

Info Edge (India) Limited

Annual Report – Financial Year 2020

Chairman's Message

Dear Shareholders,

I welcome you to the 25th ANNUAL GENERAL MEETING of the Company.

Clearly, the recent past has been a difficult one for businesses across sectors and across the world. Through the course of FY2020, we were recalibrating our business strategy to overcome the challenges of the Indian economic slowdown looming over our business. In fact, we had taken several effective steps and were continuing on a growth path when unfortunately the COVID-19 pandemic and its aftermath adversely affected global businesses. This adversity was unexpected and naturally even affected our business.

While the planned growth path was affected, it is with a strong sense of pride in our business and the people who execute it that I report to you that your Company has to a large extent managed to stay on track through these difficult times. Most importantly, it has continued to work on products and services upgrades, maintained its customer connects 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. Nothing instils more confidence in a Company than the expression of its ability to tide over difficult times. During the current Quarter Naukri was running at 95% of its pre-lockdown level traffic; and 99Acres at 90%.

I also take this opportunity to share my gratitude to all our existing and new investors for the faith reposed by them in us as we successfully closed our QIP in the middle of the COVID crisis. The shareholder resolution to raise funds was approved on July 27, 2020 and the QIP was launched on the 4th of August 2020. We got a demand of six times of our planned fundraise from both existing and many new marquee investors. Finally, we raised Rs. 18,750 million at Rs.3090 per share at a discount of 2.74 % to the SEBI floor price. The funds raised through the process along with our existing cash balance will be utilized to leverage both the organic and inorganic opportunities that may rise in our four core verticals going forward.

Though challenging, FY2020 was a good year for your Company, which is clearly borne out by its financial results. Let me touch upon the financials. Here are some facts:

- The Company's valuation in terms of market capitalisation crossed the Rs.336 billion mark during the year. At present the same is around Rs.450 billion.
- The Billings stood at ₹12,686.76 million, up by 7.8% over the financial year ended March 31st 2019.
- Revenue of the Company was about ₹12,726.95 million up by 15.9% over the financial year ended March 31st 2019.
- Total Income at ₹13,603.13 million up by 12.5% over the financial year ended March 31st 2019.

- And, there was profitable growth with operating EBITDA at ₹4027.31 million up by 18.0% over the financial year ended March 31st 2019.
- And, the Company closed FY2020 with a strong cash and cash equivalents of Rs.15,500 million at an overall group level (including wholly owned subsidiaries, alternative investment fund and the ESOP trust)

It is also important to state, that the COVID related slowdown impacted our business during the last quarter of FY2020 and will have a much greater impact on the results of next financial year - FY2021.

Recruitment Solutions

In the recruitment space, on an annual basis, billings for recruitment solution in FY2020 grew 8% to Rs.9,155.71 million, while revenues grew by 15.4% to Rs.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 de-growth of 6% year-on-year in Q4, FY2020.

Naukri is accelerating product investments in the recruitment management system, as a critical tool to support this business in the post COVID world. Clearly, automation and technology will play a critical role in the future where there will be more ‘Work From Home’, coupled with remote collaboration and high productivity expectations. The Naukri Fast-Forward transition services was also launched in Q4, FY2020 as an offering to companies who are disengaging people but want to help them with their career transition. A ‘step up’ initiative was also launched to support people who have lost their jobs in the pandemic.

Naukri.com continues to reinforce its established leadership position in India.

To further strengthen operations across niche segments in the recruitment space, the business of iimjobs.com was acquired in FY2020. During the year, this business has been well integrated into the Info Edge recruitment vertical including merging of the sales team. The business has already started delivering strong revenue growth. The Company has also launched some niche and some new marketplaces like JobHai and BigShyft. These are at their nascent stages, but could be large opportunities over the longer term.

99acres.com

In the online real estate space, 99acres registered billing and revenue growth of 3.5% and 18.8% to Rs.2,139.47 million and Rs.2,279.61 million, respectively, despite a dismal last quarter on account of COVID-19, FY2020. 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%. One continues to experience a growth of owner-and broker listings on the platform making it more comprehensive and vibrant. From a product perspective, 99acres is also continuing to invest uncompromisingly on improving our core platform experience to come out stronger post the COVID-19 downturn. A great deal of emphasis has been put on improving the core platform experience with the underlying belief that while more and more choices in terms of supply on the site attracts greater traffic and business growth, it is also very important to provide a more personalised and enhanced customer experience through better discovery.

