



Dear Shareholders,

Your Directors have pleasure in presenting the Seventh Annual Report together with the Audited Accounts for the year ended March 31, 2013.

(₹ Million)

| Particulars | Standalone | | Consolidated | |
|--|-----------------|-----------------|-----------------|-----------------|
| | FY2013 | FY2012 | FY2013 | FY2012 |
| 1. Net Sales | 4,349.00 | 3,756.38 | 4,699.52 | 3,903.04 |
| 2. Other Operating Income | 23.58 | 14.46 | 23.69 | 15.80 |
| 2A. Other Income | 464.94 | 394.57 | 475.27 | 394.72 |
| 3. Total Income (1+2+2A) | 4,837.52 | 4,165.41 | 5,198.48 | 4,313.56 |
| 4. Expenditure: | | | | |
| a) Network and other charges | 139.40 | 93.17 | 163.96 | 104.66 |
| b) Employees Cost | 1,672.17 | 1,369.96 | 1,983.32 | 1,482.24 |
| c) Advertising and Promotion Cost | 576.50 | 515.97 | 750.34 | 563.21 |
| d) Depreciation/Amortization | 94.46 | 76.61 | 117.80 | 83.21 |
| e) Other Expenditure | 510.27 | 368.75 | 642.47 | 607.26 |
| Total Expenditure | 2,992.80 | 2,424.46 | 3,657.89 | 2,840.58 |
| 5. EBITDA(3-4+4d) | 1,939.18 | 1,817.56 | 1,658.39 | 1,556.19 |
| 6. Interest | 0.95 | 0.67 | 0.95 | 0.67 |
| 7. Profit from Ordinary Activities before tax and exceptional items (3-4-6) | 1,843.77 | 1,740.28 | 1,539.64 | 1,472.31 |
| 8. Exceptional Item | 292.87 | 3.53 | 236.92 | 8.33 |
| 9. Net Profit from Ordinary Activities before tax (7-8) | 1,550.90 | 1,736.75 | 1,302.72 | 1,463.98 |
| 10. Tax Expense | 528.44 | 510.52 | 528.51 | 528.76 |
| 11. Net Profit from Ordinary Activities after tax (9-10) | 1,022.46 | 1,226.23 | 774.21 | 935.22 |
| 12. Extraordinary item | - | - | - | - |
| 13. Net Profit after Tax (11+12) | 1,022.46 | 1,226.23 | 774.21 | 935.22 |
| 14. Share in loss of Associate Companies | - | - | (15.12) | (30.04) |
| 15. Share of Minority Interest in the losses of Subsidiaries | - | - | 152.52 | 13.68 |
| 16. Reversal of Subsidiary into Associate | - | - | - | 114.43 |
| 17. Reversal of Associate into Subsidiary | - | - | 4.33 | - |
| 18. Net profit for the year (13+14+15+16+17) | 1,022.46 | 1,226.23 | 915.94 | 1,033.29 |

FINANCIAL REVIEW

Net sales increased by 15.78% from ₹3,756 million in FY2012 to ₹4,349 million in FY2013. Total income increased by 16.14% to ₹4,837 million in FY2013.

The total cost went up by 23.44% in FY2013 over FY2012 mainly owing to increased employee cost and advertisement expenses to build brands. A large proportion of the increased costs can be attributed to investment in our businesses.

Net profit before exceptional items and taxes increased by 5.95% from ₹1,740 million in FY2012 to ₹1,844 million in FY2013. Net profit after taxes has decreased by 16.62% from ₹1,226 million in FY2012 to ₹1,022 million in FY2013

owing to a large exceptional item of ₹289.34 million in FY2013.

DIVIDEND

Your Directors are pleased to recommend dividend at the rate ₹1.00/- per share for the FY2013, subject to the approval of the shareholders. The proposed dividend together with corporate dividend tax would mean an outflow of ₹126.89 million.

TRANSFER TO RESERVES

Since the Board decided to recommend payment of dividend @₹1.00/- per share (10%) for the financial year ended March 31, 2013, there is no requirement to transfer any amount to reserve 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, naukrigulf.com and quadrangle business divisions. Net sales from recruitment solutions increased by 10.7% from ₹3,042 million in FY2012 to ₹3,367 million in FY2013. Operating EBITDA from recruitment solutions increased by 7% from ₹1550 million in FY2012 to ₹1659 million in FY2013.

We also provide property, matrimonial, and education based classifieds and related services through our portal 99acres.com, jeevansathi.com, and shiksha.com respectively. With revenues from these other verticals increasing by 37.5%, their combined contribution to the company's net sales was 22.6% in FY2013. 99acres.com grew by 48.1% and Shiksha.com grew by 29.6%. The Company would continue to invest more to scale up these businesses in FY2014.

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 economic slowdown in India and relatively subdued business sentiment is expected to prevail in FY2014. This may have an impact on both the recruitments and the real estate business.

