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RECALIBRATING
BUSINESSES FOR A
POST COVID WORLD



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TABLE OF CONTENTS



04	CEO's Message
10	Financial Highlights & Business Snapshots
12	Management Discussion & Analysis
42	Report on Corporate Governance
74	Corporate Governance Certificate
75	Directors' Report
97	Annexures to Directors' Report
130	Auditors' Report (Standalone)
136	Balance Sheet (Standalone)
137	Statement of Profit & Loss (Standalone)
138	Cash Flow Statement (Standalone)
140	Notes to Financial Statement (Standalone)
185	Auditors' Report (Consolidated)
189	Balance Sheet (Consolidated)
190	Statement of Profit & Loss (Consolidated)
191	Cash Flow Statement (Consolidated)
193	Notes to Financial Statement (Consolidated)

infoedge

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

BOARD OF DIRECTORS



KAPIL KAPOOR
Non-Executive
Chairman



**SANJEEV
BIKHCHANDANI**
Founder & Executive
Vice-Chairman



ARUN DUGGAL*
Independent Director

** Resigned w.e.f. December 19, 2019*



HITESH OBEROI
Managing Director &
Chief Executive Officer



ASHISH GUPTA
Independent Director



**CHINTAN
THAKKAR**
Whole-time
Director & Chief
Financial Officer



BALA DESHPANDE
Independent Director



SAURABH SRIVASTAVA
Independent Director



SHARAD MALIK
Independent Director



NARESH GUPTA
Independent
Director

COMPANY SECRETARY
Mr. MM Jain

STATUTORY AUDITORS
S.R. Batliboi & Associates LLP
Chartered Accountants (FRN:101049W/E300004)

SECRETARIAL AUDITORS
Chandrasekaran Associates, Company Secretaries

INTERNAL AUDITORS
T.R. Chadha & Associates, Chartered Accountants

BANKERS
ICICI Bank Limited, HDFC Bank Limited, Citibank, State Bank of India,
Punjab National Bank, Bank of India, Oriental Bank of Commerce,
Yes Bank, IDFC Bank, Axis Bank, Indusind Bank, Kotak Bank,
Bank of Baroda, Deutsche Bank, Standard Chartered Bank, HSBC.



GEETA MATHUR
Independent Director

CEO'S MESSAGE



HITESH OBEROI

*Managing Director &
Chief Executive Officer*

“ THE PANDEMIC HAS THROWN
NEW OPPORTUNITIES
WITH MORE ADOPTION
OF DIGITAL TECHNOLOGY
BY INDIVIDUALS AND
COMPANIES.

We are optimistic about the future especially given the fact that the pandemic has shifted many operations to ‘online’ rather than ‘in person.’ This will expand the addressable market opportunity for us and go a long way to increase the demand for digital services of the type we provide today or can potentially provide in the future.

”

DEAR SHAREHOLDERS

In the last twenty years we have faced intense competition from global players and local well funded startups, seen huge disruptions in the world of technology from social media to mobile to now AI and ML and also been through a very severe recession in 2008 when for almost a year we went from 35% growth to a 25% decline in collections in our Main Recruitment Business.

This experience has taught us that every crisis has an end date and can be managed as long as the company takes a long term view and continues to focus on its employees, customers, products and services and cash in the bank. It is therefore intrinsic to our management philosophy to expect disruptions every now and then. This has resulted in an agile decision making mechanism that has focused on achieving our long term objectives and goals against all odds.

Having said so, one needs to admit that while we were dealing with an economic slowdown which had started setting in, your company certainly had neither expected nor prepared for the COVID-19 pandemic and its aftermath.

Even then, I am glad to report that Info Edge has managed to stay its planned course through these difficult times. It has continued to work on product and service upgrades, maintained its customer connect and effectively managed its entire operations from a 'work from home' (WFH) environment. And, as the economy has gradually started opening up, several of your company's businesses have started bouncing back fairly quickly. As I write, jobseeker traffic on Naukri is back to 95 % of its precovid levels, in 99acres; buyer and owner traffic is back to 90% of precovid levels and in Jeevansathi and Shiksha, traffic is now higher than the same time last year. Revenue will hopefully be back albiet with a lag.

