

EXTERNAL INVESTMENTS

INTERNAL BUSINESSES

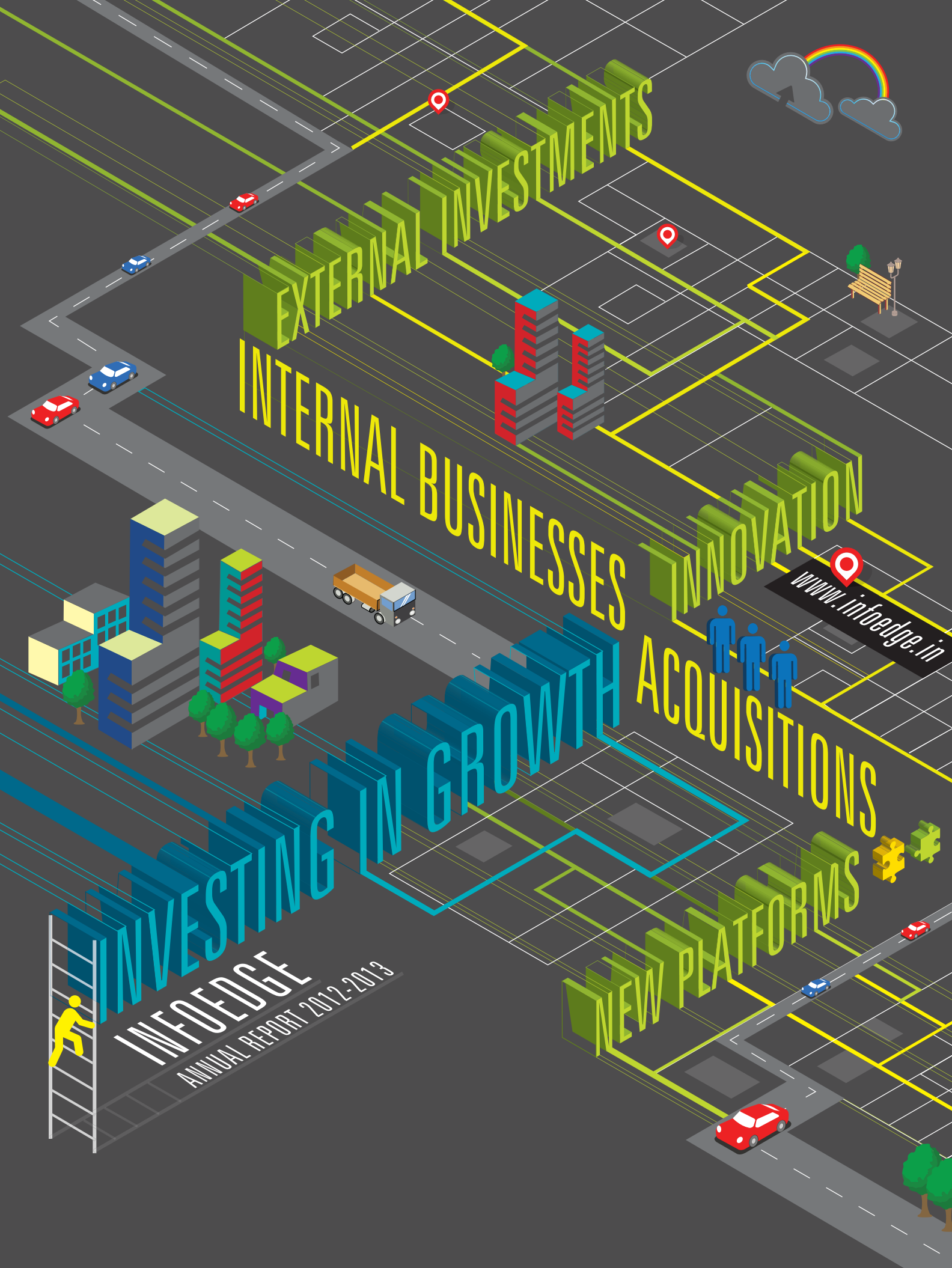
INNOVATION

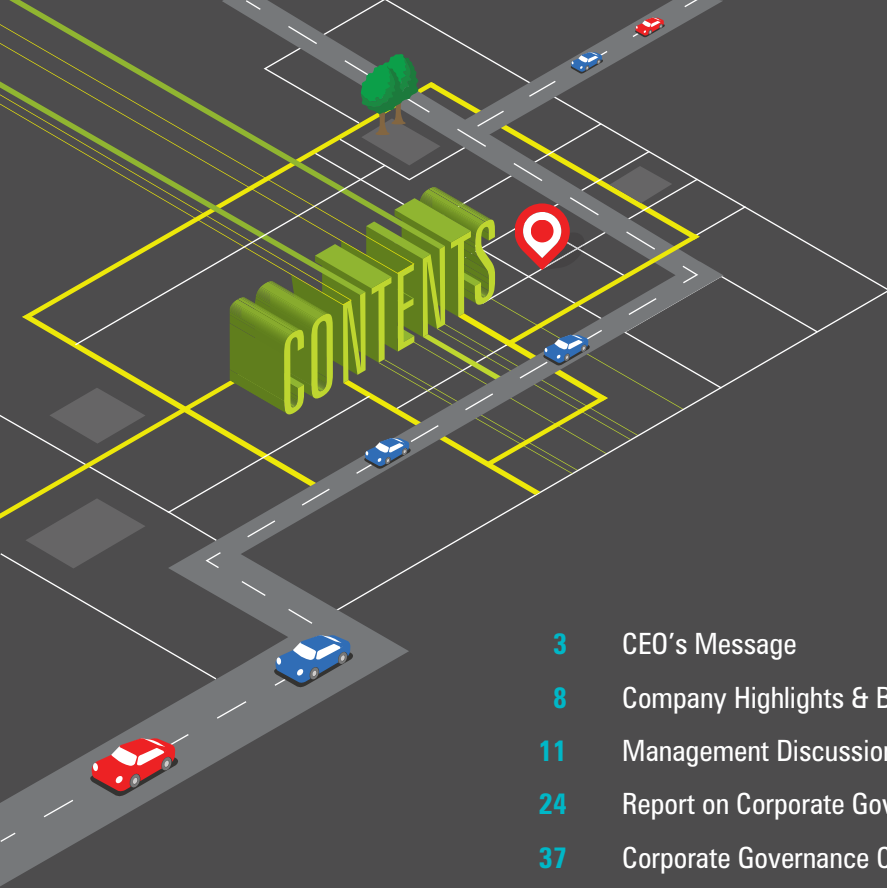
ACQUISITIONS

NEW PLATFORMS

INFOEDGE
ANNUAL REPORT 2012-2013

www.infoedge.in





CONTENTS

3	CEO's Message
8	Company Highlights & Business Snapshots
11	Management Discussion and Analysis
24	Report on Corporate Governance
37	Corporate Governance Certificate
38	Directors' Report
41	Annexures to Directors' Report
44	Auditors' Report (Standalone)
47	Balance Sheet (Standalone)
48	Profit and Loss Account (Standalone)
49	Cash Flow Statement (Standalone)
