

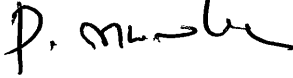

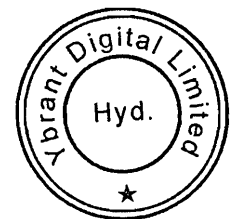


**FORM A**

**Covering letter of the Annual Audit Report to be filed with the Stock Exchange**

|    |  |   |
|----|--|---|
| 1. | Name of the Company                            | YBRANT DIGITAL LIMITED  |
| 2. | Annual financial statements for the year ended | 31 <sup>st</sup> March, 2014  |
| 3. | Type of Audit observation                      | Un-qualified  |
| 4. | Frequency of observation                       | Whether appeared first time ..... / repetitive ..... / since how long period .....<br>- N. A. -   |
| 5. | To be signed by                                |   |
|    | CEO / Managing Director                        | For YBRANT DIGITAL LIMITED<br><br>M. Suresh Kumar Reddy<br>Chairman & Managing Director |
|    | CFO  | For YBRANT DIGITAL LIMITED<br><br>Amreek Singh Sandhu<br>Chief Financial Officer        |
|    | Auditor of the Company                         | For P. Murali & Co.,<br>Chartered Accountants<br><br>Partner                          |
|    | Audit Committee Chairman                       | For YBRANT DIGITAL LIMITED<br><br>Y. Ramesh Reddy<br>Audit Committee Chairman          |





## Marketing Digital Media Worldwide

### 15<sup>th</sup> Annual Report

Financial Year 2013 - 2014

**SOCIAL**  
MARKETING

 **VoloMP**  
EMAIL MARKETING

  
DISPLAY MARKETING

  
SEARCH MARKETING

  
VIDEO MARKETING

  
MOBILE MARKETING

## Corporate Information

### Registered Office

Plot No.7A, Road No.12, MLA Colony, Banjara Hills,  
Hyderabad - 500 034 Telangana, India.  
Phone: +91 (40) 4567 8999 FAX: +91 (22) 66459677  
CIN: L64203TG1999PLC030996  
Email: ir@ybrantdigital.com  
www.ybrantdigital.com

### Board of Directors

Mr. M Suresh Kumar Reddy  
Mr. Vijay Kancharla  
Mr. M Vijaya Bhasker Reddy  
Mr. Y Ramesh Reddy  
Mr. Raghunath Allamsetty

## Subsidiaries

### Get Media Mexico S.A. DE CV

Presidente Masaryk No. 111, 1er. Piso, Col  
Chapultepec, Morales, Mexico D.F.

### Yreach Media Pvt Ltd

Plot No.7A, Road No.12, MLA Colony, Banjara  
Hills, Hyderabad - 500 034 AP, India.

### Frontier Data Management Inc (MediosOne)

108 West, 13th Street, Wilmington,  
Delaware 19801, USA.

### International Expressions Inc (VoloMP)

108 West, 13th Street, Wilmington,  
Delaware 19801, USA.

### Max Interactive Pty Ltd

5 Kings Lane, Darlinghurst,  
NSW 2010, Australia

### Dyomo Corporation

16192, Coastal Highway, Lewes,  
Delaware 19958-9776, County of Sussex, USA

### Ybrant Digital Servicios De Publicidad ILTDA

12995, Andar 18 Sala 36, 04.578-000,  
Brooklin Novo, Sao Paulo, SP.

### Online Media Solutions Limited (Oridian)

Sapir 3 Herzlia 46733,  
PO Box 12637, Israel.

### Techorbit, Inc

21515, Ridge Top Circle, Suite 150A  
Sterling, VA -20166

### Ybrant Digital (Brasil) Limited

188721, 333, North Bridge Road, #08-00,  
KH KHEA Building, Singapore.

### Global IT, Inc

21165, Whitefiled Place, Suite 206,  
Sterling, VA-20165

### Dream ad S.A , Chile

Padre tMariano 103 Of. 207,  
Providencia Santiago de Chile, Chile.

### Dream ad S.A , Argentina

Av. Corrientes, 327 Piso 11,  
Buenos Aires, Argentina.

### Dream ad S.A, Panama

Av. Samuel Lewis y Calle 50,  
Panama city, Panama.

