

Creating
impressions
worldwide



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Corporate information

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International Expressions Inc (VoloMP)

108 West, 13th Street, Wilmington,
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Pennyweb Inc (Addynamix)

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Dream ad S.A , Uruguay

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Get Media Mexico S.A. DE CV

Presidente Masaryk No. 111, 1er. Piso,
Col. Chapultepec Morales,
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Max Interactive Pty Ltd

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BANKERS

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COMPANY SECRETARY

Jyothi Kommidi

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The internet has integrated the world more effectively than any other force in this technology-driven era.

It has connected different communities, bridged far-off terrains and encouraged cross-pollination of ideas for a better world.

At Ybrant Digital, we are leveraging the power of the internet to offer digital marketing solutions to businesses, agencies and online publishers worldwide.

Our 7 billion searches and 30 billion impressions a month has helped create a powerful network that serves leading brands, such as Cisco, SAP, Intel, Dell, HP, Porsche, Renault, Ford, Jaguar, Land Rover, Toyota, Sony, Nokia, Sony Ericsson, Blackberry, British Airways, Air France, EasyJet, Lufthansa, ING, HSBC, Adidas, GAP Jeans, Reebok, Pepsi, Sprite, Snickers, Red Bull, Nestle, Saxo, Hotels.com, Ask.com, Expedia, Gillette, Phillips, MacAfee, UPS, Fujitsu, MTV and M&M.

We have affiliations with some of the prominent online publishers (MSN, Yahoo!, Viacom, United Online, Fox News, Bebo.com, Media Traffic, Rubicon, Gorilla Nation, Photobucket, Mobile Vision, hi5 Networks, Inc. among others) and enjoy direct access to over 100 top Ad Agencies (OMD, Universal Media, Mediaedge, Starcom, McCann, Zed Media, Carat, MediaCom, Group M, Quasar, Razorfish, Mindshare, Maxus, OmniCom and Oglivy) spanning Europe, the Americas and Asia.

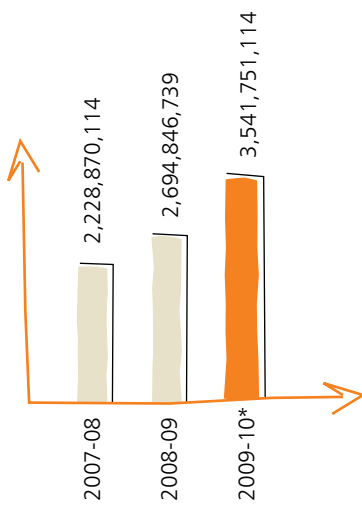
At Ybrant Digital, our impressions harness the potential of the digital media to connect businesses to their target audiences, enhance visibility of brands and maximise their revenue potential.

Welcome to our world of inspired impressions.

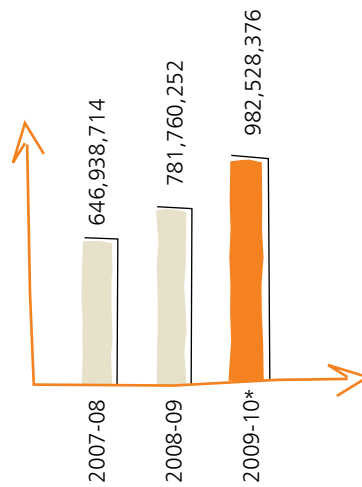


Our impressive numbers

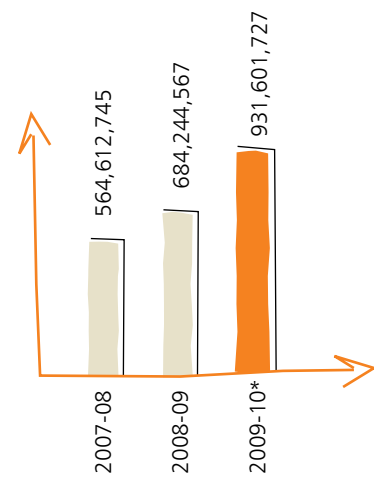
Total revenue (Rupees)



EBIDTA (Rupees)



Profit Before Tax (Rupees)



*Including Notional Income of INR 196,714,631

Impressive technology that generates trust

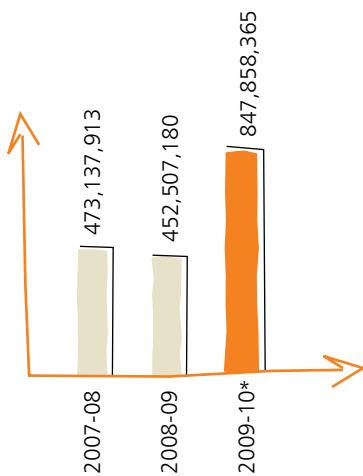
Technology represents the backbone of Ybrant to offer differentiated solutions to clients.

Well integrated technology platforms satisfy different requirements of the clients, be it high volume email delivery platform (VoloMP) or next generation Ad management technology (AMS). The exclusive technology backend further generates significant quality leads with excellent performance. Moreover, a co-registration engine assists in referring leads, subscriptions and memberships. Superior In-Gaming Advertising (IGA) technology provides exclusive pre-roll and mid-roll display ads with complete geo-location coverage. Implementation of API technology further simplifies game marketing as it can be accessed free of cost, without any installation or access code. Capitalizing on its proprietary SDK, an intelligent tracking system, Ybrant registers itself as the only global mobile network, tracking users via messaging, mobile web and mobile applications. Powered by right strategies, that thoroughly map the content and index keywords to increase traffic, Ybrant's search marketing technique ensures superior service, be it contextual, SEO, SMO or PPC.

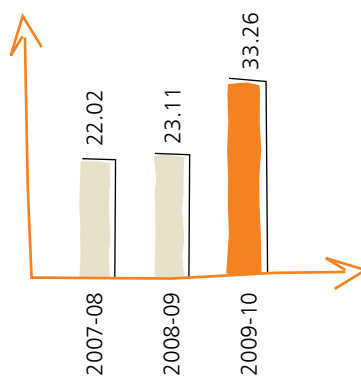
Myth

Digital advertising is not so popular, compared to traditional media channels.

Profit After Tax (Rupees)



Earnings Per Share (Rupees)



Digital advertising has contributed towards \$22,661 million revenues in the US alone during 2009-10. Internet is increasingly becoming the preferred media choice for advertising after television and print in the US. Globally, digital advertising grew by 2% in 2009-10 to stand at \$55.2 billion (Source: iab ad revenue report). It is expected that by 2014, the worldwide internet's share of total ad spends would jump to 17.2% from 11.9% in 2009. The reason is more time being spent by people on the internet, which in the US is an average 13.2 hours per week (Source: emarketer report).

Reality

*Including Notional Income of INR 196,714,631



Letter from the Chairman's desk

Dear Shareholders,

The world is evolving faster than we think. In 2000, when we commenced operations, internet penetration was very limited in most parts of the world, especially the developing world. Today, we have a completely different picture emerging: China has 420 million internet users, with a 31.6% penetration, which is the world's highest; Brazil has 76 million internet users with 37.8% penetration. India with a penetration of 6.9% and 81 million internet users has a long way to go.

In a technology-based advertisement business, especially one that is focused on online advertisements, one needs to be extremely up-to-date and flexible enough to adopt the latest trends.



The sweeping global reach of the internet has opened up a new media channel for advertisements, and during the past few years, internet advertising has been increasingly becoming a preferred choice for most advertisers over and above television, radio and print advertising. This is because internet marketing offers multiple advantages to the advertisers as well as to the target audience.



In a Technology-based advertisement business, especially one that is focused on online advertisements, one needs to be extremely up-to-date and flexible enough to adopt the latest trends. Looking back down the memory lane, even a few years ago no one could think of social networking via the internet. Today, social networking sites help people to keep in touch, transcending the barriers of space and time. The rapid emergence of social networking sites like Facebook and Twitter, Search engines like Google and Yahoo, platforms like iPods, iPads, mac books, smart phones, mobile applications, online gaming, and so on have completely changed the way people communicate.

The sweeping global reach of the internet has opened up a new media channel for advertisements, and during the past few years, internet advertising has been increasingly becoming a preferred choice for most advertisers over and above television, radio and print advertising. This is because internet marketing offers multiple advantages to the advertisers as well as to the target audience. First, companies can reach out to a wider audience for a small fraction of traditional advertising budgets. The nature of the medium also allows consumers to research and purchase products and services at their own convenience. Therefore, businesses enjoy the advantage of appealing to consumers in a medium that can generate quick results. Second, internet marketers enjoy the advantage of measuring statistics easily and inexpensively. Nearly every aspect of an internet marketing campaign can be traced, measured and tested. Therefore, marketers can determine which messages or offerings are more appealing to the audience. The results of campaigns can be measured and tracked immediately because online marketing initiatives usually require users to click on an advertisement, visit a website and perform a targeted action. Such an accelerated viewer response is unimaginable in other forms of advertising. At Ybrant Digital, we provide an array of services – from search marketing, display ads marketing, email marketing, and affiliate marketing to mobile marketing and social media marketing.

The advertising industry was significantly affected during the recession that began in the US and which gripped the world. The internet advertising industry in the US fell by 3.4% from US\$ 23,448 millions in 2008-09 to US\$ 22,661 millions in 2009-10. The fourth quarter of FY 2009-10 alone registered a growth of 2.6% as compared to the fourth quarter of FY 2008-09, signifying that the US market is slowly creeping out of the recession. The advertising industry in India fell by 0.4% in 2009-10, compared to 2008-09, but the internet advertising industry registered an impressive 25% growth from Rs. 6.2 billions in 2008 to Rs. 7.8 billions in 2009. Although search marketing represents the dominant segment in both the US and Indian markets, social media marketing and mobile marketing have become extremely popular across all age groups. Even in emerging markets, social media websites and mobile applications are increasingly used. The reasons are easy to comprehend: enhanced low-cost broadband penetration in emerging markets (South Korea, Singapore, India, Taiwan and Hong Kong) and more time spent by people on the internet. Although Asia

has the world's largest internet users, it has the lowest penetration levels due to its large population. The result: immense untapped opportunities. At Ybrant, we are currently looking at expanding our services in India, China, South America and Europe.

During 2009-10, our consolidated revenues, calculated as per performance based pricing approach, surged 24.13% from around Rs. 269.5 crores to Rs. 354.2 crores, owing to multiple initiatives that deserve special mention.

During the year, we launched a new local search platform, Yreach, in Mumbai and Hyderabad. It would provide a unique shopping experience to consumers. We have plans to launch the same in 20 cities of India in the near future. Besides, our acquisition strategy has reinforced our global footprint: we acquired 100% stake in Argentina based Dream ad and Australia based MaxInteractive Pty Ltd in 2009-10. The acquisition of Max has marked our entry into the Asia Pacific market. Max will be our first sales group that has successfully sold banners, search key words and emails together in any one market. A substantial portion of our revenue (around 70%) comes from banner ads.

You will be happy to note that we would soon be opening offices in China and Brazil to leverage the emerging possibilities in these high-growth markets. In May 2010, our social marketing division, Ybrant Networks, launched Facebook Marketing, which enables ad buying along with social media marketing. During the year 2009-10, we became the exclusive sales representative of Yahoo! in Ukraine through our joint venture Trade Up. We also collaborated with Right Ads to develop a performance engine with CPM pricing, and with ContextIn to create a search marketing exchange. We formed a joint venture with China Council for the Promotion of International Trade (CCPIT) to create and sell advertising space for digital tradeshows.

Apart from a number of global collaborations and tie-ups, we also introduced the Location-Based Advertising (LBA) services for mobile service providers in partnership with LiveVana Innovations & Lepton Software. It is estimated that mobile marketing in the Asia-Pacific region would touch \$7.7 billion by 2011 and by more than \$16 billion globally by 2011. The LBA services represent our best opportunity to power Ybrant's local-search initiative for India. In August 2010, we acquired Lycos Inc., the leading search-based internet property from Daum Communications, South Korea.

Operating in a highly fragmented industry, we have been largely successful in consolidating our presence across 18 countries of the world. With consolidation comes integration: all our offices are highly integrated, encouraging exchange of ideas in a multi-cultural work environment. Over the years, we have also built intensive relationships with advertisers, publishers, and online ad agencies. In conclusion, I must thank our people for their hard work and drive for innovation, which truly made us what we are today: an industry leader with a global presence.

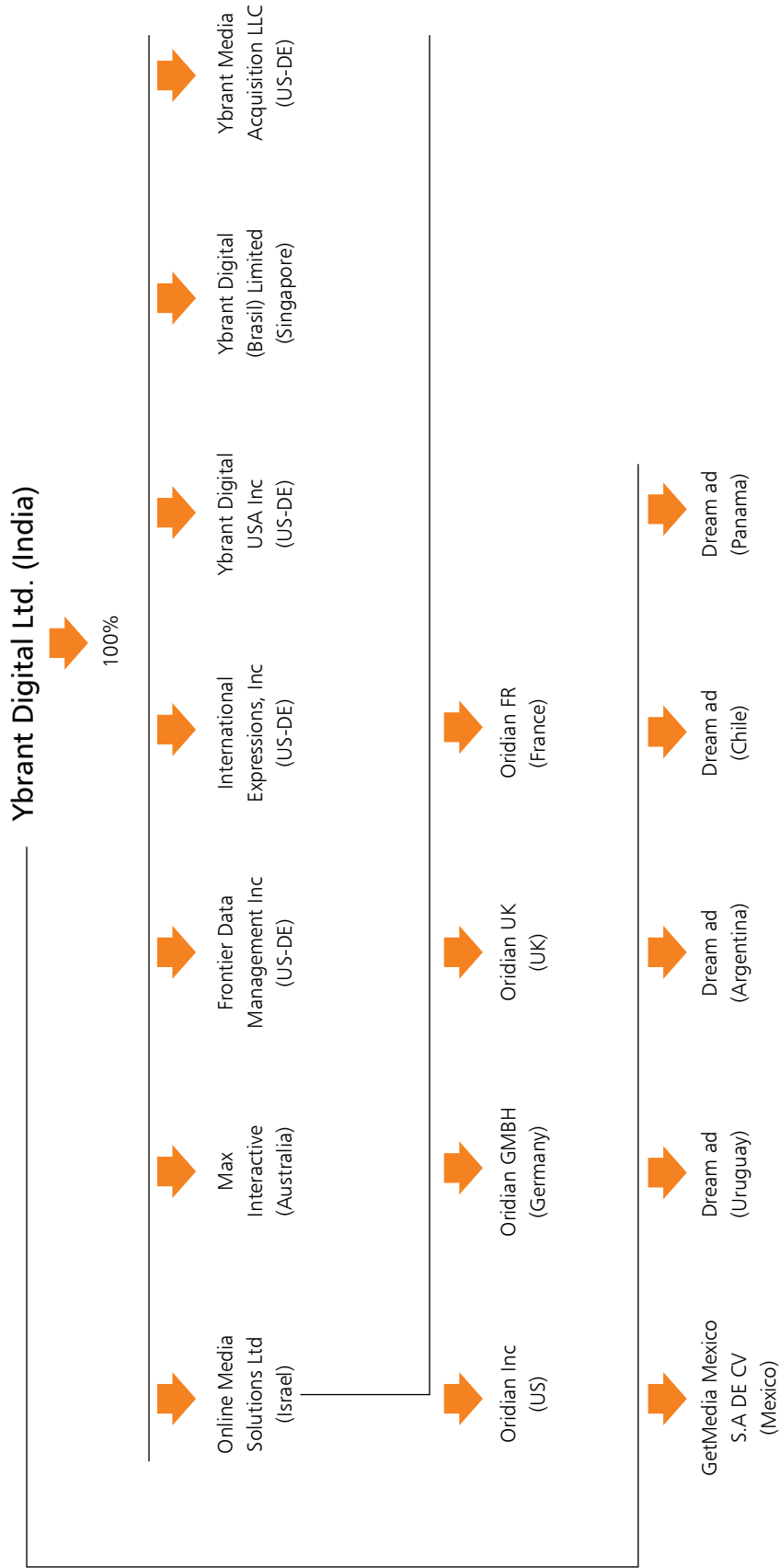
I must reiterate that Ybrant is only as good as its people and we will continue to invest in attracting and grooming the best talent in the industry. So that, we can sustain our growth process to keep pace with the phenomenal growth of the internet and mobile communication. I thank you all for your unstinted support and encouragement.

Best Regards,

M Suresh Kumar Reddy
Chairman and Managing Director

During 2009-10, our consolidated revenues, calculated as per performance based pricing approach, surged 24.13% from around Rs. 269.5 crores to Rs. 354.2 crores, owing to multiple initiatives that deserve special mention.

Business structure





Creating waves in the digital world

Incorporated in 2000, Ybrant Digital Limited is now the global leader in the business of online advertisements. At a time, where most media companies enjoy presence in just one or two sub segments, Ybrant provides comprehensive digital marketing services, namely, banner ads, search, e-mail, affiliate, mobile and social media.

Ybrant has evolved into a digital marketing company from a technology based backend solution provider. Ybrant Digital comprises four divisions: Ybrant Networks, Ybrant Mobile, Ybrant Fusion and Ybrant Media.

Ybrant has made a number of acquisitions over the years, which has further integrated and strengthened its digital marketing services.

Headquartered in Hyderabad, India, Ybrant has offices in 18 countries of the world including United States, Argentina, Uruguay, Chile, Mexico, UK, France, Germany, Israel, the Philippines, Serbia and Australia with representative offices in Scandinavia, Italy and Greece.



Myth

For any business enterprise web sales remain too small to matter.

While overall retail growth is relatively flat, web sales are growing five times faster than stores - with a projected growth of 14% by 2012 in the US (Source: Forrester).

Reality

Digital Marketing Services



Mobile Marketing



Social Media Marketing



Affiliate Marketing



Email Marketing and Lead Generation



Search Marketing



Display Ads Marketing



To 1,966 million people globally, the internet is an everyday reality. Just like the sun.

At Ybrant Digital, this simple truth translates into exciting business opportunities, as we are witnessing a perceptible shift from traditional advertising to online media.

Ybrant provides comprehensive solutions to address the advertisers' end-to-end digital marketing needs and enhances their revenue generated through the media. Our performance-driven campaigns and web banners drive publisher sales to greater heights, making us a complete service provider for brand marketing and direct response.

Ybrant builds networks between advertisers and publishers, collaborates with online advertising agencies, helps optimise tailored and personalized campaigns and ensures 100% global traffic at highly competitive rates.

Video →

Ybrant offers a full range of video solutions including video overlays, pre-roll, mid-roll and video-on-video, targeting a wide cross-section of viewers.

Casual Gaming →

Ybrant created the Ybrant ScoreBox, an innovative tool to revolutionize Flash game management online. The Scorebox is the perfect tool to deliver relevant and quality advertisements to a wide and captive audience, generating a new revenue source for publishers.

Ybrant reaches over 120 million gaming users every month through its several partners in the casual gaming advertisement business. Ybrant's In-Game Advertising (IGA) services include pre-roll and mid-roll display ads and pre-roll videos.

Search Marketing →

Ybrant's search solutions benefit both advertisers and publishers. Advertisers benefit through quality traffic and superior targeting of users in their areas of interest and the publishers benefit by enhancing their worldwide exposure through a single source.

