

\* Important : Please see notes overleaf before filling up the challan

Single Copy (to be sent to the ZAO)

<b>CHALLAN NO./ ITNS 280</b>	<b>Tax Applicable (Tick One)*</b> <input type="checkbox"/> <b>(0020) INCOME-TAX ON COMPANIES</b> <input type="checkbox"/> <b>(CORPORATION TAX)</b> <input type="checkbox"/> <b>(0021) INCOME TAX (OTHER THAN COMPANIES)</b>		<b>Assessment Year</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%; height: 20px;"></td><td style="width: 25%; height: 20px;"></td><td style="width: 25%; height: 20px;"></td><td style="width: 25%; height: 20px;"></td></tr> </table>										
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<b>Self Assessment Tax (300)</b>	<input type="checkbox"/>	<b>Tax on Distributed Profits of Domestic Companies (106)</b>	<input type="checkbox"/>										
<b>Tax on Regular Assessment (400)</b>	<input type="checkbox"/>	<b>Tax on Distributed Income to Unit Holders (107)</b>	<input type="checkbox"/>										
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**\*NOTES**

1. **Please use a separate challan for each type of payment.**
2. Please note that quoting your Permanent Account Number (PAN) is mandatory.
3. Please note that quoting false PAN may attract a penalty of Rs. 10,000/- as per section 272B of I.T. Act, 1961.
4. Please note that to deposit Appeal Fees either **Major Head 020 or 021** (depending upon the tax payer's status) has to be ticked under 'Tax Applicable'. Followed by this; **Minor Head: Self Assessment Tax (300)** has to be ticked under 'Type of Payment' and the amount is to be filled under **Others** in 'Details of Payments'.
5. To deposit taxes, appeal fees, etc. in respect of block period cases, enter the first Assessment Year of the block period followed by the last Assessment Year of the period. For example, if the block period is 1/04/85 to 5/3/96, it would be entered as 1986-97 in the space indicated for Assessment Year. If taxes are being deposited, tick the box **Self Assessment (300)** under Type of Payment and fill up amount under 'Tax' while in respect of appeal fees, enter amount under 'Others'.
6. Tax payers may please draw/issue Cheque/DDs towards payment of income-tax as under:  
Pay \_\_\_\_\_ (Name of the bank where the Challan is being deposited)  
A/c Income-tax

PLEASE USE THIS CHALLAN FOR DEPOSITING TAXES (TYPES OF PAYMENT) MENTIONED OVERLEAF.  
KINDLY DO NOT USE THIS CHALLAN FOR DEPOSITING TAX DEDUCTION AT SOURCE (TDS)

KINDLY ENSURE THAT THE BANK'S ACKNOWLEDGEMENT CONTAINS THE FOLLOWING:

1. 7 DIGIT BSR CODE OF THE BANK BRANCH
2. DATE OF DEPOSIT OF CHALLAN (DD MM YY)
3. CHALLAN SERIAL NUMBER

THESE WILL HAVE TO BE QUOTED IN YOUR RETURN OF INCOME.

# 2019 BUDGET OVERVIEW

## HOLIDAY INN EXPRESS & SUITES LEROY

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The Holiday Inn Express & Suites is a sixty-four (64) room limited service, Intercontinental Hotel Group property located off Interstate 74 at exit 149 in LeRoy, Illinois. The hotel amenities include: complimentary hot breakfast, complimentary Wi-Fi, indoor pool, business center, exercise room and on-site guest laundry. All guest rooms include: free high-speed internet, microwave and mini-fridge, iron and board, coffee maker, hair dryer, sofa beds in select rooms, premium bedding and flat screen televisions.

The hotel is a limited service property near the historic antique district of Le Roy. There are a variety of outdoor opportunities, including picnicking, camping, hiking, swimming, fishing, boating, horseback riding and hunting, at the 1,687-acre Moraine View State Recreation Area. On the IHG website the property currently ranks 4.6 out of 5 on 484 customer service reviews, 4 out of 5 on TripAdvisor reviews and is #1 of 2 Hotels in Le Roy. There is only one other hotel within 10 miles of the hotel, The Days Inn.

Year to Date the STR Trend Report through September, 2018 reflects a 50.2% occupancy, \$93.26 average daily rate and a \$46.79 RevPAR with a 100.3% RGI. Smith Travel Research combined with PKF Consulting have 2019 hotel key metric projections at a 0.2% occupancy growth with a 2.4% ADR improvement resulting in a 2019 RevPAR growth of 2.6%.

The Holiday Inn Express and Suites currently utilizes an outside sales and marketing group, Jacaruso to fulfil their limited need of an outside sales effort while engaging Hotel Revenue Solutions to assist in the properties revenue management. Both companies are working directly with CUSA to increase to overall sales and profitability of the property.

The 2019 hotel total revenue is budgeted at \$1,070,947. Room's revenue is budgeted at \$1,064,947 with an occupancy of 48.8% and an ADR of \$94.90. The total hotel gross operating profit is budgeted at \$358,588 or 33.48% and the net operating income is budgeted at \$40,981. Fixed expenses includes: Insurance, Debt Service Interest, Personal and Property Taxes and Leased Equipment. There are no budgeted or recommended Capital Improvements or Brand Initiatives since the property is negotiating the property improvement planner upcoming relicensing of the hotel with IHG.

The 2019 Budget revenues were derived from monthly revenue figures provide by the hotel's general manager and 2017 financial data provided. The 2018 year-to-date financial data including labor and property expenses were not provide to CUSA in order for CUSA to meet the contractual requirement for delivering a fiscal budget for 2018.

Based on economic forecasts we are cautiously optimistic about the coming year. The results of operations shown in this budget are projections and do not represent results which will actually be achieved. These projections are dependent upon the continued support from ownership and the understanding that no unforeseen burden will be placed on the property that would interrupt or hinder the normal function of operations. Teamwork, effective leadership and working in conjunction with CUSA can produce the desired results of exceeding guest

expectations and continued growth as the industry looks forward to an uncertain economic future. Attached you will find our projections for the 2019 capital budget; these are separate items from the operating budget which we anticipate needing in 2019.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### ROOMS DEPARTMENT

**Amenities** – Budget: \$0.35 per occupied room.

This includes soaps, shampoo, conditioner, body wash, luffas, eye masks, cotton balls, q-tips, coffee cups, coffee, condiments, and other items in guest rooms.

**Cable TV** – Budget: \$768 per month.

This is the cost of cable television only.

**Cleaning Supplies** – Budget: \$0.30 per occupied room.

These costs include all of the chemicals used in cleaning the guest rooms as well as other areas of the hotel.

**Complimentary Breakfast** – Budget: \$3.500 per occupied room.

This includes food & beverage items, utensils, paper goods and serving pieces.

**Front Office Supplies** – Budget: \$175 per month.

These costs include costs includes toner and other office supplies for front desk as well as the middle office printer toners and cartridges, paper, pens, etc.

**Guest Room Supplies** – Budget: \$0.850 per occupied room.

This cost includes Kleenex, toilet tissue, and other items placed in or delivered to the guest rooms to enhance our guest's experience.

**Laundry Cost Allocation-Rooms** –Budget \$0.360 per occupied room.

This figure includes total laundry costs (chemicals, uniforms and labor.) and is allocated as a percentage of departmental revenue. In 2017, the laundry attendant was combined with room attendants.

**Linen Replacement** – Budget: \$5,386 per year.

This is the cost associated with maintaining the hotel at correct linen par levels while replacing damaged items throughout the year. The spring purchases were increased to supply the summer business levels.

**Recorded Music**– Budget: \$35 per month

The cost of recorded music for lobby.

**Travel Agent Commissions** – Budget: \$15,974 per year.

This includes all travel agent commissions' fees charged by the agencies for booking room nights at the hotel.

**Uniforms** – Budget: \$600 per year.

This is budgeted for uniforms and nametags. These are items that need replacing due to normal wear and tear. This includes the front desk and the housekeeping departments.

## **LAUNDRY DEPARTMENT**

**Laundry Chemicals** – Budget: \$0.360 per occupied room.

The cost includes all soaps, bleach and fabric softener required to clean the hotel linen and terry.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### TELEPHONE DEPARTMENT

**Telephone Costs** – Budget: \$9,720 per year.

This line item includes telephone line charges, which include local and long distance service.

**Fixed Internet Charges** – Budget: \$16,548 per year.

This item includes all internet related monthly expenses to include the 24 hour monitoring required by IHG.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### OTHER INCOME & EXPENSE

**Miscellaneous Revenue** – Budget: \$6,000 per year.

Revenues associated to guest room damage, purchased supplies and other services

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### ADMINISTRATIVE & GENERAL EXPENSES

#### **Bank Fees** – Budget: \$300 per year

Fee paid to the bank to maintain the hotel accounts.

#### **Credit Card Commissions** – Budget: \$34,078 per year.

This number accounts for the processing fees charged by the credit card companies.

#### **Data Processing** – Budget: \$900 per month.

This is an estimation of all payroll processing for the hotel, quarterly reports and new hire reporting.