### Dream ad S.A, a Uruguay

Ellauri 357, Of. 50, 2Piso, Montevideo,  
Uruguay CP. 11300.

### Ybrant Media Acquisition LLC

1201, Orange St, Suite 600, Wilmington,  
New Castle County, Delaware, 19801, USA.

### LGS Global FZE

Ras Al Khaimah Free Trade Zone,  
Ras Al Khaimah, UAE

### Ybrant Digital US Inc.

1201, Orange St, Suite 600, Wilmington,  
New Castle County, Delaware, 19801, USA

### Bankers

ICICI Bank Limited  
Axis Bank Limited  
Canara Bank  
State Bank of India  
ING Vysya Bank Limited

### Chief Financial Officer

Mr. Amreek Singh Sandhu

### Company Secretary

K Anusha

### Auditors

M/s. P. MURALI & CO  
Chartered Accountants,  
6-3-655/2/3, Somajiguda,  
Hyderabad - 500 082,  
Telangana, India.

### Registrar and Share Transfer Agent

Aarthi Consultants Private Limited,  
1-2-285, Domalguda,  
Hyderabad-500 029, Telangana, India  
Phone: +91 (40) 2763 8111, +91 (40) 2763 4445, +91 (40) 2764 2217  
Email: info@arthiconsultants.com ; Fax:+91 (40) 2763 2184



## What's Inside

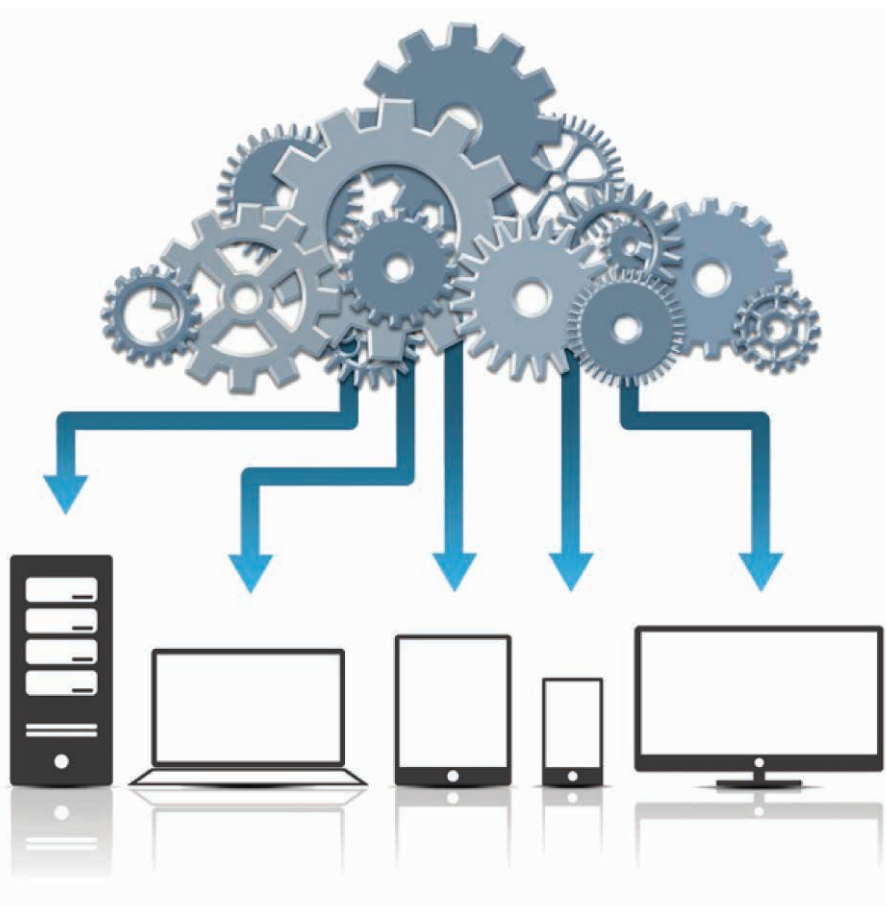
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*"ALL MARKETING IS DIGITAL MARKETING"*

A STATEMENT IN VARIOUS FORMS THAT MARKETERS ARE HEARING WITH MORE REGULARITY. WHILE THE STATEMENT IS A BIT DRAMATIC, IT VERY NEARLY APPROACHES THE TRUTH. MUCH OF WHAT MARKETERS DO AS THEY PRACTICE THEIR CRAFT IS DIRECTLY OR INDIRECTLY LINKED TO COMMUNICATION WITH CUSTOMERS AND PROSPECTS THROUGH SOME DIGITAL CHANNEL.

