

**Dear Shareholders,**

Your Directors have pleasure in presenting the sixth Annual Report together with the audited accounts for the year ended March 31, 2012.

**ABRIDGED PROFIT AND LOSS STATEMENT**

₹ in 'Million

Particulars	Standalone		Consolidated	
	FY2012	FY2011	FY2012	FY2011
1. Net Sales	3,756.38	2,936.21	3,903.04	3,217.31
2A Other Operating Income	14.46	3.92	15.80	5.55
2B Other Income	394.57	278.81	394.72	273.81
<b>3. Total Income (1+2A+2B)</b>	<b>4,165.41</b>	<b>3,218.94</b>	<b>4,313.56</b>	<b>3,496.67</b>
a) Network and other charges	93.17	100.38	104.66	110.11
b) Employees Cost	1,369.96	1,137.13	1,482.24	1,278.65
c) Advertising and Promotion Cost	515.97	380.25	563.21	505.93
d) Depreciation/Amortization	76.61	71.15	83.21	80.04
e) Other Expenditure	368.75	341.44	607.26	516.85
<b>4. Total Expenditure</b>	<b>2,424.46</b>	<b>2,030.35</b>	<b>2,840.58</b>	<b>2,491.58</b>
<b>5. EBITDA (3-4+3d)</b>	<b>1,817.56</b>	<b>1,259.74</b>	<b>1,556.19</b>	<b>1,085.13</b>
6. Interest	0.67	0.77	0.67	0.80
<b>7. Profit from Ordinary Activities before tax (3-4-6)</b>	<b>1,740.28</b>	<b>1,187.82</b>	<b>1,472.31</b>	<b>1,004.29</b>
8. Exceptional Item	3.53	(51.74)	8.33	(51.74)
<b>9. Net Profit from Ordinary Activities before tax (7-8)</b>	<b>1,736.75</b>	<b>1,239.56</b>	<b>1,463.98</b>	<b>1,056.03</b>
10. Tax Expense	510.52	399.84	528.76	400.42
<b>11. Net Profit from Ordinary Activities after tax (9-10)</b>	<b>1,226.23</b>	<b>839.72</b>	<b>935.22</b>	<b>655.61</b>
12. Extraordinary Item	-	-	-	-
<b>13. Net Profit after tax (11+12)</b>	<b>1,226.23</b>	<b>839.72</b>	<b>935.22</b>	<b>655.61</b>
<b>14. Share in loss of Associate Companies</b>	-	-	<b>30.04</b>	<b>1.36</b>
<b>15. Share of Minority Interest in the losses of Subsidiaries</b>	-	-	<b>(13.68)</b>	<b>22.82</b>
<b>16. Reversal of Subsidiary into associate</b>	-	-	<b>(114.43)</b>	-
<b>17. Net Profit for the year (13-14-15-16)</b>	<b>1,226.23</b>	<b>839.72</b>	<b>1,033.29</b>	<b>631.43</b>

**FINANCIAL REVIEW ( STANDALONE BASIS)**

With a recovery in the business environment, Net sales increased by 27.9% from ₹2,936 million in 2010-11 to ₹3,756 million in 2011-12. Total income increased by 29.4% to ₹4,165 million in 2011-12.

The total cost went up by 19.4% in FY2011-12 over FY 2010-11 mainly owing to increased employee cost and advertisement to build brands. Since top-line growth was faster than expenditure growth operating profit margins increased during 2011-12.

With healthy growth in total income and improved operational profit margins, net profit before exceptional items and taxes increased by 46.5% from ₹1,188 million in 2010-11 to ₹1,740 million in 2011-12. Net profit after taxes has increased by 46% from ₹840 million in 2010-11 to ₹1,226 million in 2011-12.

**BONUS ISSUE**

The Company made a bonus allotment of 54,590,512 bonus shares of face value of ₹ 10/- each in ratio of 1:1 (i.e. one equity share for every one equity share already held) to the Members on June 25, 2012. With

this allotment, the total issued and paid-up capital of the Company has increased to ₹ 1,091,810,240/- comprising of 109,181,024 equity shares of face value of ₹ 10/- each.

**DIVIDEND**

Your Directors are pleased to recommended dividend @ ₹1 per share for the financial year 2011-12 on post bonus expanded paid-up capital (as above), subject to the approval of the shareholders The proposed dividend together with corporate dividend tax would mean an outflow of ₹ 126.89 million as compared to ₹47.74 million last year.