50	Schedules
77	Auditors' Report (Consolidated)
78	Balance Sheet (Consolidated)
79	Profit and Loss Account (Consolidated)
80	Cash Flow Statement (Consolidated)
81	Schedules
109	Subsidiary Companies Reports & Accounts

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 (Resigned w.e.f. May 31, 2013)

AUDITORS

Price Waterhouse & Co., Bangalore, Chartered Accountants

BANKERS

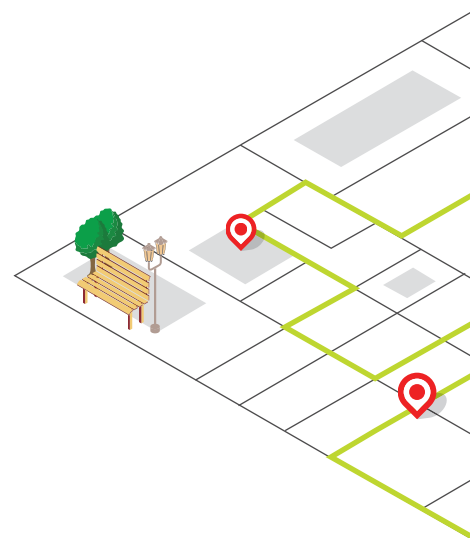
ICICI Bank Limited ■ HDFC Bank Limited ■ State Bank of India ■ Punjab National Bank
HSBC Bank ■ Bank of Baroda ■ Oriental Bank of Commerce ■ Bank of India
State Bank of Hyderabad