THE TERM "DIGITAL MARKETING" IS SO BROAD IT IS BARELY DESCRIPTIVE ANYMORE. AN EMAIL MARKETER CAN RIGHTFULLY CLAIM THAT IT IS MARKETED DIGITALLY, AS CAN THE MARKETER USING PERSONALIZATION ON A MOBILE OPTIMIZED WEBSITE.

AT YBRANT DIGITAL, WE ARE LEVERAGING THE POWER OF THE INTERNET TO OFFER DIGITAL MARKETING SOLUTIONS TO BUSINESSES, AGENCIES AND ONLINE PUBLISHERS WORLDWIDE.



# *A Letter from Chairman's Desk*

## Dear Shareholders,

I have great pleasure in welcoming you to this year's Annual General Body Meeting of your company. I would like to thank you all, the shareholders and stakeholders, for the support and enthusiasm you continue to show towards Ybrant and Lycos. It means a lot to the operating team to know that you are behind us as we go about doing our day-to-day functions to build and grow the business.

It has been a great year; with Digital Advertising accounting for 22.7% of global advertising spend, which is about \$120 billion (about Rs. 7 lakh crores). North America continues to be the leader in digital advertising spend with \$45 billion; Asia-Pacific and Europe follow closely with \$33 billion each. Digital Advertising spend in the US for the first time in the year has crossed Broadcast TV. And, Internet ad spend in India is expected to cross 500 million dollars this year. With this amazing global trend in digital marketing, we look forward to the years to come for Ybrant and Lycos to continue up the growth spiral.

Two things have contributed to the great interest and growth of this space. One is the fact that with advent of smarter devices and social media, users are flocking to the Internet across the world. Second is due to the power of the Internet as a trackable medium gives businesses to advertise and sell to consumers in new and innovative ways.

## Business Overview

The game plan for the year was to consolidate the moving parts in the company and put clear focus on growing the digital marketing business. It is gratifying to note that we have delivered Rs. 1673 crores top line revenues of which Rs. 1215 crores was from the digital marketing segment. While the overall growth compared to last year was 5%, please note that your company delivered 41% growth YOY in the digital marketing segment. Technology enhancements such as OneTag and Pangea have helped in improving the cost of goods from Rs. 1062 crores to Rs. 997 crores this year. Bottomline-wise, the consolidated PAT stood at Rs. 220 crores delivering an EPS of Rs. 4.64.

## Significant Developments

Let me specify the major developments this year:

- Our Performance Marketing activity has increased significantly from last year.
- On video marketing, we have tied up with a trusted video platform with access to about 200 million unique visitors in more than 80 countries across the world. It's a very powerful relation in growing on business side.
- We have partnered with a Spanish product group, to improve the conversion rate. Collaborating with this team makes us one of the biggest players in terms of performance activity as an advertiser now.
- On the mobile-apps front, we have tied-up with a taxi facilitation group, a free app for iPhone and Android. This allows the user to order a taxi or black car from wherever, directly from one's smart phone. They have become one of our larger advertisers in brand activity.
- For the distribution of premium content on leading publisher sites, monetized by means of programmatically targeted ads, we have partnered with a digital distribution network leveraging its unique technologies there and to work together on programmatic advertising.
- On the technology side, we have implemented a Special Technology Tool to manage Facebook campaigns called "Pangea" and we also have a Media Management Tool for publishers called OneTag. OneTag is based on Big Data based Campaign optimization and analytics, fundamentally for optimization on the display, video and search advertising.
- The new Ybrant Mobile website was launched focusing more on traffic monetization and mobile apps.
- The deal with Jobookit out of Israel, gave us a stake in the company. Jobookit is a listed company that controls a lot of media, for which we have the representation rights and a higher percentage payout.
- Our relationship with Facebook has been progressive with our team's participation in Facebook Developers Conference in San Francisco in April.

