INFOEDGE

Annual Report 2011-2012

contents

Education
shiksha.com

Matrimonial
jeevansathi.com

Real Estate
99acres.com
allcheckdeals.com

Recruitment
brijj.com
quadrangle
naukri.com
naukrigulf.com
firstnaukri.com

Investee Companies
mydala.com
floost.com
99labels.com
policybazaar.com
zomato.com
meritnation.com

Board of Directors

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

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 • HSBC Bank

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

Infoedge milestones
1997
MAR
naukri.com launched
1999
naukri.com broke even
2000
Raised VC fund of INR 73M
2002
NOV
Acquired Quadrangle business
Turned profitable post VC funding
2003
SEP
Started TV advertising
2004
SEP
Acquired balance stake in Jeevansathi
2005
2006
naukrigulf.com
2007
brijj.com
2008
MAY
shiksha.com
2009
firstnaukri.com
2010
2011
SEP
99acres.com
Info edge has funded 6 startups
zomto.com
mydala.com
floost.com
policybazar.com
meritnation.com
99labels.com
asknaukri.com
2002
ICICI Ventures made an investment in Infoedge.
2006
Kleiner Perkins Caufield & Byers and Sherpalo LLC acquired 5% pre IPO equity in secondary purchase
Strong balance sheet - Cash of over Rs 480 Crores
November 21, 2006
The Company achieved impressive listing at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).
·Thomson Reuters Extel Survey Award 2011- " No.10 Chief Financial Officer for Investor Relations- India" to Mr. Ambarish Raghuvanshi.
2012
99acres won " Web Portal of the Year Award" by Accommodation Times Awards-2012
Focused on the India market
Growing & profitable
Apps for mobile and a HTML5 site
4 areas of businesses
Recruitment
Real Estate
Matrimony
Education

CEO's Message

Dear Shareholder,

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

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

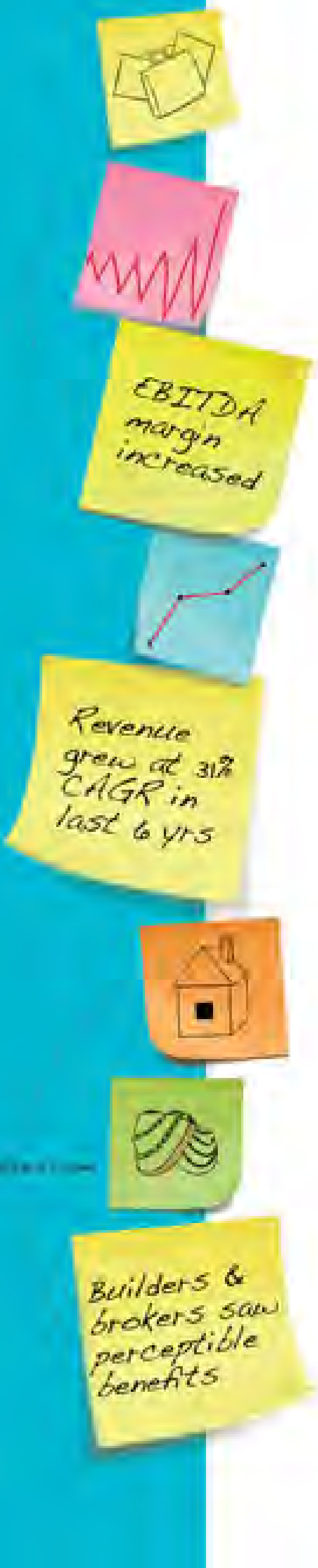
Certainly, the global economy does not paint a pretty picture and the business world is going through challenging times strewn with lot of uncertainty. Amidst this general despondency, it is a pleasure to convey to you the positive developments at Info Edge in FY2012. To begin with, the Company continued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

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

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

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

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



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

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

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

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

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

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

We, at Info Edge, are confident of the long terms prospects of 'online' businesses and the value added proposition that they bring for their users. In most segments in the online business space, market leaders are defining the contours of growth for the overall segment. We believe that maintaining a leadership position and driving innovation within their respective segments is critical for the future prospects of each of our businesses. With this belief, Info Edge remains committed to making investments across its different businesses for product development, branding and skill enhancement. As a Company, we are convinced that in a young industry like ours, it is important to maintain long term investment plans irrespective of business cycles. We have always done so and will continue to do so even if this translates into a drop in operating margins in the short term.

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

Last year, I had reported to you about the new thrust in investing in start up ventures. This was primarily structured to participate in the growing Indian internet industry, promote entrepreneurship and invest in cutting edge ideas and technology. We have made investments into *meritnation.com, policybazaar.com, zomato.com, mydala.com, floost.com* and *99labels.com*. Investments in all the investee companies have been early stage ones. The first thing we look at it is the quality of the team and only then we look at market potential, market size. Next, we look at the competitive position or the competitive situation in the space we want to enter. In general, we want to invest in companies that are first movers or early movers. We remain committed to these investments, including participating in the next round of investments. Operationally, we are closely monitoring the evolution of these business models.

