Info Edge (India) Limited

Annual Report 2007-08
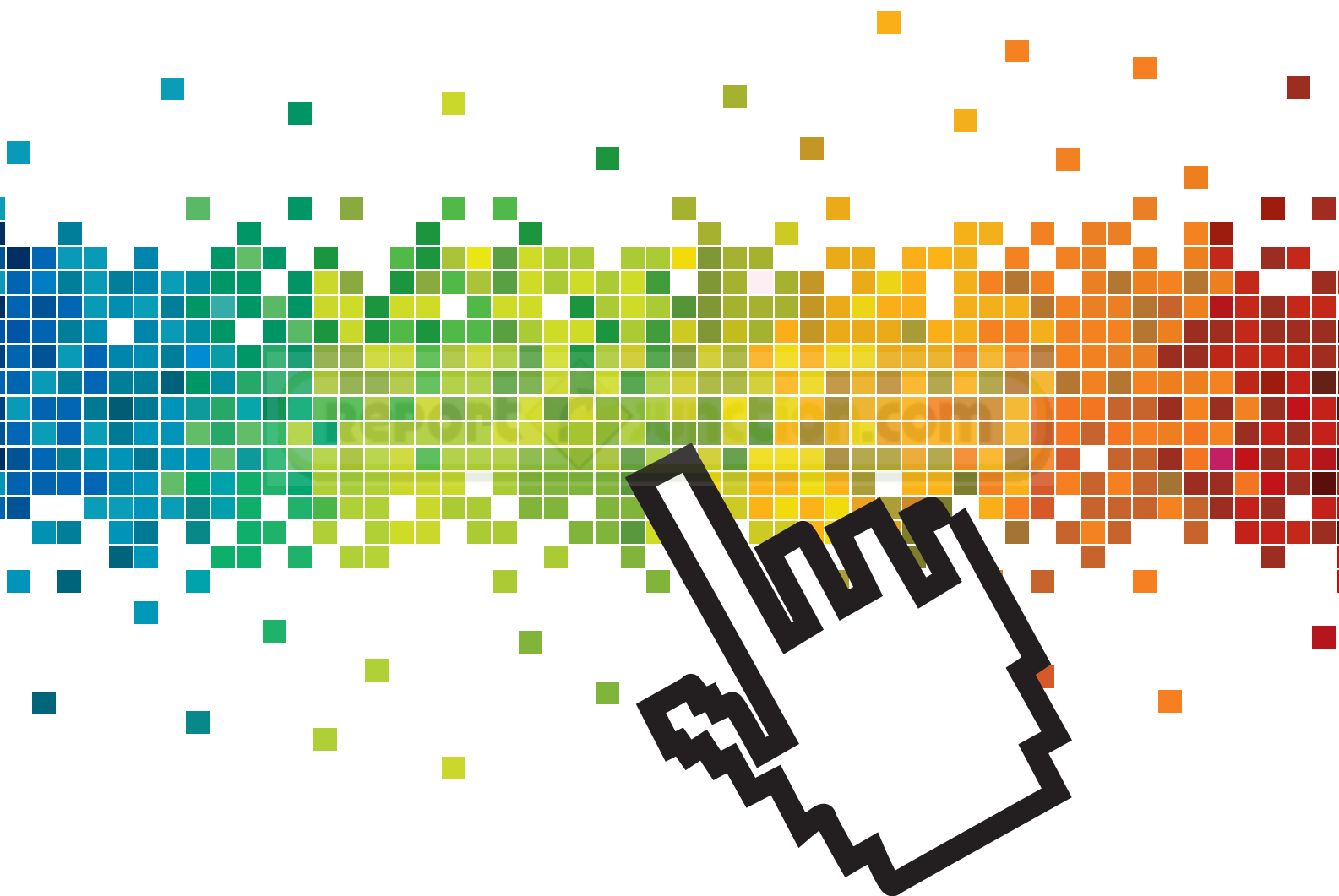
India's No.1 Online Classifieds Company

