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BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Amit Gupta

AUDITORS

Price Waterhouse, Chartered Accountants, Gurgaon - 122 002

BANKERS

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

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

TO ITS CREDIT,
INFO EDGE HAS
SHOWN GREAT
RESILIENCE, AND
EVEN MANAGED
TO REGISTER
MODERATE
GROWTH BOTH
IN REVENUES AND
PROFITS.

2008-09 HAS TAUGHT ME AND THE SENIOR MANAGEMENT
THE NEED TO CALIBRATE OUR BUSINESS MODELS TO
DEAL WITH DOWNTURNS, WHILE KEEPING ALL ENGINES
RUNNING TO ACCELERATE ON THE UPTURN.

Report  Junction.com





Dear Shareholders,

As 'new age' entrepreneurs, the single most important lesson that we learnt in 2008-09, was not to take growth for granted. In the last five years, the Indian economy had grown at a compound annual growth rate (CAGR) of over 8.5%. And, most companies focused on making the best of this stupendous growth. Info Edge was no exception.

In those five years, driven primarily by the phenomenal growth of naukri.com, Info Edge registered:

- ▶ **A CAGR in net sales of over 84%**
increasing from Rs. 196.51 million in 2003-04 to Rs. 2,189.39 million in 2007-08.
- ▶ **A CAGR in EBIDTA of over 106%**
rising from Rs. 47.7 million in 2003-04 to Rs. 842.04 million in 2007-08.
- ▶ **A CAGR in PAT of over 119%**
growing from Rs. 24.36 million in 2003-04 to Rs. 554.87 million in 2007-08.
- ▶ **EPS increasing** from Rs. 1.18 in 2003-04 to Rs. 20.33 in 2007-08.

Things changed in 2008-09. After record levels of inflation in the first quarter, global economic growth reduced dramatically in the third quarter of 2008-09. Much of this has been a fallout of the international financial crisis. World output growth has reduced from 5.2% in 2007 to 3.2% in 2008 and is estimated to be negative 1.3% in 2009. Taking a cue from the global economy, India's GDP growth also reduced from 9% in 2007-08 to 6.7% in 2008-09.

Naturally, with a sharp reduction in growth, there was a slowdown in hiring activities across sectors. Our recruitment business was affected. Real estate listings, too, saw a dramatic collapse in India — which made things difficult for our property search business. This was the worst year that we have seen in the history of your Company.

However, to its credit, Info Edge has shown great resilience, and even managed to register moderate growth both in revenues and profits.

The key results on a consolidated basis are:

- ▶ **Net sales increased by 12.3%** from Rs. 2,189.39 million in 2007-08 to Rs. 2,457.99 million in 2008-09.
- ▶ **Earnings before depreciation, interest, tax and amortisation (EBIDTA) grew by 1.6%** to Rs. 644.85 million.
- ▶ **Profit after tax (PAT, after minority interest and profits from associate companies) increased by 2.8%** to Rs.570.28 million in 2008-09.

Over the last five years, the team has been pushing Info Edge to deliver higher and higher growth year after year. The fundamental belief was that opportunities in our markets were going to keep on increasing. 2008-09 has made us introspect on this belief. Our optimism on India's longer term growth opportunities remain undiminished. But 2008-09 has taught us the need to calibrate our business models to deal with downturns, while keeping all engines running to accelerate on the upturn. It has been a great learning doing this task — of how to conserve in lean times without sacrificing the strategic opportunities for longer term growth.

THE FUNDAMENTALS OF OUR BUSINESSES ARE STRONG AND WE HAVE WORKED ON OUR PRODUCTS AND PROCESSES TO FURTHER STRENGTHEN THEM FOR THE NEXT ROUND OF ACCELERATED GROWTH.

OUR BELIEF IN THE LONG TERM PROSPECTS OF INFO EDGE IS FURTHER ESTABLISHED BY THE FACT THAT IN 2008-09, WE DIVERSIFIED OUR BUSINESS PORTFOLIO AND MADE INVESTMENTS IN ANOTHER BUSINESS SEGMENT — THE EDUCATIONS CLASSIFIED PORTAL SHIKSHA.COM.

There were three broad areas where we have refocused our energies.