#### **Licenses and Permits** – Budget: \$1,200 per year.

The expense related to operational licenses including: occupancy, pool and elevator.

#### **Office Supplies** – Budget: \$1,683 per year.

Small office supplies use in the hotel. Does not include toner and guest room stationary.

#### **Cell Phones** – Budget: \$50 per month.

This is based on cell phone expense for hotel management.

#### **Travel Expenses** – Budget: \$4,400 per year

This includes travel for training, meetings etc. as well as in-town mileage for errands required of the staff. This also includes meals with traveling support personnel as well as any local commitments related to the operation of the hotel and is based on historical data. Finally, there are assumed costs for one property individual attending the 2019 IHG annual franchise meeting.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### SALES & MARKETING

**Association Dues-Sales** – Budget: \$1,200 per year.

This covers the cost of membership in the local and state associations

**Contract Services Sales** – Budget: \$21,120 per year.

Revenue Management Services and Sales Support through Jacaruso and Hotel Revenue Solutions.

**Promo/Gifts/Supplies** – Budget: \$50 per month.

This covers the cost of promotional items used on sales calls and tradeshows to promote the hotel.

**Outdoor Signage** – Budget: \$2,400 per year.

The cost of the East / West bound traffic on I -74.

**Print and Broadcast Media** – Budget: \$850 per month.

This is for exit coupon book. Please refer to the Marketing Plan for details

**Cell Phones** – Budget: \$15 per month.

This is based on cell phone expense for hotel management.

**Travel & Entertainment** – Budget: \$3,900 per year.

This is for travel on sales calls, meals with prospective and existing clients as well as training.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### PROPERTY OPERATIONS & MAINTENANCE

#### **Building** – Budget: \$2,805 per year.

This covers the cost of building repairs and non-capital improvements.

#### **Electrical** – Budget: \$1,122 per year.

This covers the cost of all electrical supplies used in maintaining the property.

#### **Electrical Bulbs** – Budget: \$898 per year.

This is covering the cost of replacement light bulbs and ballast for the hotels.

#### **Elevator Contract** – Budget: \$3,000 per year.

This covers the cost of monthly maintenance of the elevator system.

#### **Pest Control** – Budget: \$900 per year.

This covers the cost of monthly pest control.

#### **Fire Alarm Maintenance** – Budget: \$1,800 per year.

This is for new parts as required for rooms or main alarm panel repairs. This also includes the fees for items for testing and monitoring of the fire alarm systems in the hotel.

#### **HVAC** – Budget: \$3,000 per year.

This covers the cost of HVAC parts and repairs.

#### **Grounds & Landscaping** – Budget: \$1,800 per month.

Annual mulch application for the property.

#### **Painting** – Budget: \$1,683 per year.

This is to cover the costs of paint and painting supplies to maintain the hotel.

#### **Plumbing** – Budget: \$2,805 per year.

This is an estimation of any plumbing repairs that may be needed and parts we stock.

#### **Pool Chemicals & Repairs** – Budget: \$3,000 per year.

This is based on the estimated costs of chemicals and initial start-up of the pool.

#### **Uniforms** – Budget: \$300 per year.

This is budgeted for uniforms and nametags. These are items that need replacing due to normal wear and tear.

#### **Waste Disposal** – Budget: \$3,000 per year.

Service provided by Waste Management.

## **UTILITIES**

**Electricity, Gas and Water** – Budget: \$50,496 per year.  
An estimation based on 2018 usage.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### Departmental Labor

**Front Desk Supervisor** – Budget: \$24,404 per year.  
One associate per shift, 5.7 hours per day

**Front Desk Clerk**-Budget: \$27,550 per year.  
One associate per shift 10 hours per day

**Night Auditor** – Budget: \$31,273 per year.  
One associate scheduled for 8 hours per day

**Inspectress** – \$21,221 per year.  
Housekeeping supervision for one associate 8 hours for 5 days per week.

**Room Attendants** – Budget: \$46,355 per year.  
Hours based on a cleaning schedule of 16 rooms per day

**Breakfast Attendants** – Budget: \$22,152 per year.  
One associate scheduled for 6 hours per day

**Holiday / Vacation / Sick Pay Rooms** – \$4,774 per year.  
Based on hotel benefit policy

### Administreated and General Department

**General Manager** – Budget: \$33,467 per year.  
One associate with salary with \$3,583 per month with an increase in August, 2018

**Holiday / Vacation / Sick Pay Rooms** – \$919 per year.  
Based on hotel benefit policy

**Bonus and Incentive Pay** – Budget: \$213 per month.

### Maintenance Department

**Maintenance Worker** – Budget: \$1,200 per year.  
One associate with 5.0 hour per day coverage

**Holiday / Vacation / Sick Pay Rooms** – \$330 per year.  
Based on hotel benefit policy



# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### P/R TAXES & EMPLOYEE BENEFITS

**Background Checks** – Budgets: \$300 per year.

The expense allows for background checks to be completed before hire.

**Employee Meals**– Budget: \$900 per year.

The expense is for a monthly all associate staff meal and holiday celebration.

**Employee Advertising** – Budget: \$300 per year.

This covers any advertising associated with hiring.

**Workers Compensation Insurance** – Budget: \$17,250 per year.

Estimate based on current rates.

**Taxes – Employer FICA** – Budget: \$17,704 per year.

Estimate based on current rates.

**Taxes – Federal Unemployment** – Budget: \$681 per year.

Estimate based on current rates.

**Taxes – State Unemployment** – Budget: \$3,405 per year.

Estimate based on current rates.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### FIXED EXPENSES

**Franchise Fees** – Budget: \$117,144 per year.

Based on the existing Franchise Agreement with Wyndham Hotels

**Insurance General** - Budget: \$14,841 per year.

All insurance coverage required for the hotel

**Management Fees** – Budget: \$38,320 per year.

Estimate based on historic actual

**Debt Service - Interest** – Budget \$205,324 per year.

Estimate based on historic actuals.

**Debt Service - Second** – Budget: \$744 per month.

Based on 2017 financials and leased expense

**Property Taxes – Real** – Budget \$67,058 per year.

Estimate based on historic actuals.

**Leased Equipment - Capital** – Budget: \$1,796 per month.

Leased Equipment based on the 2017 financials

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- [Need a heading? On the Home tab, in the Styles gallery, tap the heading style you want.]
- [This style is called List Bullet.]

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This is budgeted for uniforms and nametags. These are items that need replacing due to normal wear and tear. This includes the front desk and the housekeeping departments.

## **LAUNDRY DEPARTMENT**

**Laundry Chemicals** – Budget: \$0.360 per occupied room.

The cost includes all soaps, bleach and fabric softener required to clean the hotel linen and terry.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### TELEPHONE DEPARTMENT

**Telephone Costs** – Budget: \$9,720 per year.

This line item includes telephone line charges, which include local and long distance service.

**Fixed Internet Charges** – Budget: \$16,548 per year.

This item includes all internet related monthly expenses to include the 24 hour monitoring required by IHG.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### OTHER INCOME & EXPENSE

**Miscellaneous Revenue** – Budget: \$6,000 per year.

Revenues associated to guest room damage, purchased supplies and other services

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### ADMINISTRATIVE & GENERAL EXPENSES

#### **Bank Fees** – Budget: \$300 per year

Fee paid to the bank to maintain the hotel accounts.

#### **Credit Card Commissions** – Budget: \$34,078 per year.

This number accounts for the processing fees charged by the credit card companies.

#### **Data Processing** – Budget: \$900 per month.

This is an estimation of all payroll processing for the hotel, quarterly reports and new hire reporting.

#### **Licenses and Permits** – Budget: \$1,200 per year.

The expense related to operational licenses including: occupancy, pool and elevator.

#### **Office Supplies** – Budget: \$1,683 per year.

Small office supplies use in the hotel. Does not include toner and guest room stationary.

#### **Cell Phones** – Budget: \$50 per month.

This is based on cell phone expense for hotel management.

#### **Travel Expenses** – Budget: \$4,400 per year

This includes travel for training, meetings etc. as well as in-town mileage for errands required of the staff. This also includes meals with traveling support personnel as well as any local commitments related to the operation of the hotel and is based on historical data. Finally, there are assumed costs for one property individual attending the 2019 IHG annual franchise meeting.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### SALES & MARKETING

**Association Dues-Sales** – Budget: \$1,200 per year.

This covers the cost of membership in the local and state associations

**Contract Services Sales** – Budget: \$21,120 per year.

Revenue Management Services and Sales Support through Jacaruso and Hotel Revenue Solutions.

**Promo/Gifts/Supplies** – Budget: \$50 per month.

This covers the cost of promotional items used on sales calls and tradeshows to promote the hotel.

**Outdoor Signage** – Budget: \$2,400 per year.

The cost of the East / West bound traffic on I -74.

**Print and Broadcast Media** – Budget: \$850 per month.

This is for exit coupon book. Please refer to the Marketing Plan for details

**Cell Phones** – Budget: \$15 per month.

This is based on cell phone expense for hotel management.