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

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

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

Regards
Hitesh Oberoi

Highlights

PBT PAT EBITDA EPS operating EBITDA head count Operating EBITDA margin

5 years performance: Standalone

net worth total income EBITDA margin net sales

Recruitment - Over 80% of the company's topline and 90% of the bottomline

Naukri a clear leader at around 60% traffic share amongst job sites

24 million CV database

FIVE YEAR PERFORMANCE: STAND ALONE

₹ MILLION

	FY2008	FY2009	FY2010	FY2011	FY2012	CAGR
NET SALES	2,189	2,452	2,322	2,936	3,756	15%
TOTAL INCOME	2,397	2,738	2,642	3,219	4,165	15%
OPERATING EBITDA	635	652	666	981	1,423	22%
OPERATING EBITDA MARGIN	29.0%	26.6%	28.7%	33.4%	37.9%	
EBITDA	842	939	986	1,260	1,818	21%
EBITDA MARGIN	35.1%	34.3%	37.3%	39.1%	43.6%	
PBT	786	867	887	1,240	1,737	22%
PAT	555	597	569	840	1,226	22%
EPS	20.33	21.87	20.86	15.38	22.46	3%
CASH & EQUIVALENTS (FD IN BANKS, INVESTMENT IN DEBT MF & FMP	2,981	3,205	3,746	4,546	4,818	13%
NET WORTH	2,682	3,267	3,820	4,630	5,744	21%
HEAD COUNT	1,656	1,675	1,452	1,768	2,150	7%

FIVE YEAR PERFORMANCE: BUSINESS SEGMENTS

₹ MILLION

	FY2008	FY2009	FY2010	FY2011	FY2012	CAGR
NET SALES						
RECRUITMENT	1,964	2,117	1,954	2,425	3,042	12%
MATRIMONIAL		170	199	221	254	14%
REAL ESTATE		139	133	228	347	36%
SEGMENT PROFITS						
RECRUITMENT	816	922	803	1,098	1,550	17%
MATRIMONIAL		(47)	(1)	(41)	(49)	-
REAL ESTATE		(95)	(38)	4	1	-

Real estate Business segment Recruitment Matrimonial

Naukri Premium – 15 lakhs CTC & Above

naukri.com

leader

No. of resumes increased

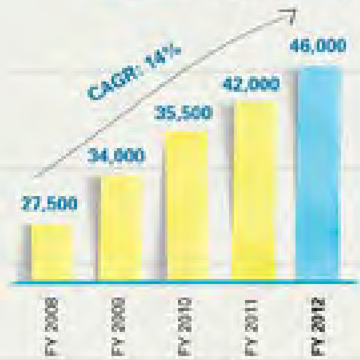
Unique customers

Apps for mobile and a HTML5 site

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

NAUKRI: Resumes (Nearest Million)

NAUKRI: Unique Customers



Breaking free

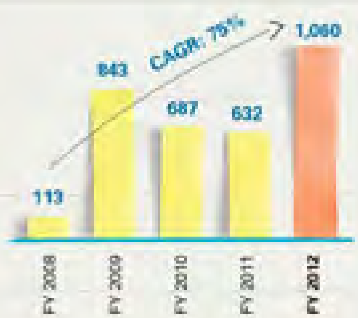
Gaining unique visitors

Strong revival in growth of listings

99ACRES.COM: Listings ('000)

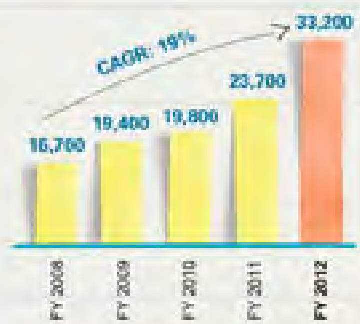
Increased focus on developing paid traffic

99ACRES.COM: Paid Listings ('000)



Translates into growing paid transactions

99ACRES.COM: Paid Transactions



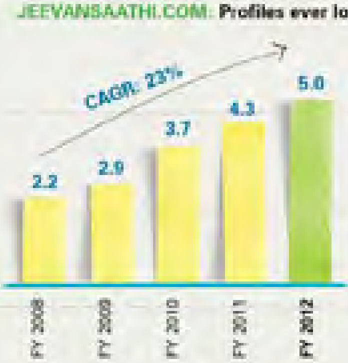
Top 3 category in advertising (print, outdoor)

99acres.com

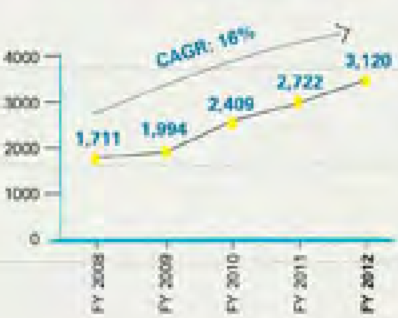
It lists new and existing property

Steady traction in jeevansathi.com

JEEVANSAATHI.COM: Profiles ever loaded



JEEVANSAATHI.COM: Avg realisation ( )