The Search Engine Results Page (SERP) processes the searched keywords and displays the user's interest with relevant sponsored links. The Search on Display (SOD) provides relevant, targeted text link ads, based on user's content. This provides Ybrant's advertisers with additional relevant campaigns and its publishers with additional revenue sources.

Mobile Marketing →

Ybrant offers complete solutions in mobile marketing, including tracking impressions to conversions, campaign management, SMS delivery and redemption of in-store coupons.

Social Media Marketing →

In the domain of social media advertising the key word is relevance: right audience, right time and right advertisements. Thousands of unique and personalized advertisements are delivered to micro-segmented groups. At Ybrant, we produce quality ads at significantly lower costs and even track results to determine, which ads generate the best results for each group. In May 2010, Ybrant Networks, our social marketing division, launched Facebook Marketing, a tool that provides innovative ad buying and social marketing. On launching Facebook Marketing, Ybrant Networks also became the exclusive sales representative of Facebook in Israel.

Display Advertising →

Around 50% of users perform searches related to banners they have previously seen. Banner Ads are displayed on websites, and they help reach customers even when they are not actively searching, which is nearly 95% of their online usage time.

Others →

Our other value-added services comprise digital media planning and buying, digital campaign analysis, optimization of digital advertising campaigns, data collection and aggregation, among others. Yreach, our new search platform, has been launched in Mumbai and Hyderabad, and will provide our customers a never-before shopping experience. This local platform will offer a wide gamut of services (food and grocery, home care products, apparel and accessories, consumer durables, automotive accessories, lifestyle products and services) with unmatched affordability and guaranteed quality.



There is a bit of innovation in every solution that we offer.

Ybrant is associated with leading advertisers like 3M, Adidas, Porsche, Pepsi, Nestle, Red Bull, Lufthansa, HSBC, ING, Vodafone, UPS, Swissair, Sony and renowned publishers like Yahoo, about.com, MSN, Fox News, hi5, Viacom and CBS Radio, among others

We provide our clients customized software, search optimization supports and state-of-the-art technologies for delivery and monitoring of the same. Target audience for advertisers are generated through third-party website or online publishers' networks.

We are present in 18 countries globally including United States, Argentina, Uruguay, Chile, Mexico, UK, France, Germany, Israel, India, the Philippines, Serbia, Australia, Italy and Greece. Our multi-channel platforms are managed by a highly experienced service team.

We touch 120 million gaming users every month with our tie-ups with biggest brands in casual gaming. The result is the creation of 7 billion searches and 30 billion monthly impressions for more than 90 million unique visitors, across 135 countries.

We shape our people and our people shape us

Ybrant is only as strong as its people. We leverage our advanced industry relevant knowledge base to groom our people and they, in turn, drive our expansion plans.

At Ybrant, we possess a global workforce of 350 employees, of which Hyderabad has 180 employees. Besides, to promote services and penetrate major markets, Ybrant has an international sales team. The multicultural work environment generates innovative ideas as the company encourages extensive employee communication, including personal interaction.

We even encourage cross-pollination of ideas among people: a person from Israel office may head a team in India. In addition, Ybrant consistently encourages the following:

Continuing education programme/ certification programme →

To persuade employees for higher education, Ybrant provides up to Rs. 12,000 per year and 4 days of paid leave to all its full-time good performers.

Work-from-home policy →

To ensure uninterrupted service, Ybrant employees can work from home under special circumstances, including an injury or illness, and pregnancy.

Upgradation of talent pool →

At Ybrant, we subscribe to magazines and relevant books for continuous upgradation of our talent pool. Employees can relax at lunch time and read the magazines. Books can be borrowed from the library for a week and the employees can also suggest the purchase of related books.

Key acquisitions & tie-ups

Team Oridian



Ybrant Team at AD Tech, London



Team Dream ad



Key acquisitions

Oridian

Oridian is Ybrant's international ad network brand. It conducts local sales and site-specific representation in countries like Europe, North America, Latin America, Israel, Argentina, Germany, India and the UK. Oridian enables premium websites to monetize their international traffic in more than 40 countries. Oridian is IASH (The Internet Advertising Sales House) accredited.

AdDynamix

AdDynamix is an interactive provider of ad management services and video & digital media services to agencies, entertainment clients and direct marketers. It conducts advertisement deliveries for the US market, and offers customized campaigns. AdDynamix specializes in performance-based advertising.

MediosOne

MediosOne assists advertisers, publishers and agencies to deliver graphical and contextual banners, using niche technology. It has an online advertising network in South America, Europe and India. It aids in demographic targeting and reaching users in their native language.

Dream ad

Dream ad is a leading ad network company that caters to Latin America, Argentina, Chile, Uruguay and Mexico. It specializes in internet media and has an exclusive sales house for Microsoft Advertising in Latin America.

Max Interactive

Specializes in banner-based web advertising, mobile and e-mail marketing.

Lycos Inc

Lycos is a search/contextual media and broadband entertainment content. Its network sites offer services such as free web-hosting, blogging, web publishing tools, publishing platform, web-page add-ons, people search engine and multiplayer gaming sites. Lycos's branded sites offer online services, such as internet domain name purchasing, email services, social networking and light web-building site, video playlist, chat and social networking site and an automatically generated information summarization service.

Myth

Search Engine Optimization (SEO) represents a one time task.

SEO is not a one time effort. To get consistently higher ranking for enhanced visibility, a particular website needs to be optimised periodically, because search engines change their algorithms. So the webmaster has to constantly track a website's traffic and evolve effective strategies accordingly.

Reality

Significant tie-ups

- > Collaborations with Right Ad and Context In
- > Joint venture in creating a Ukraine based Ad Network Trade Up
- > Exclusive representative of Yahoo in Ukraine
- > Joint venture agreement with Integrid Media to penetrate the Indian market
- > Collaboration with Chinese government-based Media Group, offering mobile-based TV; 16 channels are available on the mobile phone to over 1 million users in Beijing. Ybrant will have exclusive advertising rights on those channels. Signed an agreement with China Council for the Promotion of International Trade (CCPIT) to web enable trade shows in China.

Myth

Search Engine Optimization (SEO) is only for large companies.

No matter what the size of a business - from Fortune 500 companies to start-ups - advanced SEO strategies can boost online sells and revenue. Ybrant's search marketing measures enable a site's content being thoroughly mapped and indexed to keywords that increase the traffic/visitors on various search engines, especially the target audience .

Be it SEO, SMO, PPC or Contextual, Ybrant's highly qualified and experienced internet marketing experts are adept at optimizing a website.

Reality

Business divisions

Ybrant Networks



Ybrant Networks is responsible for creating the network applications and solutions, with in-house teams dedicated to product development, marketing and sales. The division provides one-stop digital media solutions with unique technology platforms and guaranteed cross-border traffic.

Ybrant Networks serves leading international brands and partners with some of the world's largest publishers. This division comprises Oridian, MediosOne, Dream ad, Max Interactive, TradeUp and Ybrant Networks US.

Ybrant Mobile



Ybrant Mobile provides services across three channels - messaging, mobile web and mobile applications. This division offers to the publishers personalized campaign management, optimization, competitive payment terms, traffic monetization and advanced mobile media technology, which helps to track performance and manage yield.

With Ybrant Mobile, one can track everything from impressions to conversions, and from SMS delivery to redeeming in-store coupons. Its global mobile network is spread over the world's top 40 markets in 160 countries.

Ybrant Fusion



Ybrant Fusion, Ybrant Digital's technology division, develops technologies and technological platforms for the company. Ybrant Fusion's unique applications are designed to help online businesses connect more efficiently.

Ybrant is one of the market leaders in planning, developing, evaluating and implementing technologies. The Company's competitive edge is in ad serving, email marketing, lead generation and traffic monitoring. Ybrant Fusion's platforms serve and support advertisers, publishers, networks and affiliates through web analytics and the latest user interfaces.

Ybrant Media



Ybrant Media administers and operates Ybrant Digital's owned media channel by deploying a range of global digital properties, web portals, gaming entities and mobile platforms.

The division aims to expand its user base by partnering with global media owners and other digital entities.



What makes Ybrant tick

Early entry into a rapidly growing industry

With increased internet acceptability, the consumers are gradually embracing the digital media. Being one of the market pioneers, Ybrant has created a strong brand and a deep insight into industry and client demand.

Comprehensive range of services

To cater to multiple customer requirements, Ybrant ensured its presence in all possible digital marketing space, comprising search marketing, display ads marketing, affiliate marketing, mobile and email marketing.

Technology edge

The state-of-the-art technologies of Ybrant enrich its niche services like geo-targeting, contextual targeting or behavioural targeting to track different target audience. Technology helps in digital traffic management, optimized ad serving, good data collections and aggregation, and campaign analysis.

Enduring relationships

Ybrant harnesses its relationship with leading agencies and online publishers through reliable and efficient services.

Rich domain knowledge

Incorporated as a pure technology-led digital marketing company, Ybrant develops technological expertise to provide top-notch, user-friendly and cost-effective services.

Supportive human resource

A multi-cultural strong workforce is helping Ybrant scale greater heights.

Strategic tie-ups and acquisitions

Collaboration with well-known life style and fashion magazines and social networking sites and acquisition of complementary businesses will further strengthen the position of the Company.

Global footprint

A global 18-country presence will optimise Ybrant's market spend and mitigate the socio-economic risk of operations in one particular country.

Myth

Internet reaches only to the youth.

Perhaps the most common and inaccurate myth about the internet is that it is merely a youth obsession. Nearly two-thirds of Facebook's 134 million American users are older than 26. According to Pingdom, 61% of Facebook's users are aged 35-plus, with the average age being 37. Twitter's average user age is 39 years. Even older people are increasingly using the internet to shop, socialise, book air railway tickets and book movie tickets, among others.

Reality

Our clientele

Advertisers



Agencies



Publishers



Ybrant in India

During the year, Ybrant Digital launched Yreach, a new search platform that would also provide a unique shopping experience, in Mumbai and Hyderabad, India. Ybrant has plans to launch the search platform in other cities of India as well.

At the Yreach Launch Function, India



Ybrant India Team



A conference addressed by Mr. Suresh Reddy, India



Board of Directors



Mr. M Suresh Kumar Reddy, Chairman and Managing Director

Mr. Muthukuru Suresh Kumar Reddy is the Chairman and Managing Director of the Company. He was appointed as the Chairman and Managing Director of the Company on December 1, 2006. He is the co-founder of the USA Greetings and Ybrant Technologies Inc. He is responsible for the strategic direction and expansion efforts of the Company. He holds a degree in Master of Science in Engineering from the Iowa State University and a Bachelor of Technology from the Indian Institute of Technology, Kharagpur, India. He has 18 years of experience in the field of designing, development and support of various software technologies including business intelligence development and has worked in various key role namely as project engineer, software analyst and business analyst in different industries, such as AM General Corporation, Caterpillar, Chrysler, SBC (PacBell) and Charles Schwab Corporation.



Mr. Vijay Kancharla, Whole - Time Director

Mr. Vijay Kumar Kancharla is the Whole-time Director of the Company. He was appointed as the Whole-time Directors on December 1, 2006. He is the co-founder of USA Greetings and Ybrant Technologies Inc.. He is currently responsible for the 'technological operations and technology platforms owned and managed by Company. He holds a degree in Master of Science in Computer Science from the University of Louisville and a Bachelor of Technology from the Jawaharlal Nehru Technological University, Hyderabad, India. He has over 15 years of experience in the field of online advertising technology. He has served as the chief executing officer of Ybrant Technologies Inc. and was involved in business development, strategic short and long-term planning, setting up of sales and marketing teams, building long-term business and corporate relationships and managing financial and operation teams both in Ybrant Technologies Inc. and our Company. Prior to setting up of Ybrant Technologies Inc. he has worked for companies like Hewlett Packard and Pacific Bell. During his tenure in these companies he was responsible for design, development and maintenance of various softwares.



Mr. Raghunath Allamsetty, Independent Non-Executive Director

Mr. Raghunath Allamsetty is an Independent Director of the Company. He became a member of the Board of Directors of the Company on October 20, 2006. He holds a degree in Bachelor of Technology in Electronics and Communication from Osmania University and a correspondence degree in marketing from IGNOU. He has over 17 years of experience in the areas of project development, technical management and business development. Mr. Allamsetty is the Chief Executive Officer of Aasra Archiventures Private Limited and Director of Apere India Private Limited. Prior to his joining Adaptec, he was the Managing Director of Adaptec India Private Limited, and was the co-founder and chief executive officer of various organizations, such as Platys communication india Pvt Ltd.



Mr. Vijaya Bhasker Reddy, Independent Non-Executive Director

Mr. Vijaya Bhasker Reddy is the Independent Director of the Company. He became a member of the Board of Directors of the Company on October 20, 2006. He has a Masters degree in Food Engineering from the Indian Institute of Technology, Kharagpur, and has done his Management Development program from the Indian Institute of Management, Ahmedabad. He has over 19 years of experience in marketing and management and has worked as General Manager at Coca-Cola India and is currently on the Boards of Netlinx Limited, Netlinx Realty Private Limited, REDI Tropicals and Naturals Private Limited and FRESH - a NGO involved in Food Safety.

**Mr. Sagireddy Pulla Reddy, Independent Non-Executive Director**

Mr. Sagireddy Pulla Reddy is an Independent Director of the Company. He became a member of the Board of Directors of the Company on December 1, 2006. He holds a degree in Bachelor of Technology in Computer Science from Nagarjuna University, Andhra Pradesh, India. He has over 20 years of experience in the field of ITES. Mr. Reddy is the Chairman and Managing Director of SP Software Private Limited since 1995. From 1990 to 1995 he was a partner in Binary Semantics and Embee software Pvt Ltd, before it got limited company, in New Delhi. He has received several awards for his work, including the Bharat Nirman Excellence Award, and more recently, the Rashtriya Rattan Award for his role in the socio-economic development of the Company.

**Mr. Y Ramesh Reddy, Independent Non-Executive Director**

Mr. Yerradoddi Ramesh Reddy is an Independent Director of the Company. He became a member of the Board of Directors of the Company on May 1, 2007. He holds a degree in Chemical Engineering from the Indian Institute of Technology, Chennai, and also holds a Management Degree in Finance & Marketing from XLRI, Jamshedpur. He has over 18 years of experience in the field of IT, Manufacturing, Investment Banking and heads the Finance Department at Cambridge Technology Enterprises Limited (CTE). Prior to joining CTE, he was a Strategic Business Unit head with Virinchi Technologies Limited, a Hyderabad-based start-up in e-Business and web-based analytical solutions, for its operations in Malaysia.

**Ms. Alicia Ann Eastman, Nominee Director**

Ms. Alicia Eastman is a Nominee Director of Everest Capital (M) Ltd on the Board of Directors of the Company. She became a member of the Board of Directors of the Company on October 1, 2009 pursuant to Asia Pacific Capital. She holds a degree in Bachelor of Science in Economics from the Wharton School, at University of Pennsylvania and a degree in Master of Arts from the Fletcher School of Law & Diplomacy at Tufts University. Ms. Eastman is an Executive Director of Asia Pacific Capital and Asia Pacific Capital Fund II. Previously, she worked as Head of Global Strategy and Alliances at Elan Pharmaceuticals, Vice President of Prudential's Asia Infrastructure Mezzanine Capital Fund, a founding principal at NetFuel Ventures and has held international strategy and investment positions at Cap Gemini Ernst & Young and Lend Lease. Ms. Eastman is also an advisor to Microbank based in the Philippines and sits on the Board of One Ummah, a foundation dedicated to building secular schools in developing Asia.

Brief profiles of key managerial personnel

Mr. Jacob Nizri, *President*

A creative and dynamic professional, Mr. Jacob Nizri oversees the Display Ad Networks Division of Ybrant Digital, namely Oridian, AdDynamix and MediosOne. After being promoted to Director of European Sales in 2003, Mr. Nizri was assigned to lead Oridian's first M&A. In 2005, Mr. Nizri was made VP of Oridian and in late 2006, he took over as its CEO. Mr. Nizri holds two Bachelor degrees in Management & Information Technologies and Computer Education, which he has applied to co-found a company focusing on PC - Tutorials.

Mr. Brad Cohen, *Chief Strategy Officer*

As a strategic planner with highly developed entrepreneurial skills, Mr. Brad Cohen oversees the M&A activity and integration efforts of the Company. An entrepreneur since college, Mr. Cohen has founded and managed more than nine successful ventures over the past thirteen years and has a deep understanding of the global digital industry. In 1998, Mr. Cohen co-founded Cohen Capital; and under his leadership, Cohen Capital Technologies founded Neural Technologies, LLC., a software development company based on the only known Instantaneously Trained Neural Network Algorithm. In 2002, Mr. Cohen co-founded what is now known as MediosOne, the Global Online Advertising Network. He received a BA degree from the University of Missouri in Marketing and Political Science.

Mr. Amreek Singh Sandhu, *Chief Financial Officer*

A highly professional financial expert, Mr. Amreek Singh Sandhu is responsible for the overall Financial Management of Ybrant Digital. He is an MBA, CS, ICWA, with over 25 years of experience in various facets of Finance – Corporate Finance, M&A, Restructuring, Fund Raising, Public Issues, Treasury and Secretarial and Legal matters. In his previous stints, he has led key finance positions in Spectrum Power Generation Limited, Hyderabad and Gati Limited. Mr. Singh has an M.Com degree from H P University, Shimla; LLB from Punjab University; ICWA (FICWA) from The Institute of Cost & Works Accountants of India, Calcutta; Company Secretary (FCS) from The Institute of Company Secretaries of India, New Delhi and an MBA from the Indira Gandhi National University, New Delhi.

Ms. Rema Sujeeth, *Director, Corporate Communications*

Backed by nine years of in-depth experience across companies, Ms. Rema Sujeeth is a motivated and result-oriented professional who was handling ICFAI's flagship magazine – The Analyst, before joining Ybrant Digital. She has worked for ANZ Grindlays, Biological E Limited and R K Swamy BBDO. She holds an MBA degree in Market Research and Advertising from Annamalai University.

Gal Ekstein, General Manager – Ybrant Networks

A thought leader with a global vision, Mr. Gal Ekstein has led the Network Division to scale new levels in international scale. Under his leadership, the Network Division has been witnessing a year-on-year growth, closing some very important deals globally. He was the key person behind the setting up of Ybrant Digital's office in France, and was instrumental in developing big partnerships like Max Interactive, Australia. Mr. Ekstein joined Oridian in 2004 and became Director of Sales in 2005. He holds a Bachelor's Degree in Business Administration, specializing in Computer Science, from the Ruppin College, Israel.

Mr. Oded Lev, General Manager – Ybrant Media

A leading professional in the field of business development, Mr. Oded Lev is the Executive Vice President – Business Development, Display Ad Networks. He joined Oridian in 2003. He graduated from the Business Administration programme at Manchester University, and received a Master's degree at the London School of Economics, thereafter he returned to Israel to become Chief Sales Manager for SHAPE Interactive Multimedia Group. This was followed by a nomination to the position of Director of Business Development for Oridian Online Media Solutions in 2003.