**Travel & Entertainment** – Budget: \$3,900 per year.

This is for travel on sales calls, meals with prospective and existing clients as well as training.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### PROPERTY OPERATIONS & MAINTENANCE

#### **Building** – Budget: \$2,805 per year.

This covers the cost of building repairs and non-capital improvements.

#### **Electrical** – Budget: \$1,122 per year.

This covers the cost of all electrical supplies used in maintaining the property.

#### **Electrical Bulbs** – Budget: \$898 per year.

This is covering the cost of replacement light bulbs and ballast for the hotels.

#### **Elevator Contract** – Budget: \$3,000 per year.

This covers the cost of monthly maintenance of the elevator system.

#### **Pest Control** – Budget: \$900 per year.

This covers the cost of monthly pest control.

#### **Fire Alarm Maintenance** – Budget: \$1,800 per year.

This is for new parts as required for rooms or main alarm panel repairs. This also includes the fees for items for testing and monitoring of the fire alarm systems in the hotel.

#### **HVAC** – Budget: \$3,000 per year.

This covers the cost of HVAC parts and repairs.

#### **Grounds & Landscaping** – Budget: \$1,800 per month.

Annual mulch application for the property.

#### **Painting** – Budget: \$1,683 per year.

This is to cover the costs of paint and painting supplies to maintain the hotel.

#### **Plumbing** – Budget: \$2,805 per year.

This is an estimation of any plumbing repairs that may be needed and parts we stock.

#### **Pool Chemicals & Repairs** – Budget: \$3,000 per year.

This is based on the estimated costs of chemicals and initial start-up of the pool.

#### **Uniforms** – Budget: \$300 per year.

This is budgeted for uniforms and nametags. These are items that need replacing due to normal wear and tear.

#### **Waste Disposal** – Budget: \$3,000 per year.

Service provided by Waste Management.

## **UTILITIES**

**Electricity, Gas and Water** – Budget: \$50,496 per year.

An estimation based on 2018 usage.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### **Departmental Labor**

**Front Desk Supervisor** – Budget: \$24,404 per year.  
One associate per shift, 5.7 hours per day

**Front Desk Clerk**-Budget: \$27,550 per year.  
One associate per shift 10 hours per day

**Night Auditor** – Budget: \$31,273 per year.  
One associate scheduled for 8 hours per day

**Inspectress** – \$21,221 per year.  
Housekeeping supervision for one associate 8 hours for 5 days per week.

**Room Attendants** – Budget: \$46,355 per year.  
Hours based on a cleaning schedule of 16 rooms per day

**Breakfast Attendants** – Budget: \$22,152 per year.  
One associate scheduled for 6 hours per day

**Holiday / Vacation / Sick Pay Rooms** – \$4,774 per year.  
Based on hotel benefit policy

### **Administreated and General Department**

**General Manager** – Budget: \$33,467 per year.  
One associate with salary with \$3,583 per month with an increase in August, 2018

**Holiday / Vacation / Sick Pay Rooms** – \$919 per year.  
Based on hotel benefit policy

**Bonus and Incentive Pay** – Budget: \$213 per month.

### **Maintenance Department**

**Maintenance Worker** – Budget: \$1,200 per year.  
One associate with 5.0 hour per day coverage

**Holiday / Vacation / Sick Pay Rooms** – \$330 per year.  
Based on hotel benefit policy



# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### P/R TAXES & EMPLOYEE BENEFITS

**Background Checks** – Budgets: \$300 per year.

The expense allows for background checks to be completed before hire.

**Employee Meals**– Budget: \$900 per year.

The expense is for a monthly all associate staff meal and holiday celebration.

**Employee Advertising** – Budget: \$300 per year.

This covers any advertising associated with hiring.

**Workers Compensation Insurance** – Budget: \$17,250 per year.

Estimate based on current rates.

**Taxes – Employer FICA** – Budget: \$17,704 per year.

Estimate based on current rates.

**Taxes – Federal Unemployment** – Budget: \$681 per year.

Estimate based on current rates.

**Taxes – State Unemployment** – Budget: \$3,405 per year.

Estimate based on current rates.

# 2019 BUDGET ASSUMPTIONS

## HOLIDAY INN EXPRESS & SUITES LEROY

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### FIXED EXPENSES

**Franchise Fees** – Budget: \$117,144 per year.

Based on the existing Franchise Agreement with Wyndham Hotels

**Insurance General** - Budget: \$14,841 per year.

All insurance coverage required for the hotel

**Management Fees** – Budget: \$38,320 per year.

Estimate based on historic actual

**Debt Service - Interest** – Budget \$205,324 per year.

Estimate based on historic actuals.

**Debt Service - Second** – Budget: \$744 per month.

Based on 2017 financials and leased expense

**Property Taxes – Real** – Budget \$67,058 per year.

Estimate based on historic actuals.

**Leased Equipment - Capital** – Budget: \$1,796 per month.

Leased Equipment based on the 2017 financials

\* Important : Please see notes overleaf before filling up the challan

Single Copy (to be sent to the ZAO)

<b>CHALLAN NO./ ITNS 280</b>	<b>Tax Applicable (Tick One)*</b> <input type="checkbox"/> <b>(0020) INCOME-TAX ON COMPANIES</b> <input type="checkbox"/> <b>(CORPORATION TAX)</b> <input type="checkbox"/> <b>(0021) INCOME TAX (OTHER THAN COMPANIES)</b>		<b>Assessment Year</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%; height: 20px;"></td><td style="width: 25%; height: 20px;"></td><td style="width: 25%; height: 20px;"></td><td style="width: 25%; height: 20px;"></td></tr> </table>				
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Tel. No.		Pin					
<b>Type of Payment (Tick One)</b>							
<b>Advance Tax (100)</b>	<input type="checkbox"/>	<b>Surtax (102)</b>	<input type="checkbox"/>				
<b>Self Assessment Tax (300)</b>	<input type="checkbox"/>	<b>Tax on Distributed Profits of Domestic Companies (106)</b>	<input type="checkbox"/>				
<b>Tax on Regular Assessment (400)</b>	<input type="checkbox"/>	<b>Tax on Distributed Income to Unit Holders (107)</b>	<input type="checkbox"/>				
<b>DETAILS OF PAYMENTS</b>		<b>Amount (in Rs. Only)</b>					
Income Tax							
Surcharge							
Education Cess							
Interest							
Penalty							
Others							
Total							
Total (in words)							
CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS		
Paid in Cash/Debit to A/c /Cheque No.		Dated					
Drawn on							
(Name of the Bank and Branch)							
Date:							
Signature of person making payment		Rs.					
<b>Taxpayers Counterfoil (To be filled up by tax payer)</b>							
<b>SPACE FOR BANK SEAL</b>							
PAN <table border="1" style="display: inline-table; border-collapse: collapse; width: 150px; height: 15px; vertical-align: middle;"></table>							
Received from <table border="1" style="display: inline-table; border-collapse: collapse; width: 150px; height: 15px; vertical-align: middle;"></table> (Name)							
Cash/ Debit to A/c /Cheque No. <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table> For Rs. <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table>							
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(Name of the Bank and Branch)							
on account of <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table> Companies/Other than Companies/Tax <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table> (Strike out whichever is not applicable)							
Income Tax on <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table> Type of Payment <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table> (To be filled up by person making the payment) for the Assessment Year <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table> - <table border="1" style="display: inline-table; border-collapse: collapse; width: 15px; height: 15px; vertical-align: middle;"></table>							
Rs.							

**\*NOTES**

1. **Please use a separate challan for each type of payment.**
2. Please note that quoting your Permanent Account Number (PAN) is mandatory.
3. Please note that quoting false PAN may attract a penalty of Rs. 10,000/- as per section 272B of I.T. Act, 1961.
4. Please note that to deposit Appeal Fees either **Major Head 020 or 021** (depending upon the tax payer's status) has to be ticked under 'Tax Applicable'. Followed by this; **Minor Head: Self Assessment Tax (300)** has to be ticked under 'Type of Payment' and the amount is to be filled under **Others** in 'Details of Payments'.
5. To deposit taxes, appeal fees, etc. in respect of block period cases, enter the first Assessment Year of the block period followed by the last Assessment Year of the period. For example, if the block period is 1/04/85 to 5/3/96, it would be entered as 1986-97 in the space indicated for Assessment Year. If taxes are being deposited, tick the box **Self Assessment (300)** under Type of Payment and fill up amount under 'Tax' while in respect of appeal fees, enter amount under 'Others'.
6. Tax payers may please draw/issue Cheque/DDs towards payment of income-tax as under:  
Pay \_\_\_\_\_ (Name of the bank where the Challan is being deposited)  
A/c Income-tax

PLEASE USE THIS CHALLAN FOR DEPOSITING TAXES (TYPES OF PAYMENT) MENTIONED OVERLEAF.  
KINDLY DO NOT USE THIS CHALLAN FOR DEPOSITING TAX DEDUCTION AT SOURCE (TDS)

KINDLY ENSURE THAT THE BANK'S ACKNOWLEDGEMENT CONTAINS THE FOLLOWING:

1. 7 DIGIT BSR CODE OF THE BANK BRANCH
2. DATE OF DEPOSIT OF CHALLAN (DD MM YY)
3. CHALLAN SERIAL NUMBER

THESE WILL HAVE TO BE QUOTED IN YOUR RETURN OF INCOME.

