

naukri.com

shiksha

infoedge

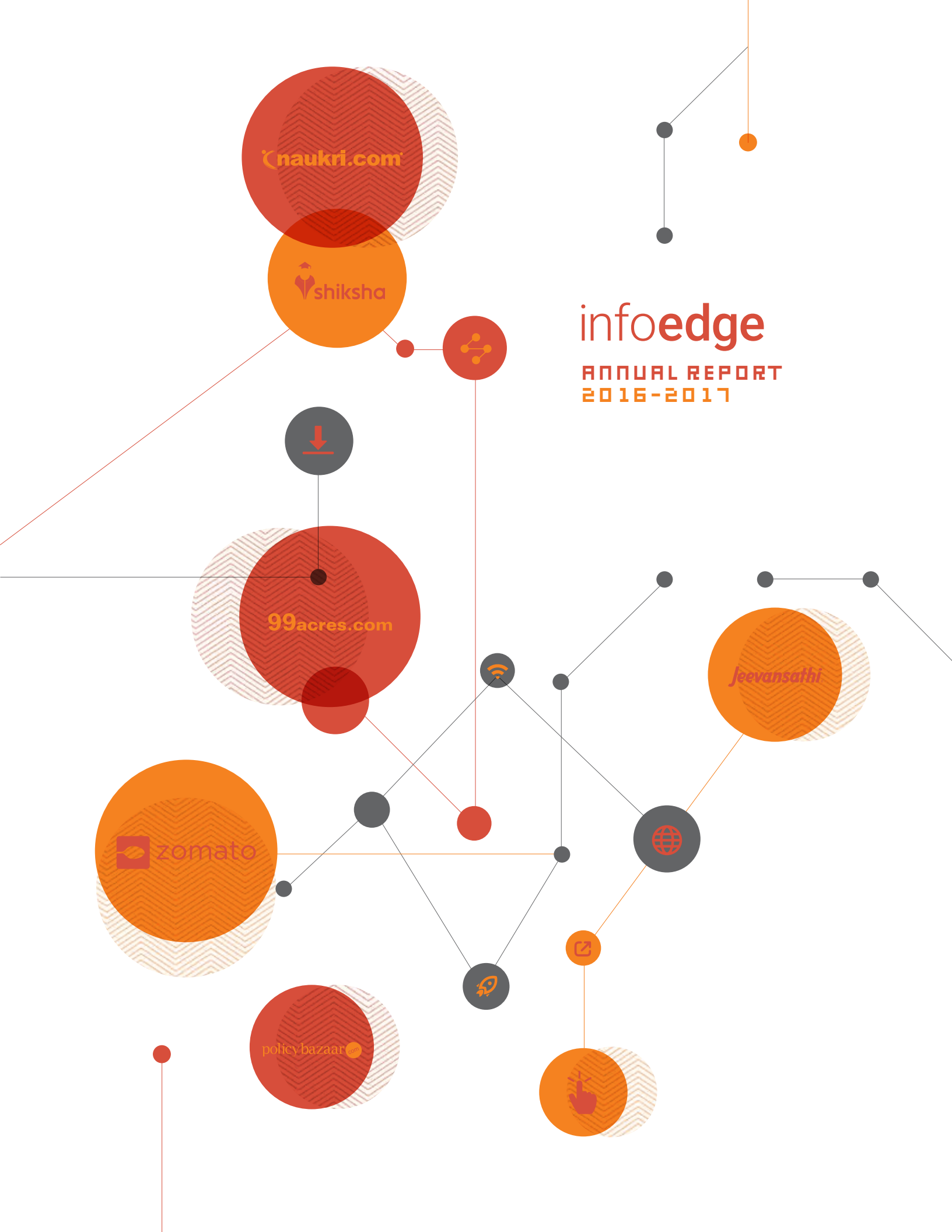
ANNUAL REPORT
2016-2017

99acres.com

Jeevansathi

zomato

policybazaar



BOARD OF DIRECTORS

Mr. Kapil Kapoor	Non-Executive Chairman
Mr. Sanjeev Bikhchandani	Founder & Executive Vice-Chairman
Mr. Hitesh Oberoi	Managing Director & Chief Executive Officer
Mr. Chintan Thakkar	Whole-time Director & Chief Financial Officer
Mr. Arun Duggal	Independent Director
Mr. Saurabh Srivastava	Independent Director
Ms. Bala Deshpande	Independent Director
Mr. Naresh Gupta	Independent Director
Mr. Sharad Malik	Independent Director

COMPANY SECRETARY

Mr. MM Jain

AUDITORS

Price Waterhouse & Co Bangalore LLP [FRN-007567S/S-200012] Chartered Accountants

BANKERS

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

REGISTERED OFFICE

GF-12A, 94, Meghdoot Building,
Nehru Place, New Delhi-110 019 India
CIN: L74899DL1995PLC068021

CORPORATE OFFICE

B-8, Sector-132, Noida – 201 304
Uttar Pradesh, India

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AT INFO EDGE, WE HAVE ALWAYS FOCUSED ON DELIVERING LONG TERM SUSTAINABLE VALUE. FOR US, INCUBATING AND DEVELOPING A BUSINESS IS ABOUT MAKING A PROMISE AND ROLLING UP OUR SLEEVES TO DELIVER IN THE MOST EFFICIENT MANNER. WE ADOPT A FOCUSED APPROACH TO FORMULATE AN IDEA AND THEN, MOST IMPORTANTLY, WORK VERY HARD TO EXECUTE IT WELL AND KEEP IMPROVISING.



Dear Shareholders

As I raise my pen to share my thoughts with you this year, I find it much easier to explain what our industry is all about. After a couple of decades of wading through the early phases of development, the internet based industry in India has firmly entrenched its foundation. Today, digital India has gained considerable traction and is poised to become what the Boston Consulting Group estimates to be a \$250 billion economy by 2020.