**TRANSFER TO RESERVES**

Since the Board decided to recommend payment of dividend on post bonus expanded capital base, the company provided for dividend which was 20% on the paid-up capital as on 31 March 2012. Accordingly, the Company transferred ₹ 91.97 million to Reserves under Companies (Transfer of Profit to Reserves Rules), 1975.

**LISTING OF SHARES**

The Company's shares are listed on Bombay Stock

Exchange Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE) with effect from November 21, 2006, post its initial public offering (IPO).

## OPERATIONS REVIEW

While the other businesses are gaining traction, your Company's primary revenue generator is still the online recruitment classifieds and related services through *naukri.com*. With improvements in the Indian economy and hiring picking up, recruitment solutions had a good year in 2011-12. Net sales from recruitment increased by 25.4% from ₹2,425 million in FY2011 to ₹3,042 million in FY2012. Operating EBITDA from recruitment increased by 41.2% from ₹1,098 million in FY2011 to ₹1,550 million in FY2012.

We also provide property, matrimonial, and education based classifieds and related services through our portal *99acres.com*, *jeevansathi.com* and *shiksha.com*. With revenues from these other verticals increasing by 39.4%, their combined contribution to the company's net sales increased to 19% in 2011-12. *99acres.com* grew by 52.2% and *shiksha.com* grew by 85%. However, the Company would invest more to scale up these businesses in FY 2012-13.

Detailed analysis of the performance of the Company and its businesses has been presented in the section on Management Discussion and Analysis of this Annual Report.

## FUTURE OUTLOOK

The macro-economic scenario will be challenging in the next couple of years. The global economy has to deal with slow and sporadic improvements in USA, complete economic recalibration in Europe and lower than usual growth in China. While these external developments will to some extent affect the Indian economy, much of the economic slowdown in the country is due to internal reasons emanating from issues related to socio-politics, environment and slow decision making by key governmental agencies.

In this macro-economic milieu, while Info Edge's business might witness some slowdown, much of it will be offset by the growing transformation of physical transactions into online ones. In addition, the online infrastructure is continuing to grow in India. Internet penetration and broadband usage continued to show strong secular growth trends and even today they are on the lower side in terms of penetration when compared to similar developing countries in Asia. Therefore, the potential for growth of internet enabled businesses is immense.

At Info Edge, we believe in this potential and are going to invest in all our businesses primarily on people, product development, marketing and brand building. The aim is to be domain leaders driving the internet led economic growth of the country. For FY-2013, we remain cautiously optimistic. The recruitment business is expected to

maintain its growth momentum. The real estate business has shown all signs in FY-2012 of being close to the point of inflection for rapid growth. The matrimonial business is expected to strengthen its market position in its niche segments in north India, while the education business is developing impressively. For your Company, FY2013 will be about gaining from growth in the overall internet market and further consolidating its position by focusing on gaining market share. The investee companies are still developing their business models and will gain some visibility on future prospects in the next 2 to 3 years.

## SUBSIDIARY COMPANIES

During FY 2011-12, Info Edge had five subsidiary companies- Naukri Internet Services Private Limited and Jeevansathi Internet Services Private Limited, which own internet domain names and related trademarks, Allcheckdeals India Private Limited which provides brokerage services in the real estate sector in India, Info Edge (India) Mauritius Limited primarily to make overseas investments of the Company and Applect Learning Systems Private Limited which is engaged in business of kindergarten to class12 (K-12) assignment and tuitions through its website *meritnation.com*.

## OTHER STRATEGIC INVESTMENTS

Etechaces Marketing & Consulting Private Limited engaged in aggregation and comparison of financial products including life insurance & general insurance quote through its online portal *policybazaar.com* which was our subsidiary last year had a fresh round of funding by us & Intel Capital, pursuant to which it is an associate company now.

DC Foodiebay Online Services Private Limited which owns an online food guide portal *zomato.com*, Ninety Nine Labels Private Limited which is engaged in business of online retailing of fashion merchandise through web portal *99labels.com*, Kinobeo Software Private Limited which is in business of providing online group deals through its web portal *mydala.com* and Nogle Technologies Private Limited operating an online content sharing platform *www.floost.com*.