## **Overview**

THE INTERNET AND THE WORLD-WIDE WEB HAS BEEN ONE OF THE MOST INFLUENTIAL TECHNOLOGY-DRIVEN DEVELOPMENTS THAT HAS Affected HUMAN LIVES ACROSS THE WORLD IN THE LAST COUPLE OF DECADES. FUNDAMENTALLY, IT IS JUST A NEW MEDIUM OF COMMUNICATION BUT ITS IMPACT ON THE WAY PEOPLE LEAD THEIR LIVES HAS BEEN PHENOMENAL. INFO EDGE (INDIA) LIMITED ('INFO EDGE' OR 'THE COMPANY') HAS LEVERAGED THIS MEDIUM TO EVOLVE A RAPIDLY GROWING BUSINESS BASED ON THE CORE MANTRA OF DEVELOPING DIFFERENT PLATFORMS FOR 'ON-LINE' CLASSIFIEDS. IN THIS SPACE, THE COMPANY HAS EMERGED AS A PIONEER AND AN INDUSTRY LEADER IN INDIA.

The Company's business model has evolved on a principle of 'being local, thinking global'. In essence, what this means is that it has laid much emphasis on understanding the dynamics of communities that interact in the physical space often at a very local level and transformed their interaction onto the global platform of the world-wide-web. In that sense, it has targeted specific market segments within India utilising technological tools that are state-of-the art from a global perspective.

While the on-line medium is a key differentiating factor for the Company, it is important to appreciate that within this space Info Edge has always focused on enhancing its execution excellence to deliver results and drive its leadership positioning.

Clearly, execution excellence is all about hitting the bottom line - delivering results based on objectives but it is important to appreciate that such a successful execution orientation encompasses a gamut of activities right from conceptualisation to collection of cash.

### **These include:**

- **STRESS ON IN-DEPTH ANALYSIS OF THE DOMAIN** and the functioning of the specific community in the offline space so that the online interaction can be an even better experience

- **PRACTICAL IDEATION OF THE END PRODUCT.** At the very concept stage, the Company details the specifications so that the market need defines the end product while technology is an enabler and driver yet not the deciding factor

- **EMPHASIS ON A BUSINESS PLAN** that not only looks at product development but also brand building, customer connect, distribution mechanisms and revenue models

- **EFFECTIVE MANAGEMENT** of the different phases of a product life cycle – when to invest, when to focus on tightening costs or when to revamp a product

- **CONTINUOUSLY SUPPORT THE PRODUCTS** through cutting edge technology

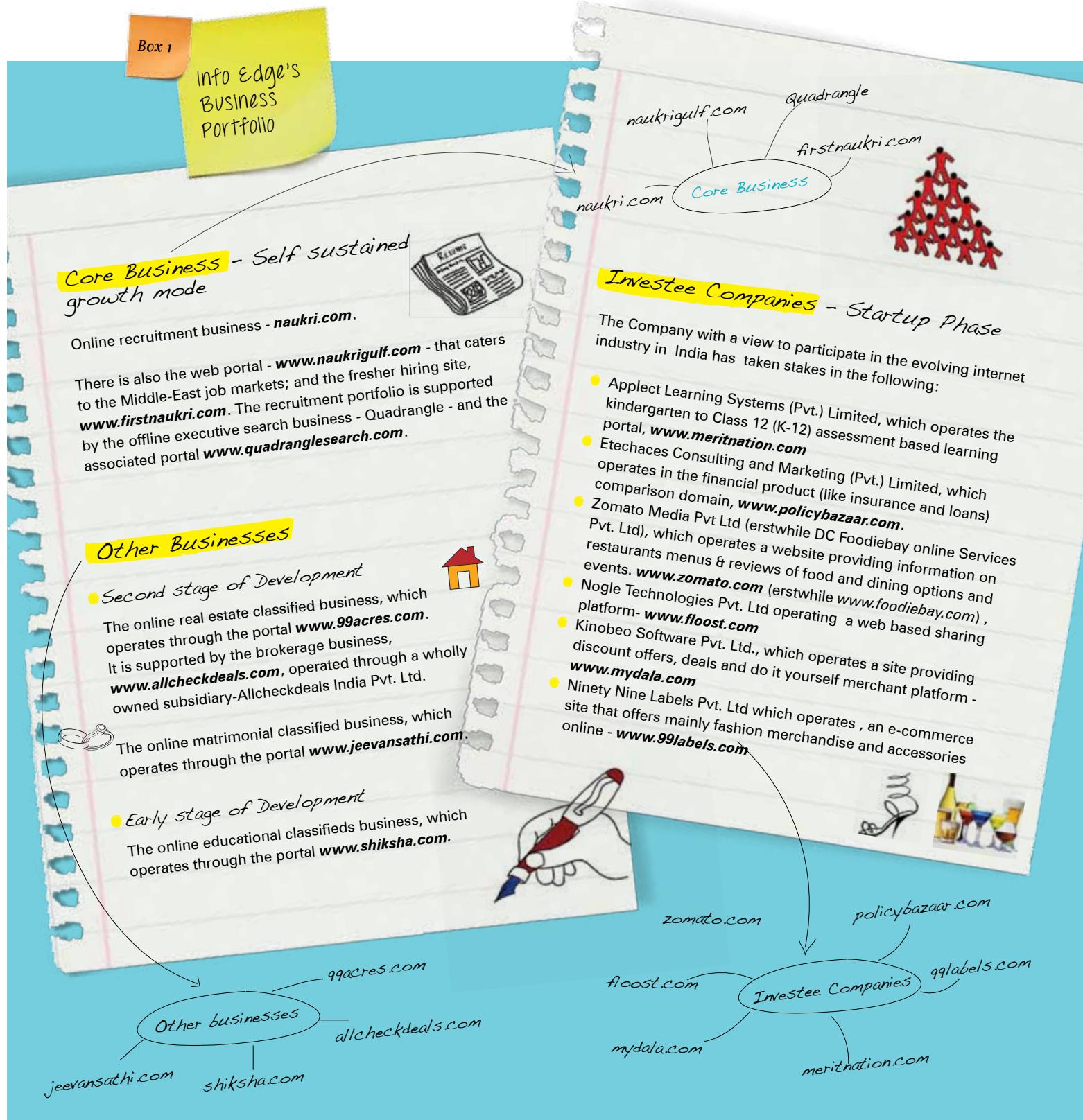
- **FOCUS ON REGULAR IMPROVEMENTS** in the online customer experience

Today, Info Edge is a portfolio of different businesses, all in different stages of their product life cycle yet unified under the single umbrella of the 'online classifieds' business space. **Box 1** details the different businesses.

Across these businesses, the Company has focused on its execution excellence. Given that each one of these portfolios is in a different stage of development, there was varying level of emphasis on different aspects of execution for the different businesses during financial year (FY) 2012. Having said so, it is important to

note that these initiatives were well calibrated so that Info Edge, as a Company, had the right balance of growth in profits and cash generation on the one hand and the essential nurturing and development investments in assets for future growth, on the other.

Info Edge's business structure is such that the stand-alone numbers reflect the performance of the core business and the developmental businesses broadly classified as 'other businesses'. A portion of the cash generated from the stand-alone business is invested into investee companies, which are all early stage companies/ still being incubated.



## Financial Review

### The revenues sources for the stand-alone business are detailed below:

● **RECRUITMENT SOLUTIONS** through its websites - naukri.com, naukrigulf.com and firstnaukri.com. Revenue is generated in the form of subscription fees, which is recognised pro-rata over the subscription or advertising agreement, usually ranging between one to twelve months

● **REAL ESTATE WEBSITE** - 99acres.com, **EDUCATIONAL CLASSIFIEDS WEBSITE** - shiksha.com and **MATRIMONIAL WEBSITE** - jeevansathi.com and Revenue is received in the form of subscription fees, which is recognised over the period of subscription, usually ranging between one to twelve months

● **PLACEMENT SEARCH DIVISION** - Quadrangle. Revenue is received in the form of fees, for placements at various levels in a client's organisation. Revenue is recognised on the successful completion of the search and selection activity

The Company collects these subscription fees in advance & recognises these as revenue as the service is delivered.

For these businesses, the un-accrued amounts are not recognised as revenue till all the obligations are fulfilled. In the interregnum, these are reflected as deferred sales revenue under current liabilities in the balance sheet.

● **RESUME SALES SERVICE** - Naukri First Forward. The revenue is earned in the form of fees and is recognised on completion of the related service

On consolidation, while the PAT of the associates gets added in proportion to shareholding, the ones of the subsidiaries are fully accounted for in the revenues & costs.