Stéphane Pitoun, General Manager - Ybrant Mobile

Stéphane Pitoun holds the position of General Manager in charge of mobile activities of Ybrant Digital. Prior to joining the corporate team, Stéphane established Oridian France, where he held the position of General Manager and helped to develop the region's business activities, partnerships, and customer base. Stéphane joined Ybrant Digital Headquarter in 2009 and was promoted as Managing Director in charge of International Business Development. Stéphane started his career as a Project Manager at Publicis Networks, the web agency of the renowned Publicis Group. Stéphane holds a BA degree in Management, Economics, and Marketing, and an MA degree in Telecommunications, Multimedia and Internet Management, from Dauphine University, Paris.

Mr. Shahar Shaharbany, General Manager - Ybrant Networks

A skilled finance expert, Mr. Shahar Shaharbany has broad-ranging experience in corporate finance and business operations management. His expertise lies in collaborating finance with core business operations, and developing efficient and productive cross-enterprise alliances across multiple business environments. A Certified Public Accountant, he earlier held key positions in the Intelligence Corps of the Israeli Defense Forces. He did his CPA training at KPMG. Mr. Shaharbany holds an MA degree in Financial Economics (with distinction) from Tel Aviv University.

Mr. Krishna Sudan, General Manager – Indian Operations

An internet industry expert, Mr. Krishna Sudan heads the division that handles hosted solutions and ASP services. He is a seasoned professional with years of industry experience in aggressively growing internet businesses. Prior to joining Ybrant, he held a senior position at the Internet start-up ixmatch.com. His experience includes working at companies such as MCI WorldCom, SilverStream, Softech Consulting, and Pyramid Consulting. Mr. Krishna Sudan holds a Bachelors Degree in Engineering from the Jawaharlal Nehru Technological University.

Mr. Brent Cohen, General Manager - Ybrant China

An entrepreneur with 25+ years' experience working in both large companies and start-ups, Brent Cohen has extensive experience launching and building companies, growing shareholder value and executing investment exits. He has held P&L responsibility at eight companies, providing executive leadership and directly managing groups of hundreds of highly skilled internet application. He has worked as an award winning and accomplished technology executive at companies including Grey Advertising, Digital Evolution, Entertainment Asylum/AOL and Move.com before starting eHobbies.com in 1999. Prior to the commercialization of the internet, Brent worked for more than a decade on hundreds of campaigns and issues across the country as a Washington, DC-based political media and corporate strategist. During this period he produced over 600 television ads and nearly 1000 radio spots, while running political campaigns in 38 states.

Mr. Keith Merrill, Executive Vice President - AdDyanmix

A dynamic business management expert with 12 years of experience, Mr. Keith Merrill is the Executive Vice President for AdDyanmix's U.S ad network. In his earlier stint with Universal Studios Creative, he negotiated and managed design and engineering contracts for Universal Studios Japan from 1996 until 2001. He has also worked as Global Contracts Manager for Universal Music Group IT services and Director of Business Affairs for MICE Creative. He holds a BA degree in Business Communications from Northeastern University and Bridgewater College in Massachusetts.

Mr. Emanuel Goldschmidt, MD, Business Development - Latin America

A strong entrepreneur and a hard working professional with proven skills in leadership, management and strategic thinking, Mr. Emanuel Goldschmidt is responsible for the business development of Ybrant Networks in Latin America. Prior to Dream ad, Mr. Goldschmidt worked at IBM from 1998 to 2003 as a lead Sales Manager in their Buenos Aires office for more than five years. Mr. Goldschmidt has a bachelor's degree in Marketing from the Universidad Católica de Salta.

Mr. Andres Laniado, MD, Operations - Latin America

An expert in Latin American business, Mr. Laniado is responsible for the operations of Ybrant Networks for the Latin American region. He comes armed with extensive experience, having served as the President and COO of Dream ad since July 2004. Prior to Dream ad, Mr. Laniado worked at Accenture from 1999 to 2004 as a telecommunications consultant, and earlier as an accountant at Estudio Laniado & Associates from 1994 to 1998. Mr. Laniado has a Bachelor's degree in Business Administration from the University of Buenos Aires, and a certification in English from the University of Cambridge.

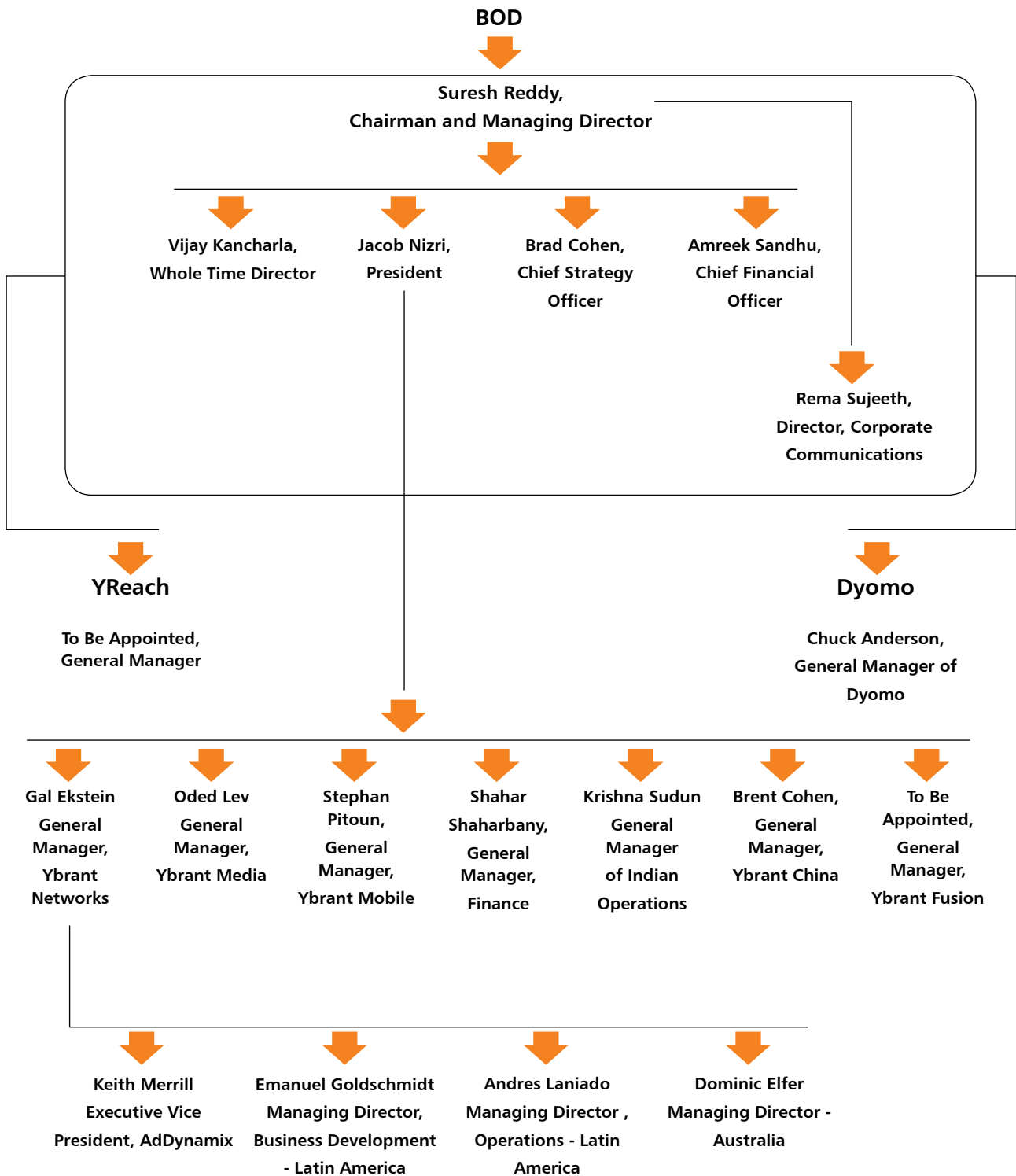
Mr. Dominic Elfer, MD - Australia

With 13 years of experience in running network sales across Europe, Asia and Australia, Mr. Dominic Elfer is Max Interactive's Founder and Managing Director. His unrivalled Interactive Ad Network career spanned UK's first ever Internet advertising network, TSMS; 24/7 Media Europe; 24/7 Asia and Adsociety. Previously, he steered several other companies to unparalleled success, namely: EMAP (Business to Business press), Institute of Directors (Press, Exhibition and Conference sales) and Claritas (Direct marketing list rental). Mr. Elfer holds a combined Honours Degree in Politics, Philosophy and Economics from Southampton University in the UK.

Charles Anderson, General Manager - Dyomo

A financial wizard, Mr. Charles Anderson, previously held Financial Controller position in Ybrant Digital, joined MediosOne as the Chief Financial Officer in 2006. In addition to his financial responsibility, Mr. Anderson was instrumental in the development of MediosOne's search network business unit. Mr. Anderson is now responsible for directing the budget and cost controls, financial analysis, accounting practices and reporting for Ybrant Digital. He holds a BS degree from Michigan State University.

Organisation chart



Our presence







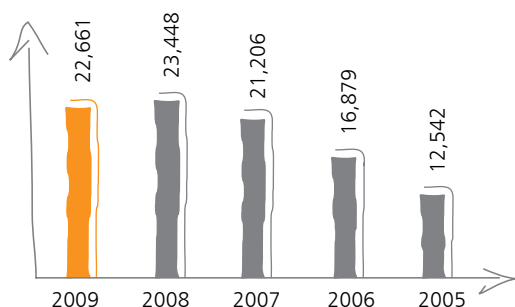
Management Discussion and Analysis

The world is turning more digital each day. Everywhere, we find people hooked up on their mobile phones, or on their computers accessing the internet. The email, internet, WAP-enabled mobile phones, digital TV and wireless digital communication devices, among others, represent multiple forms of digital media. Broadband services have become much faster; information has become much more easily available; social networking sites, such as the Facebook and Twitter, are becoming more popular, linking people all over the world.

Google, Twitter, Facebook, Yahoo, Apple, Microsoft, Skype are some of the international players experimenting with different types of applications and devices. These developments are enterprising and exciting for advertisers and digital marketers who are globally spread. Ybrant Digital, one of the largest in the world, is present across the world's **18** countries, the most notable being the **US, Europe, Latin America, Asia Pacific and India.**

Five years annual revenue

Amount in \$ millions



(Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers)

The US digital advertising industry

The United States represents the primary market for digital marketing. Battered by the recession, the US advertising and media industry had to cope with multiple challenges. During the year, as per IAB Internet Ad Revenue Report, 2009-10, the Internet Advertising revenues stood at \$22661 million, which declined by 3.4 percent compared to 2008.

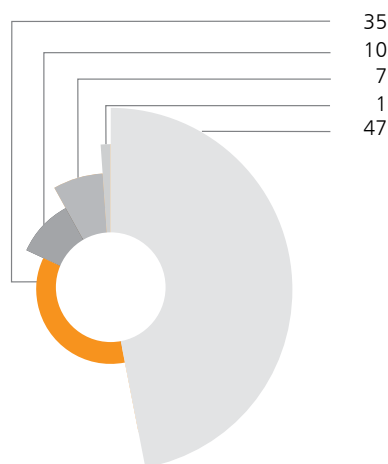
Online ad agencies reported revenues of \$6261 millions in Q4 FY 2009-10, which increased by \$ 161 million or 2.6% as compared to Q4 FY 2008-09. Hence this rise in revenues during the last quarter despite a decrease in the revenues during the entire year is attributed to the fact that the US economy has grown, and has recovered from the economic recession. The internet advertising industry, which was badly gripped by the recession is demonstrating early signs of growth (Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers).

Ad-supported interactive advertising is responsible for \$300 billion of economic activity in the U.S. and represents 2.1% of the total U.S. gross domestic product. The overall U.S. Ad spends declined by 14.3 percent in 2009-10, indicating a significant shift of advertising share from offline to online media. During 2009-10, the performance of the interactive advertising industry compared favourably with other ad-supported media segments. According to the IAB Internet Advertising Revenue Report, conducted by PricewaterhouseCoopers, internet advertising revenues in the US fell 5.3 percent during the first half of 2009, compared with the first half of 2008. The ad-supported internet has directly generated 1.2 million-plus Americans jobs, and another 1.9 million people work to support those with jobs directly related to the internet (Source: IAB Annual Report, 2009-10).

Digital media represents a part and parcel of nearly all advertising and marketing campaigns, as consumers are now spending more time on digital media. Marketers are building brands online, and making it as their central cross-media strategy.

Total revenue segments

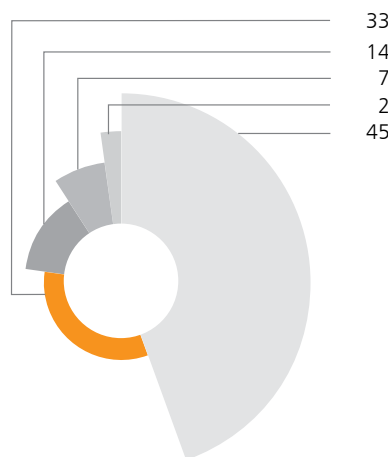
2009-10 (in %)



Segment	Amount in \$ millions
Search revenue	10700
E-mail	292
Lead Generation	2300
Classifieds	1740
Display advertising	8000

(Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers)

2008-09 (in %)



Segment	Amount in \$ millions
Search revenue	10500
E-mail	405
Lead Generation	1700
Classifieds	3200
Display advertising	7600

(Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers)

Search continues to lead, followed by display advertising. The display advertising segment contains four sub segments, the most significant and popular being banner ads.

Display advertising segment	2009-10 (%)	2008-09 (%)
Banner Ads	22	21
Rich Media	7	7
Digital Video	4	3
Sponsorship	2	2

(Source: IAB Internet Ad Revenue Report, 2009-10; Pricewaterhouse Coopers)

Social media too is acquiring considerable market share in digital marketing. Three out of seven global online brands are social media sites (Facebook, Wikipedia and Youtube). Around 74% of world's total internet population visit social networking sites. With 175 billion display advertisements, Facebook's expected ad revenue is around US\$2 billion in 2010 (Source: Bloomberg Businessweek, June, 2010).

Internet Ad Revenues by Pricing Model

Digital marketing companies offer three pricing options to advertisers, which are cost-per-thousand (CPM), performance-based pricing and hybrid pricing options, which combine CPM and performance-based pricing. The US market has shown an increase in the use of performance based internet ad revenues pricing from 57% in 2008-09 to 59% in 2009-10. Ybrant has increasingly been using this model. Around 37% of 2009 internet ad revenues were priced on a CPM or impression basis, down by 2% when compared to 2008-09.

Pricing Model	2009-10 (%)	2008-09 (%)
Performance Basis	59	57
CPM or Impression Basis	37	39
Hybrid	4	4

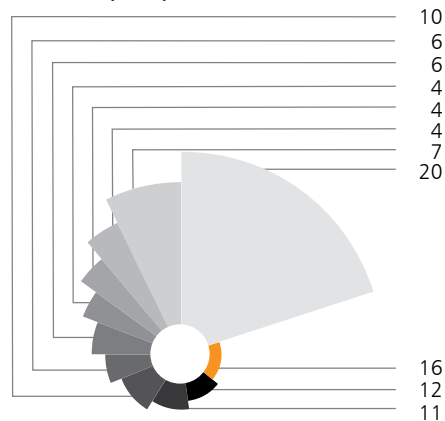
(Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers)

CPM refers to the rate per one thousand impressions, where each impression is a delivery of the advertisement to a potential consumer. Performance-based pricing charges advertisers for performance metrics, such as cost-per-click (CPC), wherein charges are determined when a customer clicks on advertisements, and cost-per-action (CPA), wherein charges are ascertained when customers perform a specified action, like completing a form or purchasing a product. Hybrid pricing involves both CPM and performance-based pricing (Source: PricewaterhouseCoopers "IAB Internet Advertising Revenue Report – April 2010").

Internet ad spending according to industry categories

Retail advertisers continue to represent the largest category of Internet ad spending.

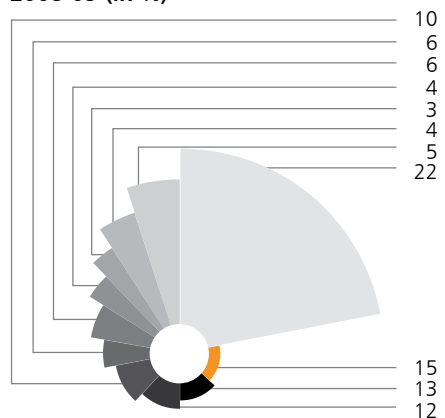
2009-10 (in %)



Industry	Percentage
Retail advertisers	20
Telecom companies	16
Financial services advertisers	12
Automotive advertisers	11
Computing advertisers	10
Leisure travel (airfare, hotels and resorts)	6
Consumer packaged goods and food products	6
Entertainment	4
Media	4
Pharma & Healthcare	4
Others	7

(Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers)

2008-09 (in %)



Industry	Percentage
Retail advertisers	22
Telecom companies	15
Financial services advertisers	13
Automotive advertisers	12
Computing advertisers	10
Leisure travel (airfare, hotels and resorts)	6
Consumer packaged goods and food products	6
Entertainment	4
Media	3
Pharma & Healthcare	4
Others	5

(Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers)

U.S. Advertising Market –Media Comparison

In the US, TV remained the most preferred media to advertise, accounting for \$26.2 billion of the total advertising market, followed by newspapers (\$24.6 billion) and the internet (\$22.7 billion).

Media	2009 (in \$ billion)
TV Distribution	26.2
Newspapers	24.6
Internet	22.7
TV Networks: Cable	20.4
TV Network	15.5
Radio	14
Directories	12.1
Consumer Magazines	10
Trade Advertising	7.5
Out of Home	6

(The US advertising market includes other segments as well, the figure of which is not available).

(Source: IAB Internet Ad Revenue Report, 2009-10; Price Waterhouse Coopers)

Future outlook of the US digital advertising market

Advertising Channel	2009 (US\$ billion)	2014 (US\$ billion)	CAGR (%)
Mobile Marketing	391	1,274	27
Social Media	716	3,113	34
Email Marketing	1,248	2,081	11
Display Advertising	7,829	16,900	17
Search Marketing	15,393	31,588	15
Total	25,577	54,956	17

(Source: Vanksen – "Marketing 2.0 trends for 2010")

The growth in the US mobile advertising market is expected because of the increasing number of mobiles being sold, and the increasing number of mobile applications being launched.

In the US alone, there are currently 1 billion-plus mobile users, greater than the number of television or computer users (Source: International Data Corporation). In 2009, the total number of mobile application downloads touched 2.3 billion, which is expected to reach 20 billion in 2014. These applications are geo-localized and deliver advertisements or data based on the user's location. Some mobile applications are Yelp, Gowalla, Loopt, Foursquare, Yowza, Twitter 360 and Google Latitude (Source: Vanksen – "Marketing 2.0 trends for 2010").

Marketing through online gaming, which includes sports betting, poker, casino games, bingo and lottery, is also expected to increase from its worldwide revenues of US\$20 billion in July 2009 to

grow to US\$ 30 billion in 2010. Mobile games and games on social websites like Facebook have become extremely popular (Source: KPMG – "Online Gaming: A Gamble or a Sure Bet?").

This exponential growth reflects the marketers' confidence in the value and effectiveness of interactive advertising. Internet, along with the latest technological gadgets, has transformed consumers' lives. Digital advertising is increasingly becoming a part and parcel of an advertiser's entire advertisement campaign.