naukri.com
India's No 1 Job Site

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

99acres.com
India's Property Bazaar

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

Jeevansathi.com
We Match Better
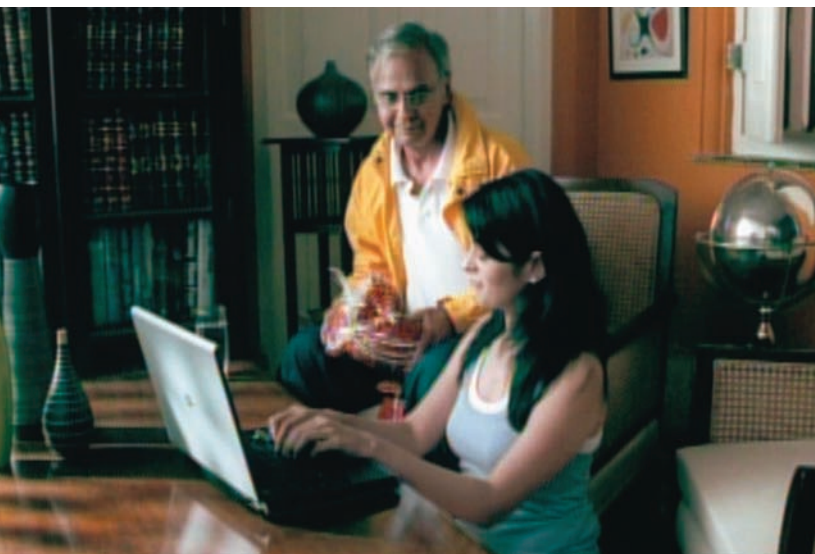
We provide an online information exchange service to prospective brides, grooms and their relatives, in India and in certain other countries, through our website www.jeevansathi.com

naukri.com Gulf Quadrangle **allcheckdeals.com** Property deals made Simple & Transparent **brijj.com** Brijjing People **shiksha.com**

Content & Company Information

Annual report 2007-08: Contents

Board of Directors

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

Company Secretary

Mr. Amit Gupta

Auditors

Price Waterhouse, Chartered Accountants, Gurgaon - 122 002

Bankers

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

Registered Office:

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

Corporate Office:

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

C.E.O's Message

Dear Member,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C.E.O's Message

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

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

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

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

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

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

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

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

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

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

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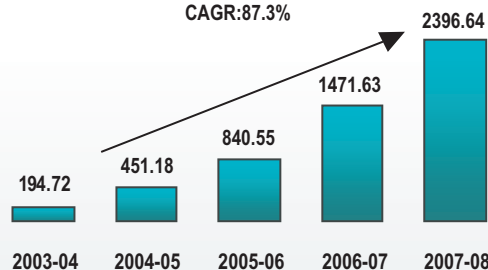
Regards

Sanjeev Bikhchandani
CEO & Managing Director

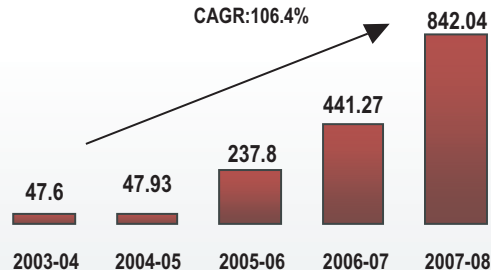# Highlights: On a High Growth Trajectory
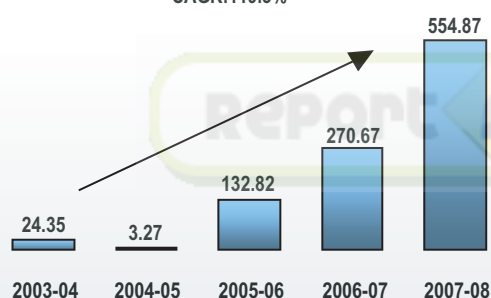
Total Income (Rs.Million)
CAGR:87.3%

2003-04	2004-05	2005-06	2006-07	2007-08
194.72	451.18	840.55	1471.63	2396.64

EBIDTA (Rs.Million)
CAGR:106.4%

2003-04	2004-05	2005-06	2006-07	2007-08
47.6	47.93	237.8	441.27	842.04

PAT (Rs.Million)
CAGR:119.3%

2003-04	2004-05	2005-06	2006-07	2007-08
24.35	3.27	132.82	270.67	554.87

Net Worth* (Rs.Million)
CAGR:141.4%

2003-04	2004-05	2005-06	2006-07	2007-08
79.46	127.63	249.41	2134.76	2681.64

Note: CAGR has been computed for the period 2003-04 to 2007-08
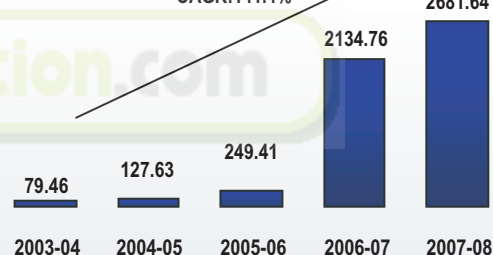
Note:* in 2006-07, Info Edge had an Initial Public Offer (IPO)
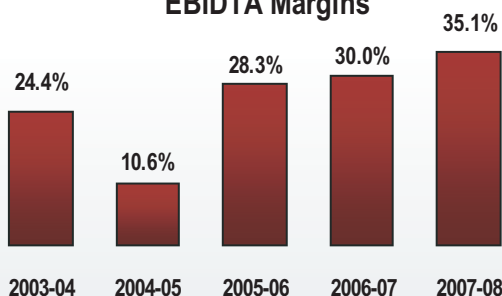
Info Edge, Company Highlights, FY 08