- ▶ **First**, across businesses, we have reoriented our sales processes for optimal resource utilisation, including using tele-calling more effectively. While for some businesses this has meant reduction in promotional activities and stress on more cost efficient selling, for others it has meant increased training for better communication of our value proposition.
- ▶ **Second**, based on our customer insights, we have revamped our websites. With the use of improved algorithms and analysis, we have improved the customer experience across different portals. There has been a concerted effort at improving the quality of traffic and content on our websites.
- ▶ **Third**, our business is now focusing on penetrating deeper into markets. We are emphasising on making clients use more and more of our services, so that with increased usage they get used to our interfaces and navigation. The stress here is on increasing our market share and attracting clients away from competitors.

By revisiting our business models and emphasising on internal processes and cost management in 2008-09, we believe Info Edge has emerged as an even stronger company.

We operate in a nascent business. While the online classifieds business space in India has seen increased activity, it is far from realising its full potential. Moreover, most players do not have the managerial or financial bandwidth to sustain their businesses in adverse markets. We have reasons to believe that the downturn of 2008-09 affected our competition much worse than us. With the strength of our debt-free balance sheet and skill and commitment of our people, we are determined to fulfil our long term growth aspirations.

Even under adverse market conditions, all our businesses continued to increase their customer base. Here are some facts:

- ▶ **The number of résumés in naukri.com's database increased by 31% to around 17 million at the end of 2008-09; the number of résumés added daily increased by 17% to 14,000; and the number of corporate customers increased by 5% to approximately 34,000**
- ▶ **Profile listings on jeevansathi.com increased from 2.14 million at the end of 2007-08 to 2.9 million at the end of 2008-09**
- ▶ **Property listings on 99acres.com grew from 200,000 at the end of 2007-08 to 248,000 at the end of 2008-09; and the number of paid transactions rose from 7,500 in 2007-08 to 16,600 in 2008-09**

The fundamentals of our businesses are strong and, during 2008-09, we have worked on our products and processes to further strengthen them. This has helped prepare your Company for the next round of accelerated growth. We also believe that cash including liquid invest-

ment on our balance sheet of over Rs 3200 million offers us a strategic advantage over our competitors.

Our belief in the long term prospects of Info Edge is further established by the fact that in 2008-09, we diversified our business portfolio and made investments in another business segment — the education classified portal shiksha.com. Since its launch in May 2008, we have continued to invest in developing this business. It is in an incubation phase where stress is on product development and creating brand awareness.

In 2008-09, Info Edge made strategic investments in Applect Learning Systems Private Limited, which operates the kindergarten to Class 12 (K-12) assessment based learning portal called www.meritnation.com; and Etechaces Marketing & Consulting Private Limited, which operates the insurance sales portal, www.policybazaar.com.

Today, Info Edge is an entity with several different businesses operating within it. Many of these businesses have different organisation structures and business models. Some are operated through step down subsidiaries or associate companies. In an entrepreneurially driven company like Info Edge, these structures are strategically important. However, this also requires the Company to have a strong foundation of corporate governance systems in place that protects investor interests. Info Edge has laid considerable emphasis on this aspect, and let me share with you a few things that we have done.

- ▶ The role of the Chairman is separated from that of the CEO
- ▶ Half the Board is independent, even though we have a non-executive Chairman
- ▶ Balance sheet and cash flow statements are disclosed every quarter even though these are not mandatory
- ▶ Internal audit is performed by an external firm
- ▶ The Audit Committee comprises only independent Directors

The global economic conditions are far from good. We expect that it will be some time before the large economies of USA and EU recover. Growth in India will also be lower than in the past. Given that naukri.com accounts for over 80% of our business, in the near future, Info Edge will grow at a lower rate than what we witnessed in the last five years.

Having said so, we also believe that with India even growing at over 6.5% to 7%, there will be several opportunities in the market for Info Edge. Besides, some of our businesses like shiksha.com and jeevansathi.com are largely insulated from economic developments. Several of our businesses are in the incubation phase and we need to focus on their execution processes.

2008-09 has been a learning experience. We have looked within and we believe much of our future will be determined by how we ideate; how we innovate; and how we execute. We have confidence that we can excel in all these fronts.

We would like to take this opportunity to thank you for your continued support. Our businesses continue to have huge growth opportunities. With the dedication of our employees and your encouragement, Info Edge will make the best of these opportunities.