Like in most growing industries there has been a churn. Those, like Info Edge, who have delivered on their promises, continue to get the attention of investors and get good valuations, while some have gone through the phase of 'investor exuberance', got valuations and bitten the bullet of 'poor delivery'.

WITH THIS STEADY
IMPROVEMENTS
IN REVENUES AND
PROFITS, YOUR
COMPANY HAS BUILT
A CASH BALANCE OF
₹12,891 MILLION (FD IN
BANKS, INVESTMENTS
IN DEBT MF AND FMP AT
COST) BY THE END OF
FY2017. IN ADDITION,
₹7,348 MILLION HAS
BEEN INVESTED INTO
INVESTEES COMPANIES.

At Info Edge, we have always focused on delivering long term sustainable value. For us, incubating and developing a business is about making a promise and rolling up our sleeves to deliver in the most efficient manner. We adopt a focused approach to formulate an idea and then, most importantly, work very hard to execute it well and keep improvising.

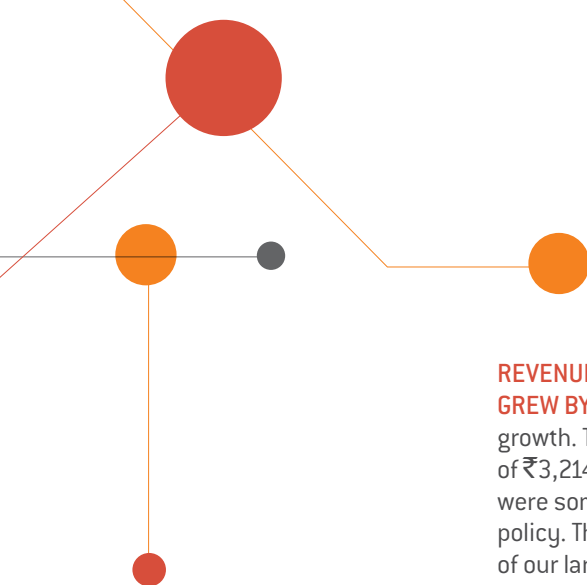
In the way in which we do our business, effective execution is paramount and the process involves a rigorous day-to-day exercise of continuously getting things done well. This encompasses a comprehensive discipline of ideation, strategising, planning, implementing, reviewing and adopting corrective measures. Consequently, even after completing 17 years since our first round of funding we have nurtured only our four core businesses with a central focus on theme of online classifieds. These are the well-established flagship, naukri.com, and a portfolio of developing brands including 99acres.com, jeevansathi.com and shiksha.com. For promoting other ideas, we have invested externally into other teams of entrepreneurs and provided them supervisory support.

