to hold office and may fix his remuneration and determine his powers and duties. |
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AUTHENTICATION OF DOCUMENTS

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| Power to authenticate documents | 118. Any Director or the Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof, extracts thereof or extracts therefrom as true copies of extracts; where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid. |
| Certified copies of resolution of the Board | 119. A document purporting to be a copy of resolution of the Board or an extract from the Minutes of a meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be exclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors. |

THE SEAL

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| Custody of Seal | 120. (a) The seal, its custody and use :-

The Board shall provide a Common Seal for the purpose of the Company, shall have power to destroy the same and substitute a new Seal in lieu thereof and the Board shall provide for the safe custody of the Seal which shall never be used except by the authority of the Board or a Committee of the Board previously given. |
| Deeds how executed | (b) Every deed or to the instrument to which the Seal of the Company is required to affixed be signed by either of the following:-

(i) Two Directors; or

(ii) One Director and Company Secretary; or

(iii) One Director and another official of the Company appointed by the Board; or

(iv) Two officials of the Company appointed by the Board. |

Provided that in respect of the Share Certificates, the Seal shall be affixed accordance with Article 14 hereof.

Any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching authority of the Board to issue the same.

ANNUAL RETURNS

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| Annual returns | 121. | The Company shall comply with the provisions of Sections 159 and 161 of the Act as to the making of Annual Returns. |
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RESERVES

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| Reserves | 122. | The Board may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalisation of dividends, for repairing, improving or maintaining any property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company; and may subject to the provisions of Section 372A of the Act invest the several sums so set aside upon investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the Reserves into such special funds as the Board thinks fit, with full power to employ the Reserves or any parts thereof in the business of the Company, and that without being bound to keep the same separate from other aspects. |
| Investment of money | 123. | All money carried to the Reserves shall nevertheless remain and be profits of the Company subject to due provisions being made for actual loss or depreciation for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purpose may, subject to the provisions of Section 370 and Section 372A of the Act, be invested by the Board in or upon such investments or securities as it any select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper. |

CAPITALISATION OF RESERVES

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| Capitalisation of Reserves | 124. | Any General Meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Securities Premium Account be entitled and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full of any un-issued shares, of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, or towards both and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Securities Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares. |
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Surplus moneys	125.	A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undisturbed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.
Fractional certificates	126.	For the purpose of giving effect to any resolution under the two last preceding Articles hereof the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may determine that cash payments shall be made to any members upon the footing of the value so fixed for such fractional certificates in order to adjust the rights of all parties and may vest such cash or for such fractional certificates in trustees upon such trusts for the persons entitled to the dividends or capitalised funds as may seem expedient to the Board. Where requisite a proper contract shall be filled in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividends or capitalised fund, and such appointment shall be effective.

DIVIDENDS

Declaration of dividends	127.	The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment. No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
Dividends to be paid out of profits	128.	No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act. No dividend shall carry interest against the Company.
Dividends to be pro rata on the paid up amount	129.	Subject to the special rights of the holders of Preference Shares, if any, for the time being, the profits of the Company distributed as dividends or bonus shall be distributed among the members in proportion to the amounts paid or credited as paid on the shares held by them respectively, but no amount paid on a share in advance of calls shall while carrying interest be treated for the purpose of this Article as paid on the share. All dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividends as from a particular date such shares shall rank for dividend accordingly.
What to be deemed net profits	130.	The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.
Interim dividends	131.	The Board may from time to time, pay to the members such interim dividends as in its judgment the position of the Company justifies.
Debts may be deducted	132.	The Board may retain any dividends on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Dividend and call together	133.	Subject to the provisions of Article 15, any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member may be set off against the call.
Dividend in cash	134.	No dividend shall be payable except in cash, provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held.
Dividend Right	135.	A transfer of shares shall not pass the rights to and dividend declared thereon before the registration of the transfer.
Power to retain dividend until transmission is effected	136.	The Directors may retain the dividends payable upon shares in respect of which any person is under transmission Article (Article 44) entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.
Payment of Interest on Capital	137.	The Directors may pay Interest on capital raised for the construction of works or building when and so far as they shall be authorised to do so by Section 208 of the Act.
Payment of Dividend to Member on mandate	138.	No dividend shall be paid in respect of any share except to the registered holder of such share or to his bankers, but nothing contained in the Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for payment of the dividend.
Dividend to joint share holders	139.	Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
Notice of declaration of dividend	140.	Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein in the manner hereinafter provided.
Payment by post	141.	All dividends and other dues to member shall be deemed to be payable at the Registered Office of the Company. Unless otherwise directed any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder, or in the case of joint holders, to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint-holding or to such person and at such address as the holder, or joint-holders, as the case may be, may direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Unclaimed dividends 142. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called Company's Unpaid Dividend Account. Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205 C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