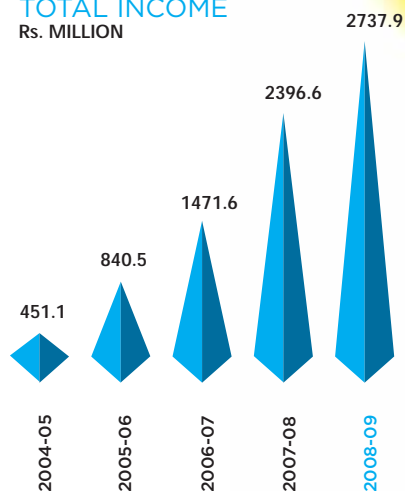
Regards
Sanjeev Bhikchandani



STRONG TOP-LINE GROWTH

TOTAL INCOME GREW AT A COMPOUND ANNUAL RATE OF 57% BETWEEN 2004-05 AND 2008-09

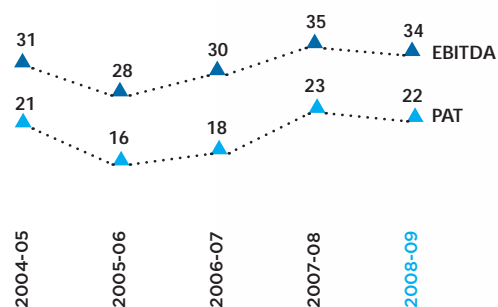
TOTAL INCOME
Rs. MILLION



MAINTAINED GOOD MARGINS

AVERAGE EBITDA MARGIN OVER 30% AND AVERAGE PAT MARGIN OVER 20%

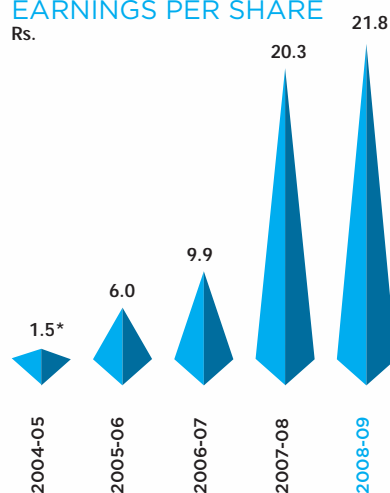
MARGINS (RATIO TO NET SALES)
%



GOOD RETURNS TO SHAREHOLDERS

EPS HAS GROWN OVER 14 TIMES BETWEEN 2004-05 AND 2008-09

EARNINGS PER SHARE
Rs.



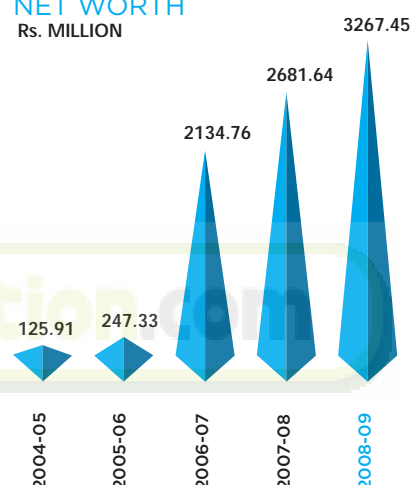
* before accounting for exceptional items

Info Edge has always focused on creating markets, maintaining good margins and increasing profits. The emphasis has been on generating healthy cash flows which are in turn invested into new business platforms within its business space. Over the last five years, the Company witnessed exponential growth across most financial parameters. Info Edge sees itself as a leader and trendsetter who is in effect playing a pioneering role in developing the online classifieds industry in India.