- **Rs.2189.39 million net sales,** up 57% from 2006-07

- **Rs.554.87 million net profits,** up 105% from 2006-07

- **20.7% Return on Net Worth**, up from 12.7% in 2006-07

- **Rs.20.33 Earnings per share**, up from Rs.11.31 in 2006-07

- **67 offices** in **41 cities** in **India, 3 offices** in **2 cities abroad**

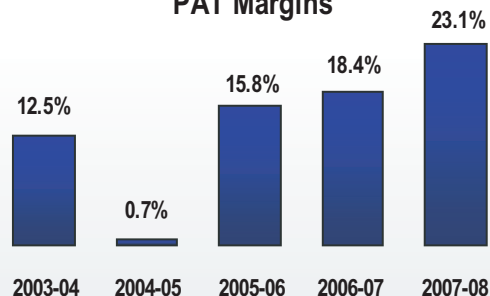## Recruitment Solutions including Naukri.Com, Business Highlights, FY08

- **Rs.1964.26 million** net sales in 2007-08

- **No. 1** job portal in India, about **50%** share of page views among top 3 job sites

- **Over 13 million** resumes

- **More than 10,000 resumes** added per day and over 30,000 edited every day in 2007-08

- **87,000** job listings, and **32,500** clients serviced during 2007-08
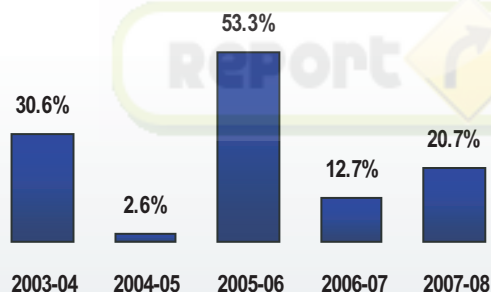
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Highlights: On a High Growth Trajectory
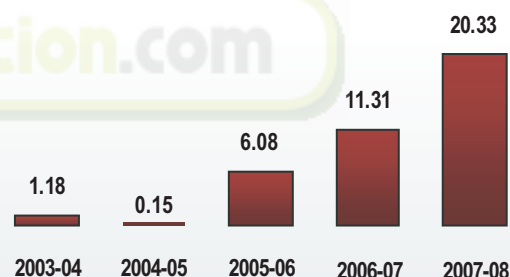
EBIDTA Margins

Year	Value
2003-04	24.4%
2004-05	10.6%
2005-06	28.3%
2006-07	30.0%
2007-08	35.1%

PAT Margins

Year	Value
2003-04	12.5%
2004-05	0.7%
2005-06	15.8%
2006-07	18.4%
2007-08	23.1%

RONW

Year	Value
2003-04	30.6%
2004-05	2.6%
2005-06	53.3%
2006-07	12.7%
2007-08	20.7%

EPS

Year	Value
2003-04	1.18
2004-05	0.15
2005-06	6.08
2006-07	11.31
2007-08	20.33

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

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

99Acres.com, Business Highlights, FY 08

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

Naukri.com

Naukri.com

▸ Naukri.com was launched in March 1997.

▸ Today, it is India's leading online recruitment website enjoying more than 50% share of page views among the top 3 job sites.

▸ Naukri.com has continued to grow impressively and has cemented its leadership position.

  • In 2005-06, Naukri.com added over 8000 resumes daily and it possessed a client base of 20,000 corporate clients with over 82,000 job listings and a database of over 6 million resumes.
  • It's appetite for growth continued in 2007-08; as over 10,000 resumes were added daily leaving Naukri.com with a client base of 32,500 corporate clients and 87,000 job listings and an extensive database of over 13 million resumes.

▸ According to the India Online 2008 Survey by JuxtConsult:
  • Naukri.com has gained a 5% share of users to grow to 42% of all users.
  • It is the most popular job website across all age groups, socio economic classifications and regions.
  • Naukri.com is among the top 10 most popular online brands in India.