At a time when most of the nation's economic activity was at a standstill, we successfully raised ₹18,750 million in August 2020, through a Qualified Institutional Placement (QIP). Buyers in the fund raise were high quality domestic and international institutional investors including mutual funds, pension funds, other long only funds and hedge funds. Proceeds of this fund raise will be used to further develop internal businesses, primarily

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the real estate, matrimonial and education portals. Across our businesses, we will invest more in improving existing platfoms, building new products, technology upgrades and beefing up our Data Science and Maching Learning capabilities. The resources will also be used for strategic investmens in adjacent verticals and inorganic growth opportunities related to the four categories we operate in: jobs, real estate, matrimony and education. We believe that in a developing country like India these are very important and very high involvement services. These market segments are huge and continue to have significant opportunities and immense potential for growth.

Essentially, we have absorbed three lessons from the COVID-19 business environment that are intrinsic to the future growth of our business. These are: better disaster recovery, business continuity and risk management, riding changing macro trends and revisiting our traditional ways of working.

Clearly, COVID-19 has created a set of new strategic imperatives for the different businesses. As I see it, there are five key takeaways.

1. Financial Prudence is important. Crisis are unpredictable and your company should at any point in time have enough cash in the bank to tide over them.
2. Second, the issue of operational prudence. This means one has to look hard at all costs, do zero based budgeting and reduce

all non-essential expenditure. Senior Management needs to lead by example in all areas whether its admin costs or workforce costs.

3. Third, businesses need to become more flexible. To achieve this, there has to be continuous review and adjustments of business plans and priorities given the changing business environment.
4. Fourth, we have to gear ourselves to some new market and economic realities. Some sectors and businesses may take a long time to recover. Other sectors may grow much faster. Work from home, virtual meetings and remote decision making may well become the norm in many industries and this will have implications for how we sell, how we hire, our organisational structures and how we train and engage our workforce going forward.
5. Lastly the pandemic has also thrown up new opportunities. More adoption of digital technology by individuals and companies as a result of the pandemic, more usage of video means more opportunities for us to improve our platforms further, launch new features and push our customers

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**THOUGH
CHALLENGING, FY2020
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BILLINGS INCREASED
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15.9%, AND OPERATING
EBITDA READJUSTED
FOR THE ACCOUNTING
STANDARD Ind AS 116
INCREASED BY 10.6%.**

to do more and more tasks online (video interviews, video profiles, video calling, virtual site visits, webinars etc). This could help us provide a better experience to our customers, open up new revenue opportunities over time and grow the size of the addressable market for us.

As a company we are aware of these trends and making efforts to review our future plans and transform accordingly.

While COVID-19 was a major disruption from March 25, 2020, much of the operations in FY2020 were undertaken according to focussed plans — albeit in an environment where the Indian economy was considerably slowing down. Though challenging, FY2020 was a good year for your Company. Billings increased by 7.8%, revenues by 15.9%, and operating EBITDA readjusted for the accounting standard Ind AS 116 increased by 10.6%.

In the recruitment space, on an annual basis, billings for recruitment solution in FY2020 grew 8% to ₹9,155.71 million, while revenues grew by 15.4% to ₹9,067.60 million. We booked 14% year-on-year growth in our billing numbers until February 2020. However, due to the lockdown, the growth of billing in the last seven days of March 2020 shrank by 43% — resulting in a decline of 6% year-on-year in Q4, FY2020.

For the post-COVID-19 world, Naukri is accelerating product investments in the recruitment management system, since tools which enable automation, remote collaboration and analytics to measure and

track productivity will play an important role in the new 'work from home' environment. We recently launched our Naukri Fast-Forward transition services as an offering to companies who are laying off people but want to help them with their career transition. Naukri has also launched a 'step up' initiative to support jobseekers who have lost their jobs in the pandemic.

During the year, we acquired the business of iimjobs.com, which has been well integrated into Info Edge. IIMJobs had built a great product but lacked distribution. By merging the iimjobs sales team with the Naukri sales team we intend to take the product to thousands of customers. This strategy has already started delivering results and the business is on track to deliver strong revenue growth.

To grow our recruitment portfolio we are also test marketing a 'Blue collar' jobsite, jobhai.com and an AI based technology hiring platform, BigShyft. These are both in a nascent stage, but could be large opportunities over the longer term if we execute well. We have also invested in GreytHR (a HR payroll and operations provider for a small and medium enterprises.) This is our first investment in the HR Services space. Such investments give us deep insights and learning into adjacent categories and the different operating models. If successful they can help us redefine the market we operate in.

TO GROW OUR RECRUITMENT PORTFOLIO WE ARE ALSO TEST MARKETING A 'BLUE COLLAR' JOBSITE, JOBHAI.COM AND AN AI BASED TECHNOLOGY HIRING PLATFORM, BIGSHYFT. THESE ARE BOTH IN A NASCENT STAGE, BUT COULD BE LARGE OPPORTUNITIES OVER THE LONGER TERM.