REGISTERED OFFICE

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

CORPORATE OFFICE

B-8, Sector-132, Noida – 201 301
Uttar Pradesh, India



ACQUISITIONS

MARKETING

TOO STEP

INNOVATION

SOCIAL MEDIA MARKETING
COMMUNITY

WEB SERVICES
MLP

MACHINE LEARNING
REVIEWS

DISCUSSIONS

SEM

SEO

NEW PLATFORMS

MOBILE MARKETING
2G

WINDOWS 8

ANDROID

APPS

VIDEO

HTML 5

IOS

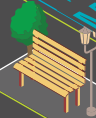
TABLETS

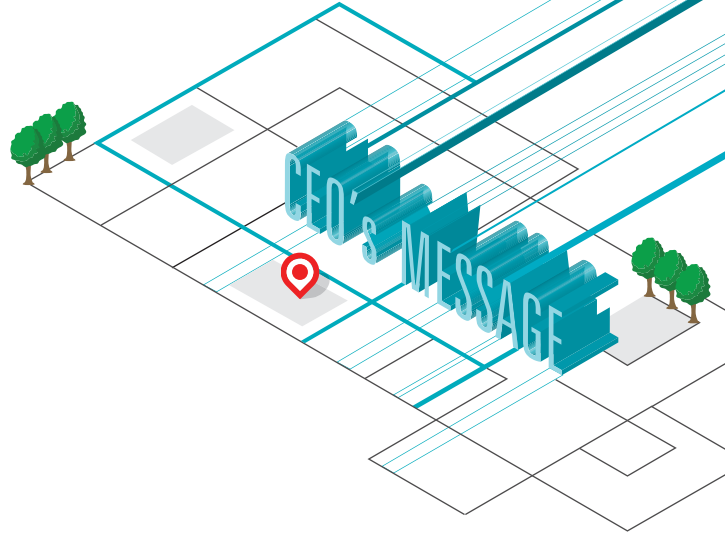
3G

UGC
SEMANTIC SEARCH

CLOUD

Q&A





Dear Shareholder,

Perspective is an important factor in determining the path of an organisation. The management of different businesses often have their own unique way of interpreting challenges and opportunities in a prevailing economic environment. This is reflected in their strategic decisions. Let us look at the state of the Indian economy. On the one hand, it is a fact that economic activity has slowed down and the 5% real GDP growth recorded in FY2013 is the lowest in the last decade.

This has had an adverse impact on business sentiments and the recruitment industry, which is Info Edge's dominant business. On the other hand, it is important to appreciate that even with lower growth India is poised to become a US\$ 1.5 trillion economy in the next five years.

"INDIA CURRENTLY HAS ABOUT 120 MILLION INTERNET USERS, WHICH IS THE THIRD LARGEST INTERNET POPULATION IN THE WORLD"

Given the fact that India is one of the youngest nations of the

world with a median age of 26, much of this growth will be driven by the younger population of the country. 65% of India's population is below 35 years of age and there will be 70 million new entrants to the workforce in the next 5 years. The potential for internet businesses like ours to be an intrinsic part of this economic growth is immense. Estimates suggest that the economic contribution from internet in India can be potentially doubled from 1.6% of GDP as on today to 2.8%-3.3% by 2015. In fact, the internet related economy is expected to be bigger than education and as big as the healthcare sector in terms of current GDP share. At current levels of internet related expenditure, about 6 million direct and indirect jobs will be created in the next 5 years. With greater penetration, as the direct impact of the internet on India's GDP has the potential to double by 2015, an additional 16 million jobs could be created.

The steady progress in internet usage in India continues unabated. India currently has about 120 million internet users, which is the third largest internet population in the world. Today, the country is witnessing one of the largest incremental growths of internet users in the world and by 2015 India is expected to have 330 million to 370 million internet users. Apart from demographic and economic considerations, this growth is being fuelled by lower costs of internet access and more importantly the growing influence of mobile devices. Estimates suggest that 55% of the aggregate user base in 2015 is expected to access internet from a mobile or tablet device.

Clearly, as one of the leading internet based businesses in India, Info Edge has the potential to play a significant role in this long term growth of the internet economy in India. So, there are certainly considerable reasons for optimism.