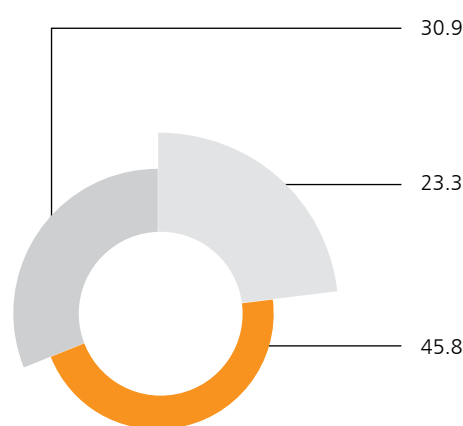
The European digital advertising market

Despite the global recession in 2009-10, Europe's digital marketing industry continued to grow in 2009-10, albeit at a slower pace of 4.5%, compared to 20% in 2008 and 40% in 2007. The digital marketing spending in almost all of the 23 European markets measured by IAB had a combined value of €14.7 billion. Of the world's total ad revenues of \$55.2 billion, Western Europe accounted for 28.5% share, and Eastern Europe accounted for 4.4% share (Source: IAB Europe). As per June 2010, Europe had around 475 million internet users, equivalent to 24.2% of total users globally (Source: www.internetworldstats.com).

Search marketing in 2009 grew 10.8% over 2008 and accounts for the highest percentage of digital marketing in Europe. Search marketing is followed by display advertising, which grew by 0.3% in 2009 (Source: IAB Europe).

The revenue percentages of various digital marketing tools are:

2009 internet ad spend by format (in %)

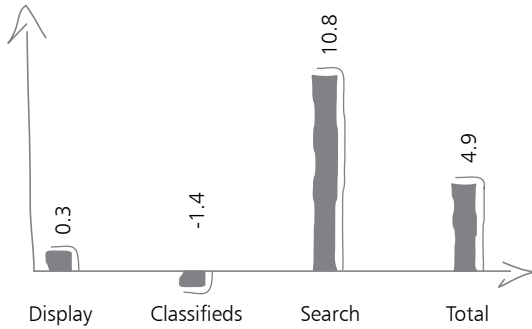


Paid Search	€6,733	
Display	€4,548	
Classifieds/Directories	€3,420	

Source: IAB Europe

The growth rate for various digital marketing tools are:

Growth of formats 2008-2009 (in %)



(Source: IAB Europe)

The Latin American digital advertising market

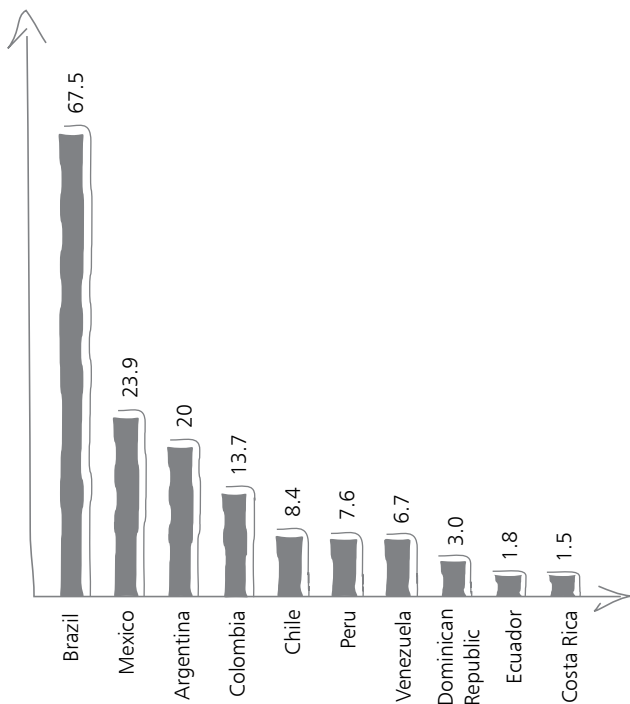
The digital marketing industry in Latin America grew by 13.3% in 2009, compared to 2008. The industry is expected to touch 16.2% by 2014. Of the world’s total ad revenues of \$55.2 billion, Latin America accounted for 3% share, which is around \$1.7 billion. This share is expected to reach 4.3% by 2014 (Source: IAB).

As per June 2010, Latin America had around 200 million internet users, equivalent to 10.2% of world’s users (Source: www.internetworldstats.com).

The top 10 countries of Latin America according to the number of users are –

Latin America - Top 10 Internet Countries

Millions of Users



(Source: www.internetworldstats.com)

The Asia Pacific digital advertising market

During 2010, the Asia Pacific region has enjoyed the biggest internet audience with more than 764 million internet users, compared to rest of the world’s total 995 million users. Thanks to robust penetration in China, India and Japan’s internet usage, by 2013 this region’s broadband market is anticipated to grow by 49%. Internet users of Asia Pacific spent more than 5.6 trillion minutes online in 2009. Four, out of world’s top 10 countries ranked by home broadband usage are from Asia, including South Korea, Singapore, Taiwan and Hongkong.

Asia Pacific’s Internet Users 2009

Country	Internet Users (M)	Penetration Rate (%)	User Growth 2000-2009 (%)	% of Users in Asia
Asia Pacific	764.43	20.1	568.8	100
Australia	17.03	80.1	158.1	-
China	384	28.7	1606.7	50.2
Hong Kong	4.87	69.2	113.7	0.6
India	81	7	1520	10.6
Indonesia	30	12.5	1400	3.9
Japan	95.97	75.5	103.9	12.6
Malaysia	16.9	65.7	356.8	2.2
New Zealand	3.5	83.1	321.7	-
Philippines	24	24.5	1100	3.1
Singapore	3.37	72.4	180.8	0.4
South Korea	37.47	77.3	96.8	4.9
Taiwan	15.14	65.9	141.9	2
Thailand	16.1	24.4	600	2.1
Vietnam	22.77	25.7	11289.9	3

(Source: Asia Pacific Digital Marketing Yearbook, 2010)

The digital marketing segment in Asia is growing significantly. The Asian search engines are now competing globally. Chinese site Baidu acquired third position in 2009 with 7% market share (8 billion searches), behind Yahoo (8.9 billion searches and 7.8% market share) and Google (76.7 billion searches and 67.5% market share). Average online users in Asia Pacific receive 170 promotional mails per week, compared to 300 emails per week in North America for the same period. Interestingly, around 58% of Asian internet users purchased because of an offer received through email. Asian virtual goods industry stands at US\$ 7 billion, putting the US\$ 1 billion market of the US in considerable shade.

Asia Pacific is also the fastest growing market in terms of mobile multimedia revenue. This sector is anticipated to generate US\$ 13.3 billion by 2013, registering a 13.8% CAGR from 2008. Music, the main driver of mobile multimedia market, is expected to generate US\$ 6.72 billion by 2013.

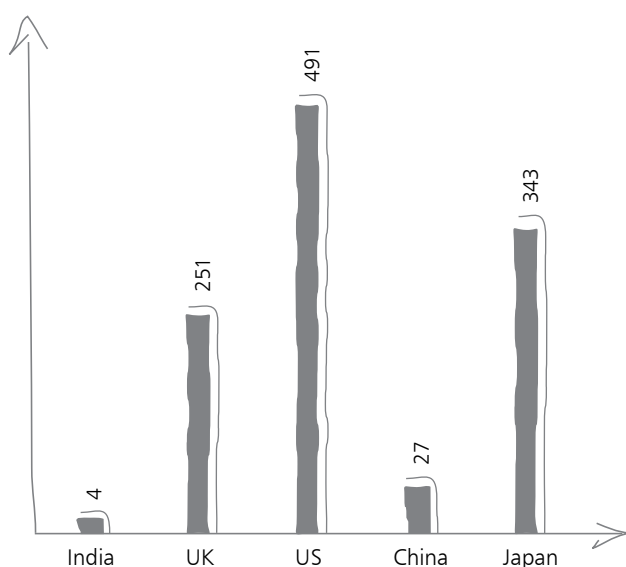
ASIA PACIFIC ONLINE AD SPEND: 2009-2012

Market	Year (Us\$ Million)			
	2009	2010	2011	2012
Australia	1597	1748	1888	2002
China	3271	4089	5152	6594
Hong Kong	138	146	157	169
India	101	117	134	154
Indonesia	0.9	1	1.4	1.8
Japan	7324	7910	8724	9509
Malaysia	26	34	41	48
New Zealand	214	251	343	349
Singapore	16	17	18	19
South Korea	1236	1397	1536	1690
Taiwan	208	229	252	277
Thailand	7	7	7	8
Vietnam	0.8	0.9	1.1	1.3
Asia Pacific	14142	15949	18258	20827

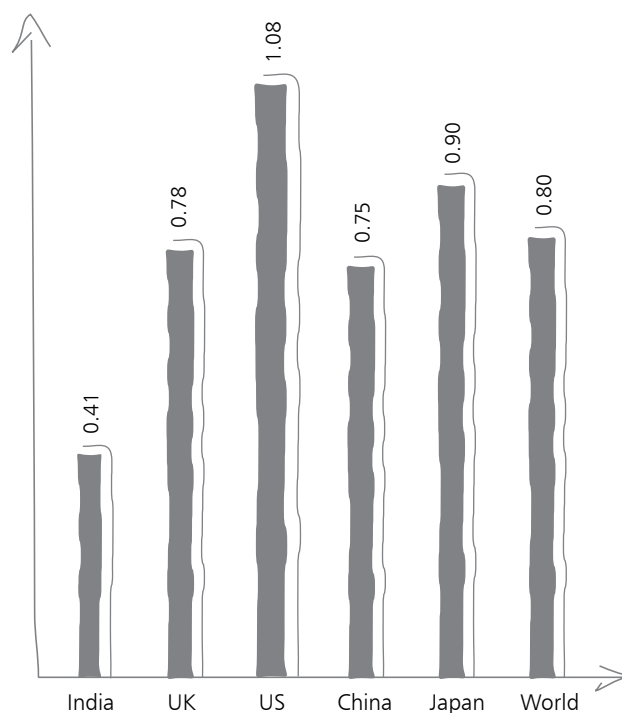
(Source: Asia Pacific Digital Marketing Yearbook, 2010)

The Indian Digital Market

The Indian internet advertising industry is relatively much smaller than that of other countries of the world. This is primarily due to low disposable incomes, and hence low per capita media spend, which is around \$4. Media spend as a percentage of GDP is just 0.41% in India, which is the lowest among UK, USA, China, Japan and the world average (Source: KPMG analysis).

Media spend per capita (in \$)

Source: Worldwide Media & marketing forecasts, Group M, Summer 2009

Media spend as a % of GDP

Source: Worldwide Media & marketing forecasts, Group M, Summer 2009

From the table, we can clearly understand that internet advertising was the fastest growing segment during 2006-09, with a 56.4% CAGR. The internet advertising segment has grown to Rs 7.8 billion in 2009 from Rs 2 billion in 2006, and is expected to reach Rs 28.5 billion in 2014 (Source: KPMG analysis).

Size of Indian advertising industry	CAGR (2006-09) (%)	Expected CAGR (2009-14) (%)
Television	13	15.6
Print	6.6	11.4
Radio	9.2	16
Internet advertising	56.4	29.6
Outdoor	5.5	12
Total	10	14.1

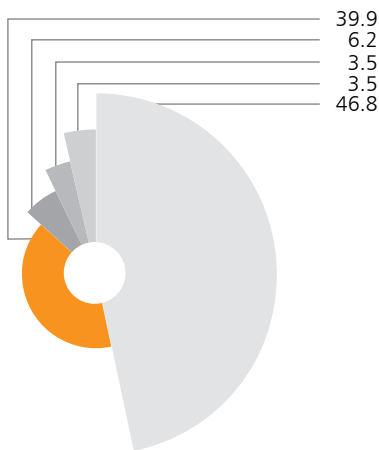
(Source: KPMG analysis)

In 2009, the advertising industry witnessed 0.4% degrowth compared to 2008, owing to the recession. The internet advertising segment, however, grew 25% from Rs 6.2 billion in 2008 to Rs 7.8 billion in 2009.

As of date, print (46.8% market share in 2009) is the most preferred choice for advertisers in India. The current share of internet advertising in the advertising industry is 3.5% which is expected to touch 6.7% in 2014. There lies a huge untapped opportunity in the growing digital media industry.

Percentage contribution by media to overall advertising spends in 2009

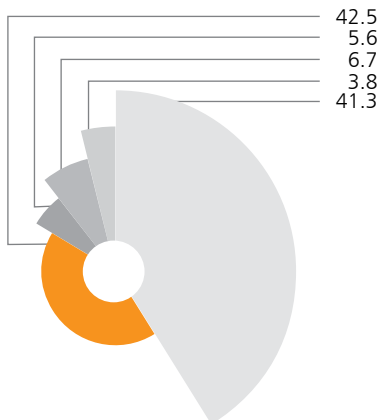
Market share in 2009 (in %)



Advertising industry	
Print	46.8%
Television	39.9%
Outdoor	6.2%
Internet advertising	3.5%
Radio	3.5%

(Source: KPMG analysis)

Expected market share in 2014 (in %)



Advertising industry	
Print	41.3%
Television	42.5%
Outdoor	6.7%
Internet advertising	6.7%
Radio	3.8%

(Source: KPMG analysis)

Major segments of the industry

India’s internet advertising industry is growing rapidly, although it is still very small compared to that of the US. Search engine marketing represents the largest portion of Indian online marketing, followed by online display marketing, which is constantly acquiring a significant market share. In FY 2008-09, the online display advertising market has grown 38% and IMRB projected a further expansion of this particular sector in FY 2009-10, growing to Rs. 4,300 million.

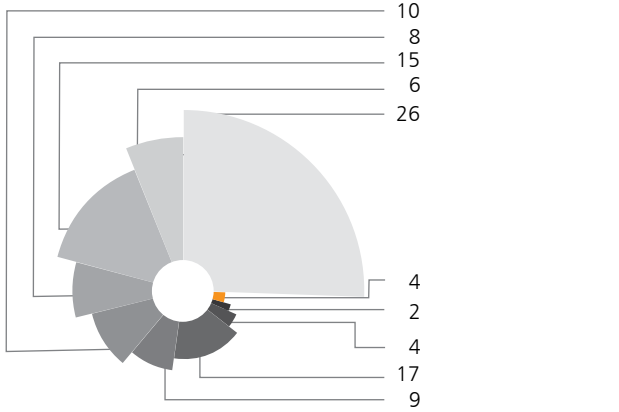
The social marketing sector is also emerging, targeting the internet users between 18 and 24 years. Influence of online product reviews on purchasing is also increasing. As of June 2010, 55% of Indians read online purchase review before purchase (mainly consumer durables) (Source: Asia Pacific Social Media Trend Report by AC Nielson, June, 2010).

With a 21% mobile penetration rate in 2009, India’s mobile marketing has come up as a prospective digital marketing medium. By 2013, India is expected to have around 500 million new mobile subscribers (of which 80 million will be 3G subscribers), doubling the number of mobile internet users to 114.2 million. A significant 80% of India’s mobile users receive advertisements on their phones, of which a sizable 72.5% are likely to visit the brand website and 17.5% buy the product. Out of Rs. 4,100 crore retail music market, mobile music sale stands at Rs. 3,600 crore in 2010. In 2009, the total amount spent on mobile advertising was US\$ 20.8 million, which is further expected to grow to US\$ 35.4 million by 2010 end and US\$ 85.4 million by 2012 (Source: Asia Pacific Digital Marketing Yearbook, 2010).

Industry contribution on Indian digital media

The key industry driver is easy availability of the target audience. The revenues of the BFSI sector declined to 15% in 2009-10 due to the US recession and subsequent fall of online banking. The ‘others’ section (comprising spending by political parties, general merchandise and real estate companies) has also declined from 4% in 2008-09 to 2% in 2009-10. However, industries like IT/Telecommunication and Education have experienced marginal growth.

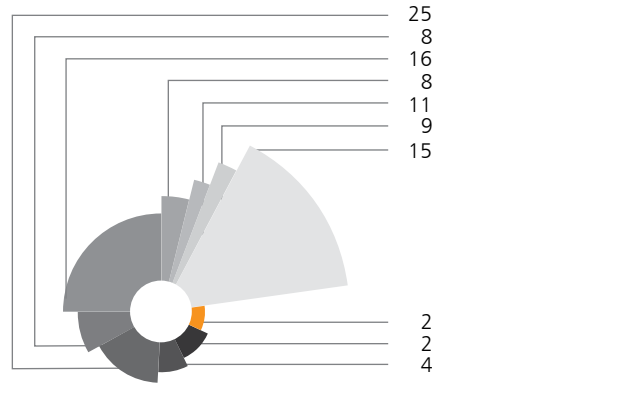
2008-09 (Market Size INR 3250 Million) (in %)



BFSI	
Auto	
FMCG	
Consumer Durables	
IT/ Telecom	
Education	
Online publishers	
Electronic Media	
Print Media	
Others	

(Source: IMRB Research Report on Online Display Advertising; December, 2009)

2009-10 (Market Size INR 4300 Million) (in %)

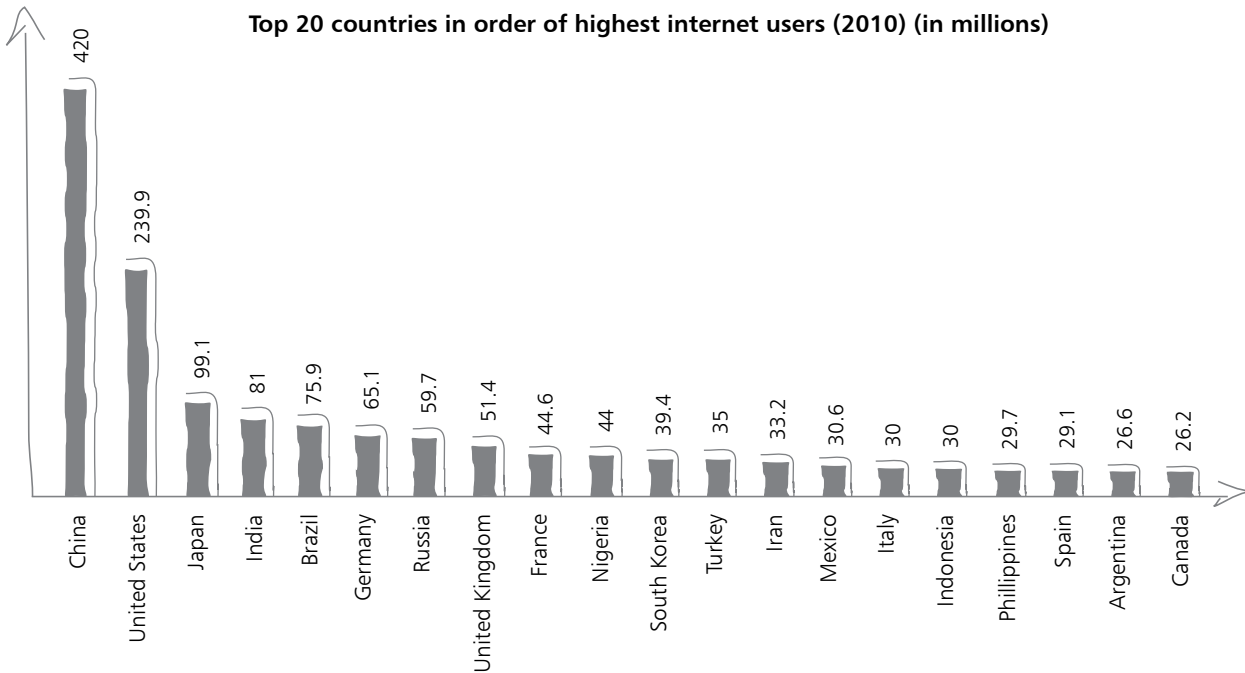


BFSI	
Auto	
FMCG	
Consumer Durables	
IT/ Telecom	
Education	
Online publishers	
Electronic Media	
Print Media	
Others	