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 business 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 FY2014, we remain cautiously optimistic. The recruitment business is expected to maintain its growth momentum although a pickup in activity will have to wait for growth in GDP, business confidence and in investment spending. The real estate business has shown all signs in FY2013 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, FY2014 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 FY2013, Info Edge had following 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;
- Appect Learning Systems Private Limited which is engaged in business of kindergarten to class12 (K-12) assignment and tuitions through its online portal Meritnation.com;
- Zomato Media Pvt. Ltd., added as a subsidiary during the year operates an online food guide portal zomato.com
- During the year, the company acquired MakeSense Technologies Pvt. Ltd., owner of a proprietary software for semantic search which will augment search capabilities for both recruiters & job seekers, principally on naukri.com.

INVESTEE COMPANIES

During the year, the company had the following continuing external strategic investments -

- Etechaces Marketing & Consulting Pvt. Ltd., is engaged in aggregation and comparison of financial products including online insurance & loans through its online portal policybazaar.com had a fresh round of funding by us & Intel Capital in addition to Inventus, pursuant to its capital raising exercise in last two years, it is an associate company now.
- Canvera Digital Technologies Pvt. Ltd., a digital photograph storage and printing business through its website canvera.com.
- Happily Unmarried Pvt. Ltd which is into designing & selling creative fun products through its website happilyunmarried.com.
- Kinobeo Software Pvt. Ltd., which is in business of providing online discount offers and group deals through its web portal mydala.com.
- Nogle Technologies Pvt. Ltd., which is a web based sharing platform through its Website floost.com.

The companies are treated as "Associate Companies" in our Consolidated Financial Statements as per the Account Standards issued by Institute of Chartered Accountants of India and notified by Ministry of Corporate Affairs. During the FY2013, your Company invested about ₹1,465 million into the external businesses/ companies.

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., Bangalore, 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 FY2013, 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-

(₹ Million)

| Particulars | FY2013 | FY2012 |
|---|---------------|---------------|
| Foreign Exchange Earnings | | |
| Sales | 434.55 | 347.03 |
| Total Inflow | 434.55 | 347.03 |
| | | |
| Server Charges | 102.18 | 62.42 |
| Advertising, Promotion & Marketing Expenses | 13.87 | 19.63 |
| Travel Expenses | 0.36 | 0.75 |
| Foreign Branch Expenses | 46.43 | 39.61 |
| Others | 7.24 | 5.95 |
| Total Outflow | 170.08 | 128.36 |
| Net Foreign Exchange Inflow | 264.47 | 218.67 |

DIRECTORS

There has been no change in the directors of your Company.

As per the requirements of Section 256 of the Companies two-thirds of the Board shall consist of retiring directors out of which one third shall retire at every annual general meeting. Accordingly, Mr. Arun Duggal and Mr. Ashish Gupta 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 Audits of all the units of the Company are 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., Bangalore, 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.

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.

For and on behalf of the Board of Directors

Date- June 18, 2013
Place- Hongkong

Kapil Kapoor
Chairman

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, 2013

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 | Number |
|--|------------------|
| Options/Stock Appreciation Rights outstanding at beginning of year (April 1, 2012) | 1,863,326 |
| Add: | |
| Options/Stock Appreciation Rights granted | 343,500 |
| Bonus Options Granted | 1,820,494 |
| Sub-total-1 | 4,027,320 |
| Less: | |
| Options/Stock Appreciation Rights exercised | 531,825 |
| Options/Stock Appreciation Rights forfeited | 108,400 |
| Sub-total-2 | 640,225 |
| Options/Stock Appreciation Rights outstanding at the end of year (sub-total 1-2) | 3,387,095 |
| Option/Stock Appreciation Rights exercisable at the end of year (March 31, 2013) | 2,197,360 |

Exercise price

During the year 2012-13, fresh ESOP/SARs Grants were made under ESOP 2007 at the following prices:

| No. of SARs Granted | Exercise Price (₹) |
|---------------------|--------------------|
| 20,500 | 10.00 |
| 7,000 | 384.00 |
| 14,000 | 369.50 |
| 62,000 | 351.00 |
| 174,000 | 370.00 |
| 6,000 | 346.00 |
| 60,000 | 360.00 |

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 | Name | No of SAR Granted |
| | | Anand Ramachandran | 30,000 |
| | | Vivek Arya | 30,000 |
| | | Manav Gupta | 24,000 |
| | | Ravi Pratap | 24,000 |
| 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 | Earnings Per share (EPS) | ₹9.36 | |
| 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) | Rs 61.29 Million | |
| 4 | The impact of this difference on profits and on EPS of the Company | Profit for the year would be lower by Rs 61.29 Million (Previous year 82.67 Million) and the EPS would be Rs 8.80 (Previous year 10.48). | |
| 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 | ESOP 2007 | ESOP 2007 SAR |
| | | - | - |
| | | - | 364.94 |
| 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 | ESOP 2007 | ESOP 2007 SAR |
| | | - | - |
| | | - | 130.90 |
| | | 322.25 | - |

| | | | |
|---|--|------------------|----------------------|
| 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. | ESOP 2007 | ESOP 2007 SAR |
| | | 322.25 | 130.90 |
| | | 0.10% | 0.10% |
| | | 8.06 | 8.06 |
| | | 4.00 | 3.68 |
| | | 32.15% | 32.15% |
| 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. | |