Having said so, FY2013 was indeed a difficult year for the Company and growth was moderate. As a standalone entity, net sales increased by 16% to ₹4,372.6 million in FY2013. EBITDA margins, without accounting for other income, reduced from 37.7% in FY2012 to 33.7% in FY2013. Consequently, profit growth was lower – EBITDA grew by 6.7% and PBT before exceptional items increased by 5.9%.

Moving on to the performance of the different business verticals, For FY2013, the recruitment business grew its top line by 11% and the EBITDA margin was at 49% against 51% for FY2012. The Naukri database grew to over 33 million CVs, while average CV modifications were at 116,000 per day. In FY2013, in Naukri we serviced 48,000 customers – up from 46,500 customers in FY2012.

“FOR THE COMPANY AS A WHOLE, EVEN AT THE LOWER PROFIT GROWTH LEVELS, CASH FLOWS REMAINED ROBUST. IN TERMS OF NUMBERS, NET CASH FROM OPERATING ACTIVITIES WAS ₹1,002.94 MILLION DURING FY 2013”

In the 99acres business, top line grew by 48% to ₹514 million in FY2013. In 99acres, we made a small profit in Q4 FY2013 but for the FY2013 as a whole,

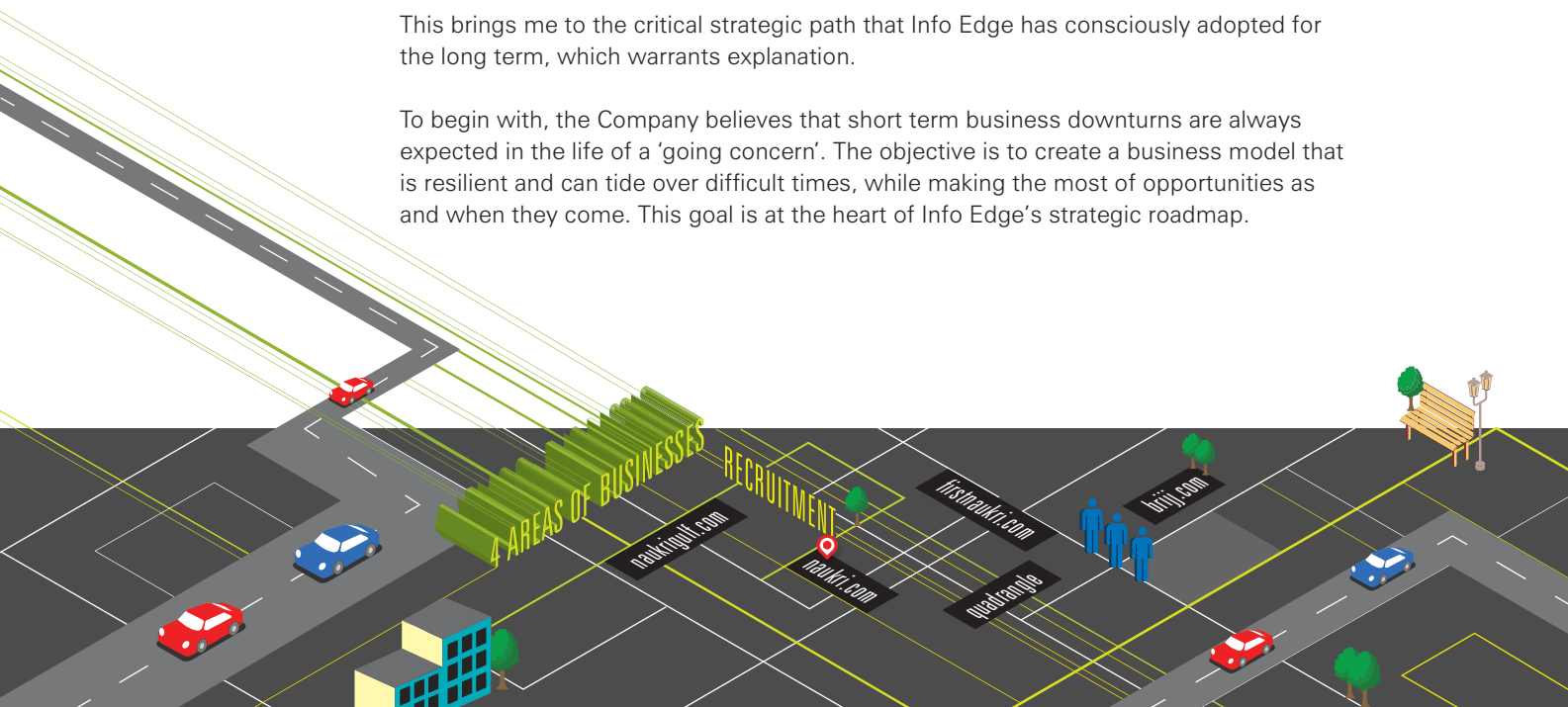
it recorded losses of ₹7.6 million. Paid listings at the end of Q4 FY2013 were at 0.43 million, which is a gain over the 0.32 million paid listings recorded at the end of Q4 FY2012. In the Jeevansathi business, net sales grew 27% in FY2013, while there was an EBITDA loss of ₹75.1 million.