(Source: IMRB Research Report on Online Display Advertising; December, 2009)

The world at large

Top 20 countries in order of highest internet users (2010) (in millions)



(Source: Internet World Stats - www.internetworldstats.com)

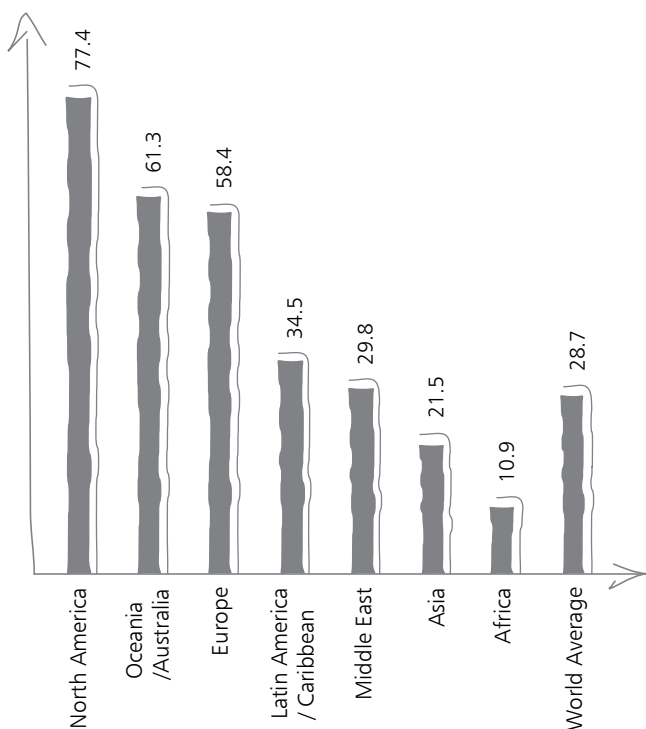
Globally, in 2009, the digital advertising grew by 2% to stand at \$55.2 billion, which is further expected to reach \$96.8 billion by 2014 (Source: iab ad revenue report). By 2014, it is expected that the worldwide internet's share of total ad spends would jump to 17.2% from 11.9% in 2009 (Source: emarketer report).

USA enjoys the second largest number of users at around 240 million users. The percentage penetration of the population

stands at 77.3%, and the percentage of world internet users stands at 12.2% (Source: Internet World Stats - www.internetworldstats.com).

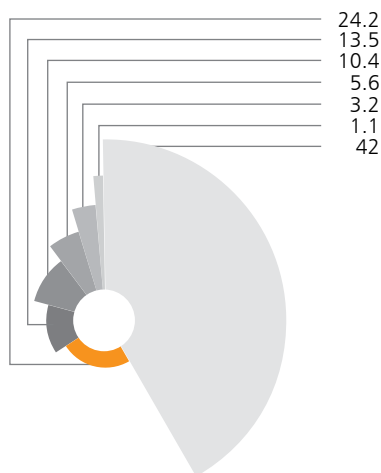
India ranks fourth in internet usage (81 million users) and the percentage penetration of the population stands at just 6.9%. This shows an enormous potential for growth in digital media and advertising sector. We have only witnessed the tip of the iceberg.

Global internet penetration rates by geography (2010) (in %)



(Source: Internet World Stats - www.internetworldstats.com)

Internet users in the world, distribution by world regions – 2010 (in %)



Asia	
Europe	
North America	
Latin America / Caribbean	
Africa	
Middle East	
Oceania / Australia	

Asia has the largest number of internet users, but is amongst the lowest in terms of internet penetration. This implies that Asia still has more potential internet users yet to be tapped.

Company’s performance

Ybrant’s growing list of clientele and prudent acquisitions has enabled it to report attractive numbers.

Financial review

- Total revenue grew by 24.13% from Rs. 2,694,846,739 in 2009 to Rs. 3,345,036,483 in 2010
- Gross profit increased by 16% from Rs. 1,520,790,952 in 2009 to Rs. 1,764,015,367 in 2010
- Profit before tax increased by 7.5% from Rs. 684,244,567 in 2009 to Rs. 734,887,096 in 2010
- Profit after tax enhanced by 44% from Rs. 452,507,180 in 2009 to Rs. 651,143,734 in 2010
- Earning per share surged by 44% from Rs. 23.11 in 2009 to Rs. 33.26 in 2010

*the above analysis does not include other income.

The banner ads remain the highest source of revenue (69.67% of the total revenue) in Ybrant. In case of revenues based on pricing strategies, contribution of cost per action (CPA) and cost per click (CPC) increased considerably compared to that of last year. Dependence on the US and European economy has reduced considerably with significant market penetration in Australia and Latin America.

Revenue: Service sector wise

Segment Wise	2009-10 (%)	2008-09 (%)
Banner	69.67	60.20
Search	11.80	14.76
Email	5.73	6.71
Platforms	12.80	18.33

Revenue: Geography wise

Geography wise	2009-10 (%)	2008-09 (%)
USA	43.88	53.67
UK	3.84	5.18
Europe	24.56	29.04
India	0.87	1.14
Asia Pacific	0.88	1.31
Australia	7.55	2.28
Latin America	15.08	1.75
RoW	3.33	5.64

Revenue: Pricing wise

Pricing wise	2009-10 (%)	2008-09 (%)
CPA	20.60	10.47
CPC	29.52	19.90
CPM	31.39	45.62
Others	18.49	24.02

Strategic initiatives

Ybrant has invested more than Rs. 51 million to set up a business unit in Brazil to explore new business opportunities and reach local clients. Similarly, to penetrate China, one of the fastest growing digital markets of the world, the Company spent approximately Rs. 105 million for initial set ups. Further investments are made into Dream ad of Argentina and MaxInteractive Pty Ltd. of Australia.

Ybrant continues upgradation of its current platforms. To take the opportunities of upcoming technology, it launched Ybrant mobile service and local search platform YReach, with an approximate expenditure of Rs. 120 million in each. Significant amount is invested on Ad serving platform Ad Management System (around Rs. 195 million), Co-registration and affiliate platform YCoReg (around Rs. 107 million) and Affiliate management system (around Rs. 120 million), though relatively small investment is done in Wordcents (around Rs. 66 million) and VoloMp (around Rs. 75 million).

Risk management

The Company has identified major focus areas for risk management and mitigation, ensuring smooth organizational functioning. The major concerns for the company and their mitigation are briefly discussed below.

Risk

Enhanced competition in the US market may reduce price and revenue margin.

Mitigation

The Company is expanding globally, and penetrating potential markets like Brazil and China. Going forward, it would focus more on enhancing its footprint.

Risk

Consolidation of service providers may affect the Company.

Mitigation

The Company has also ventured into strategic acquisitions and tie-ups to capitalize current market opportunities.

Risk

Rapid technology upgradation may entail huge capital investment and jeopardize business sustainability.

Mitigation

The Company focuses on technology upgradation and innovation to keep abreast of evolving customer requirements. Ybrant has launched innovative services like YReach, In Game Advertising, Facebook and mobile marketing.

Risk

Business can be affected by privacy legislations and other regulations.

Mitigation

The Company discloses all its collection statements and dissemination practices in a published privacy statement in its website.

Risk

The new acquisition and tie-ups may create problems of integration.

Mitigation

Ybrant enters into an agreement after extensive research, both internally and externally.

Human resources

The Company firmly recognizes the importance of its human resource to achieve its vision. Ybrant has significant policies to acquire and retain new and existing talents. It trains its people in a variety of ways to create an extensive talent pool. Apart from providing attractive remuneration to people, Ybrant also focuses on providing a stimulating and multi-cultural work environment.

Internal control system

Ybrant has a proper and adequate internal control system to ensure authorized business transactions. Internal audit function is an independent function, which is carried out by internal auditors through extensive audits. Regular internal audits determine the operational and financial efficiencies of the company. Moreover, the Audit Committee of the Board of Directors conduct periodic reviews of pan-organizational effectiveness and recommends improvements whenever required. The internal control system also formulates well documented policies, guidelines, authorizations and approval procedures and ensures compliance with applicable policies and statutes.



Directors' Report

To
The Members of
M/s. YBRANT DIGITAL LIMITED
Hyderabad

The Directors have pleasure in presenting the 10th Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2010.

(Rs. in Lakhs)

Financial Results (Standalone)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Turnover	6,248.81	5,087.27
Profit Before Tax (+) / (-)	3,757.52	2,404.73
Provision for Income Tax and Fringe Benefit Tax	305.46	345.11
Profit After Tax (+) / (-)	3,452.06	2,059.62
Provision for Deferred Tax	75.86	602.89
Prior Period Adjustment	1,038.13	-
Balance brought forward	2,724.08	1,267.35
Balance carried forward	7,138.41	2,724.08

Company Performance

The Company during the current financial year has made investments into Dream ad, Argentina and MaxInteractive Pty Ltd., Australia acquiring 100% stake in both. The Company has made a turnover of Rs. 4,281.66 lakhs excluding other income which is Rs. 1,967.15 lakhs, down by 13.63% Y-o-Y which includes an Export income of Rs. 4,276.63 lakhs, down by 13.69% Y-o-Y.

However on a consolidated basis the company has made a turnover of Rs. 33,450.36 lakhs excluding other income which is Rs.1,967.15 lakhs, up by 24.13%.

Dividend

Your Directors have not recommended any dividend during the year under report for maintaining strong reserves and net worth.

Business Review

In line with the Company's strategy to emerge as a global digital marketing player, it has plans to open offices in China and Brazil. China's internet penetration (31.6% of the population) has witnessed exponential growth: it has 420 million internet users, the world's highest. On the other hand, Brazil has 76 million internet users with 37.8% penetration. According to a reliable survey, an average Brazilian spends 23 hours and 48 minutes per month online.

In May 2010, Ybrant Networks, our social marketing division, launched Facebook Marketing to catalyse innovative ad buying and social marketing. Following the launch of Facebook Marketing, Ybrant Networks also became the exclusive sales representative of Facebook in Israel. Besides, we also became the exclusive sales representative of Yahoo! in Ukraine through our joint venture Trade Up. We even collaborated with RightAd to develop and offer a performance engine with CPM pricing.

Other notable initiatives of the year comprise the following:

- We collaborated with ContextIn to create a contextual and search marketing exchange.
- We formed a joint venture with the China Council for the Promotion of International Trade ("CCPIT") to help create and then sell advertising space for its digital tradeshow.
- Ybrant Digital introduced Location-Based Advertising (LBA) into its gamut of services. The Company is partnering with LiveVana Innovations and Lepton Software in launching a location-based mobile advertising platform for mobile service providers.

- Ybrant Digital launched new platform YReach in Hyderabad. YReach will provide consumers an unparalleled shopping delight and ease of reach. This local search platform will carry a range of products and services, catering to the entire family.
- Ybrant Digital signed a definitive stock purchase agreement to acquire Lycos Inc., the leading brand of search based internet properties and services from Daum Communications, South Korea. Lycos consistently averages 12-15 million monthly unique visitors in the U.S., and ranks among top 25 internet destinations worldwide, reaching nearly 60 million unique visitors globally. The Lycos Network of sites and services includes Lycos.com, Tripod, Angelfire, Gamesville and HotBot.

Insurance

The Assets of your Company are adequately insured.

ISO 9001:2000 Certification

Your Company continues to hold ISO 9001:2000 Certification by meeting all the requirements of Certification from time to time.

Deposits

The company has not accepted or invited any deposits and consequently no deposit has matured / become due for repayment as on 31st March 2010.

Particulars of Employees

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that two employees are in receipt of remuneration of Rs. 24,00,000/- or more per annum or Rs. 2,00,000/- or more per month where employed for a part of the year.

In the financial year 2009-10, the Company reported consolidated total revenues of Rs. 33,450.36 lakhs, up by 24.13% YoY, which excludes other income of Rs. 1,967.15 lakhs. A growth of 44% was registered in consolidated PAT which stood at Rs. 6511.43 lakhs. The Company's EPS surged by 44% to Rs. 33.26 in 2009-10. This was on account of a number of acquisitions, collaborations and joint ventures.

Additional Information as required U/s 217(1))(E) of the Companies Act, 1956

(a) Conservation of Energy: The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.

(b) (i) Technology absorption, adaptation and innovation:- No technology either indigenous or foreign is involved.

(ii) Research and Development (R & D): No research and Development has been carried out.

(c) Foreign Exchange Inflows and Outflows

(i) Foreign Currency Inflows

Particulars	Year ended March 31,	
	2010	2009
Software Exports	202,483,155	70,434,509
Capital	Nil	1,11,41,16,000
Total	202,483,155	1,184,550,509

(ii) Foreign Currency Outflow

Particulars	Year ended March 31,	
	2010	2009
Acquisition Payments	Nil	1,27,33,60,000
Expenses	Nil	Nil
Total	Nil	1,273,360,000

Directors Responsibility Statement as per Section 217(2AA) of the Companies Act, 1956

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

- That in the preparation of the annual accounts for the financial year 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 profit or loss of the company for that period;
- That the Directors had 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;
- That the Directors had prepared the annual accounts on a going concern basis.

Consolidated Financial Statements

The Consolidated Financial Statements incorporating the operations of the Company and its subsidiaries are attached herewith in this Annual Report.

Statements pursuant to Section 212 of the Companies Act, 1956, related to subsidiary companies are annexed to this report.

Directors

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company Sri Maddi Vijaya Bhasker Reddy and Sri Raghunath Allamsetty, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The brief particulars of the Directors seeking appointment / re-appointment at this Annual General Meeting is being given at the end of Annexure A.

Auditors

M/s. P. MURALI & CO., Chartered Accountants, the present Auditors of the Company hold office until the conclusion of this Annual General Meeting of the Company. They have indicated their availability for re-appointment pursuant to Section 224 (1B) of the Companies Act, 1956.

Corporate Governance

The Company has voluntarily implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report.

A detailed report annexed to this Annual Report as Annexure A.

Appreciation

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront

of the industry, despite increased competition from several existing and new players.

Acknowledgements

The Board desires to place on record its sincere appreciation for the support and co-operation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors, Registrar and Transfer Agents and all others associated with the Company. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

Place : Hyderabad.

Date : 19th August 2010

for and on behalf of the Board
for **YBRANT DIGITAL LIMITED**

SD/-

Chairman & Managing Director



ANNEXURE -A

Report on Corporate Governance

Company's Philosophy on Corporate Governance

Corporate Governance is more a way of business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the Corporate Governance goes beyond being a regulatory requirement, actually it builds a long-term value to stakeholders, contemplates that corporate actions which balance the interests of all stakeholders and satisfy the tests of transparency, accountability, fairness and social responsibility and it must serve the underlying goal of enhancing the shareholder value over a sustained period of time.

Board of Directors

The Board of Directors of your Company has an optimum combination of Executive and Non Executive Directors in terms of Corporate Governance. Accordingly not less than fifty percent of the Board of Directors comprises of Independent Directors.

a) The Board of Directors of the Company as on 31st March 2010 consists of:

- 4 Independent Non-Executive Directors

- 1 Executive Director
- 1 Chairman and Managing Director
- 1 Nominee Director

- b) None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2010.
- c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Five (5) Board Meetings were held during the year from 01 April, 2009 to 31 March, 2010 on the dates mentioned as follows:

25th June, 2009	27th July, 2009	2nd September, 2009	1st October, 2009	18th February, 2010
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The Last Annual General Meeting was held on 30th September 2009

The Attendance of each Director is as under:

Name of the Director	Category	No. of other Directorships	No. of Committees in which Member	No. of Board Meetings attended	Whether attended last AGM
Mr. M Suresh Kumar Reddy	Chairman and Managing Director	10	Nil	5	Yes
Mr. Vijay Kancharla	Executive Director	5	Nil	1	Yes

The Attendance of each Director is as under: (Contd.)

Name of the Director	Category	No. of other Directorships	No. of Committees in which Member	No. of Board Meetings attended	Whether attended last AGM
Mr. Raghunath Allamsetty	Independent Non-Executive Director	2	3	2	Yes
Mr. Vijaya Bhasker Reddy	Independent Non-Executive Director	2	3	5	Yes
Mr. Sagireddy Pulla Reddy	Independent Non-Executive Director	4	2	2	No
Mr. Y Ramesh Reddy	Independent Non-Executive Director	1	1	5	Yes
*Ms. Alicia Ann Eastman	Nominee Director	3	Nil	1	No

*Ms. Alicia Ann Eastman was appointed w.e.f 1st October, 2009

Details of Annual General Meetings: Location and time of the last Three AGMs:

AGM	Year	Venue	Date	Time
9th	2009	Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034	30-09-2009	11.00 am
8th	2008	Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034	29-09-2008	11.00 am
7th	2007	Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034	28-09-2007	11.00 am

Disclosures

A. Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or the management's, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None

B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

Brief Profile about the Directors seeking Appointment/Re-Appointment

Sri Maddi Vijaya Bhasker Reddy

Skilled in marketing activities, in which he has over 19 years of experience, Mr. Vijay Bhaskar Reddy's expertise lies in

management. He has worked as General Manager at Coca-Cola India and is currently on the Boards of REDI Tropicals and Naturals (P) Limited and ETC Consulting & Investments Private Limited. He has a Masters degree in Food Engineering from the Indian Institute of Technology, Kharagpur, and has done his Management Development program from the Indian Institute of Management, Ahmedabad.

Sri. Raghunath Allamsetty

Armed with over 15 years of proven expertise in the areas of project development, technical management and business development, Mr. Raghunath Allamsetty is the CEO of Aasra Archiventures Pvt. Ltd. and Director of Apere India Pvt. Ltd. Prior to joining Adaptec, he was the Managing Director of Adaptec India Pvt. Ltd, and was the Co-founder and CEO of various organizations. He is a B.Tech and holds a Masters degree in Business Administration.