This business ethos of tight focus and exceptional execution reflects in our financial performance.

Over the last decade, Info Edge, as a standalone entity, grew at a compound annual growth rate (CAGR) of 19.4% — from a revenue of ₹1,395 million in FY2007 to ₹8,209 million in FY2017 (as per IGAAP). While there have been some fluctuations over the entire period, operating EBITDA margin has increased from 27% in FY2007 to 33% in FY2017 (as per IGAAP).

With this steady improvements in revenues and profits, your Company has built a cash balance of ₹12,891 million (FD in banks, Investments in debt MF and FMP at cost) by the end of FY2017. In addition, ₹7,348 million has been invested into investee companies. Clearly, we have invested in the future, while creating a war chest of cash reserves.

For Info Edge, FY2017 was another step forward in this journey of long term value creation. There were gains both in financial terms and in terms of creating greater market dominance for its brands. Given below are the highlights of each of our businesses.



REVENUES FOR THE RECRUITMENT SEGMENT WAS ₹5,953 MILLION IN FY2017 — WHICH GREW BY 12.5% OVER FY2016. New products played a significant role in driving this growth. This segment continued to deliver excellent profitability, with operating EBITDA of ₹3,214 million in FY2017. Having said so, it needs stating that revenues for naukri.com were somewhat affected due to the Company's transition to a new sales and incentive policy. The new policy is designed to help reduce discounting and bill more from some of our larger customers who tend to renew at the end of the quarter/year. This has led to a deferment in sales in the fourth quarter; but is expected to yield better revenue numbers in FY2018.

There are early signals of a slowdown in the IT sector. However, in FY2017, we serviced nearly 14,400 IT clients against 13,700 in FY2016. For naukri, there was a growth in revenues from IT. I also believe that with uncertainties in the job market, more people may actually use naukri.com as part of their solution to get employed or recruit at lower costs. Thus, I don't expect the business to be adversely impacted.

REVENUES FOR 99ACRES.COM INCREASED BY 3.67% TO ₹1,122 MILLION IN FY2017.

The real estate sector faced the brunt of the Government of India's demonetisation, and 99acres.com was adversely affected in the months of November-December 2016 and January 2017. However, matters improved in February- March 2017. Operating EBITDA loss for FY2017 was ₹597 million. Profitability improved as we rationalised our spending.

JEEVANSATHI.COM HAS SHOWN VERY ENCOURAGING SIGNS IN FY2017. REVENUES INCREASED BY 22% TO ₹580 MILLION IN FY2017.

Operating EBITDA loss for FY2017 was ₹79 million. However, operating EBITDA margin will be lower as we will continue to invest in this business to gain market share.

FOR SHIKSHA.COM, REVENUE GREW BY 11% TO ₹365 MILLION IN FY2017. Operating EBITDA loss for FY2017 was ₹37 million.

Our strategic investments in investee companies continue to perform up to expectations. In FY2017, an additional ₹617 million (including loan) was invested into these ventures. In accounting terms, there have been some changes in the way some of these businesses are treated in our consolidated accounts. In essence, based on the fully converted shareholding percentages, this year Canvera has been added to the Company's consolidated numbers, while Zomato has moved out.