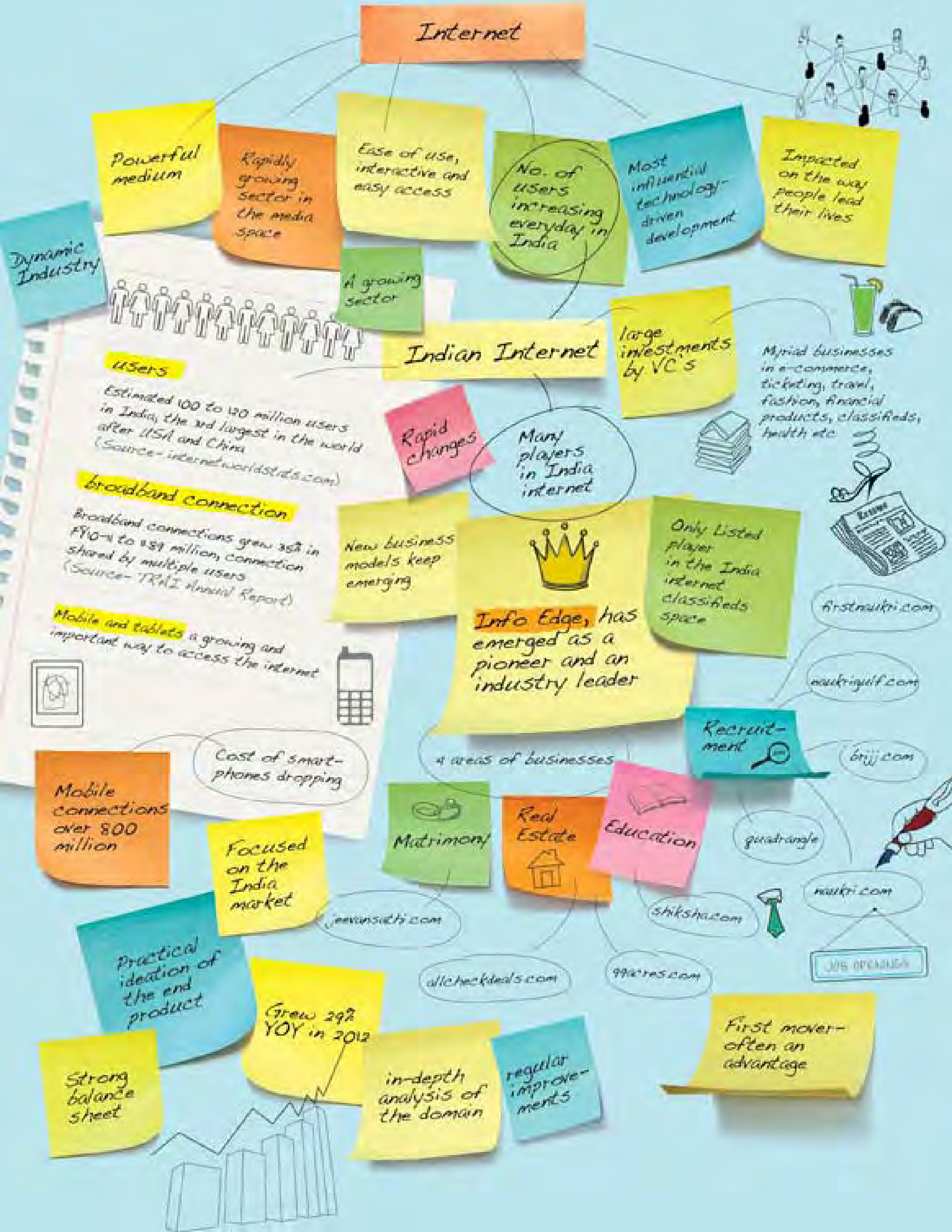


Leader in parts of a segmented market

Steady growth over the years

No. 3 player in a well established online category

Steady traction


Internet
Powerful medium
Rapidly growing sector in the media space
Ease of use, interactive and easy access
No. of users increasing everyday in India
Most influential technology-driven development
Impacted on the way people lead their lives
Dynamic Industry
A growing sector
Indian Internet
large investments by VC's
Myriad businesses in e-commerce, ticketing, travel, fashion, financial products, classifieds, health etc
users
Estimated 100 to 120 million users in India, the 3rd largest in the world after USA and China
(Source- internetworldstats.com)
broadband connection
Broadband connections grew 35% in FY10-11 to ~~~~ million, connection shared by multiple users
(Source- TRAI Annual Report)
Mobile and tablets a growing and important way to access the internet
Rapid changes
Many players in India internet
New business models keep emerging
Info Edge, has emerged as a pioneer and an industry leader
Only Listed player in the India internet classifieds space
firstnaukri.com
naukrigulf.com
Recruit-ment
brijj.com
4 areas of businesses
Cost of smart-phones dropping
Mobile connections over 800 million
Matrimony
Real Estate
Education
quadrangle
naukri.com
Focused on the India market
jeevansathi.com
shiksha.com
JOB OPENINGS
Practical ideation of the end product
allcheckdeals.com
99acres.com
Grew 29% YOY in 2012
First mover-often an advantage
Strong balance sheet
in-depth analysis of the domain
regular improve-ments