WE HAVE ALSO INVESTED IN A REAL ESTATE ANALYTICS AND INTELLIGENCE COMPANY CALLED TEAL WHICH AIMS TO PROVIDE HISTORICAL REAL ESTATE TRANSACTION DATA AND TITLE CHECKS ONLINE. THE AIM IS TO TRANSFORM 99ACRES FROM A PROPERTY SEARCH PLATFORM TO A REAL ESTATE DISCOVERY AND RESEARCH PLATFORM.

In 99acres, despite a dismal last quarter on account of COVID-19, FY2020 billing and revenue grew by 3.5% and 18.8% to ₹2,139.47 million and ₹2,279.61 million, respectively. During the year, resale and rental businesses grew slightly faster than new homes, and the number of broker clients increased at a healthy rate of 15%. Both traffic and revenue in 99acres were severely impacted during the lockdown since site and home visits came to a halt. Collections in 99acres in Q1 were down almost 70%. However, since July we have seen a healthy bounce back in both traffic and revenue. The pandemic has resulted in a big churn in the real estate market for both residential and commercial properties and this could help us going forward. We continue to invest to improve our core platform experience. We are also taking appropriate measures to reduce operating costs without impacting either the platform or client experience. The real estate market has been impacted by various crisis over the last few years – demonetisation, RERA, GST, the NBFC crisis and now COVID-19. As a result the real estate advertising market has shrunk by over 50% over the last few years. But since online classifieds captured only a small portion of it, we have continued to grow

every year, with builders, brokers and owners transferring more of their spend to online medium such as 99acres. Falling interest rates, RERA and more affordable real estate could result in more buyers coming back into the market in the next few quarters. And with more people preferring to begin their search on online platforms such as ours, we see a huge opportunity in this business. Despite the steep fall in business activity, we have continued to invest in people and platform at 99acres. Uptil now we have focussed mostly on the residential buy segment. Going forward we plan to revamp our rental and commercial real estate offering as well. As online real estate activity picks up in tier 2 and tier 3 cities we plan to up our presence in these markets. We have also invested in a real estate analytics and intelligence company called TEAL which aims to provide historical real estate transaction data and title checks online. The aim is to transform 99acres from a property search platform to a real estate discovery and research platform with the aim of helping the buyers or tenants throughout their real estate purchase or lease journey.


In FY 2020, Jeevansathi revenue grew by 17.1%, we invested more in marketing and branding activities to gain share in the

THE JEEVANSATHI BUSINESS WAS THE LEAST IMPACTED BY COVID. INFACIT JEEVANSATHI CONTINUED TO WITNESS BOTH PROFILE AND REVENUE GROWTH DURING THE LOCKDOWN PERIOD AS WELL. WE SEE THIS PANDEMIC AS A GOOD OPPORTUNITY TO GAIN SHARE AND HAVE UPPED OUR MARKETING INVESTMENTS.

WE SEE A HUGE OPPORTUNITY IN EDUCATION ON BOTH THE UNIVERSITY AND THE STUDENT SIDE. THE PHENOMENAL RISE OF EDTECH IS TESTAMENT TO THE FACT THAT THE INDIAN STUDENT IS WILLING TO PAY FOR GOOD QUALITY EDUCATIONAL CONTENT AS WELL AS OTHER VALUE ADDED SERVICES SUCH AS COUNSELLING. WE ARE EXPLORING THESE SOLUTIONS AT SHIKSHA.

communities we are focussed on – Hindi Belt, Marathi and Punjabi. We launched several new and exciting industry first features like video and voice calling and milan samarohs. The Jeevansathi business was also the least impacted by COVID. Infact jeevansathi continued to witness both profile and revenue growth during the lockdown period as well. We see this pandemic as a good opportunity to gain share and have upped our marketing investments in jeevansathi and set very aggressive growth targets for the business.

The education vertical, Shiksha, continues to gain traffic share despite heightened competition from different players in this segment. FY2020 billings and revenue grew 5.8% and 10.8% respectively. Traffic share doubled in FY 2020. We continue to invest in more counselling tools and making the content more comprehensive and more student-friendly and expand the scope of offerings to both online education courses and study abroad programs as well. Efforts are on to build deeper domain expertise and consequently generate greater response from our clients. We see a huge opportunity in education on both the university and the student side. The phenomenal rise of edtech is testament to the fact that the Indian student has reached a place where it is willing to pay for good quality educational content as well as other value added services such as counselling. We are also exploring these solutions at Shiksha and our other investee companies in the education



FOR US, COVID-19 WAS NOT A TEMPORARY ADVERSE EVENT, BUT A DEVELOPMENT THAT PUT ALL OUR SYSTEMS AND PROCESSES TO TEST. WE HAVE LEARNT LESSONS AND I CAN CONFIDENTLY SAY THAT WE HAVE EVOLVED INTO A MORE ROBUST ENTERPRISE.

space. We also invested in an online edtech platform Codingninjas, which trains college students and young professionals to become competent programmers.