General Shareholders Information:

Annual General Meeting	:	Date : 21st September 2010, Tuesday Time : 3.00 pm Venue : Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034
Financial Calender	:	April 1st to March 31st
ISIN Number for CDSL	:	INE081I01015
ISIN Number for NSDL	:	INE081I01015
Registrars and Transfer Agents	:	Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad – 500 029 Ph.No.: 040-2763 8111 / 040-2763 4445

Distribution Of Shareholding As On 31 March 2010

Shareholding of Nominal Value		Shareholders		Share Amount	
		Numbers	% of Total	In Rupees	% of Total
(1)	(2)	(3)	(4)	(5)	
Upto 5,000	8	7.34%	26,000	0.01%	
5,001 10,000	6	5.50%	57,000	0.03%	
10,001 20,000	5	4.59%	76,000	0.04%	
20,001 30,000	6	5.50%	167,000	0.09%	
30,001 40,000	4	3.67%	139,700	0.07%	
40,001 50,000	8	7.34%	400,000	0.20%	
50,001 100,000	11	10.09%	1,000,000	0.51%	
100,001 and above	61	55.96%	193,918,500	99.05%	
Grand Total	109	100.00%	195,784,200	100.00%	

Shareholding Pattern On 31 March 2010

Category	No. of Shares Held	% of Shareholding
(A) Shareholding of Promoter and Promoter Group:		
(1) Indian		
(a) Individuals/Hindu Undivided Family	4,253,395	21.72%
(b) Central Government/State Government	Nil	Nil
(c) Bodies Corporate	Nil	Nil
(d) Financial Institutions / Banks	Nil	Nil
Others:		
(e) Mutual Funds	Nil	Nil
(f) Trusts	Nil	Nil
Sub-Total (A) (1)	4,253,395	21.72%
(2) Foreign		
(a) Individuals (Non-Residents Individuals / Foreign Individuals)	4,022,195	20.54%
(b) Bodies Corporate	2,000,000	10.22%
(c) Institutions	Nil	Nil
Others:		
(d) Overseas Corporate Bodies	Nil	Nil
Sub-Total (A) (2)	6,022,195	30.76%
Total Shareholding of Promoter and Promoter Group A = (A)(1) + (A)(2)	10,275,590	52.48%

Category	No. of Shares Held	% of Shareholding
(B) Public Shareholding		
(1) Institutions		
(a) Mutual Funds/ UTI	Nil	Nil
(b) Financial Institutions / Banks	Nil	Nil
(c) Central Government / State Government	Nil	Nil
(d) Venture Capital Funds	Nil	Nil
(e) Insurance Companies	Nil	Nil
(f) Foreign Institutional Investors	3,765,630	19.23%
(g) Foreign Venture Capital Investors	Nil	Nil
Others:		
(h) Foreign Companies	Nil	Nil
Sub-Total (B) (1)	3,765,630	19.23%

(2) Non- Institutions			
(a)	Bodies Corporate	2,832,391	14.48%
(b)	Individuals		
(i)	Individual Shareholders holding Nominal Share Capital upto Rs. 1 lakh	147,970	0.76%
(ii)	Individual Shareholders holding Nominal Share Capital in excess of Rs. 1 lakh		948,204
Others:			
(c)	Non-Residents Individuals	282,600	1.44%
(d)	Overseas Corporate Bodies	1,326,035	6.77%
(e)	Trusts	Nil	Nil
(f)	Employees	Nil	Nil
(g)	Clearing Members	Nil	Nil
Sub-Total (B) (2)		5,537,200	28.28%
Total Shareholding of Promoter and Promoter Group B = (B)(1) + (B)(2)		9,302,830	47.52%
Total (A + B)		19,578,420	100.00%
(C)	Shares held by Custodians and against Depository Receipts have been issued	Nil	Nil
Grand Total (A + B + C)		19,578,420	100.00%

Dematerialization of Shares & liquidity:

In order to enable the shareholders to hold their shares in electronic form, the Company has enlisted its shares with NSDL and CDSL.

Address for Correspondence

S.No.	Shareholders Correspondence for	Addressed to
1	Transfer / Dematerialization / Consolidation / Split of shares, Issue of Duplicate Share Certificates, Non-receipt of dividend / Bonus Shares etc., change of address of members and Beneficial Owners and any other query relating to the shares of the Company	Aarhi Consultants Private Limited 1-2-285, Domalguda, Hyderabad – 500 029 Ph.No.: 040-2763 8111 / 040-2763 4445 Fax No: 040-2763 2184
2	Investor Correspondence / Queries on Annual Report	Ybrant Digital Limited Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034 Andhra Pradesh, India Phone No: 040 – 4567 8999 Email : ir@ybrantdigital.com Website : www.ybrantdigital.com

Depository Services:**National Securities Depository Limited (NSDL)**

4th Floor, 'A' Wing, Trade World,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013, Maharashtra, India
Phone : 091-22-2499 4200
Fax : 091-22-6650 8035 / 2497 6351
Email: info@nsdl.co.in

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street, Mumbai – 400 001,
Maharashtra, India
Phone : 091-22-2272 3333 / 3224
Fax : 091-22-2272 3199 / 2277 27072
Email: investors@cdslindia.com

Auditors' Report

To

The Members,

YBRANT DIGITAL LIMITED

We have audited the attached Balance Sheet of YBRANT DIGITAL LIMITED as at 31st March, 2010 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors' Report) Order 2003 and as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section(4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief was necessary for the purposes of our Audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 31st March , 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2010 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act,1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) In the case of the Profit & Loss Account, of the profit for the period ended on that date; and
 - (c) In the case of the Cash Flow, of the cash flows for the period ended on that date;

For P.MURALI & CO,
Chartered Accountants
FRN: 007257S
SD/-

P. MURALI MOHANA RAO
Partner

Place : Hyderabad
Date : 19 August 2010

Annexure to the Auditors' Report

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the fixed assets during the year.
- II. The Company has no inventory. Hence this clause is not applicable.
- III. (a) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s. 301 of the Companies Act, 1956.
- (b) As the Company has not granted loans the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained U/s. 301 is prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties is not applicable to the company.
- (d) No loans have been granted to companies, firms & other parties listed in the register U/s. 301 of the Companies Act, 1956, hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained U/s. 301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained U/s. 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the

Annexure to the Auditors' Report

company in respect of any party in the financial year, the entry in the register U/s. 301 of the Companies Act, 1956 does not arise.

- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- IX. (a) The Company is regular in depositing statutory dues including PF, ESI, Cess and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the Company has not taken any loans from banks or financial institutions. Hence this clause of repayment of dues to financial institutions or banks or debenture holders and the defaulted payment therein is not applicable to the Company.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.

Annexure to the Auditors' Report

- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the company has not obtained any term loans. Hence this clause is not applicable.
- XVII. According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment does not arise.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained U/s. 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

Place : Hyderabad
Date : 19 August 2010

For P.MURALI & CO,
Chartered Accountants
FRN: 007257S
SD/-
P. MURALI MOHANA RAO
Partner

Balance Sheet

as at 31st March 2010

S.No.	Particulars	Schedule No.	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
I SOURCES OF FUNDS				
1. Shareholders' Funds				
a.	Share Capital	1	218,465,120	218,465,120
b.	Share Warrants	2	100,000	100,000
c.	Reserves and Surplus	3	3,068,610,217	2,627,177,250
2. Loan Funds				
a.	Unsecured Loans	4	1,059,939,292	1,182,315,130
3. Deferred Tax Liability				
			154,390,870	146,804,634
Total			4,501,505,499	4,174,862,134
II APPLICATION OF FUNDS				
1. Fixed Assets				
a.	Gross Block	5	208,254,878	1,112,625,578
b.	Less: Depreciation		97,845,094	178,634,724
c.	Net Block		110,409,784	933,990,854
d.	Capital work-in-progress		245,852,365	-
e.	Product Development		348,330,729	252,114,949
			704,592,878	1,186,105,803
2. Investments				
		6	3,155,750,970	1,289,373,871
3. Current Assets, Loans & Advances				
a.	Sundry Debtors	7	145,238,200	225,251,326
b.	Cash and Bank Balance	8	342,289,275	737,100,602
c.	Loans and Advances and Deposits	9	368,306,250	788,057,791
			855,833,725	1,750,409,719
Less: Current Liabilities and Provisions				
		10		
a.	Liabilities		180,477,210	316,643
b.	Provisions		34,194,864	50,710,616
Net Current Assets			641,161,651	1,699,382,460
Total			4,501,505,499	4,174,862,134
Notes to Accounts		13		

As per our report of even date

For P. Murali & Co.

SD/-

P. Murali Mohana Rao

Partner

Place : Hyderabad

Date : 19 August 2010

For and on behalf of the Board

Ybrant Digital Limited

SD/-

Executive Director

Profit & Loss Account for the year ended 31st March 2010

S.No.	Particulars	Schedule No.	Year ended 31-03-2010 (Rupees)	Year ended 31-03-2009 (Rupees)
1	REVENUE			
A)	Revenue			
	Export Sales		427,663,241	495,524,183
	Domestic Sales		503,081	189,684
B)	Other Income	11	196,714,631	13,013,447
	Total		624,880,953	508,727,314
2	EXPENDITURE			
	Personnel Expenses		80,749,576	66,719,804
	Administrative and Operating Expenses	12	144,974,095	132,228,401
	Financial charges		381,844	3,546,027
	Depreciation		23,023,448	65,760,181
	Total		249,128,963	268,254,413
3	Profit / (Loss) Before Tax		375,751,990	240,472,901
4	Provision for Income Tax		30,545,865	26,420,070
5	Provision for Fringe Benefit Tax		-	8,091,164
6	Provision for Deferred Income Tax Liability		7,586,236	60,288,654
7	Profit After Tax		337,619,889	145,673,013
8	Prior Period Adjustment		103,813,078	-
9	Balance brought forward from previous year		272,408,220	126,735,207
10	Balance carried forward to Balance Sheet		713,841,187	272,408,220
11	Earnings per Equity Share (Equity Shares, Par Value Rs.10 each Basic / Dilute)		17.24	7.44
	Notes to Accounts	13		

As per our report of even date

For **P. Murali & Co.**

SD/-

P. Murali Mohana Rao

Partner

Place : Hyderabad

Date : 19 August 2010

For and on behalf of the Board

Ybrant Digital Limited

SD/-

SD/-

Chairman & Managing Director

Executive Director

Schedules forming part of the accounts

Particulars	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
SCHEDULE 1		
Share Capital		
Authorised Capital		
2,30,00,000 Equity Shares of Rs.10/- each	230,000,000	
30,00,000 Preference Shares of Rs.10/- each	30,000,000	
Previous		
2,30,00,000 Equity Shares of Rs.10/- each	-	230,000,000
30,00,000 Preference Shares of Rs.10/- each		30,000,000
	260,000,000	260,000,000
Issued, Subscribed and Paid Up		
1,95,78,420 Equity Shares of Rs.10/- each (Refer Note No.3.1.(i))	195,784,200	195,784,200
22,68,092 Compulsory Convertible Preference Shares (CCPS) of Rs.10/- each (Refer Note No.3.1.(ii))	22,680,920	22,680,920
	218,465,120	218,465,120
SCHEDULE 2		
Warrants		
10,00,000 Warrants - Share Application Money (Partly)	100,000	100,000
	100,000	100,000
SCHEDULE 3		
Reserves and Surplus		
Securities Premium Account		
Share Premium on Equity Shares (Refer Note No.3.1.(i))	1,263,924,946	1,263,924,946
Share Premium on CCPS (Refer Note No.3.1.(ii))	1,090,844,084	1,090,844,084
Total A	2,354,769,030	2,354,769,030
Profit And Loss Account		
Balance brought forward from previous year	272,408,220	126,735,207
Surplus in Profit and Loss Account during the year	441,432,967	145,673,013
Total B	713,841,187	272,408,220
Grand Total (A+B)	3,068,610,217	2,627,177,250
SCHEDULE 4		
Unsecured Loans		
Loans from Subsidiaries	1,059,939,292	1,182,315,130

Schedules forming part of the accounts

SCHEDULE 5 Fixed Assets

S.No.	Particulars	Gross Block		Gross Block		Depreciation			Net Block		
		As on 01-04-2009 Rs.	Additions Rs.	Deletions Rs.	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.	During the year Rs.	Deletion Rs.	As at 31-03-2010 Rs.	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
1	Land	2,195,210	-	-	2,195,210	-	-	-	2,195,210	2,195,210	
2	Leasehold Buildings	3,143,205	-	-	3,143,205	-	-	-	3,143,205	3,143,205	
3	Computers	111,904,678	964,353	-	112,869,031	61,411,177	18,207,018	-	79,618,195	33,250,836	50,493,501
4	Office Equipments	43,069,488	126,291	-	43,195,779	5,681,626	2,047,236	-	7,728,862	35,466,917	37,387,862
5	Furniture and Fixtures	34,739,436	26,206	-	34,765,642	6,302,846	2,199,897	-	8,502,743	26,262,899	28,436,590
6	Electrical Fittings	11,926,461	159,550	-	12,086,011	1,425,998	569,297	-	1,995,295	10,090,716	10,500,463
7	Goodwill	905,647,100	-	905,647,100	-	103,813,078	-	103,813,078	-	-	801,834,022
		1,112,625,578	1,276,400	905,647,100	208,254,878	178,634,724	23,023,448	103,813,078	97,845,094	110,409,784	933,990,854

Depreciation Statement as per Income Tax Act 1961

S.No.	Particulars	As on 01-04-2009 Rs.		Deletions Rs.		More than 180 Days Rs.		Less than 180 Days Rs.		As on 31-12-2010 Rs.		Depreciation Rs.		Net Block as at 31-03-2010 Rs.	
		As on 01-04-2009 Rs.	As on 01-04-2009 Rs.	Deletions Rs.	Deletions Rs.	More than 180 Days Rs.	Less than 180 Days Rs.	As on 31-12-2010 Rs.	As on 31-12-2010 Rs.	Depreciation Rs.	As on 31-03-2010 Rs.	As on 31-03-2010 Rs.	As on 31-03-2010 Rs.		
1	Land	2,195,210	-	-	-	-	-	-	-	2,195,210	-	-	-	2,195,210	
2	Leasehold Buildings	3,143,204	-	-	-	-	-	-	-	3,143,204	-	-	-	3,143,204	
3	Computers	58,379,669	37,641,200	-	-	364,960	599,393	83,050	59,344,022	37,767,491	35,426,595	5,658,895	-	23,917,427	
4	Office Equipments	31,392,480	11,041,215	-	-	43,241	83,050	99,270	37,767,491	31,418,686	3,141,869	5,658,895	-	32,108,596	
5	Furniture and Fixtures	11,041,215	792,879,105	-	-	60,280	99,270	99,270	11,200,765	1,115,113	1,115,113	-	-	10,085,652	
6	Electrical Fittings	936,672,083	792,879,105	-	-	494,687	781,713	145,069,378	45,342,472	99,726,906	-	-	-	99,726,906	
7	Goodwill	905,647,100	-	905,647,100	-	-	-	-	-	-	-	-	-	-	
		1,112,625,578	1,276,400	905,647,100	208,254,878	178,634,724	23,023,448	103,813,078	97,845,094	110,409,784	933,990,854	110,409,784	933,990,854	933,990,854	933,990,854

Schedules forming part of the accounts

Particulars	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
SCHEDULE 6		
Investments		
Long Term Investments (at cost)	-	-
Unquoted	-	-
Investment in subsidiary companies		
Frontier Data Management - Investments	191,081,699	30,553,364
International Expressions - Investments	95,362,500	36,090,384
Pennyweb Inc - Investments	441,695,650	158,334,790
Online Media Solutions (Oridian) - Investments	517,881,121	115,395,332
Ybrant Media Acquisition - Investments	949,000,000	949,000,000
DreamAd Acquisition - Investments	543,240,000	-
Max Interactive Acquisition - Investments	417,490,000	-
	3,155,750,970	1,289,373,871
Quoted	-	-
	-	-
Aggregate Total	3,155,750,970	1,289,373,871
SCHEDULE 7		
Sundry Debtors		
(Unsecured and considered good)		
Debts exceeding a period of six months	-	-
Other Debts	145,238,200	225,251,326
	145,238,200	225,251,326
SCHEDULE 8		
Cash And Bank Balances		
Cash on Hand	50,894	17,133
Bank Balances	342,238,381	737,083,469
	342,289,275	737,100,602
SCHEDULE 9		
Loans, Advances & Deposits		
Deposits	3,000,256	995,256
Advances	181,813,457	149,109,498
Advances for Acquisition	24,827,000	501,857,500
Acquisition Related Expenses (Asset)	141,831,750	119,261,750
Public Issue Related Expenses (Asset)	16,833,787	16,833,787
	368,306,250	788,057,791

Schedules forming part of the accounts

Particulars	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
SCHEDULE 10		
Current Liabilities and Provisions		
Liabilities		
Creditors of Expenses	1,421,862	316,643
Demand Promisory Notes	179,055,348	-
Provisions		
Provisions and Outstanding Expenses	3,648,999	16,199,383
Provisional for Income Tax	30,545,865	34,511,233
	214,672,074	51,027,259
SCHEDULE 11		
Other Income		
Foreign Exchange Gain	196,714,631	13,013,447
	196,714,631	13,013,447
	Year ended 31-03-2010 (Rupees)	Year ended 31-03-2009 (Rupees)
SCHEDULE 12		
Administrative and Operating Expenses		
Rent, Rates and Taxes	8,409,352	4,358,068
Printing and Stationery	618,372	387,523
Postage, Telephones and Internet Charges	3,377,615	3,474,368
Traveling and Conveyance	2,336,081	1,892,262
Electricity Charges	1,737,294	2,179,439
Office Maintenance	1,858,078	1,214,200
Directors Remuneration	7,200,000	7,200,000
Auditors Remuneration	220,600	220,600
Professional Charges	9,002,746	7,229,160
Computer Maintenance Charges	208,873	285,250
Sales and Marketing Expenses	105,027,753	102,699,830
Other Administrative Expenses	4,977,331	1,087,701
	144,974,095	132,228,401

Schedules forming part of the financial statements

SCHEDULE – 13

Significant Accounting Policies and Notes to the Financial Statements

(All amounts have been presented in Rupees unless otherwise specified)

1. Company overview

Ybrant Digital Limited, “the Company” offers digital marketing solutions to businesses, agencies, and online publishers worldwide. Ybrant Digital Technology platforms help leverage the full capabilities of digital media. Ybrant Digital has a global presence, with offices in 16 countries. The Company was incorporated on 28th March 2000, in Hyderabad, Andhra Pradesh, India.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis. GAAP comprises accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset’s net sales price or present value as determined above. Contingencies are recorded when it is probable that

a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

2.3 Revenue recognition

Income from Software and Consultancy Revenue

The contracts between the Company and its customers are either time or material contracts or fixed price contracts.

Revenue from fixed-price contracts is recognized according to the milestones achieved as specified in the contracts on the proportionate-completion method based on the work completed. Any anticipated losses expected upon the contract completion are recognized immediately. Changes in job performance, conditions and estimated profitability may result in revisions and corresponding revenues and costs are recognized in the period in which such changes are identified. Deferred revenue represents amounts billed in excess of revenue earned for which related services are expected to be performed in the next operating cycle.

In respect of time and material contract, revenue is recognized in the period in which the services are provided.

Revenue from product sale and licensing arrangements are recognized on delivery and installation.

Other income

Other Incomes are recognized on an accrual basis.

Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

2.4 Fixed Assets

Tangible Assets

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Intangible Assets

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation

Depreciation on the tangible fixed assets of the Company is provided on straight line method on pro-rata basis and at the rates and manner as per Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

Schedules forming part of the financial statements

2.5 Investments

Investments are either classified as current or long-term, based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.7 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.8 Foreign Currency transactions and translation

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

2.9 Taxes on Income

Tax expense for the year comprises of current tax, deferred tax. Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions

are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

2.10 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.11 Retirement benefits to employees

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. The Gratuity Plan

Schedules forming part of the financial statements

provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. The Company has made a provision for gratuity to its employees. Gratuity payable will be accounted on the basis of actuarial as per AS-15.