The companies are treated as "Associate Companies" in our Consolidated Financial Statements as per the Accounting Standards issued by Institute of Chartered Accountants of India and notified by Ministry of Corporate Affairs.

During the financial year 2011-12, your Company invested about ₹992.7 million into external businesses.

## PARTICULARS OF EMPLOYEES

The particulars of employees required under Section 217 (2A) of the Companies Act, 1956 and the rules there under, are required to be annexed to this Report as Annexure. However, pursuant to the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to all the shareholders of the Company without the above information. Any shareholder interested in obtaining such particulars may write to the Company.

**EMPLOYEES STOCK OPTION PLAN (ESOP)**

Our ESOP schemes help us share wealth with our employees and have retention oriented compensation program.

**ESOP-2003** The Company made this initial plan when it was a private limited unlisted company and therefore SEBI ESOP Guidelines were not applicable to this scheme. The scheme was used to grant ESOPs till listing i.e. November 2006 and thereafter, no fresh grants have been made under the scheme. Options granted prior to November 2006 continue to vest and exercised till their validity under this scheme.

**ESOP-2007 (modified in June 2009)** This is a SEBI compliant ESOP scheme being used to grant stock based compensation to our Associates since 2007. This was approved by passing a special resolution in the Extraordinary General Meeting (EGM) held on March 26, 2007 which was further amended in June 2009 through approval of shareholders by Postal Ballot by introducing Stock Appreciation Rights (SARs)/ Restricted Stock Units (RSUs) and flexible pricing of ESOP/SAR Grants. The scheme is currently used by the Company to make fresh ESOP/SAR grants.

Disclosures as required by clause 12 of the SEBI Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 are annexed to this report.

A certificate from M/s Price Waterhouse & Co., Statutory Auditors, with regards to the implementation of the Company's Employee Stock Option Scheme in line with SEBI Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 would be placed in the ensuing Annual General Meeting.

**CORPORATE GOVERNANCE**

Separate detailed chapters on Corporate Governance, Additional Shareholder Information and Management Discussion and Analysis are attached herewith and forms a part of this annual report.

**PUBLIC DEPOSITS AND LIQUIDITY**

We continue to be almost debt-free, and believe we maintain sufficient cash to meet our strategic objectives. During FY 2011-12, your Company has not accepted any deposits or raised any fresh equity from the public.

**ENERGY CONSERVATION, TECHNOLOGY ADOPTION AND FOREIGN EXCHANGE FLOWS**

Since the Company is a service sector company and does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are not applicable. However, on a proactive basis, we are disclosing the details of energy conservation and technology absorption as part of annexure A to the directors' report. The particulars regarding foreign exchange earnings and expenditure are furnished below-

Particulars	2011-12	2010-11
<b>Foreign Exchange Earnings:</b>		
Export of Services	347.03	289.49
<b>Total Inflow (A)</b>	<b>347.03</b>	<b>289.49</b>
<b>Foreign Exchange Expenses:</b>		
Server Charges	62.42	54.30
Advertising, Promotion & Marketing Expenses	19.63	3.70
Travel Expenses	0.75	1.58
Foreign Branch Expenses	39.61	36.78
Others	5.95	4.94
<b>Total Outflow (B)</b>	<b>128.36</b>	<b>101.30</b>
<b>Net Foreign Exchange Inflow (A – B)</b>	<b>218.67</b>	<b>188.19</b>

**DIRECTORS**

There has been no change in the directors of the company.

As per the requirements of Section 256 of the Companies Act, two-thirds of the Board shall consist of retiring directors out of which one third shall retire at every annual general meeting. Accordingly, Mr. Kapil Kapoor and Ms. Bala Deshpande shall retire and being eligible offer themselves for re-appointment in the ensuing Annual General Meeting.

**INTERNAL CONTROL SYSTEMS**

The Company has in place adequate systems of Internal Control to ensure compliance with policies and procedures. The Company has appointed an external professional firm as Internal Auditor. The audit is regularly carried out to review the internal control systems & processes. The Internal Audit Reports along with implementation and recommendations contained therein are constantly reviewed by the Audit Committee of the Board.

**AUDITORS**

M/s. Price Waterhouse & Co., Chartered Accountants hold office until the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

■ they have prepared the annual accounts on a going concern basis.

#### **NOTES TO ACCOUNTS**

There was no qualification in the Auditors Report and both the Auditors Report & notes on accounts are self-explanatory.

