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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>
Mr. Naresh Gupta	<i>Independent Director</i>
Mr. Sanjeev Bikhchandani	<i>Founder &amp; Executive Vice-Chairman</i>
Mr. Hitesh Oberoi	<i>Managing Director &amp; Chief Executive Officer</i>
Mr. Ambarish Raghuvanshi	<i>Director &amp; Chief Financial Officer &amp; Group President-Finance</i>

### Company Secretary

Mr. Amit Gupta

### Auditors

Price Waterhouse & Co. Chartered Accountants, Gurgaon - 122 002

### Bankers

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

### 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





## letter from the CEO



Dear Shareholder,

2010-11 reaffirmed that in terms of the business environment, the worst is clearly behind us and Info Edge is back on its growth momentum. India clocked a GDP growth of 8.5% in 2010-11, on the back of 8% registered in 2009-10. Fundamentally, with growth firmly back on track, business and market sentiments became positive.

While, macro-economic parameters suggested that, while there might be the odd shock, the rise in income levels in India would be sustained over a period of time. These developments led to a notable growth in activity in two of our markets – recruitment and real estate.

You would recall that in the period of depressed markets in 2009 and early 2010, we at Info Edge had focussed on looking within and improving the internal systems and processes of the Company. During those months, we had rolled up our sleeves and put considerable efforts on streamlining the fundamentals of our business – sales management, customer analytics and technology. The emphasis was on better targeting of activities to generate higher value from every rupee spent. With these initiatives, Info Edge emerged a much stronger Company from the market downturn and was even better positioned to traverse a high growth path, once demand conditions improved. In fact, 2010-11 signalled the beginning of this new phase of growth.

On a standalone basis in FY2011,

**NET SALES INCREASED TO ₹2,936.2 MILLION** – a growth of 26.4% over ₹2,322.2 million registered in FY2010

**PAT INCREASED** by 47.5% to ₹839.7 million

**EARNINGS PER SHARE** (basic and diluted) increased to ₹15.38 from ₹10.43 in FY2010

On a consolidated basis in FY2011,

**NET SALES INCREASED** to ₹3,217.3 million – a growth of 35.7% over ₹2,370.8 million registered in FY2010

**PAT, AFTER MINORITY INTEREST OF SUBSIDIARY COMPANIES AND SHARE IN LOSS OF ASSOCIATE COMPANIES**, increased by 21.2% to ₹631.4 million  
**EARNINGS PER SHARE** (basic and diluted) increased to ₹11.57 from ₹9.54 in FY2010

We are primarily a consumer, technology and sales driven company. The two large elements of cost in our business are people and brand-building. Given the fundamental principles of pursuing profitable growth that govern the Company's operations, these expenses are tightly controlled and undertaken in a well planned and calibrated manner. The requirement for investments in physical capacity expansion is not very predominant, so there is not much requirement of capital expenses on this front. In addition, the operations are streamlined to function with a negative working capital. In this set up, a healthy top-line growth, coupled with improving margins contribute to good cash accretion. In FY2011, on a consolidated basis,

net cash generated from operations was ₹1,037.9 million. The cash and cash equivalents at the end of the year was ₹4,582.9 million of which ₹1,981.1 million was invested in bank fixed deposits and, around ₹2,601.8 million was invested in debt schemes of mutual funds. Clearly, with the performance in FY2011, the Company has further strengthened its balance-sheet position, which is a war chest that can be utilised for various investments at appropriate points in time. Also, this provides a strong security cover for the business. I always believe in maintaining sufficient cash balance to meet at least twelve months of operating expenses, in case of a contingency.

In terms of the different businesses, with over 80% share in total revenues, the recruitment solutions businesses with its flagship brand *naukri.com* is the Company's primary source of revenues and profits today. The other businesses, mainly *99acres.com*, *jeevansathi.com* and *shiksha.com* are in a developmental phase. While their revenues are growing, they still generate losses or insignificant profits. Having said so, over the last five years, through steady progress, the share of these 'other businesses' in the Company's total standalone revenues has increased from 5% to 17%.