In Shiksha – net sales grew by 30% in FY2013. The growth in net sales was a lot lower than collection growth because of the changes in sales mix - we had more deferred products being sold this year compared to last year. However, because the base is small, such changes result in large changes in percentage terms that are not truly reflective of the developments in business. Clearly, with Shiksha, growth has been in the right direction.

For the Company as a whole, even at the lower profit growth levels, cash flows remained robust. In terms of numbers, net cash from operating activities was ₹1,002.94 million during FY2013. So we continued to be a good cash accretion Company in a difficult business environment.

This brings me to the critical strategic path that Info Edge has consciously adopted for the long term, which warrants explanation.

To begin with, the Company believes that short term business downturns are always expected in the life of a ‘going concern’. The objective is to create a business model that is resilient and can tide over difficult times, while making the most of opportunities as and when they come. This goal is at the heart of Info Edge’s strategic roadmap.



ON THIS FRONT, WE HAVE A TWIN APPROACH.

It is important to appreciate that the internet business is highly people oriented and it is imperative to have the best quality of human resources to service the business. Info Edge is investing heavily in its workforce. Much of the expenditure is to create a sales support structure to back the businesses. During the course of the year the total headcount has increased from 2,150 people to 2,464 people.

Across brands there are continuous efforts at product up-gradation to provide the best experience to customers. Many of these are a result of customer feedback and the

Innovation in terms of sophisticated analytics is being regularly used to create more focused improvements in terms of experience and transactions for target customers. Brand building exercises are also critical to maintain recall in an industry which continuously witnesses new entrants.

involve capital outlays, in accounting terms much of it gets reflected as higher operating cost outflows. Consequently, such expenditure adversely affects operating profit margins while essentially they are investments for the longer term.