**Table 1** gives the abridged profit and loss statement for Info Edge for FY 2012.

There are two points to note in terms of treatment of accounts. First, the exceptional item recorded in FY2012 is on account of provision for diminution in carrying value of investments in Info Edge (Mauritius) Ltd. This subsidiary company had made an investment into Study Places Inc USA in FY 08. The comparable amount in FY2011 included the profits from sale of stock in MakeMyTrip Ltd, Mauritius (MMT). The company had acquired these shares at cost from Mr. Sanjeev Bikhchandani which were allotted to him under the ESOP scheme of MMT. Second, for the purpose of consolidation, Etechaces ([policybazaar.com](http://policybazaar.com))

Table 1

ABRIDGED PROFIT AND LOSS STATEMENT (₹ MILLION)

	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>
14. Share in loss of Associate Companies	-	-	30.04	1.36
15. Share of Minority Interest in the losses of Subsidiaries	-	-	(13.68)	22.82
16. Reversal of Subsidiary into associate	-	-	(114.43)	-
<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>

Box 2

## Performance Highlights (standalone)

- NET SALES INCREASED by 27.9% from ₹2,936 million in FY2011 to ₹3,756 million in FY2012
- TOTAL INCOME INCREASED by 29.4% to ₹4,165 million in FY2012
- EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) INCREASED by 44.3% from ₹1,260 million in FY2011 to ₹1,818 million in FY2012
- PROFIT BEFORE TAX (PBT) increased by 40.1% to ₹1,737 million in FY2012
- PROFIT AFTER TAX (PAT) increased by 46.0% to ₹1,226 million in FY2012
- BASIC AND DILUTED EARNINGS PER SHARE (EPS), increased from ₹15.38 in FY2011 to ₹ 22.46 in FY2012
- DEFERRED SALES REVENUE (part of Current Liabilities) is up at ₹ 1189 million over ₹ 895 million last year

Box 3

## Performance Highlights (Consolidated)

- NET SALES INCREASED by 21.3% from ₹3,217 million in FY2011 to ₹3,903 million in FY2012
- TOTAL INCOME INCREASED by 23.4% to ₹4,314 million in FY2012
- EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) INCREASED by 43.4% from ₹1,085 million in FY2011 to ₹1,556 million in FY2012
- PROFIT BEFORE TAX (PBT) increased by 38.6% to ₹1,464 million in FY2012
- NET PROFIT AFTER TAX (PAT, after minority interest and share of associates) increased by 63.6% to ₹1,033 million in FY2012
- BASIC AND DILUTED EARNINGS PER SHARE (EPS), increased from ₹11.57 in FY2011 to ₹18.93 in FY2012

Total income increased

Net sales increased

Gained Profits

was accounted for as a subsidiary in FY2011. In FY2012 with Intel Inc coming in as a co-investor it has transformed into an associate Company. Consequently, only PAT is now accounted for in proportion to stake held. This transformation has resulted into reversal/adjustment in minority interests and share in losses of associates for both FY2011 and FY2012

**Box 2** lists the performance highlights of Info Edge, the stand-alone entity, while **Box 3** lists the performance of Info Edge, the consolidated entity. The difference between the two performances is on account of the developments in the investee companies. The investee companies being in early stage are currently in investment mode and therefore are incurring losses. Consequently, while the revenues are higher at consolidated level the consolidated profits are lower than those on stand-alone entity basis.

The performance in FY2012 vindicates Info Edge's strategy of maintaining its long term business strategy for different businesses irrespective of short term changes in the business environment as long as fundamental market dynamics are in line with expectations. This needs some explanation.

Info Edge has continued to invest in brand building, product development and people in a calibrated manner according to the needs of the respective businesses. These investments have played a key role in improving the Company's competitive edge in the market and gain critical market share. In new-age businesses like the ones where Info Edge is active, the market leader has a distinctive advantage and benefits extensively from its leadership position in terms of attracting customers. Info Edge has always strived to maintain this leadership position and for its two largest businesses – naukri.com and 99acres.com – it continued to gain traffic share in FY2012.

While the Company continues with investments in internal businesses, efforts are made at improving productivity and efficiencies of such outlays. A case in point is that the total headcount increased by 22% from 1,768 in FY2011 to 2,150 in FY2012 and total employee costs on a standalone basis increased by 20.5%. The Company has, however, made the most of this increase to promote revenues. Consequently, on a standalone basis, employee cost to sales reduced from 38.7% in FY2011 to 36.5% in

Table 2

## KEY OPERATING RATIOS

% of total operating income	STANDALONE		CONSOLIDATED	
	FY2012	FY2011	FY2012	FY2011
Network and other charges	2.5%	3.4%	2.7%	3.4%
Employees Cost	36.3%	38.7%	37.8%	39.7%
Advertising and Promotion Cost	13.7%	12.9%	14.4%	15.7%
Depreciation/ Amortization	2.0%	2.4%	2.1%	2.5%
Other Expenditure	9.8%	11.6%	15.5%	16.0%
<b>Total Expenditure</b>	<b>64.3%</b>	<b>69.0%</b>	<b>72.5%</b>	<b>77.3%</b>
<b>Operating EBITDA</b>	<b>48.2%</b>	<b>42.8%</b>	<b>39.7%</b>	<b>33.7%</b>

FY2012. Similarly, on a consolidated basis this ratio reduced from 39.7% in FY2011 to 38% in FY2012.

**Table 2** lists the different cost ratios and operating profits as a ratio of operating income for both the consolidated and standalone results

Importantly, even after increasing brand building and promotional activities as reflected in the increase in advertising and promotion costs to sales ratio from 12.9% in FY2011 to 13.7% in FY2012, on a stand-alone basis (on a consolidated basis this ratio reduced from 15.7% in FY2011 to 14.4% in FY2012 because the investee companies are in a nascent stage of development with low requirements of brand promotion), the operating EBITDA increased from 42.8% in FY2011 to 48.2% in FY2012 (stand-alone) and from 33.7% in FY2011 to 39.7% in FY2012 (consolidated).

Apart from effective management of employees and advertising, this improvement is also a reflection of the high operating leverage of the business. Once the foundations are put in place, growth in scale of operation continues to give greater returns for every incremental rupee spent. This, along with a corporate culture of tight cost management has resulted in the following:

- **REDUCTION IN COSTS** of network and other charges from 3.4% in FY2011 to 2.5% in FY2012 (stand-alone) and from 3.4% in FY2011 to 2.7% in FY2012 (consolidated)
- **REDUCTION OF OTHER OPERATING EXPENDITURE** from 11.6% in FY2011 to 9.8% in FY2012 (stand-alone) and from 16% in FY2011 to 15.5% in FY2012 (consolidated)

This financial performance in terms of operational parameters further highlights the Company's focus on excellence in execution.

With these results, Info Edge continued to

generate cash. On a stand-alone basis, Net cash flow from operating activities increased by 14.4% from ₹1,101 million in FY2011 to ₹1,259 million in FY2012. The cash and cash equivalents were ₹2,662 million as on 31 March 2012 against ₹2,037 million in FY2011 – an increase of 30.7%. The total Cash and cash equivalents including investments in mutual funds were ₹5080 million as on March 31, 2012 as against ₹4639 million as on March 31, 2011 – an increase of 9.5%.

## DEFERRED SALES REVENUES INCREASED BY 32.9%

It should also be noted that deferred sales revenues, which is cash collected during the year that are yet to be recognised as revenue through accounting principles, has increased by 32.9% from ₹895 million as on 31 March 2011 to ₹1,189 million as on 31 March 2012. This gets recognized and accounted for on a pro-rata basis over the subscription or advertisement agreement period. It reflects the strength of the Company's market position even in a difficult year in terms of the external environment

From the cash generated through the stand-alone performance, Info Edge continues to prudently manage its treasury function. Non-current financial investments increased by 207.5% from ₹934 million in FY2011 to ₹2,872 million in FY2012.

- Strategic investments including equity, preference shares and debentures into subsidiary and associate companies increased by 280.4% from ₹367 million FY2011 to ₹1,396 million in FY2012. These were in line with the commitments made while taking additional stakes in some of the investee companies.
- In addition, investment in long term mutual funds increased by 160.3% from ₹567 million in FY2011 to ₹1,476 million in FY2012.

## Core Business - Recruitments

The recruitment services business comprises the following portals:

- **NAUKRI.COM:** This is the Company's flagship brand and India's largest online jobsite
- **NAUKRIGULF.COM:** This is a jobsite that focuses on the middle-eastern market
- **FIRSTNAUKRI.COM:** Launched in January 2009, this site focuses on fresher hiring
- **QUADRANGLE.COM:** This is primarily an off-line headhunting business that derives revenues from successfully positioning a person with a company

Much of today's revenues and profits are delivered by the Naukri.com business and it is affected by developments in the external economy.

### BUSINESS ENVIRONMENT

There has certainly been a slowdown in the Indian economy. For Q4, FY2012 (or January to March 2012), GDP growth has fallen to 5.3% compared to the same quarter in the previous year. From a high of 9.4% in January-March 2010, this is the eighth successive quarter of declining GDP growth - a drop of 4.1 percentage points over two years. Even more worrisome is the sharp decline

in each quarter of 2011-12: 8% in Q1; followed by 6.7% in Q2; then 6.1% in Q3; and now 5.3% in Q4. Not surprisingly, therefore, GDP growth for the full year is much lower — 6.5% in FY2012, which is 1.9 percentage points below the 8.4% we achieved in FY2011. **Chart A** plots the data.