▸ Its ability to establish relationships with a large number of corporates and recruitment consultants has created a winning proposition in terms of its extensive database and client list.

▸ To augment its operations online, there are a wide network of offices located in over 41 cities in India along with offices in Dubai and Bahrain.

▸ With job search becoming an increasingly popular activity on the Internet, naukri.com is poised to capitalize on this development and continue its growth story.
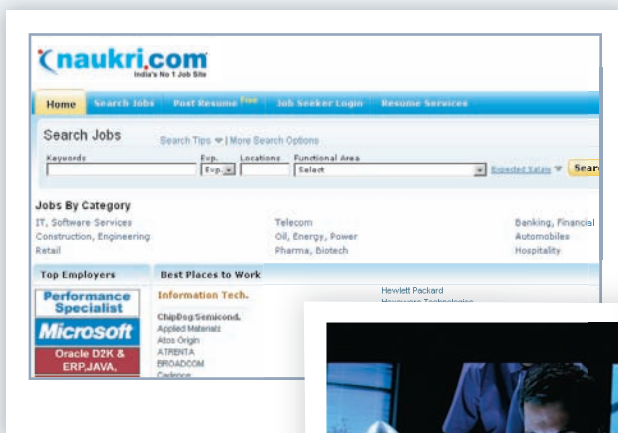
Jeevansathi.com

Jeevansathi.com

‣ Jeevansathi.com was acquired in September 2004

‣ With focus on the north and western Indian market, it ranks third amongst matrimonial websites in the country

‣ With over 2.36 million profiles registered on the website, it continues to grow at a steady clip.
It increased considerably from the 1.48 million profiles registered as of end 2006-07.

‣ On an average over 2400 profiles were added daily.

‣ According to the India Online 2008 Survey by JuxtConsult:

• Jeevansathi.com gained 3% share of users to grow to 8% of the total market share.

‣ In 2007-08 we focused on laying the foundation for a major site revamp.

‣ In 2008-09 we are furthering our offline retail network through 'Jeevansathi.com Match Points' which will assist users avail of Jeevansathi services.

‣ It provides a fairly comprehensive listing of the potential grooms and brides available in the country seeking alliances.

‣ Jeevasathi.com continues to be in the investment phase with promotional activities and brand building being carried out to increase the visibility of the brand.

‣ With a sizeable number of people in the marriageable age group of 20-30 and an increasing reliance on the Internet to cement marriage alliances as opposed to traditional networks; there is tremendous scope for growth in the online matrimonials classified market.

‣ The non-resident Indian market is also being explored to further the reach of Jeevansathi.com.
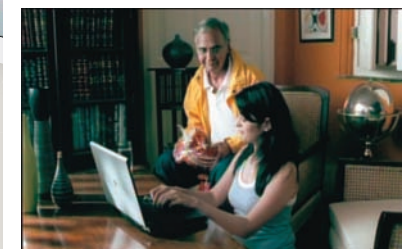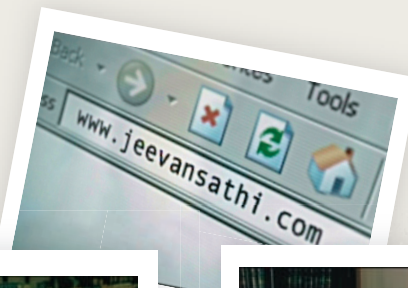
99acres.com

99acres.com

▸ 99acres.com was launched in September 2005.

▸ It is one of India's first platforms to cater to the real estate market online. And, over the last few years, a real estate boom of sorts has occurred in India which 99acres.com proposes to capitalize on.

▸ It has a pan India listing of properties for sale, purchase and rent spanning 25 Indian cities.

▸ It is a service bringing together brokers, dealers and interested buyers or sellers and connecting them over an online medium.

▸ Property listings increased from around 65,000 in 2006-07 to over 200,000 in 2007-08.

▸ Out of the proportion of total property listings, paid listings increased from 15,000 in 2006-07 to 54,000 in 2007-08.

▸ According to the India Online 2008 Survey by JuxtConsult:
  • 99acres.com is the most popular real estate site and has 14% share of users.
  • It gained 4% of total users.

▸ In 2007-08, we also
  • expanded our office network to Tier II and Tier III cities across India.
  • revamped the user interface.
  • launched the 'Shahjahan – Taj Mahal' commercial which was a huge success.

▸ 99acres.com continues to be one of the leaders in the relatively nascent online real estate market with its offerings and is poised to cater to the increasing demand for real estate in India.

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