The performance of Zomato remains important in terms of valuations of investments on the balance sheet of the Company. In FY2017, Zomato recorded a revenue of ₹3,323 million and incurred Operating EBITDA loss of ₹1,519 million. As we see it for Zomato, the revenue growth continues, the cash burn is substantially lower, the business now has enough cash, and is close to breaking even.

At the consolidated level, net sales of your Company increased by 18.7% to ₹8,876 million, while the total comprehensive loss was ₹239 million in FY2017 against a profit of ₹1,448 million in FY2016. Aggregate revenues of the 12-investee companies increased by 40% from ₹4,744 million in FY2016 to ₹6,644 million in FY2017, while Operating EBITDA level losses reduced from ₹6,819 million to ₹2,625 million.

At this juncture, it is important to emphasise that while we continue to focus on the so-called 'mundane' activities that promote execution excellence, at heart we are a customer-centric, technology-driven Company. Let me elucidate.

Our rich experience over two decades has provided us immense customer insights and understanding on how internet-based customer preferences are evolving in India across the domains where we operate. Our focus is on adding value by solving problems for customers — and this is at the core of the quality customer experience we strive to deliver on a continuous basis. This focus has played a critical role making most of our brands clear market leaders in terms of traffic share.

We have built this strong customer base and continue to increase it by regularly working on providing increasingly more effective value propositions to each of our customers. And the process is undertaken with minimum cash burn by utilising sophisticated tools for analytics and a strong technology platform for product and service delivery.

In terms of technology, today, we are focusing on three core areas.

FIRST, THE RAPIDLY INCREASING USE OF MOBILE PLATFORMS: Today, over 60% of our traffic comes from mobile phones in various businesses.

SECOND, WE WORK ON MATCHING TECHNOLOGIES: For example, we acquired MakeSense and integrated it with our search engine. We have also been steadily investing in machine learning and Big Data over the last few years to widen the span of our matching algorithms.

THIRD, CLOUD BUSINESS: With Career Site Manager, for example, we now have a cloud based recruitment management system within the Company. Earlier, we were more of a sourcing enterprise from where people used to scan résumés and candidate profiles. Today, we are expanding into the area of recruitment automation — where the Company supports its customers by helping them automate activities like their recruitment processes, managing referral hiring programmes, improving their corporate career site and streamlining interview processes.

As a Company, we are aggressive yet humble; futuristic yet grounded; technology-driven yet people oriented; and an industry stalwart yet young-at-heart. We are one of the pioneers of the internet enabled services industry in India and we continue to strengthen our positioning in this space across our brands.

With Best Regards
Hitesh Oberoi

HIGHLIGHTS

FIVE YEAR PERFORMANCE: STAND ALONE (₹ MN)- AS PER IGAAP

	FY2013	FY2014	FY2015	FY2016	FY2017	CAGR
Net Sales	4,349	5,051	6,113	7,235	8,209	17.2%
Total Income	4,838	5,491	6,877	8,063	9,138	17.2%
Operating EBITDA	1,474	1,644	1,793	1,578	2,677	16.1%
Operating EBITDA margin	33.9%	32.5%	29.3%	21.8%	32.6%	
EBIDTA	1,939	2,077	2,557	2,407	3,607	16.8%
EBIDTA margin	40.1%	37.8%	37.2%	29.8%	39.5%	
PBT	1,551	1,876	2,675	2,082	3,326	21.0%
PAT*	1,022	1,285	1,939	1,416	2,661	27.0%
EPS** (₹)	9.36	11.77	16.82	11.76	22.01	
Cash & Equivalents (FD in Banks, Investment in Debt MF& FMP)	4252	4782	11,722	10,964	12,891	32.0%
Net Worth	6,654	7,621	16,624	17,640	19,942	31.6%
Head Count	2,464	3,016	3,826	4,214	3,999	12.9%