## Moving Forward:

We will continue to focus on the digital side of the business this year as well. However, now we want to start going more granular in our approach. The opportunity we see within digital media is two fold.

The first opportunity is to continue the good work in going after larger market share in the digital media monetization and advertising. Video advertising is the flavor of the season. The advertiser interest in this area has had the team on our toes to keep up and grow with the amazing growth of this area. Programmatic buying has begun to open new and exciting opportunities for the business. We have put our systems in line to take the growth in this area as well. We are closely watching the Mobility and related advertising opportunities as they begin to unfold.

The second opportunity is to start building Lycos and reviving the brand. Lycos is one of the most recognized global search brands. Lycos operates a network of globally branded media properties that provide online products and services to consumers and businesses. Lycos has presence in 25 countries across 4 continents with 70 million unique visitors per month and 150 million search queries per month. Through Angelfire and Tripod, Lycos offers two of the longest-running web publishing and hosting sites on the Internet, providing users with free tools to build web sites, blogs, and photo albums.

The easy-to-use web building tools allow users to create a web presence in minutes. Gamesville.com specializes in massively multi-player online game shows. Like TV game shows, Gamesville game shows are free to play, give winners prizes, and are supported by sponsors. Members can chat while they play, creating a sense of community and involvement. Lycos Shopping and Daily Deals allow users to find the best online shopping deals, find coupons, compare products from thousands of merchants, read user reviews, check store ratings, and get the lowest price from brand name stores.

If you realize, the Internet users are at an early stage of witnessing an overload of apps, connected devices and websites creating unprecedented clutter in deciding on the right solution appropriate to their needs. The needs of today's users have gone way past the information seeking days of the 00s but have evolved into communication, commerce, entertainment and ease.

Our insights into the future gets us geared to innovations in the areas of Cloud Based IOT (Internet of Things) and Crypto Currencies, coupled with Smart Data by maintaining tight Security and a simple framework to operate from. Lycos will spearhead this effort to simplify these disparate, disconnected entities to work in a cohesive manner. Request you to be tuned into our future announcements about new products from Lycos that are in the pipeline.

I would like to take this opportunity to place on record the excellent contribution made by our leadership team, our employees and partners across all subsidiaries and geographies.

Warm Regards,

**Suresh Reddy**  
Chairman and Managing Director



# In 2013-2014

*Internet users: More than 36% of the global population today, compared to 21.7% in 2008.*

*Total ad spending: \$517.10 billion in 2013, up 2.8% from last year, compared to \$484.30 billion in 2008. Digital ad spending: More than 22% of total ad spending in 2013, compared to 12% in 2008.*

*Social network users: About a quarter of the global population, compared to 8.3% in 2008.*

*Facebook users: More than 15% of the global population, compared to 3.1% in 2008.*

*Smartphone users: Just under one-third of mobile users and about 20% of the global population, compared to 3.7% of mobile users and 1.5% of the population in 2008.*

*Mobile ad spending: Just 2.6% of total ad spending and 11.9% of digital ad spending, compared to 2.1% in 2008.*

*Internet ad spending have passed those of broadcast TV in US.*

**7,095,476,818**

TOTAL WORLD POPULATION



52%

URBAN

48%

RURAL

**2,484,915,152**

INTERNET USERS



35%

INTERNET PENETRATION

**1,856,680,860**

ACTIVE SOCIAL NETWORK USERS



26%

SOCIAL NETWORKING PENETRATION

**6,572,950,124**

MOBILE SUBSCRIBERS



93%

MOBILE PENETRATION



## 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 is the co-founder of 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 Iowa State University and a Bachelor of Technology from the Indian Institute of Technology, Kharagpur, India.

He has over two decades of experience in the field of design, development, and support of various software technologies including business intelligence development and has worked in various key roles, namely as project engineer, software analyst and business analyst in different companies, such as AM General Corporation, Caterpillar, Chrysler, SBC (PacBell) and Charles Schwab Corporation.



### **Mr. Vijay Kancharla** Executive Director

Mr. Vijay Kancharla is an Executive Director of the Company. 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 the Company. He is a Master of Science in Computer Science from University of Louisville and a Bachelor of Technology from the JawaharlalNehruTechnologicalUniversity,Hyderabad,India.