Jeevansathi.com

For the matrimony business – Jeevansathi, FY2020 billing grew by 18.4% to Rs.871.08 million, while revenues increased by 17.1% to Rs.847.03 million. Aggressive marketing spends with improved realizations helped higher sales throughout the year. In this business, the Company is further focusing on consolidating its market position while penetrating deeper into its focused markets. Over the last

year the platform has launched several industry first features to leverage the use of video technology like allowing users to upload video profiles as well as allowing them to connect with other users through the video on the platform. This has created a strong element of differentiation for the brand. Trust and security on the platform has also been ensured through a mechanism of Govt. ID card verifications and phone verifications which are essential for maintaining good quality of traffic on the site. The brand looks to consolidate its position as it penetrates deeper in the key regions that it operates in. It continued to spend more on marketing activities in FY2020 to strengthen brand positioning which led to an operating EBITDA loss of Rs. 632.04 million.

Shiksha.com

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. The Company continues to invest in making the content more comprehensive and more student-friendly. Efforts are on to build deeper domain expertise and consequently generate greater response from the users.

Investee Companies

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.

Alternate Investment Fund (AIF)

With a view of creating a more efficient and disciplined structure enabling focused oversight over the investments that the Company makes from time to time in the sectors unrelated to core operating business, the Company announced the launch of a Category-II SEBI-approved Alternate Investment Fund, called the Info Edge Venture Fund. The objective of the Fund is to generate financial returns for the contributors by investing in tech and tech-enabled entities that provide technology to create, market and distribute innovative products and services that benefit consumers at large. The AIF is intended to be used for investments in sectors other than the four verticals Company operates in (i.e. recruitment, real estate, education and matrimony online classifieds and related business and services).

In terms of consolidated level financial performance, your Company achieved net revenue of about Rs. Rs.13,119.30 million during the year under review as against Rs.11,509.32 million during the previous financial year, a growth of about 14% year on year. The total consolidated income for the year is Rs.14,163.95 million as compared to Rs.12,712.45 million in FY 2019. Operating EBITDA, for the year, stood at Rs.3,726.23 million in comparison with Rs.3,127.59 million in FY 2019.

HUMAN RESOURCES

For your Company, continuous emphasis on maintaining, nurturing and developing its talent pool is essential to meet the ever changing needs of the Company and its business environment. During FY2020, HR continued to be focused on fulfilling business requirements, managing in-house talent, people development and training activities that emphasised enhancing internal skillsets. FY2020 was significant in terms of re-orientation of senior management. New senior leadership was brought on-board and integrated into the system for two of the main businesses: recruitment and real estate. A

structural shift has been introduced to promote an alternate and effective system of management across the organisation. All efforts of HR management culminated with the hosting of the prestigious Merit Awards that were conducted in the presence of the Board of Directors. This internal award mechanism focuses on rewarding innovations and impact projects, identifying emerging leaders and promoting a culture of meritocracy.

CORPORATE SOCIAL RESPONSIBILITY

Talking about the social responsibilities of your Company - your Company's philosophy is to undertake socially useful programmes for welfare & sustainable development of the community at large as part of its duties as a responsible corporate citizen. Your Company demonstrates care for the community through its focus on education, support to the disadvantaged and marginalized section, scientific research, environment and society as such. With this idea of shared growth, your Company continued its focus on supporting organizations that are making impactful interventions at various stages across the social spectrum based on the immediate and long term social needs of the society.

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 go a long way to increase the demand for services in the digital space, which is our forte.

As I conclude, I must mention how privileged I am to work with and lead such an extraordinary group of people. To be part of a culture built on sound principles of ethics and the highest standards of corporate governance. To be a part of history in the making. I am most grateful to you, our shareholders for your continued trust and confidence in our Company.

We thank you for all your support in these difficult times and look forward to delivering on our long term objectives on which you have constantly reposed your faith.

Kapil Kapoor

Chairman