BUILDING UP RESERVES

NET WORTH HAS INCREASED SIGNIFICANTLY. THIS INCLUDES THE SIGNIFICANT GROWTH THROUGH THE IPO IN 2006-07

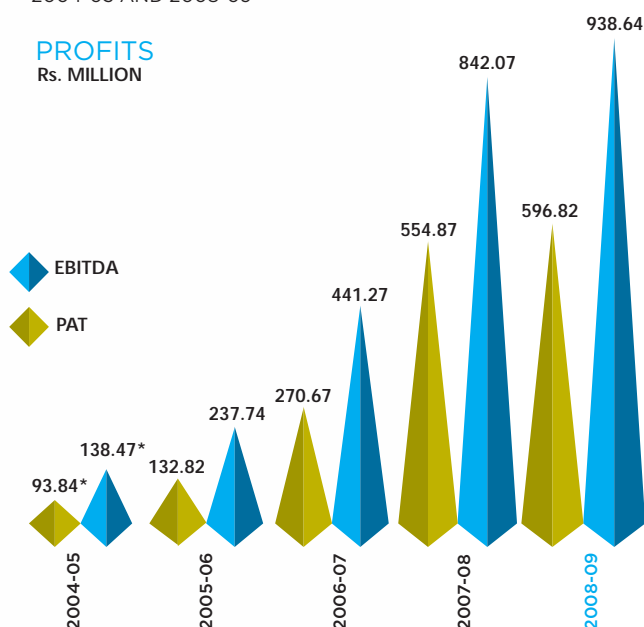
NET WORTH
Rs. MILLION



HEALTHY PROFITS

EBIDTA GREW AT A COMPOUND ANNUAL RATE OF 61.4% BETWEEN 2004-05 AND 2008-09. PAT GREW AT A COMPOUND ANNUAL RATE OF 58.8% BETWEEN 2004-05 AND 2008-09

PROFITS
Rs. MILLION

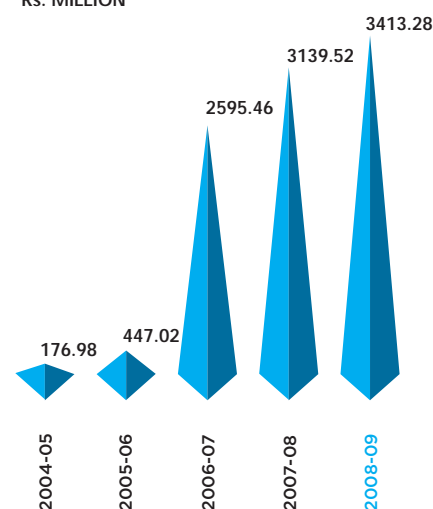


* before accounting for exceptional items

HIGHER LIQUID ASSETS

CASH, BANK BALANCES AND LIQUID INVESTMENTS INCREASED AT A CAGR OF OVER 109.8% BETWEEN 2004-05 AND 2008-09

CASH, BANK BALANCES
& INVESTMENTS
Rs. MILLION



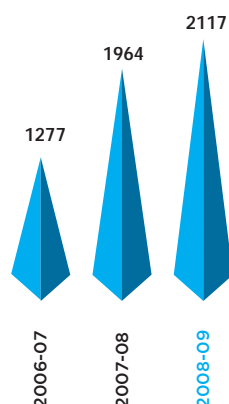
CORE BUSINESS RECRUITMENT SOLUTIONS

Launched in March 1997, naukri.com has been the backbone of Info Edge's business. Not only has it provided the Company with necessary skill-sets to diversify and develop other online businesses in India, but it has also helped create the Company's financial resource base, which is used to fuel the development of new business domains for the next round of accelerated growth.

The two primary businesses amongst the other verticals – jeevansathi.com and 99acres.com – are still in the development and investment phase. However, their contribution to the total revenues of Info Edge has been increasing significantly over the last 3 years.

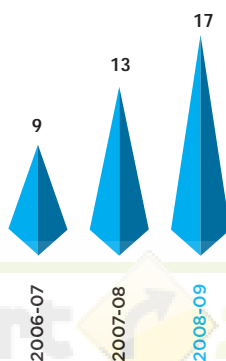
RECRUITMENT SOLUTIONS REVENUES

Rs. MILLION



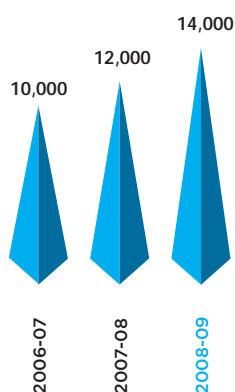
INDIA'S NO.1 JOB PORTAL
AMONGST 20 MOST
POPULAR WEBSITES IN
INDIA (Alexa.com)

RESUMES NEAREST MILLION



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AVERAGE RESUMES ADDED DAILY



UNIQUE CUSTOMERS