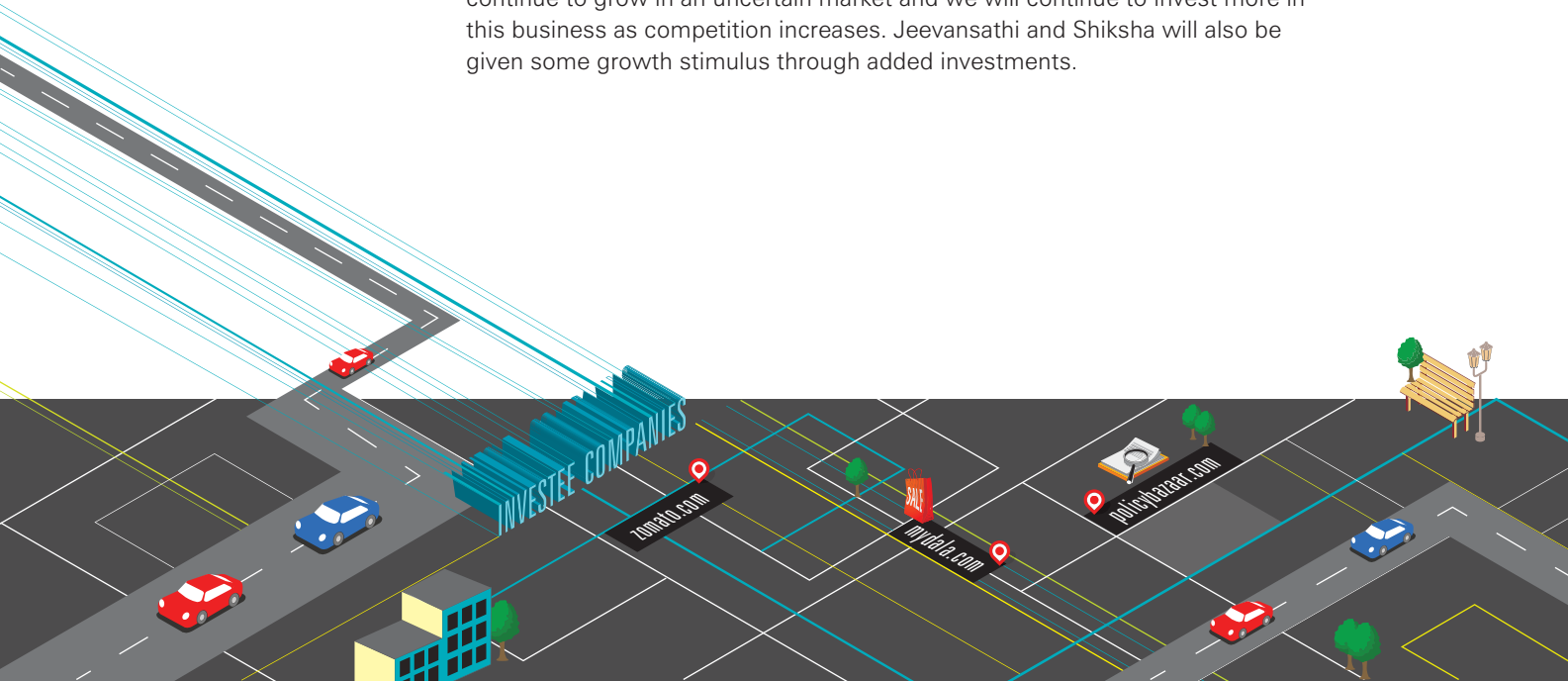
SECOND, THE COMPANY INVESTS IN NEW BUSINESSES WHICH ARE AT THE EARLY STAGE OR INCUBATION STAGE OF DEVELOPMENT. These investments have potential for very high returns in terms of valuations while there are relatively higher risks of failures as well. The investments are carefully calibrated to strike a balance between risk and returns. In FY2013, the Company had written off investment in *99labels.com* as the e-commerce space is highly capital intensive, the Company consciously decided not to continue investing in it. The Company is open to taking such risks given that the benefits derived from even one success story could completely outweigh the losses on others. In a sense it is imperative to make these investments in an innovation driven dynamic industry like ours to keep attracting people with new ideas and stay ahead of the competition curve.

"IT IS IMPERATIVE TO MAKE THESE INVESTMENTS IN AN INNOVATION DRIVEN DYNAMIC INDUSTRY LIKE OURS TO KEEP ATTRACTING PEOPLE WITH NEW IDEAS AND STAY AHEAD OF THE COMPETITION CURVE"

Our investee companies continue to witness growth. Total operating revenue from these companies increased by 80% from ₹598.1 million in FY2012 to ₹1,077.8

million in FY2013. In Q4 FY2013, Info Edge invested ₹300 million in Meritnation and moved to majority. The Company also moved to majority stake by investing ₹678.6 million in Zomato. An additional 25 million was invested in PolicyBazaar. Additional funding may be required by investee companies and we will evaluate this from time-to-time. We also continue to evaluate other investment opportunities in the Indian internet market.

Going forward, the job market may continue to be tight in the near term. This may continue to be the case till the economy starts looking up again. Our competitive position in Naukri continues to be strong and when growth comes back we will benefit. In the meanwhile, we will continue to invest more in the business, especially in product development and enhancing customer experience. 99acres continue to grow in an uncertain market and we will continue to invest more in this business as competition increases. Jeevansathi and Shiksha will also be given some growth stimulus through added investments.