Provident fund

Contributions to defined schemes such as Provident fund are charged as incurred on accrual basis. Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered authority.

2.12 Lease Rentals

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The company charges Lease rentals in respect of assets taken under operating leases to

profit and loss account on a straight line basis over the lease term.

2.13 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

2.14 Claims

Claims made by the Company are recognized to the extent the Company deems them recoverable. Claims against the Company, including liquidated damages, are recognized only on acceptance basis. Claims which are contingent in nature are not recognized in the books but are disclosed separately in the Notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

3. Notes on Accounts

3.1 Share Capital

- (i) The following are the details for 19,578,420 Equity shares as of March 31, 2010.

No. of Shares	Description
15,034,990	These Equity shares has been allotted as a fully paid up with out any Premium.
144,540	These Equity shares has been allotted as a fully paid for a premium of Rs. 20 per share
117,800	These Equity shares has been allotted as a fully paid for a premium of Rs. 30 per share
26,200	These Equity shares has been allotted as a fully paid for a premium of Rs. 40 per share
176,470	These Equity shares has been allotted as a fully paid for a premium of Rs. 55 per share
513,000	These Equity shares has been allotted as a fully paid for a premium of Rs. 165 per share
100	These Equity shares has been allotted as a fully paid for a premium of Rs. 310 per share
2,562,100	These Equity shares has been allotted as a fully paid for a premium of Rs. 311 per share
1,002,220	These Equity shares has been allotted as a fully paid for a premium of Rs. 365 per share
1,000	These Equity shares has been allotted as a fully paid for a premium of Rs. 481 per share

Schedules forming part of the financial statements

- (ii) The following are the details for 2,268,092 Compulsory Convertible Preference Shares as of March 31, 2010.

No. of Shares	Description
2,268,092	These Preference shares has been allotted as a fully paid for a premium of Rs. 481 per share

3.2 Warrants

The Company has issued a warrants of 1,000,000, an amount of Rs. 100,000 was received as a part payment. The warrants are to be converted as per subscription-cum-shareholders agreement entered on 31 October 2008.

3.3 Details of Investments

- (i) Details of investments

Name of the Subsidiary	As at 31 March (Rs.)	
	2010	2009
Online Media Solutions Ltd., Israel	517,881,121	517,881,121
Max Interactive Pty, Australia	417,490,000	Nil
Frontier Data Management Inc, USA	191,081,699	191,081,699
Penny web Inc, USA	441,695,650	441,695,650
International Expressions Inc, USA	95,362,500	95,362,500
Dream ad	543,240,000	Nil
Ybrant Media Inc, USA	949,000,000	949,000,000
GRAND TOTAL	3,155,750,971	2,195,020,971

Acquisitions made during the Year

The Company during the financial year 2009-10, has made investments into Dream ad, Argentina and MaxInteractive Pty Ltd., Australia acquiring 100% stake in both.

Dream ad, a company which is exclusive sales house for Microsoft advertising in Latin America. Dream ad is primarily into banner and keyword search space. Dream ad acquisition will give Ybrant access to the Latin American region by adding four more countries – Argentina, Chile, Uruguay and Mexico – to its global footprint. The Company has acquired Dream ad companies for a purchase consideration of USD 10.80 Million (equivalent Rs. 54.32 crores).

Max Interactive, the top Ad network in Australia. Max Interactive Pty Ltd. specializes in banner-based web advertising, mobile and email marketing. This acquisition marks Company's entry into APAC market, more significantly, Max Interactive will be the first sales group that has successfully sold banners, search key words and emails together in any one market. The Company has acquired Max Interactive companies for a purchase consideration of USD 8.30 Million (equivalent Rs. 41.75 crores).

3.4 Capital Work in Progress:

The Company is in the process of setting up three new business units to take advantage of the growing business opportunities.

1. Ybrant China:

China is among the fastest growing digital media markets in the world. The company has invested Rs. 94,327,985 (approx. USD 2,089,676) in the

current year towards initial set up costs of the business.

2. Ybrant Brazil:

The Company has invested Rs. 51,132,291 (approx. USD 1,132,749) in its efforts to set up the business unit in Brazil. Initial ground work has been laid out to build new business development opportunities and develop a sales team to reach out to local clients.

3. Ybrant Mobile:

With the increasing usage of the mobile media across the globe, the Company has made a decision to set up a mobile network by the name of Ybrant Mobile to facilitate advertising through the mobile phones. The Company has invested Rs.100,392,088 (approx. USD 2,224,016) towards initial set up costs primarily technologies and algorithm development.

3.5 Product Development Expenses:

The Company is in the process of launching a local search business YReach. The software and system to manage the business was largely built inhouse. The cost of doing the same was Rs. 120,217,421 (approx. USD 2,844,557).

Further development was done on the products YCoReg and Affiliate Management System. The costs involved were Rs. 107,544,955 (approx. USD 2,616,677) and Rs. 120,568,353 (approx. USD 2,871,244) respectively.

Schedules forming part of the financial statements

3.6 Related Party Transactions

(i) List of Subsidiaries

Name of the Subsidiaries	Step Subsidiaries	Country of Incorporation
Online Media Solutions Ltd.		Israel
	Oridian Inc	USA
	Oridian GMBH	Germany
	Oridian UK	UK
	Oridian FR	France
Max Interactive	-	Australia
Frontier Data Management Inc	-	USA
Penny web Inc	-	USA
International Expressions Inc	-	USA
Dream ad	-	Argentina
Dream ad	-	Chile
Dream ad	-	Mexico
Dream ad	-	Panama
Dream ad	-	Uruguay
Ybrant Media Acquisition Inc	-	USA

(ii) Transactions with Key Management Personnel

Particulars	Nature of Relationship	Nature of Transaction	Year ended 31 March	
			2010	2009
M Suresh Kumar Reddy	Chairman and Managing Director	Remuneration	3,600,000	3,600,000
Vijay Kancharla	Whole - Time Director	Remuneration	3,600,000	3,600,000

(iii) Transactions with Subsidiaries

Particulars	Year ended March 31	
	2010	2009
Unsecured Loans		
Frontier Data Management Inc	38,549,560	66,264,806
International Expressions Inc	58,708,407	53,584,930
Online Media Solutions Limited	47,474,460	43,511,300
Ybrant Media Acquisition LLC	902,759,329	1,018,954,094
MaxInteractive Pty Ltd.	12,447,536	-
Total	1,059,939,292	1,182,315,130

Note: The Company has not repaid or added any loans; the difference in Rupees is only due to exchange rate fluctuations. Only addition during the year is MaxInteractive.

3.7 Operating Lease

The Company leases office premises under operating lease agreement that is renewable on a periodic basis at the option of the both the lessor and the lessee. Rental expenses under those leases were Rs. 6,688,952 (Previous year Rs. 4,180,255).

3.8 Segment reporting

The Company is mainly engaged in the area of technology platforms and related services.

The Company publishes standalone financial statements along with the consolidated financial statements in the Annual Report. In accordance with the Accounting Standard 17, Segment Reporting, the Company has disclosed the segment information in the consolidated financial statements.

Schedules forming part of the financial statements

3.9 Managerial Remuneration

The key management personnel comprise our directors. Particulars of remuneration and other benefits provided to key management personnel during the year ended March 31, 2010 and 2009 are as follows:

Particulars	Year ended March 31,	
	2010	2009
Remuneration	7,200,000	7,200,000
Perquisites and Allowances	Nil	Nil
Directors Sitting Fees	Nil	Nil
Grand Total	7,200,000	7,200,000

3.10 Foreign Exchange Transactions

(i) Foreign Currency Inflows

Particulars	Year ended March 31,	
	2010	2009
Software Exports	202,483,155	70,434,509
Capital	Nil	1,114,116,000
Total	202,483,155	1,184,550,509

(ii) Foreign Currency Outflow

Acquisition Payments	Nil	1,27,33,60,000
Expenses	Nil	Nil
Total	Nil	1,27,33,60,000

3.11 Payables to micro enterprises and small enterprises

There were no overdue principal amounts (and interest thereon) payable to micro enterprises and small enterprises, as at March 31, 2010.

maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not practicable to give the quantitative details of sales and certain other information as required under paragraphs 3, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

3.12 Quantitative details

The Company is engaged in the development and

3.13 In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year is given below:

Particulars	Year ended March 31,	
	2010	2009
Deferred Tax Liability on account of timing difference in Depreciation	7,586,236	60,288,654

3.14 Auditors' Remuneration

Particulars	Year ended March 31,	
	2010	2009
Statutory Audit Fees	165,450	165,450
Tax Audit Fees	55,150	55,150
Total	2,20,600	2,20,600

Schedules forming part of the financial statements

3.15 Earnings per Share

Earnings per share are computed based on the following;

S.No.	Particulars	March 31, 2010	March 31, 2009
A	Profit / (Loss) after taxation considered for calculation of basic earnings per share	337,619,888	145,673,013
B	Weighted average number of equity shares considered for calculation of basic earnings per share	19,578,420	19,578,420
C	Weighted average number of equity shares considered for calculation of diluted earnings per share	19,578,420	19,577,836
D	Basic Earnings per Share	17.24	7.44
E	Diluted Earnings per Share	17.24	7.44

3.16 Foreign Exchange Gain

During the current financial year the Company has foreign exchange gain of Rs. 196,714,631, due to fluctuations in foreign currency.

3.17 Prior period Adjustment

During the period the Company has prior period income of Rs. 103,813,078 which has been arised due wrongly charging of depreciation on goodwill in the previous years.

3.18 Actuarial Valuation of Gratuity

As per AS-15 of the Accounting Standards, the Company has done actuarial valuation of gratuity.

Summary of Results is given as below:

The table below shows a summary of the key results for year ended 31-03-2010.

Assets/Liabilities	31-03-2010
Present Value of obligation	27,69,199
Fair Value of Plan Assets	-
Net Asset / (Liability) recognized in Balance Sheet	(27,69,199)
Employer Expense	31-03-2010
Current Service Cost	6,18,456
Total Employer Expense	27,69,199

3.19 Prior year comparatives

Previous years' figures have been regrouped and reclassified wherever necessary to confirm to current year's classification.

3.20 The figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 13

As per our report of even date

For **P. Murali & Co.**

SD/-

P. Murali Mohana Rao

Partner

Place : Hyderabad

Date: 19 August 2010

For and on behalf of the Board

Ybrant Digital Limited

SD/-

Executive Director

SD/-

Chairman &
Managing Director

Cash Flow Statement

for the year ended 31st March 2010

S.No. Particulars	2010 (Rs. in Lakhs)	2009 (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before taxation, and extraordinary items	3757.52	2404.73
Adjustments for		
Depreciation	230.23	657.60
Interest expenses	3.82	35.46
Operating Profit before working capital changes	3991.57	3097.79
Trade and other receivables	800.13	(1060.65)
Loans and advances	4197.52	(6175.08)
Product development	(962.16)	(197.76)
Capital Work in Progress	(2458.52)	-
Trade payables	1330.99	(3944.70)
Cash generated from operations	6899.53	(8280.40)
Interest paid	(3.82)	(35.46)
Net Cash Flow from Operating Activities (A)	6895.71	(8315.86)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(12.76)	(141.69)
Investments	(9607.30)	(9490)
Net Cash used in Investing Activities (B)	(9620.06)	(9631.69)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share capital	-	0.10
Preference Capital	-	11136.25
Unsecured Loan	(1223.76)	11823.15
Other income	-	-
Share Premium and General Reserve	-	4.81
Net Cash used in Financing Activities (C)	(1223.76)	22964.31
Net Increase in Cash and Cash Equivalents (A + B + C)	(3948.11)	5016.76
Cash and Cash equivalents as at (Opening Balance)	7371.01	2354.25
Cash and Cash equivalents as at (Closing Balance)	3422.90	7371.01

As per our report of even date

For **P. Murali & Co.**

SD/-

P. Murali Mohana Rao

Partner

Place : Hyderabad

Date: 19 August 2010

For and on behalf of the Board

Ybrant Digital Limited

SD/-

Executive Director

SD/-

Chairman &
Managing Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. : State Code : (Refer Code List)

Balance Sheet Date :
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue : Right Issue :

Bonus Issue : Private Placement :

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities : Total Assets :

Sources of Funds

Capital Fund : Reserves & Surplus :

Secured Loans : Unsecured Loans :

Deferred Tax Liability :

Application of Funds

Net Fixed Assets : Investments :

Net Current Assets : Misc. Expenditure :

Product Development : Capital Work In Progress :

IV. Performance of Company (Amount in Rs. Thousands)

Turnover : Total Expenditure :
+ - + -

Profit / Loss Before Tax : Profit / Loss After Tax :
(Please tick appropriate box + for profit , - for loss)

Earning per share in Rs. : . Dividend rate % :
+ -

V. Generic Names of Three Principal Products / Services of Company (as per monetary Terms)

Item Code No. :
(ITC Code)

Product Description :

Auditors' Report on Consolidated Financials

1. We have audited the attached Consolidated Balance Sheet of YBRANT DIGITAL LIMITED ('the Company') and its wholly owned subsidiaries as at 31st March, 2010 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of its subsidiary Online Media Solutions Limited, Israel as at 31st March, 2010. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 for consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2010.
 - (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
 - (c) In the case of the Consolidated Cash Flows Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year then ended.

Place : Hyderabad
Date : 19 August 2010

For P.MURALI & CO,
Chartered Accountants
FRN: 007257S
P. MURALI MOHANA RAO
Partner
Membership No: 23412

Consolidated Balance Sheet

as at 31st March 2010

S.No.	Particulars	Schedule No.	As at 31-03-2010 INR	As at 31-03-2009 INR
I	SOURCES OF FUNDS			
1.	Shareholders' Funds			
a.	Share Capital	1	218,565,120	218,565,120
b.	Share Premium		2,354,769,030	2,354,769,030
c.	Reserves and Surplus	2	2,036,756,379	1,106,822,962
2.	Loan Funds			
a.	Unsecured Loans	3	-	-
3.	Deferred Tax Liability		154,390,870	146,804,634
	Total		4,764,481,399	3,826,961,746
II	APPLICATION OF FUNDS			
1.	Fixed Assets			
a.	Gross Block	4	531,656,954	1,337,052,380
b.	Less: Depreciation		169,804,926	232,557,200
c.	Net Block		361,852,028	1,104,495,180
2.	Product Development		685,150,874	590,940,041
3.	Capital Work In Progress		277,387,665	-
4.	Goodwill		1,879,362,849	-
5.	Current Assets, Loans & Advances			
a.	Cash and Bank Balances	5	654,827,273	943,624,287
b.	Sundry Debtors	6	995,334,271	852,981,343
c.	Loans and Advances and Deposits	7	276,299,154	735,105,524
d.	Other Assets	8	326,398,961	286,716,985
	Current Assets		2,252,859,659	2,818,428,139
	Less: Current Liabilities and Provisions	9	718,264,024	416,465,197
	Net Current Assets		1,534,595,635	2,401,962,942
	Foreign Currency Translation Reserve		26,132,348	(270,436,417)
	Total		4,764,481,399	3,826,961,746
	Notes to Accounts	11	-	-

As per our report of even date

For P. Murali & Co.

SD/-

P. Murali Mohana Rao

Partner

Place : Hyderabad

Date : 19 August 2010

For and on behalf of the Board

Ybrant Digital Limited

SD/-

Executive Director

SD/-

Chairman & Managing Director

Consolidated Profit & Loss Account for the year ended 31st March 2010

Particulars	Schedule No	Year ended 31-03-2010 INR	Year ended 31-03-2009 INR
INCOME			
Revenue		3,345,036,483	2,694,846,739
Other Income		196,714,631	-
Total Revenue		3,541,751,114	2,694,846,739
Less: Cost of Goods Sold		1,581,021,116	1,174,055,787
Gross Profit		1,960,729,998	1,520,790,952
Personnel Expenses		80,749,576	66,719,804
Administration and Other Expenses	10	897,452,046	672,310,896
Operating Expenses		978,201,622	739,030,700
EBIDTA		982,528,376	781,760,252
Depreciation		41,060,805	84,116,041
Financial charges		9,865,844	13,399,644
Profit Before Tax (PBT)		931,601,727	684,244,567
Provision for Income Tax		76,157,126	163,357,569
Provision for FBT		-	8,091,164
Provision for Deferred Income Tax		7,586,236	60,288,654
Profit After Tax		847,858,365	452,507,180
Prior Period Adjustment		103,813,078	-
Profit carried to Balance Sheet		951,671,443	452,507,180
Earnings per Equity Share (Equity Shares, Par Value Rs.10 each) Basic / Dilute		43.31	23.11
Notes To Accounts	11		

As per our report of even date

For **P. Murali & Co.**

SD/-

P. Murali Mohana Rao

Partner

Place : Hyderabad

Date : 19 August 2010

For and on behalf of the Board

Ybrant Digital Limited

SD/-

Chairman & Managing Director

SD/-

Executive Director

Consolidated Schedules forming part of the accounts

Particulars	As at 31-03-2010 INR	As at 31-03-2009 INR
SCHEDULE 1		
Share Capital		
Authorised Capital		
2,50,00,000 Equity Shares of Rs.10/- each	230,000,000	
30,00,000 Preference Shares of Rs.10/- each	30,000,000	
Previous		
2,50,00,000 Equity Shares of Rs.10/- each	-	230,000,000
30,00,000 Preference Shares of Rs.10/- each		30,000,000
	260,000,000	260,000,000
Issued, Subscribed and Paid Up Capital		
1,95,78,420 Equity Shares of Rs.10/- each	195,784,200	195,784,200
22,68,092 Compulsory Convertible Preference Shares of Rs.10/- each	22,680,920	22,680,920
Share Warrants	100,000	100,000
	218,565,120	218,565,120
SCHEDULE 2		
Reserves and Surplus		
Balance carried forward	1,106,822,962	654,315,782
Surplus in Profit and Loss Account during the year	951,671,443	452,507,180
Dividend Paid - current year	(1,727,605)	
	2,056,766,800	1,106,822,962
SCHEDULE 3		
Unsecured Loans		
	-	-
	-	-

Consolidated Schedules

forming part of the accounts

SCHEDULE 4 Consolidated Fixed Assets - 2009-10

(Amount in INR)