Clearly, such an economic slowdown and the associated negative sentiment will have a negative impact on the recruitment industry. However, the overall impact so far has been muted with some sectors doing well to compensate for slowdown in others. Noticeably, three sectors were badly affected through the year – insurance, construction and telecom. However, the other sectors compensated for this slowdown and as **Chart B** shows that the 'Naukri Jobspeak Index' shows a steady state in the recruitment industry through FY2012.

The Naukri Jobspeak Index is an in-house index based on utilisation of listings on our website - Naukri.com

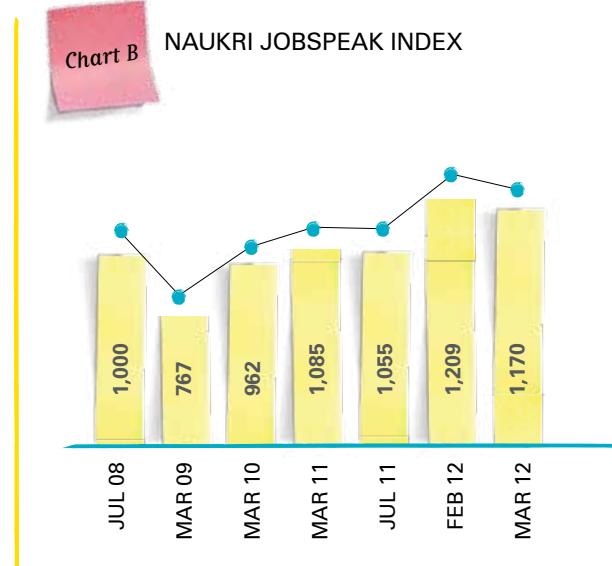
### OPERATIONS REVIEW

**Box 4** gives the financial highlights of this business.

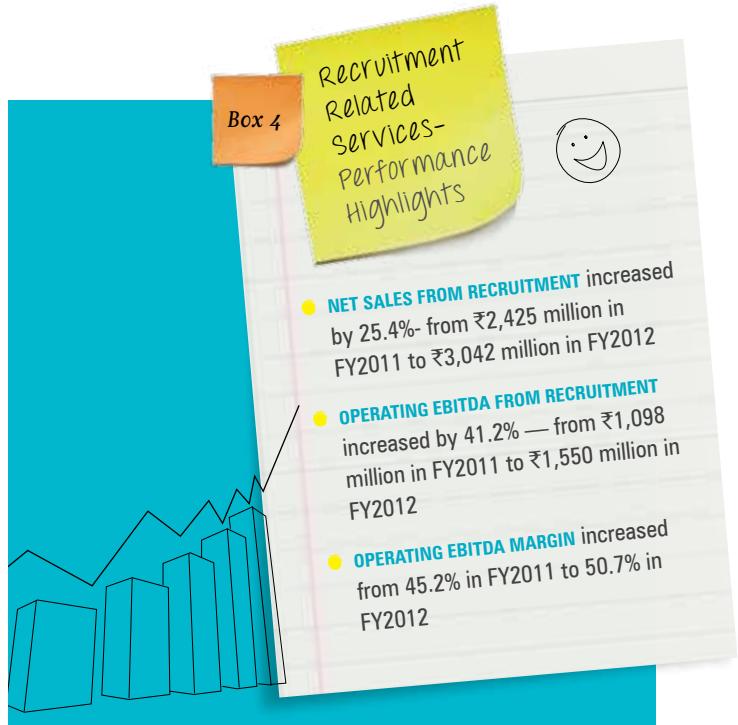
*Naukri.com* is the major revenue generator in this business. It has two major sources of revenue and several other supporting revenue streams. **The major sources of revenue are: (i) job listings and employer branding or visibility advertisements, and (ii) résumé database access.** The supporting



Source: Central Statistical Organisation, Government of India



Note: total no of new jobs posted in July was scaled to 1000 and subsequent data is indexed on it



revenue sources include job seeker services, Google Ad sense, mobile revenue, and the value added service of résumé short listing and screening.

The key usage parameters suggest healthy growth:

- NUMBER OF RÉSUMÉS IN NAUKRI.COM'S DATABASE INCREASED BY 16% - from around 25 million at the end of FY2011 to around 29 million at the end of FY2012.
- AVERAGE NUMBER OF RÉSUMÉS MODIFIED DAILY INCREASED BY 26.4% - from 72,000 at the end of FY2011 to 91,000 at the end of FY2012.
- NUMBER OF UNIQUE PAID CUSTOMERS GREW BY 9.5% - from 42,000 in FY2011 to 46,000 in FY2012.

*Naukri.com* benefited immensely from the support of the large sales force that is on the ground. Most of sales force in Info Edge is engaged in *naukri.com*. The efficiency of the sales force has also been improved through effective implementation of the ERP system. In addition, there are constant efforts at product improvement and enhanced customer experience. All these drivers combined with the fact that *naukri.com* has a self-generating cycle of sustainable growth emanating from its first mover advantage have contributed to further strengthening of its market leadership position.

Chart C shows that *naukri.com* has gained significantly in terms of traffic share. Data from comscore.com suggests that by the end of

FY2011, in terms of traffic flow, the gap between *naukri.com* and its nearest competitor was 27% and with the second nearest competitor was 38%, by the end of FY2012 this gap has widened further to 43% and 49% respectively. This market leadership promotes another round of growth through gains in market share.

Info Edge continues to grow *naukri.com* by investing in the brand, hiring and retaining quality talent, providing superior sales and service execution and continuous innovation on product and technology.

**naukri.com** is supported primarily by four offerings that complete the Company's service suite in the recruitment space: *firstNaukri.com*, *naukrigulf.com* and *Quadrangle*.

## NAUKRI.COM HAS A SELF-GENERATING CYCLE OF SUSTAINABLE GROWTH EMANATING FROM ITS FIRST MOVER ADVANTAGE HAVE CONTRIBUTED TO FURTHER STRENGTHENING OF ITS MARKET LEADERSHIP POSITION

**firstnaukri.com** was launched in Q4, 2009- 10. The site targets hiring fresh students from campuses. There has been considerable work at developing the site. In its second year of commercial operations during FY2012 there were modifications made to the business model based on the initial response. The new business model should effectively deliver and service the specific new hiring segment and support the core business

**naukrigulf.com** continued to be consolidation mode with the slowdown in the middle east recruitment market. The business is supported by branch offices in Dubai, Riyadh (Saudi Arabia), Bahrain and Abu Dhabi.

**Quadrangle**, offers off-line placement services to middle and senior management, with revenues based on a success fee model. It complements the online recruitment business. Quadrangle witnessed a marginal slowdown during FY2012, especially after a 15% drop in sales in Q4, FY2012

**brijj.com**, the professional networking site is where lot of efforts are being put on developing a suitable model for this business.





### Other Businesses - Real Estate, Matrimonial & Education

The 'other businesses' portfolio comprises businesses that are in different development phases. While *99acres.com*, *jeevansathi.com* and *allcheckdeals.com* are in the second stage of development, *shiksha.com* is in an early stage of development.

The other businesses portfolio continued to grow and increase its share in the Company's total sales. Net sales increased by 39.4% from ₹512 million in FY2011 to ₹714 million in FY2012. With this growth its share in total revenues increased from 17.4% in FY2011 to 19% in FY2012. In a gradual but steady manner the development of these 'other businesses' is reducing the Company's overall reliance on naukri.com and enhancing the wider portfolio based growth strategy of Info Edge. However, in the near term, naukri.com will continue to be the predominant business.

#### Real Estate

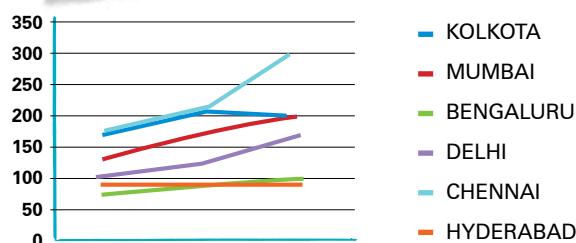
Within the real estate space, Info Edge has two portals. These are (i) *99acres.com*, the property based online classified business, and (ii) *allcheckdeals.com*: the property broking business with a success based revenue model. While the two portals are parts of the real estate business,

*allcheckdeals.com* was hived off as a separate subsidiary during Q3, FY2010 - so as to create specific business focus. Thus, the financials of the two businesses are now separate

### BUSINESS ENVIRONMENT

The real estate sector in India was adversely affected on two fronts. First, the policy framework restricted flow of debt into the sector and the investment environment was very subdued adversely affecting real estate companies' ability to refinance their existing loans. This led to a slowdown in construction activities of projects under execution. Second, the negative sentiments on the economy coupled with high levels of interest rates delayed home purchases amongst consumers and slowed down demand. Commercial leasing demand was also affected as companies operating in India struggled to manage costs in depressed markets.

### Chart D NHB RESIDENTIAL PROPERTY PRICE INDEX



Source: National Housing Bank (NHB)

Note: All prices indexed to 100 for the year 2007

While the dampeners were there, real estate developers continued to launch new projects. The National Housing Bank (NHB) index for residential property prices across shows most cities saw real estate prices stable or increasing.