## **TODAY, WE CONTINUE TO FOCUS ON FIVE BASIC BUSINESS GROWTH DRIVERS.**

### **FIRST, IS TO GROW THE CORE BUSINESS.**

**BEING THE MARKET LEADER,  
NAUKRI.COM HAS THE  
LARGEST CLIENT BASE. AS  
THIS LARGE CLIENT BASE USES  
THE SITE, IT POSTS JOBS AND  
RESULTS IN THE LARGEST JOB  
LIST IN INDIA. THIS, IN TURN,  
PROMOTES HIGHER TRAFFIC  
SHARE LEADING TO INCREASED  
CUSTOMER RESPONSE**

*Naukri.com* has developed into a sizeable & well positioned business that has attained the critical virtuous cycle of self-sustenance that all our businesses are striving to achieve. Let me explain. Being the market leader, *naukri.com* has the largest client base. As this large client base uses the site, it posts jobs and results in the largest job list in India. This, in turn, promotes higher traffic share leading to increased customer response. Such customer response further increases the client base, and growth becomes self-sustaining. *naukri.com* has attained the critical market size and leadership position required to further propel profitable growth with lower new investments. Consequently, in FY2011, with improved market demand, the recruitment vertical witnessed a 24% growth in net sales, and, in terms of traffic share, it has further gained its leadership position over both its nearest competitors. We continue to focus on aggressively growing this brand profitably. In





addition, the core business is supported by related businesses that focus on specific segments within the recruitment space. These include *naukrigulf*, which focuses on recruitment specifically in the gulf region. With the growth in the education sector, campus placements have grown significantly and there is a trend of this moving to the online platform. *Firstnaukri* is well positioned to leverage these opportunities. In the first year of commercial operations in FY2011, the business has got good response. There is also the professional networking site – *brijj.com*

## **SECOND, IS TO CAPITALISE ON THE GROWTH OF THE REAL ESTATE BUSINESS - 99ACRES.**

The business gained good momentum in FY2011. With net sales growing by 71%, the business broke even. More importantly, it gained significant traffic share over its nearest rivals, while some competitors have fallen far behind. It is strengthening its leadership position. While focus is on growing and scaling up the business, there is equal emphasis on improving quality of traffic and improving site hygiene in terms of content. In the real estate industry for long term growth, it is very important to filter usage and focus on better quality of data and site visitors.

## **THIRD, IS TO SCALE UP THE OTHER EXISTING BUSINESSES.**

Amongst the other businesses *Allcheckdeals.com*, which is the real estate brokerage business (and is a subsidiary), leveraged the growth in the real estate market in India and registered healthy growth. The education portal *Shiksha.com* is also gaining traction and we are investing in TV commercials to take the business to the next level. The market for offline placement services is becoming rather attractive. We have been reworking on the *quadrangle* business. Already, in FY2011 the number of clients has increased to 130 and we intend to grow this business. The matrimonial portal-, *jeevansathi.com* continues to focus on developing optimal solutions for its target market in north India.

All the growth objectives are well supported by a large and widely spread out sales team network. There are around 1,470 sales and client facing staff working through 48 offices across 31 cities in India. We are the only online Company in India with such a widespread physical sales force. I believe this will help us push all our brands more efficiently to customers and add impetus to our online presence. We are working on further improving the efficiencies of this team through adoption of sophisticated analytics tools and implementation of a new ERP system.

## **FOURTH, IS TO INVEST IN START UPS (I.E. BUSINESSES WHICH ARE EARLY STAGE).**

We strongly believe that the online business domain is about innovation and entrepreneurship. In order to create a Company that will be a leader in India across different spaces in the internet medium, it is very important to tap into new ideas being developed. We, at Info Edge, had already started investing in start-ups in the last few years. Our philosophy for these investments is fairly clear. We invest where we



have considerable faith in the capability of the promoters, business idea and model of execution. Post investments, we support the businesses with our vast domain expertise to help it in strategy, positioning and growth. In the longer run, we shall either leverage the value enhancement of the business or merge the business into Info Edge. In FY2011, we put in more focused attention to this part of our business. The Founder and Executive Vice Chairman, Mr Sanjeev Bikhchandani, has now taken focused charge of identifying and nurturing such investments. We have increased investments into *policybazaar.com* and made new investments into *zomato.com*, *mydala.com*, *nogle technologies* and *99labels.com*.

The details of these businesses are given in the chapter on management discussion and analysis. While the number of investments has increased the quantum of investments is still fairly low and focused on incubating these companies. With these investments, we expect to considerably widen our business base in the Indian online space and, we are convinced of this approach for growth.

Across the business, Info Edge continues to focus on attracting and retaining talent. Even, as we diversify into more brands and products, we remain primarily a people and knowledge driven business. We realise that it is our people who have been behind our success so far, and they will define our future. At Info Edge, we have promoted a fairly flat organisation structure where the predominant culture is to promote ownership and freedom of operations with broad objectives and controls

defined by the Company. There is a large element of variable pay that promotes enhanced performance. This includes stock based payments like Employee Stock Option Plans (ESOPs) and Stock Appreciation Rights (SARs).

We also continue to build teams to develop our businesses. In FY2011, there was around 22% growth in manpower in the standalone business. Most of which was to foster scaling up of the other businesses like *99acres* and *shiksha*.