* After exceptional item

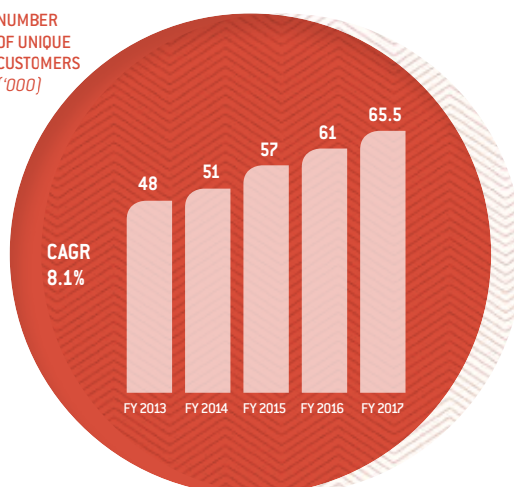
** Bonus issue in ratio of 1:1 made in FY 2013

FIVE YEAR PERFORMANCE: STAND ALONE (₹ MN)- AS PER IGAAP

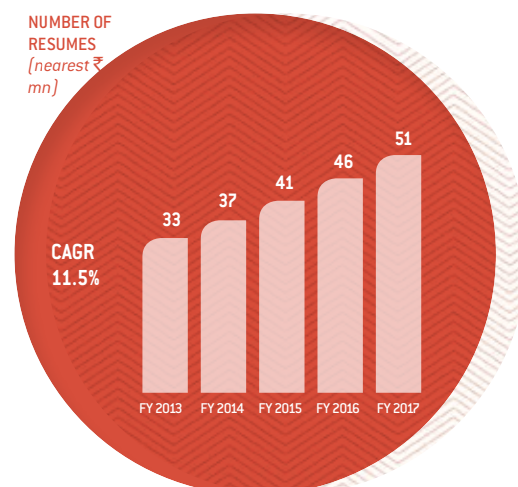
	FY2013	FY2014	FY2015	FY2016	FY2017	CAGR
Net Sales						
Recruitment	3,368	3,713	4,450	5,312	6,004	15.5%
Matrimonial	323	360	392	469	589	16.2%
Real Estate	516	758	1,004	1,106	1,233	24.3%
Vertical Profits/(Loss)						
Recruitment	1,658	1,879	2,279	2,846	3,366	19.4%
Matrimonial	(75)	(67)	(44)	(126)	(43)	NA
Real Estate	(8)	(48)	(375)	(911)	(414)	NA

NAUKRI.COM

NUMBER
OF UNIQUE
CUSTOMERS
(^{'000})



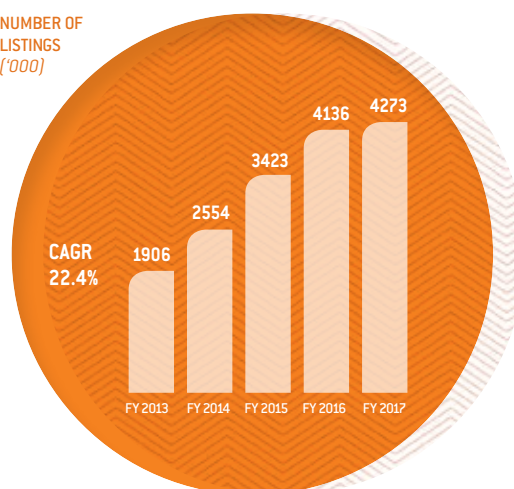
NUMBER OF
RESUMES
(nearest ₹
mn)