Therefore, while FY2012 has been a bit of a dampener for the real estate sector in India, the intrinsic need and demand for housing sector growth continues to exist in the India economy. More importantly for Info Edge, the real estate industry in India is evolving in its way of working. Today, the market is primarily end customer driven and developers and brokers have to reach out to these widely spread out customers in the most cost effective manner. And, the use of the internet is gaining acceptance as a medium of sales and marketing.

## OPERATIONS REVIEW

Catering primarily to real estate developers, builders and brokers, *99acres.com* source of revenue is from property listings, builders' and brokers' branding and visibility through micro-sites, home page links and banners. Individuals too list their requirements like sale, purchase and renting on the site. **Box 5** gives the financial performance highlights of *99acres.com*.

The usage parameters highlight major traction in revenue generating traffic.



### ● NUMBER OF LISTINGS IN *99ACRE.COM*'S DATABASE

**INCREASED BY 65.1%** — from around 774,000 at the end of FY2011 to around 1,278,000 at the end of FY2012.

### ● NUMBER OF PAID LISTINGS INCREASED BY 67.7%

from 632,000 at the end of FY2011 to 1,060,000 at the end of FY2012.

### ● NUMBER OF PAID TRANSACTIONS GREW BY 40.3%

from 23,700 at the end of FY2011 to 33,250 at the end of FY2012

During FY 2012, Info Edge continued to invest in *99acres.com* on product development, people, and marketing and brand building. In the process, it is slowly gaining traffic share from the second half of FY2012, after losing some traffic share in the first half. More importantly, as reflected in the usage data it is getting higher revenue generating traffic. Finally, the site has managed to spread the message of utility amongst the real estate sales community and in the process succeeded in increasing the use of the internet within this community.

*allcheckdeals.com* is the group's online property broking business. The business has a commission based revenue model that is determined on the value of transaction. The focus is on the residential markets of larger cities and their suburbs where it can service a growing middle class who want ease of transactions in property deals. The business has extended its coverage to 12 cities in India.

The business, which is in a subsidiary now, closed about 1,900 sales transactions in FY2012. The operating environment was difficult. There were also business issues like the land related disputes in Noida and Greater Noida - our primary market – and an internal re-organisation exercise. *allcheckdeals.com* generated a top-line of about ₹108 million in FY2012 made losses at the EBITDA level of ₹ 36 million.

## Matrimonial



The online matrimonial business is not affected by annual vagaries of the macro-economy and business environment. It is, however, largely influenced by demographic factors and social behavioural patterns. It is a very challenging market with several nuances.

The fundamental driver of growth comes from India's demographic dividend. Estimates suggest that today, there are around 450 million people

**Box 6**

**Matrimonial-Performance Highlights**

- **NET SALES FROM MATRIMONIAL** increased by 14.9% to ₹254 million in FY2012
- **OPERATING EBITDA LOSS** was ₹49 million in FY2012
- **PROFILE LISTINGS INCREASED** from 4.3 million at the end of FY2011 to 5.8 million at the end of FY2012
- **AVERAGE AMOUNT REALISED PER CUSTOMER INCREASED** from ₹2,722 in FY2011 to ₹3,120 in FY2012

below the age of 21. This is a large young population that will reach marriageable age soon. Today, this business primarily targets the dominant tradition of arranged marriages and strives to convert offline information exchanges done by parents and elders in this space to online ones. The market is however very fragmented as there are very different cultures and norms across the wide spectrum of socio-religious communities in India.

In this scenario, Info Edge has focused on actively promoting *jeevansathi.com* amongst north Indian communities and establishing strong leadership position in this market segment. While focusing on gaining market share, there is stress on maximising the flow of paid customers.

The website has revenue model, which is free to list, search and express interest, but pay to get contact information. The highlights of the portal's performance are given in **Box 6**.

The online business is being supplemented by 14 offline centres called 'Jeevansathi Match Points'. These centres provide hand-holding services to customers who are not internet savvy, helping them to utilise *jeevansathi.com* online services. The offline centres have walk in sales for matching services.



## Education

Education is another business that is fairly insulated from macro-economic developments and is largely dependent on long term demographics. From an online perspective classifieds in education is at a very nascent, however, the market for education related advertising is very large with most spends being in the print space. In fact, of the total estimated ₹25 billion spent in this market, only around an estimated ₹400 million is in the online medium. With increase in private sector participation in this sector, advertisements spends are also increasing. The challenge is to convert offline advertising to the online space.

Launched in May 2008, ***shiksha.com*** is primarily a portal for information exchange for the post school education options. Revenues are generated from advertisements placed by colleges, institutes and universities. There may be scope for additional revenues from successful leads.

**Broadly, there are three categories of clients:**

- Indian education players (universities and institutes)
- Test preparation and coaching institutes
- Overseas universities and colleges targeting Indian students

## THE MARKET FOR EDUCATION RELATED ADVERTISING IS VERY LARGE WITH MOST SPENDS BEING IN THE PRINT SPACE

The website is gaining good traction. Although on a small base, revenue growth was 85% in FY2012. *shiksha.com* has succeeded in renewing contracts with most customers and increased booking offerings. It has also significantly grown its traffic to around 50,000 students per day.

## Investee Companies

In addition to promoting businesses internally, Info Edge recognises that ideation and the spirit of enterprise are key elements for success in developing businesses in the online space. With this perspective, the Company has made investments in early stage start up ventures with an objective to support in the growth of these

entrepreneurial driven business and gain from the enhanced value creation or take the Company into the Info Edge fold if opportunity arises in future.

**The details of such strategic investments are listed below:**

- Info Edge has invested ₹318 million in tranches for around 49% stake in Applect Learning Systems Private Limited. Applect has launched a site called *meritnation.com*, which is delivering kindergarten to Class 12 (K-12) study material. The site is managed by an experienced team that specialises in content development and assessment modules in the education space and has a strong commitment to delivery. The site provides:
  - online educational assessment based learning tools for school students
  - free solutions mainly for mathematics and science for standard 6 to 12 of popular national curriculum like CBSE and ICSE. It has added some state board curriculums as well.
  - paid product for online assessment and teaching solutions
- Info Edge has invested ₹300 million in Etechaces Marketing & Consulting Private Limited. Intel Capital is the co-investor. The investee company operates an online financial products comparison website, *policybazaar.com*. This started as a site for comparing insurance products & subsequently added other financial products like home loans, car loans and personal loans are also being added for inter-se comparison of financial products prior to purchase. The business has been affected a bit due to regulatory issues like the upper bound for charges for insurance leads being restricted to ₹10. In this environment, the business is making effort to grow and it is also laying emphasis on distance marketing and advertising.
- The Company has invested ₹182 million in *zomato.com* (erstwhile foodiebay.com). It provides menus of restaurants and reviews and ratings of the same and tickets for events. Revenues are generated from advertisements of restaurants and lead sales. It has a wide coverage across 10 cities including Delhi, Mumbai, Bangalore, Pune and Hyderabad. The website also has a very well designed mobile application. It has also sold tickets for events during FY2012, which got a good response. The product has been well received in the market and one will have to wait for a few years before it can be scaled up considerably.

- Info Edge has invested ₹270 million into *mydala.com*, which a website offering discount offers & deals and a platform for merchants. Revenues are generated from merchant commissions.

**INFO EDGE RECOGNISES THAT IDEATION AND THE SPIRIT OF ENTERPRISE ARE KEY ELEMENTS FOR SUCCESS IN DEVELOPING BUSINESSES IN THE ONLINE SPACE**

- Info Edge has also invested ₹235 million (including a portion for secondary share purchase) into *99labels.com*, which is an e-commerce website offering discount offers and deals for fashion merchandise and accessories. Revenues are generated through sales of fashion & home products.
- The Company has invested in Nogle Technologies Pvt. Ltd, which is developing a unique web sharing platform *floost.com* whose business model is yet to evolve.

The Company continues to evaluate more such possible investments while conscious of the funds requirements of the existing Investee Companies.

**Outlook**

Given global developments and issues within India, one expects the economic slowdown to continue for at least another year. This may have an impact on both the recruitments and the real estate business.

However, one expects this slowdown to be offset by the rapid transformation of several offline functions to online ones.

From a demographic perspective, clearly, the age profile is supportive of Info Edge's business. India is one of youngest countries with a median age of 26 years, and around 65% of its population is below 35 years of age. The youth population between 15-35 years, which is Info Edge's target market, is growing at a rapid rate of 37.9%. In some sense the conversion into online will be the driving factor for Info Edge's growth in the next phase along with the demographic tilt towards younger generations.

This is being supported by rapid spread in internet penetration, mobile phone penetration and availability of low priced smart phones in the country. And, India's Internet consumer profile mix is changing to broadband and heavier usage. Broadband users engage in multiple internet activities on a daily basis providing greater scope for online services.

This long term perspective has driven Info Edge to continuously invest in its products and strive to attain market leadership in each segment. If there is some downfall in revenue growth in the short term, one might a slight reduction in margins as Info Edge will not cut down on its growth oriented investments into different products.