SECTION IX – MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by us. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, NCT of Delhi and Haryana for registration and also the documents for inspection referred to hereunder, were available for inspection at the Registered Office of the Company situated at A-6, Swasthya Vihar, New Delhi 110 092, India from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter dated May 24, 2006 for appointment of Citibank Global Markets India Private Limited and ICICI Securities Limited as BRLMs.
2. Memorandum of Understanding dated May 24, 2006 among us and the BRLMs.
3. Memorandum of Understanding dated May 22, 2006 executed by us with the Registrar to the Issue.
4. The Escrow Agreement dated October 3, 2006 among the Company, the BRLMs, Escrow Collection Bank, and the Registrar to the Issue.
5. The Syndicate Agreement dated October 3, 2006 among the Company, the BRLMs and Syndicate Members.
6. The Underwriting Agreement dated [●] among us, and the BRLMs and Syndicate Members.

Material Documents

1. The Memorandum and Articles of Association, as amended from time to time.
2. Our certification of incorporation dated May 1, 1995 and a fresh certificate of incorporation issued consequent upon change of name on conversion to Public Limited Company issued on April 27, 2006.
3. Shareholders' resolutions passed in Extra-ordinary General Meeting held on May 4, 2006 in relation to this Issue and other related matters.
4. Resolutions of the Board and the IPO Committee dated March 20, 2006 and May 4, 2006 authorizing the Issue.
5. Report of the Auditors dated September 18, 2006, being Price Waterhouse, Chartered Accountants, on restated unconsolidated financial statements for five years ended March 31, 2006 and for the quarter ended June 30, 2006 prepared as per Companies Act and restated as per SEBI Guidelines and mentioned in this Red Herring Prospectus.
6. Report of the Auditors dated September 18, 2006, being Price Waterhouse, Chartered Accountants, on restated consolidated financial statements for five years ended March 31, 2006 and for the quarter ended June 30, 2006 prepared as per Companies Act and restated as per SEBI Guidelines and mentioned in this Red Herring Prospectus.
7. Report of the Auditors dated September 18, 2006, being Price Waterhouse, Chartered Accountants, on consolidated financial statements prepared under Indian GAAP, as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as of and for the three month period ended June 30, 2006.
8. Copies of our annual reports and our Subsidiaries for the past five financial years.

9. Consents of the Auditors, being Price Waterhouse, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
10. General powers of attorney executed by the Directors in favor of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
11. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank, Banker to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters/BRLMs, International Legal Counsel to the BRLMs, the Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
12. Applications dated May 26, 2006 for in-principle listing approval from the BSE and the NSE.
13. In-principle listing approval dated July 28, 2006 and August 1, 2006 from the BSE and the NSE, respectively.
14. Agreement between NSDL, the Company and the Registrar to the Issue dated [●].
15. Agreement between CDSL, the Company and the Registrar to the Issue dated September 22, 2006.
16. Due diligence certificate dated May 26, 2006 and October 5, 2006 to SEBI from Citigroup Global Markets India Private Limited and ICICI Securities Limited.
17. SEBI observation letter no. CFD/DIL/ISSUES/V/75889/2006, dated September 4, 2006.
18. Investment Agreement dated April 27, 2006 between the Company, the Sellers (Mr. Sanjeev Bikhchandani, Mr. Hitesh Oberoi, Ms. Surabhi Bikhchandani, Ms. V.N. Saroja) and Murugan Capital and Sherpalo Mauritius LLC.
19. Amended and Restated Investment Agreement dated July 26, 2006 between the Company, our Promoters and ICICI Trusteeship Services Limited (ICICI Emerging Sectors Fund represented by its manager ICICI Venture Funds Management Company Limited).
20. Certificate from Company Secretary and Compliance Officer that all observations/changes/modifications as suggested by SEBI vide their observation letter no. CFD/DIL/ISSUES/U/75889/2006 dated September 4, 2006

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in our interest or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF INFO EDGE (INDIA) LIMITED

Mr. Sanjeev Bikhchandani

Ms. Bala Deshpande

Mr. Kapil Kapoor

Mr. Hitesh Oberoi

Mr. Ambarish Raghuvanshi

Mr. Ashish Gupta

Mr. Arun Duggal

Mr. Saurabh Srivastava

Mr. Sandeep Murthy

Mr. Sanjeev Bikhchandani
Managing Director and Chief Executive Officer

Mr. Ambarish Raghuvanshi
Chief Financial Officer

Date: October 5, 2006

Place: New Delhi