For the investment portfolio, COVID-19 and ensuing lockdown had a significant impact on the operations of companies like Zomato, Shopkirana, Ustraa, Printo, Gramophone and others. With gradual lifting of lockdown all such companies are getting back to its top-line while curtailing costs.

PolicyBazaar continues to benefit from growing digital penetration, which has helped it to improve overall profitability of the business. However, Paisa Bazaar has been impacted by moratorium extensions. It has substantially reduced headcount to preserve cash; and is exploring opportunities of expanding business into non-lending categories.

During Q4, FY 2020 we also announced the launch of a Category II SEBI-approved Alternate Investment Fund, called the Info Edge Venture Fund. Since its launch, we have made seven investments in Qyuki, Dotpe, Fanclash, Truemeds, Ruskmedia, Bulbul and Firsthive. We also did follow-on rounds in some of our earlier investee companies like Univariety, Policybazaar, Shoekconnect, Shopkirana and others.

From the beginning of your Company's journey, we understood that markets are unpredictable.

It is therefore extremely important to build an engine that generates cash and sustains operations in bad market conditions. So, unlike what is the norm in the start-up environment, your company has never believed in burning cash to force growth. Yes, growth is important. But it cannot be the only driver for a business. One needs to build for profitability and be a clear leader across financial parameters.

Building a company is a journey, and at Info Edge are focussed on making the journey fun but without losing sight of the destination.

For us, COVID-19 was not a temporary adverse event, but a development that put all our systems and processes to test. We have learnt lessons and I can confidently say that we have evolved into a more robust enterprise.

Much of FY2021 will be adversely affected by the global economic slowdown triggered by COVID-19. Clearly, therefore, one should expect readjustments of growth plans. However, having said so, we are optimistic about the future — especially given the fact that the pandemic has shifted many operations to 'online' rather than 'in person'. This will expand the addressable market opportunity for us and go a long way to increase the demand for services in the digital space.

From the management of Info Edge, I want to thank all our stakeholders for their continued support. I also wish that all of you stay safe and healthy — this too shall pass.

Regards

Hitesh Oberoi

FINANCIAL HIGHLIGHTS & BUSINESS SNAPSHOTS

FIVE YEAR PERFORMANCE: STANDALONE (₹ MN)

	FY2016	FY2017	FY2018	FY2019	FY2020	CAGR
Net Revenue	7,176	8,021	9,155	10,983	12,727	15.4%
Total Income	7,961	8,646	10,126	12,094	13,603	14.3%
Operating EBITDA	1,355	2,275	2,973	3,413	4,027	31.3%
Operating EBITDA margin	18.9%	28.4%	32.5%	31.1%	31.6%	
EBITDA	2,140	2,900	3,944	4,525	4,903	23.0%
EBITDA margin	26.9%	33.5%	39.0%	37.4%	36.0%	
PBT	1,815	2,619	2,814	3,986	3,190	15.1%
Total Comprehensive Income	1,243	2,039	1,822	2,795	2,008	12.7%
EPS (₹)	10.40	16.91	15.04	23.12	16.85	
Cash & Equivalents (FD in Banks, Investment in Debt MF& FMP)	11,146	13,087	15,004	15,499	12,613	3.1%
Total Equity/Net Worth	17,950	19,831	21,074	23,239	24,317	7.9%
Head Count	4,214	3,999	4,036	4,243	4,697	2.7%

SEGMENT-WISE FIVE YEAR PERFORMANCE: STANDALONE (₹ MN)

	FY2016	FY2017	FY2018	FY2019	FY2020	CAGR
Net Revenue						
Recruitment	5,290	5,953	6,688	7,858	9,068	14.4%
Matrimonial	476	580	687	723	847	15.5%
Real Estate	1,083	1,122	1,354	1,920	2,280	20.5%
Operating EBITDA						
Recruitment	2,747	3,214	3,759	4,295	5,041	16.4%
Matrimonial	(140)	(64)	(235)	(338)	(632)	NA
Real Estate	(993)	(574)	(304)	(222)	84	NA