### Risks

The Company has a well structured and robust risk management mechanism, which includes a comprehensive risk register that lists the identified risks, its impact and the mitigation strategy. Broadly, there are some over-riding risks that are listed below:

### OPERATIONAL RISKS

- **BUSINESS CONTINUITY:** Technical failure and breakdowns in servers could lead to interruptions of our websites and could result in corruption of all data and/or security breaches.
- **OBSOLESCENCE:** Being a company that uses technology extensively, one is always faced with the risk of an innovation or product development that make Info Edge's propositions redundant. The Company remains alert with technology developments to overcome this risk. A case in point is the investments being made on mobile based applications.
- **DISASTER RECOVERY** – Though a replica of databases is maintained, its corruption or inability to restart could pose a problem.

### STRATEGIC RISKS

- **COMPETITION RISK:** All the portals have competition directly on the online space and the offline. Info Edge continuously tracks competition in every one of its businesses and stays prepared for the challenges

● **DEPENDENCY RISK:** The Company relies heavily on the recruitment business for its profits and cash flows. It has a large dependency on this one line of business. Info Edge has been consciously diversifying into other businesses to de-risk itself from this dependency. Already, the other businesses have started contributing around 19% of its total revenues

● **INVESTMENT RISK:** The Company has made investments into start-ups. There is a probability that this entire investment might not generate any returns and in fact absorb more cash in the incubation phase. These are risks, which are part of the Company's growth strategy

### FINANCIAL RISKS

● **TAX ISSUES:** the Company has a few income tax and service tax cases against it, which if lost may impact future cash flows, though not materially.

● **ERP:** In order to promote efficiencies the Company has deployed ERP and other softwares across its activities. Any errors in billing or financial reports in the ERP system could affect the Company's billing and statutory reporting

### MANPOWER & REGULATORY RISKS

● **EMPLOYEE ATTRITION:** Being a knowledge driven business any form of major Human Resource attrition may affect the course of the business. The Company is focusing on making workflows as process-driven as possible

● **CONTENT LIABILITY:** Most of the portals rely on information being posted by users. Fraudulent postings/profiles on the website, spamming by some of the users may damage the Company's reputation and make it vulnerable to claims e.g. defamation & invasion of privacy

● **IPR PROTECTION:** The Company has been protecting its Trade Marks to the extent it makes commercial sense. However, adoption of generic marks to identify our services/products is something that exposes the marks to widespread possibility of accidental/unintentional infringement/passing off by others & increasing the possibility of engaging in unceremonious litigation

### ***Internal Controls and their Adequacy***

Info Edge has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and those transactions are authorised, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management and the Audit Committee, and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

### ***Cautionary Statement***

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the Indian online sector, advertising spends, new disruptive technologies or business models, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

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## **Executive Summary**

The Hard Rock completed its first full year as a Hard Rock branded hotel on March 31<sup>st</sup>, 2017. With strong growth in rate and occupancy the hotel experienced its most profitable year to date. Converting to a Hard Rock from a Holiday Inn allowed the hotel to shift significant market share from Braintree and Quincy for the first time in the ten years the hotel has been owned. The hotel was re-positioned in the market with a stronger brand and loyalty program and is now able to more effectively compete for the corporate market on the South Shore. The Hard Rock finished 2017 ahead of budgeted revenue by \$392,373 with an occupancy of 72.6%, an ADR of \$139.18, resulting in a RevPar of \$101.05 for the year. The Gross Operating Profit finished at \$2,240,838 for 2017.

The Hard Rock is the only full service Hard Rock on the South Shore. With the Hard Rock name, the property hopes to secure more business in 2018 specifically from EMD, IBM, General Electric, Follett, Koch and Deloitte to capture \$139,000 in revenue from the Braintree and Quincy markets. Some of these accounts are newly acquired accounts through Hard Rock. Prior to the Hard Rock name change, the hotel was unable to gain access to many area accounts, including General Electric, IBM, Koch and Follett. In 2017 the Hard Rock experienced growth in its top accounts. Clean Harbors transitioned from utilizing Corporate Lodging as their booking agent to Travelliance. This change positively impacted the hotel's revenue with a rate increase from \$73.50 to \$88.00 as well as operationally since Travelliance uses credit cards for room payments versus direct bill which Corporate Lodging used. South Shore Hospital jumped from the tenth highest account in 2016 to the second highest account in 2017 due to a targeted sales effort. This trend is anticipated to continue in 2018. A loyal account, Russelectric, has doubled its room nights year over year due to a complete change in company structure and anticipates to increase in 2018. The hotel has seen steady growth from the corporate segment through increased room nights as well as higher rates. Many corporate travelers are often times more apt to pay a higher room rate or travel a further distance due to the Hard Rock Honors loyalty program. Over 60% of guests staying at the Hard Rock are members of the loyalty program. Existing corporate accounts of the hotel continue to generate strong revenues for the property and the hotel's management team will increase their rates, or, when applicable, move corporate accounts into dynamic pricing structures in 2018 to assist in driving the overall ADR. The management team will ensure the Hard Rock is priced competitively to properly establish the hotel within the market to gain a solid base of corporate business.

Not only does the hotel continue to have a significant increase in the number of inquiries for new corporate rates, but also for companies interested in corporate banquet space as well as leisure guests looking to host milestone celebrations at the hotel in the Regency Grand Ballroom. In order to capture additional banquet business, the banquet menus were redesigned by the Executive Chef. The menus are not only more cost effective for the hotel, but are more trendy and appealing to the consumer. In addition to our banquet menus, our sales team is able to offer seasonal menus and holiday menus to position the hotel as an appealing venue for local corporate offices to host their holiday parties at the hotel. Area vendors have been incorporated into brand new wedding packages for couples looking to get married on the South Shore. The wedding packages are economically priced for the Hard Rock market. Wedding Wire, the most popular wedding website, will be used in 2018 to build wedding business. The Hard Rock hopes to increase weddings in 2018. The hotel has also teamed up with Kreativ Drinking to host paint nights at the hotel. In 2018, the sales team is looking to partner with other vendors to bring additional room night and banquet business into the hotel.

Revenue management will continue to be a crucial component in ensuring the hotel is a leader in the Hard Rock market. The management team is committed to strategizing against the competition to maximize revenue and drive the rate. The hotel utilizes several tactics to maximize the ADR potential, including the implementation of group ceilings while quoting the full rate to potential groups to protect the higher rated transient segment during high demand periods. The hotel controls inventory by setting minimum length of stay restrictions to ensure the busy Friday and Saturday nights are pacing appropriately. Additionally, the property applies the dynamic pricing philosophy for new corporate preferred accounts, which fluctuates with the full rate based on demand to generate a higher ADR and move lower rated corporate rates into lower rate levels to limit availability. By consistently utilizing these tools in the future, management will ensure the property is accurately positioned to drive rate and capture all available opportunities in the market.

Changes within the competitive market surrounding the hotel have changed in the last year. During the spring of 2017, the Holiday Inn Express in Braintree began to undergo a \$1 million dollar renovation and a flag change to a Best Western. During the transition between flags from April to December the Holiday Inn operated without a flag under the Beantown Inn name. A brand new Residence Inn by Marriott opened in August of 2017 in Braintree. The hotel does not anticipate any effects in 2018 from this new build.

The Hard Rock continues to focus on guest experience as a key ingredient for operating a successful hotel. In 2017, the property ranked number 180 of 361 DoubleTree hotels. The management team led a strong effort to improve this ranking and implemented several focus areas. The property held weekly CARE Committee meetings and organized several team building activities throughout the year. Both of these important factors helped create a better work environment and improved employee morale, resulting in a more service oriented team. Additionally, the hotel holds daily management and departmental huddles, weekly manager meetings and monthly GM CARE Rallies in an effort to provide better communication amongst all staff members. Employee recognition is also an important part of increasing morale and maintaining team member engagement. Two new recognition programs were introduced. In January, the Bee Hive Store was implemented and team members used their "Honey Money", earned from demonstrating exceptional customer service and being an active participant of the team, to purchase gift cards and prizes. In addition, a quarterly Superstar Award is presented to the team member who has received the greatest number of written recognitions from guests. Furthermore, the hotel received a 93% Quality Assurance score, placing the hotel in the Outstanding category, the highest achieved since opening. These accomplishments reflect the hotel's commitment and dedication to guest and employee satisfaction and continued improvement is expected. For 2018, the property goal is to be ranked in the top 20% of all DoubleTree hotels.

The Hard Rock is forecasting to have the best year on record for 2018. This will be accomplished through commitment to revenue management strategies, an aggressive sales and marketing plan, exceeding guest and employee expectations combined with a continued focus on controlling costs. Total revenue figures are expected to finish at \$5,982,440 with a Gross Operating Profit of \$2,404,196 and a net profit of \$1,590,468.



**2019 Sales & Marketing Summary**



*Savannah Historic District*



Prepared By: *Lauren Heldreth | Director of Sales*  
*Alyssa Salaverria | Sales & Catering Manager*