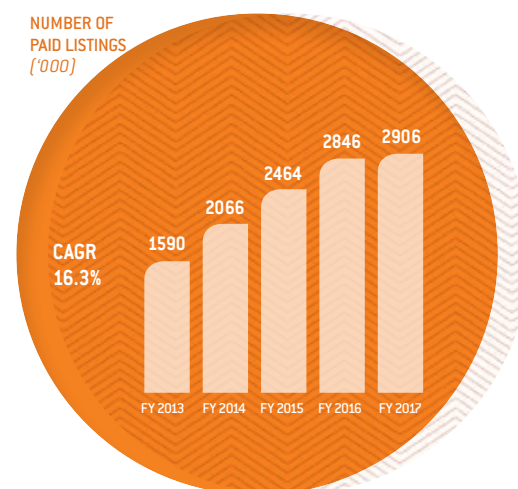
ACROSS
BUSINESSES,
INFO EDGE IS
FOCUSING ON
GAINING MARKET
DOMINANCE AND
INCREASING
CUSTOMER
PENETRATION. THIS
IS EVIDENT IN THE
PERFORMANCE
HIGHLIGHTS

99ACRES.COM

NUMBER OF
LISTINGS
(^{'000})

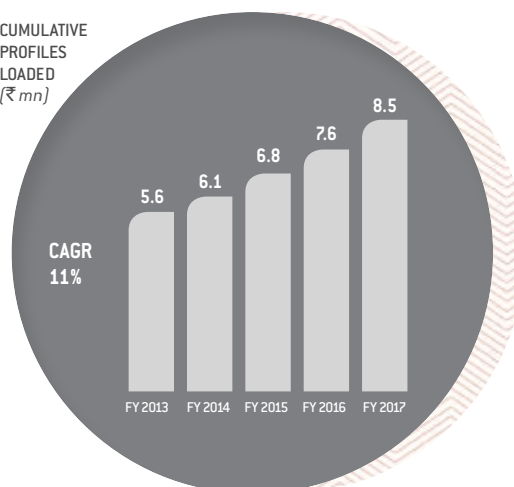


NUMBER OF
PAID LISTINGS
(^{'000})

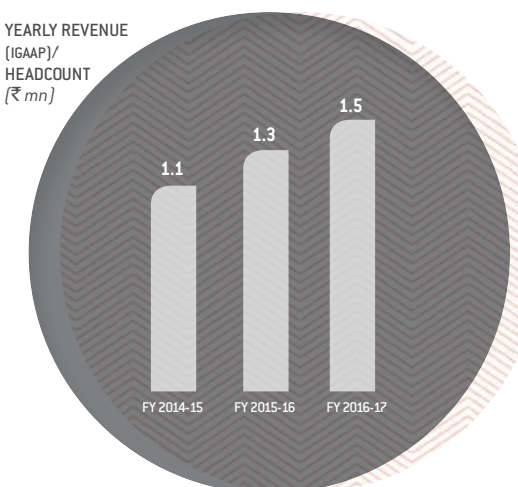


JEEVANSAAHI.COM

CUMULATIVE
PROFILES
LOADED
(₹ mn)



YEARLY REVENUE
(IGAAP)/
HEADCOUNT
(₹ mn)



WHILE LAYING EMPHASIS ON IDEATION, CONCEPT CREATION AND BUSINESS MODEL DESIGN, INFO EDGE HAS ALWAYS IMBIBED A STRONG FOCUS ON EFFICIENT EXECUTION THROUGH TWO CRITICAL DRIVERS IN THE COMPANY'S EXECUTION FOCUSED BUSINESS STRATEGY.

1

EMPHASIS
ON 'CONTINUOUS
INNOVATION'

AT THE CORE OF THIS IS THE EFFECTIVE
ADOPTION AND UTILISATION OF WORLD
CLASS PROCESSES AND CUTTING EDGE
TECHNOLOGY

2

SIGNIFICANT STRESS
ON SUPPORTING
ONLINE BRANDS WITH
EFFECTIVE OFFLINE
ACTIVITIES

BY PUSHING SALES THROUGH OTHER
CHANNELS, MAINTAINING CUSTOMER
RELATIONS, PROMOTIONAL ACTIVITIES,
LOGISTICS AND DELIVERY