Date: June 28, 2012

Place: Hongkong

For and on behalf of the  
Board of Directors

***Kapil Kapoor***

*Chairman*

#### **ACKNOWLEDGMENTS**

We thank our clients, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our consistent growth has been made possible by their hard work, solidarity, cooperation and support.

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#### **ANNEXURE -I**

#### **DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT**

##### **Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988**

##### **1. Conservation of energy**

While our operations are not energy-intensive, we continue to take steps to reduce energy consumption. Some of the significant measures undertaken during the year are listed below:

- i) Regular monitoring of temperature inside the buildings and controlling the air-conditioning System.
- ii) Rationalization of usage of electrical equipments - air-conditioning system, office illumination, beverage dispensers, desktops.
- iii) Power factor rationalization.
- iv) Usage of energy efficient illumination fixtures.
- v) Signage timings rationalization.
- vi) Planned Preventive Maintenance (PPM) schedule put in place for electro-mechanical equipments.

##### **2. Research and Development (R&D)**

We operate in the internet/ information technology industry where developments happen on a continuous basis. We regularly evaluate these developments & factor their suitability to us. Accordingly, research and development of new services, designs, frameworks, processes and methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous improvements/innovation.

##### **a. R&D initiative**

Our Technical Team works to optimize the existing software applications and to be able to optimally use the existing hardware on a continuous basis.

##### **b. Specific areas for R&D at the company & the benefits derived there from**

Our search engine team has worked on bringing about significant improvements to the job and resume searches offered on the website by exploring newer and better ways to search.

##### **c. Future plan of action**

We constantly keep working on finding / evaluating new technologies, processes, frameworks and methodologies to enable us in improving the quality of our offerings and user satisfaction.

##### **d. Expenditure on R&D for the year ended March 31, 2012**

Our Research and Development activities are not capital intensive and we do not specifically provide for the same in our books.

**ANNEXURE –II**
**Information regarding the Employee Stock Option Schemes**

Particulars	2012 Number
Options/Stock Appreciation Rights outstanding at beginning of year (April 1, 2011)	1,801,721
<b>Add:</b>	
Options/Stock Appreciation Rights granted	377,600
<b>Less:</b>	
Options/Stock Appreciation Rights exercised	231,097
Options/Stock Appreciation Rights forfeited	84,898
Options/Stock Appreciation Rights outstanding at the end of year	1,863,326
Option/Stock Appreciation Rights exercisable at the end of year (March 31, 2012)	1,086,411

**Exercise price**

During the year, fresh ESOP/SARs Grants were made under ESOP 2007 at the following prices:

No. of SARs Granted	Exercise Price (₹)
13,000	732
15,000	693
3,15,600	705
6,500	670
6,000	682
10,000	661
3,500	601
8,000	729
<b>3,77,600</b>	

**Details of option granted to Senior Management/Directors during the year:**

(i)	Grant to Directors	NIL
(ii)	Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	NIL
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL

**Other Details:**

1	Earning Per share (EPS)	₹ 22.46
2	Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value of stock options.
3	Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options)	₹ 82.67 Million
4	The impact of this difference on profits and on EPS of the Company	Profit for the year would be lower by ₹ 82.67 Million (Previous year 74.22 Million) and the EPS would be ₹ 20.96 (Previous year 14.02).
5 a	Weighted-average exercise prices of options whose exercise price – i) either equals market price; or ii) exceeds market price ; or iii) is less than the market price of the stock	<b>ESOP 2007</b> <b>ESOP 2007 SAR</b> -                      690.04 -                      704.02 -                      680.00
5 b	Weighted fair values of options whose exercise price – i) either equals market price; or ii) exceeds market price ; or iii) is less than the market price of the stock	<b>ESOP 2007</b> <b>ESOP 2007 SAR</b> -                      266.43 -                      292.15 -                      280.33
6	Description of method & significant assumptions used during the year to estimate value of options including the following weighted-average information: (i) risk-free interest rate; (ii) expected life (in years); (iii) expected volatility (iv) expected dividend yield (v) the price of the underlying share in the market at the time of option grant.	<b>ESOP 2007</b> <b>ESOP 2007 SAR</b> -                      8.23% -                      3.62 -                      42.15% -                      0.10% -                      702.85
7	Impact on the profits and EPS if the Company had followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines	N.A.