While we have improved our positioning in the online business space in India during FY2011, it is heartening to note some of the external developments specific to internet in India. Estimates suggest that by December 2010, internet penetration in India had increased to 8.5% and broad-band connections continue to

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grow. By March 31, 2011, the number of broadband connections in India has further increased to 11.87 million.

In a global context, a recent study by the Mckinsey Global Institute has highlighted how internet is now an important part of global GDP. The study that analysed 13 leading global economies including India, concludes that the internet is now used in every country, in every sector, by most companies, and by more than 2 billion people and its usage is still growing. Internet related consumption and expenditure is now larger than agriculture or energy and its contribution to GDP in these countries is growing. In their sample set, internet account for 7% of GDP growth over the last 15 years and 11% over the last five years. It is also inferred that internet correlates with higher living standards. While at one level it has taken away jobs, at another it has created more jobs and is a net job creator. Mckinsey's global SME survey suggests that the internet has created 2.6 jobs for every job destroyed. India and China are strengthening their position in the global internet ecosystem by recording growth rates of over 20%. The study also suggests that internet in India accounted for lower contribution of GDP vis-a-vis developed countries. Imagine the opportunities that will be there in India as GDP grows and internet's contribution to GDP reaches closer to levels seen in developed countries. As a leader in this space, Info Edge is well-positioned to leverage these opportunities.

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

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

Regards  
**Hitesh Oberoi**

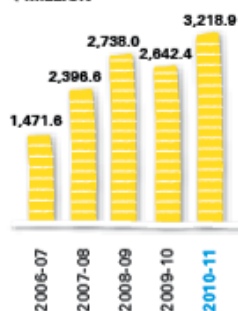


## company highlights

### GROWTH MOMENTUM IS BACK

AFTER A SLIGHT SLOWDOWN IN FY2010, TOTAL INCOME INCREASED BY 22% IN FY 2011

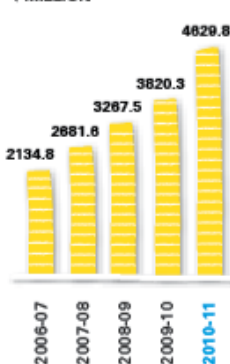
#### TOTAL INCOME ₹ MILLION



### BUILDING UP RESERVES

NET WORTH CONTINUES TO GROW SINCE THE IPO

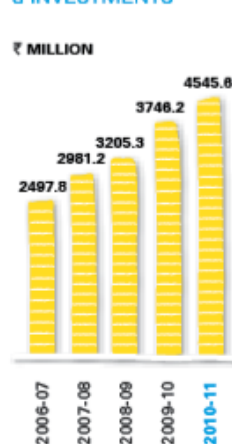
#### NET WORTH ₹ MILLION



### HIGH ON LIQUID ASSETS

CASH & EQUIVALENTS (FD IN BANKS, INVESTMENT IN DEBT MF & FMP)

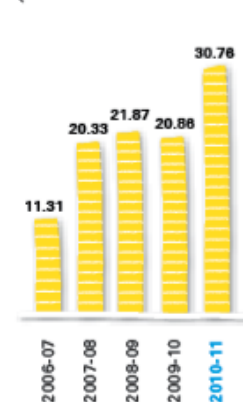
#### CASH & INVESTMENTS ₹ MILLION



### GOOD RETURNS TO SHAREHOLDERS

AFTER THREE CONSECUTIVE YEARS OF EPS OVER ₹20, IN FY2011 AFTER ADJUSTING FOR BONUS OFFER, EPC TOUCHED LEVELS OVER ₹30

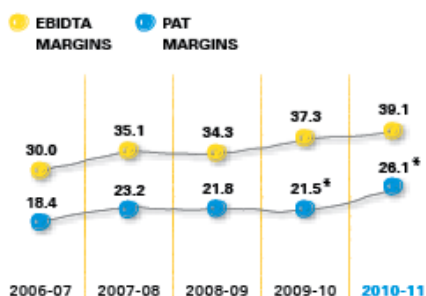
#### EARNINGS PER SHARE ₹



### MARGINS CONTINUE TO GROW

EBIDTA TRENDING UP TOWARDS 40%, WHILE PAT MARGIN (WITHOUT EXTRAORDINARY INCOME TRENDING UP TO 25%)

#### MARGINS (RATIO TO TOTAL INCOME) %



\* Includes one time exceptional item of loss of ₹37.74 million & income of ₹51.74 million in FY 09-10 and FY 10-11 respectively.

### HEALTHY PROFITS

EBIDTA AND PAT FROM ORDINARY ACTIVITIES CONTINUES TO GROW

#### PROFITS ₹ MILLION