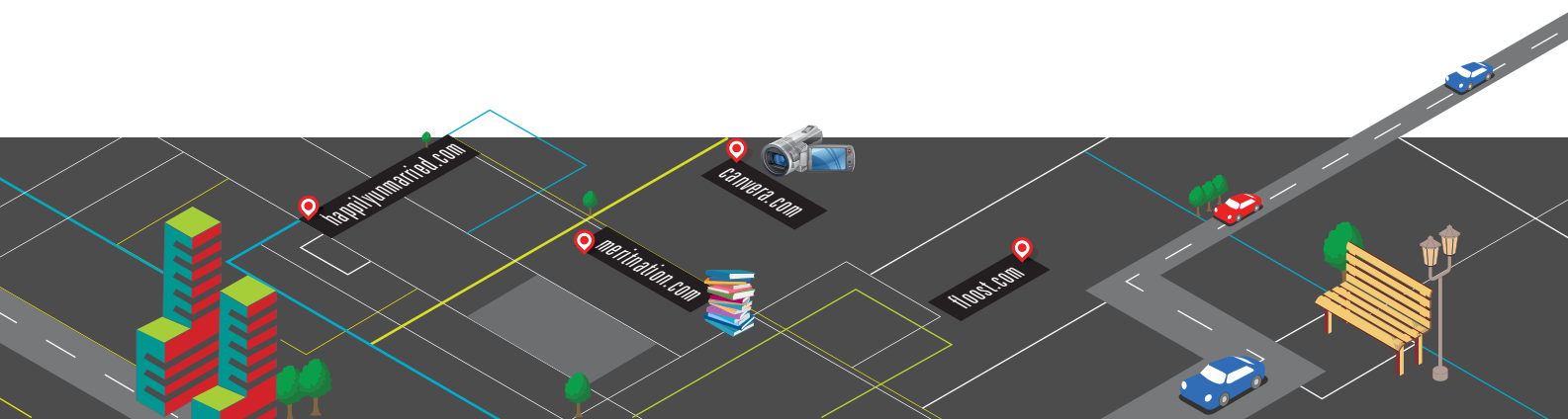
"OUR BUSINESS IS WELL POSITIONED FOR BIG-TICKET GROWTH. WITH THE DEDICATION OF OUR EMPLOYEES AND YOUR ENCOURAGEMENT, INFO EDGE IS CONFIDENT OF DELIVERING SUSTAINED VALUE"

In a sense, we will be a contrarian company that continues to invest in its businesses even as the environment reflects of difficult times. Our past experience and knowledge

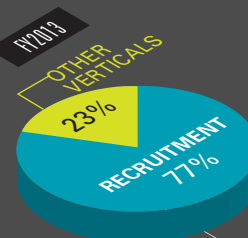
in the internet space gives us the confidence to do so. We also believe that the investment strategy is a key risk management tool against competition. We will have to continue to focus on excellence in innovation and execution. And, I am confident of my team and its ability to deliver on these fronts in the coming years.

Finally, I would like to take this opportunity to thank you for your continued support. Our business is well 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



FIVE YEAR PERFORMANCE: STAND ALONE

₹ MILLION

	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
NET SALES	2,452	2,322	2,936	3,756	4,349	15.4%
TOTAL INCOME	2,738	2,642	3,219	4,165	4,838	15.3%
OPERATING EBITDA	652	666	981	1,423	1,474	22.6%
OPERATING EBITDA MARGIN	26.6%	28.7%	33.4%	37.9%	33.9%	
EBITDA	939	986	1,260	1,818	1,939	19.9%
EBITDA MARGIN	34.3%	37.3%	39.14%	43.6%	40.1%	
PBT	867	887	1,240	1,737	1,551	15.6%
PAT	597	569	840	1,226	1,022*	14.4%
EPS	21.87	20.86	15.38	22.46	18.72	
CASH & EQUIVALENTS (FD IN BANKS, INVESTMENT IN DEBT MF & FMP)	3,205	3,746	4,546	4,818	4,252	7.3%
NET WORTH	3,267	3,820	4,630	5,744	6,654	19.5%
HEAD COUNT	1,675	1,452	1,768	2,150	2,464	10.1%

* After exceptional item

FIVE YEAR PERFORMANCE: BUSINESS VERTICALS

₹ MILLION

	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
NET SALES						
RECRUITMENT	2,117	1,954	2,425	3,042	3,368	12.3%
MATRIMONIAL	170	199	221	254	323	14%
REAL ESTATE	139	133	228	347	516	38.8%
VERTICAL PROFITS						
RECRUITMENT	922	803	1,098	1,550	1,658	17%
MATRIMONIAL	(47)	(1)	(41)	(49)	(75)	NA
REAL ESTATE	(95)	(38)	4	1	(8)	NA