S.No.	Particulars	Gross Block	Additions	Deletions	Gross Block	Depreciation	Depreciation	Deletion	Depreciation	Net Block	Net Block
		As on 01-04-2009			As at 31-03-2010	As at 31-03-2009	During the year		As at 31-03-2010	As at 31-03-2010	As at 31-03-2009
1	Land	2,195,210	-	-	2,195,210	-	-	-	-	2,195,210	2,195,210
2	Leasehold Buildings	3,143,205	-	-	3,143,205	-	-	-	-	3,143,205	3,143,205
3	Computer Equipment	311,505,329	56,563,652	-	368,068,981	107,914,975	33,610,140	-	141,525,115	226,543,866	203,590,354
4	Computer Software	5,222,375	18,710,395	-	23,932,770	-	-	-	-	23,932,770	5,222,375
5	Property and Equipment	7,192,713	18,197,605	-	25,390,318	-	-	-	-	25,390,318	7,192,713
6	Office Equipments	47,580,092	6,594,266	-	54,174,358	8,400,980	3,325,962	-	11,726,942	42,447,416	39,179,112
7	Furniture and Fixtures	34,739,436	26,206	-	34,765,642	6,302,846	2,199,897	-	8,502,743	26,262,899	28,436,590
8	Electrical Fittings	11,926,461	159,550	-	12,086,011	1,425,998	569,297	-	1,995,295	10,090,716	10,500,463
9	Automobiles	7,900,459	-	-	7,900,459	4,699,322	1,355,509	-	6,054,831	1,845,628	3,201,137
10	Goodwill	905,647,100	-	905,647,100	-	103,813,078	-	103,813,078	-	-	801,834,022
		1,337,052,380	100,251,674	905,647,100	531,656,954	232,557,200	41,060,805	103,813,078	169,804,926	361,852,028	1,104,495,181

Consolidated Schedules

forming part of the accounts

Particulars	As at 31-03-2010 INR	As at 31-03-2009 INR
SCHEDULE 5		
Cash and Bank Balances		
Cash on Hand	50,894	17,133
Bank Balances	654,776,379	943,607,154
	654,827,273	943,624,287
SCHEDULE 6		
Sundry Debtors		
Unsecured, considered good		
Debts not exceeding a period of Six months	990,392,208	852,981,343
Other Receivables	4,942,063	-
	995,334,271	852,981,343
SCHEDULE 7		
Loans, Advances and Deposits		
Deposits	3,000,256	995,256
Advances	268,301,381	190,946,978
Security Deposit	4,997,517	5,640,790
Advances for new acquisitions	-	537,522,500
	276,299,154	735,105,524
SCHEDULE 8		
Other Assets		
Acquisition and public issue related expenses (Asset)	158,665,537	136,095,537
Other Assets	167,733,424	150,621,448
	326,398,961	286,716,985
SCHEDULE 9		
Current Liabilities and Provisions		
Accounts Payable	366,022,159	183,422,528
Creditors of expenses	1,421,862	316,643
Provisions for Taxation	55,888,860	169,400,984
Demand Promisory Notes	179,055,348	-
Other Current Liabilities	115,875,795	63,325,042
	718,264,024	416,465,197

Consolidated Schedules

 forming part of the accounts

Particulars	Year ended 31-03-2010 INR	Year ended 31-03-2009 INR
SCHEDULE 10		
Administration and Other Expenses		
Rent, Rates and Taxes	8,409,352	4,358,068
Printing and Stationery	618,372	387,523
Postage, Telephones and Internet Charges	3,377,615	3,474,368
Travelling and Conveyance	2,336,081	1,892,262
Electricity Charges	1,737,294	2,179,439
Office Maintenance	1,858,078	1,214,200
Directors Remuneration	7,200,000	7,200,000
Auditors Remuneration	220,600	220,600
Professional Charges	9,002,746	7,229,160
Computer Maintenance Charges	208,873	285,250
Sales and Marketing Expenses	105,027,753	102,699,830
Other Administrative Expenses	4,977,331	1,087,701
General and Administrative Expenses	752,477,951	540,082,495
	897,452,046	672,310,896

Schedules forming part of the consolidated financial statements

SCHEDULE - 11

Significant Accounting Policies and Notes to the Financial Statements

(All amounts have been presented in Rupees unless otherwise specified)

1. Company overview

Ybrant Digital Limited, "the Company" offers digital marketing solutions to businesses, agencies, and online Publishers worldwide. Ybrant Digital Technology platforms help leverage the full capabilities of digital media. Ybrant Digital has a global presence, with offices in 18 countries. The Company was incorporated on 28th March 2000, in Hyderabad, Andhra Pradesh, India.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of Ybrant Digital Ltd and all its subsidiaries, which are more than 50% owned or controlled. The financial statements of the parent company and its majority owned / controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances / transactions and resulting unrealized gain / loss. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2.3 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported

balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

2.4 Revenue recognition

Income from Software and Consultancy Revenue

The contracts between the Company and its customers are either time or material contracts or fixed price contracts.

Revenue from fixed-price contracts is recognized according to the milestones achieved as specified in the contracts on the proportionate-completion method based on the work completed. Any anticipated losses expected upon the contract completion are recognized immediately. Changes in job performance, conditions and estimated profitability may result in revisions and corresponding revenues and costs are recognized in the period in which such changes are identified. Deferred revenue represents amounts billed in excess of revenue earned for which related services are expected to be performed in the next operating cycle. In respect of time and material contract, revenue is recognized in the period in which the services are provided.

Revenue from product sale and licensing arrangements are recognized on delivery and installation.

Other income

Other Incomes are recognized on an accrual basis.

Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

Schedules forming part of the consolidated financial statements

2.5 Fixed Assets

Tangible Assets

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Intangible Assets

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation

Depreciation on the tangible fixed assets of the Company is provided on straight line method on pro-rata basis and at the rates and manner as per Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

2.6 Investments

Investments are either classified as current or long-term, based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.8 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.9 Foreign Currency transactions and translation

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

2.10 Taxes on Income

Tax expense for the year comprises of current tax, deferred tax.

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is virtual certainty

Schedules forming part of the consolidated financial statements

that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

2.11 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.12 Retirement benefits to employees

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. During the year the Company has made provision for gratuity to its employees based on actuarial valuation.

Provident Fund

Contributions to defined schemes such as provident fund are charged as incurred on accrual basis. Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered authority.

2.13 Lease Rentals

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The Group charges lease rentals in respect of assets taken under operating leases to profit and loss account on a straight line basis over the lease term.

2.14 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

2.15 Claims

Claims made by the Group are recognized to the extent the Group deems them recoverable. Claims against the Group, including liquidated damages, are recognized only on acceptance basis. Claims which are contingent in nature are not recognized in the books but are disclosed separately in the Notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

Schedules forming part of the consolidated financial statements

3. Notes on Accounts

3.1 Share Capital

(i) The following are the details for 19,578,420 Equity shares as of March 31, 2010.

No. of Shares	Description
15,034,990	These Equity shares has been allotted as a fully paid up with out any Premium.
144,540	These Equity shares has been allotted as a fully paid for a premium of Rs. 20 per share
117,800	These Equity shares has been allotted as a fully paid for a premium of Rs. 30 per share
26,200	These Equity shares has been allotted as a fully paid for a premium of Rs. 40 per share
176,470	These Equity shares has been allotted as a fully paid for a premium of Rs. 55 per share
513,000	These Equity shares has been allotted as a fully paid for a premium of Rs. 165 per share
100	These Equity shares has been allotted as a fully paid for a premium of Rs. 310 per share
2,562,100	These Equity shares has been allotted as a fully paid for a premium of Rs. 311 per share
1,002,220	These Equity shares has been allotted as a fully paid for a premium of Rs. 365 per share
1,000	These Equity shares has been allotted as a fully paid for a premium of Rs. 481 per share

(ii) The following are the details for 2,268,092 compulsory convertible preference shares as of March 31, 2010.

No. of Shares	Description
2,268,092	These Preference shares has been allotted as a fully paid for a premium of Rs. 481 per share

3.2 Warrants

The Company has issued a warrants of 1,000,000, an amount of Rs. 100,000 was received as a part payment. The warrants are to be converted as per subscription-cum-shareholders agreement entered on 31 October 2008.

3.3 Capital Work in Progress:

The Company is in the process of setting up three new business units to take advantage of the growing business opportunities.

1. Ybrant China:

China is among the fastest growing digital media markets in the world. The Group has invested Rs. 104,817,979 (approx. USD 2,322,064) in the current year towards initial set up costs of the business.

2. Ybrant Brazil:

The Group has invested Rs. 51,697,354 (approx. USD 1,145,267) in its efforts to set up the business unit in Brazil. Initial ground work has been laid out to build new business development opportunities and develop a sales team to reach out to local clients.

3. Ybrant Mobile:

With the increasing usage of the mobile media across the globe, the Company has made a decision to set up a mobile network by the name of Ybrant Mobile to facilitate advertising through the mobile phones. The company has invested Rs. 120,872,331 (approx. USD 2,677,721) towards initial set up costs primarily technologies and algorithm development.

3.4 Product Development Expenses:

The Group is in the process of launching a local search business YReach. The software and system to manage the business was largely built inhouse. The cost of doing the same was Rs. 120,217,421 (approx. USD 2,844,557).

Further development was done on the products YCoReg Rs. 107,544,955 (approx. USD 2,616,677), Affiliate management system Rs. 120,568,353 (approx. USD 2,871,244), Ad Management System (AMS) Rs. 194,918,402 (approx. USD 4,318,086), Wordcents Rs. 66,296,667 (approx. USD 1,468,690), VoloMp Rs. 75,605,076 (approx. USD 1,674,092).

Schedules forming part of the Consolidated financial statements

3.5 Related Party Transactions

(i) List of Subsidiaries

Name of the Subsidiaries	Step Subsidiaries	Country of Incorporation
Online Media Solutions Ltd.		Israel
	Oridian Inc	USA
	Oridian GMBH	Germany
	Oridian UK	UK
	Oridian FR	France
Max Interactive	-	Australia
Frontier Data Management Inc	-	USA
Penny web Inc	-	USA
International Expressions Inc	-	USA
Dream ad	-	Argentina
Dream ad	-	Chile
Dream ad	-	Mexico
Dream ad	-	Panama
Dream ad	-	Uruguay
Ybrant Media Acquisition Inc	-	USA

(ii) Transactions with Key Management Personnel

Particulars	Nature of Relationship	Nature of Transaction	Year ended 31st March	
			2010	2009
M Suresh Kumar Reddy	Chairman and Managing Director	Remuneration	3,600,000	3,600,000
Vijay Kancharla	Whole - Time Director	Remuneration	3,600,000	3,600,000

3.6 Operating Lease

The Company leases office premises under operating lease agreement that is renewable on a periodic basis at the option of the both the lessor and the lessee. Rental expenses under those leases were Rs. 6,688,952 (Previous year Rs. 4,180,255).

prepared in accordance with the AS 17 "Segment Reporting" issued pursuant to the Companies (Accounting Standard) Rules, 2006 and by The Institute of Chartered Accountants of India.

3.7 Segment reporting

The segment report of Ybrant Digital Ltd and its consolidated subsidiaries and associates has been

The Group has geographic segments: India, USA, UK, Europe, Asia Pacific, Australia, Latin America and Rest of the World. Significant portion of the segment assets are in India.

Revenue from geographic segments based on domicile of the customers is outlined below:

(Amount INR in Lakhs)

Particulars	2010	%	2009	%
USA	14,679.25	43.88	14,462.09	53.67
UK	1,285.36	3.84	1,395.14	5.18
Europe	8,216.01	24.56	7,826.14	29.04
India	290.88	0.87	306	1.14
Asia Pacific	294.93	0.88	354.21	1.31
Australia	2,527.10	7.55	614.45	2.28
Latin America	5,043.55	15.08	470.82	1.75
Rest of the World	1,113.28	3.33	1,519.62	5.64
Total	33,450.36	100	26,948.47	100

Schedules forming part of the consolidated financial statements

3.8 Managerial Remuneration

The key management personnel comprise our directors. Particulars of remuneration and other benefits provided to key management personnel during the year ended March 31, 2010 and 2009 are as follows:

Particulars	Year ended March 31,	
	2010	2009
Remuneration	7,200,000	7,200,000
Perquisites and Allowances	Nil	Nil
Directors Sitting Fees	Nil	Nil

3.9 Foreign Exchange Transactions

(i) Foreign Currency Inflows

Particulars	Year ended March 31,	
	2010	2009
Software Exports	202,483,155	70,434,509
Capital	Nil	111,41,16,000
Total	202,483,155	11,845,50,509

(ii) Foreign Currency Outgo

Acquisition Payments	Nil	127,33,60,000
Expenses	Nil	Nil
Total	Nil	127,33,60,000

3.10 Payables to micro enterprises and small enterprises

There were no overdue principal amounts (and interest thereon) payable to micro enterprises and small enterprises, as at March 31, 2010.

3.11 Quantitative details

The Company is engaged in the development and

maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not practicable to give the quantitative details of sales and certain other information as required under paragraphs 3, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

3.12 In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year is given below:

Particulars	Year ended March 31,	
	2010	2009
Deferred Tax Liability on account of timing difference in Depreciation	7,586,236	60,288,654

3.13 Auditors' Remuneration

Particulars	Year ended March 31,	
	2010	2009
Statutory Audit Fees	165,450	165,450
Tax Audit Fees	55,150	55,150
Total	220,600	220,600

Schedules forming part of the consolidated financial statements

3.14 Foreign Exchange Gain

In standalone financials, during the current financial year the company has foreign exchange gain of Rs. 196,714,631, due to fluctuations in foreign currency.

3.15 Prior period adjustment

In standalone financials, during the period the company has prior period Income of

3.17 Actuarial Valuation of Gratuity

In standalone financials, as per AS-15 of the Accounting Standards, the company has done actuarial valuation of gratuity. The table below shows a summary of the key results for year ended 31-03-2010

Assets/Liabilities	31-03-2010
Present value of obligation	2,769,199
Fair value of Plan Assets	-
Net Asset/(Liability) recognized in Balance Sheet	(276,9199)
<hr/>	
Employer Expense	31-03-2010
Current Service Cost	618,456
Total Employer Expense	2,769,199

3.18 The figures have been rounded off to the nearest rupee.

Rs. 103,813,078 which has been arised due wrongly charging of depreciation on goodwill in the previous years.

3.16 Prior year comparatives

Previous years' figures have been regrouped and reclassified wherever necessary to confirm to current year's classification.

Signatures to Schedules 1 to 11

For **P. Murali & Co.**

Chartered Accountants

SD/-

P. Murali Mohana Rao

Partner

Membership No: 23412

Place : Hyderabad

Date : 19 August 2010

For and on behalf of board

SD/-

SD/-

Chairman and
Managing Director

Executive Director

Cash Flow Statement

 for the year ended March 31st, 2010

Particulars	2010 Rs. in lakhs	2009 Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before taxation, and extraordinary items	9316.02	6842.45
Adjustments for:		
Depreciation	(627.52)	917.81
Interest expenses	98.66	134.00
Operating Profit before working capital changes	8787.15	7894.25
Trade and other receivables	(1423.53)	(3120.79)
Other assets	(396.82)	33.86
Loans and advances	4588.06	(6953.92)
Product development	(942.11)	(1107.12)
Trade payables	3294.55	(4778.45)
Cash generated from operations	13907.31	(8032.16)
Interest paid	(98.66)	(134.00)
Net Cash Flow Operating Activities	13808.65	(8166.16)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1002.52)	(806.96)
Capital work in process, preoperative	(2773.88)	0.00
Investments	(9959.40)	
Sale/adjustment of fixed assets		
Net Cash used in Investing Activities	(13735.79)	(806.96)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share capital	0.00	0.10
Secured loan taken	0.00	(34.19)
Preference Capital	0.00	11136.25
Foreign Exchange Reserve	(2960.83)	3456.71
Share Premium and General Reserve	0.00	4.81
Net Cash used in Financing Activities	(2960.83)	14563.67
Net Increase in Cash and Cash Equivalents	(2887.97)	5590.56
Cash and Cash Equivalents as at (Opening Balance)	9436.24	3845.68
Cash and Cash Equivalents as at (Closing Balance)	6548.27	9436.24

For P. Murali & Co.
Chartered Accountants
SD/-

P. Murali Mohana Rao
Partner
Membership No: 23412
Place : Hyderabad
Date : 19 August 2010

SD/-
Chairman and
Managing Director

For and on behalf of board

SD/-
Executive Director

Statement pursuant to Section 212 of the Companies Act, 1956, related to subsidiary companies

S.No.	Particulars	Subsidiary Companies						
		Frontier Data Management	International Expressions, USA	Pennyweb Inc, USA	Online Media Solutions Limited, Israel	Ybrant Media Acquisition LLC	Dreamad Companies	Max Interactive
1.	Financial Year	April to March	April to March	April to March	April to March	April to March	April to March	April to March
2.	Shares of the Subsidiary held by the Company on the above date:							
	a) Number and face value	1500 shares at no par value	1500 shares at no par value	6525100 shares at no par value	14,624,541 shares	1500 shares at no par value	DREAM AD (Argentina) - 650 shares DREAM AD (Chile) - 1500 shares DREAM AD (Uruguay) - 500 shares DREAM AD (Panama) - 100 shares GETMEDIA (Mexico) - 50 shares	100 shares
	b) Extent of Holding	100%	100%	100%	100%	100%	90%	100%
3.	The net aggregate of profit/ (loss) of the subsidiary for the above financial year so far as they concern the members of the Company and is not dealt with in the accounts of the Company:							
	a) For the financial year ended 31st March 2010	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	b) For the previous financial year of the subsidiaries since it became a subsidiary	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4.	The net aggregate of profit/ (loss) of the subsidiary for the above financial year so far as they concern the members of the Company and is dealt with in the accounts of the Company:							
	a) For the financial year ended 31st March 2010 (Rs. in lacs)	2001.04	1085.43	542.44	506.84	Nil	590.66	375.99
	b) For the previous financial year of the subsidiaries since it became a subsidiary (Rs. in lacs)	1143.57	469.18	327.77	1127.83	Nil	Nil	Nil
5.	Change in the holding company's interest in the subsidiaries between the end of the financial year of the subsidiary and the end of the holding Company's financial year.	No Change	No Change	No Change	No Change	No Change	No Change	No Change
6.	Material changes which have occurred between the end of the aforesaid financial year of the subsidiaries and the end of the holding company's financial year in respect:	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	a) the subsidiaries fixed assets							
	b) its investments							
	c) money lent by the subsidiary company							
	d) the money borrowed by it for any purpose other than that of meeting current liabilities							

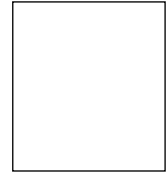


YBRANT DIGITAL LIMITED

PLOT NO.7A, ROAD NO.12, MLA COLONY, BANJARA HILLS, HYDERABAD – 500 034

PROXY FORM

I/We of
..... being a member/members of the above named company hereby
appoint of as my/our proxy to vote for me/us on my/our behalf at the 10th Annual General Meeting
of the company to be held on Tuesday, the 21st day of September, 2010, at 3.00 pm at Registered office of the Company and at
any adjournment thereof.



Signed this..... day of 2010.

NOTE:

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
- b) Proxy need not be a member.
- c) The proxy form duly completed should be deposited at the registered office of the company not less than 48 hours before the time fixed for holding the meeting.

.....cut here.....



YBRANT DIGITAL LIMITED

PLOT NO.7A, ROAD NO.12, MLA COLONY, BANJARA HILLS, HYDERABAD – 500 034

ATTENDANCE SLIP

(Please present this slip at the entrance of the meeting venue)

Regd. Folio Shares held

I hereby record my presence at the 10th Annual General Meeting of the company to be held on Tuesday, the 21st day of September, 2010, at 3.00 pm at Registered office of the Company.

Name of the Shareholder :
 Name of the Proxy :
 Signature of member/proxy :

- Note: 1) To be signed at the time of handing over this slip.
 2) Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.



Disclaimer

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.



www.ybrantdigital.com