He has over 18 years of experience in the field of online advertising technologies. He has served as the Chief Executive Officer of Ybrant Technologies Inc. and was involved in business development, strategic planning, setting up of sales and marketing teams, and operations teams both in Ybrant Technologies Inc. Prior to setting up of Ybrant Technologies Inc. he 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 software.



## Mr. M.Vijaya Bhasker Reddy Mr. Y Ramesh Reddy

### Independent Non-Executive Director

Mr. Maddi Vijaya Bhasker Reddy is the Independent Director of the Company. He has a Masters degree in Food Engineering from the Indian Institute of Technology, Kharagpur, and has done his Management Development programme from the Indian Institute of Management, Ahmedabad. He has over 22 years of experience in marketing and management and has worked as General Manager at Coca-Cola India.

### Independent Non-Executive Director

Mr. Yerradoddi Ramesh Reddy is an Independent Director of the Company. 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 21 years of experience in the field of IT, 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.

## Mr. Raghunath Allamsetty

### Independent Non-Executive Director

Mr. Raghunath Allamsetty is an Independent Director of the Company. He holds a degree in Bachelor of Technology in Electronics and Communication from Osmania University and a degree in marketing from IGNOU. He has over 20 years of experience in the areas of project development, technical management and business development. Mr. Allamsetty is the CEO of Aasra Archiventures Private Ltd and Director of Apere India Private Ltd. Prior to his joining Aasra, he was the Managing Director of Adaptec India Private Ltd.





## Management Team

### Jacob Nizri, President

Mr. Jacob Nizri directs the core divisions of Ybrant Digital Ltd: Online Media, Lycos, Ybrant Mobile, and Ybrant Fusion, extending their activities over Europe, Asia and the Americas. Prior to this position, Nizri was heading the Display divisions of Ybrant Digital, Since overseeing their unification under the Ybrant flag, Nizri has continued to lead the merger activities, market definition and strategic direction for many companies and product lines acquired by the Ybrant Digital group.

Mr. Nizri holds two Bachelor degrees in Management & Information Technologies and Computer Education.

### Bradley N Cohen, Chief Strategy Officer

Mr. Brad is responsible to define and drive the strategic initiatives & strategic decision-making at Ybrant Digital. Brad is also responsible to oversee the M&A activities and integration efforts of the company. Prior to this position, Brad was President - Business Integration & Strategic Initiatives that led Ybrant achieve impressive business results.

An entrepreneur since college, Brad Cohen has founded and managed more than ten successful ventures since 1993 and has a deep understanding of the global Internet marketplace. Brad received a BA from the University of Missouri in Marketing and Political Science.

### Gal Ekisten, General Manager, Online Media

Mr. Gal heads the Online Media business of Ybrant Digital. Prior to this position, Gal was the Executive Vice President - Sales, Display Ad Networks. Under Gal Ekstein, Ybrant's Online Media business has been witnessing year-on-year growth, closing some very important deals globally. He was the key person behind the setting up of Ybrant's office in France and was instrumental in developing big partnerships like Max Interactive of Australia.

Gal joined Oridian in 2004 and became Director of Sales in 2005. Mr. Ekstein Holds a Bachelor's Degree in Business Administration specialising in Computer Science, from the Ruppin College, in Israel.

### Shahar Shaharabany, General Manager, Finance

He is a seasoned finance professional with broad ranging experience in corporate finance and business operations management. Mr. Shaharabany is skilled at collaborating finance with core business operations, and developing efficient and productive cross-enterprise alliances across multiple business environments.

Mr. Shaharabany holds an M.A. in Financial Economics (with distinction) from Tel Aviv University.

### Amreek Singh Sandhu, Chief Financial Officer

Mr. Amreek Singh Sandhu is responsible for the overall Financial Management of Ybrant Digital. Amreek has over 29 years of experience in various facets of Finance - Corporate Treasury, M&A, Public Issues, Finance and Secretarial & Legal functions. Before joining Ybrant, Amreek was with Spectrum Power Generation Limited, Hyderabad as its Chief Financial Officer & Company Secretary. Prior to Spectrum, he served Gati Limited for over 10 years as Chief Financial Officer & Company Secretary. Mr. Amreek has an M.Com from H P University, Shimla; LLB from Punjab University, Chandigarh; 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, MBA from the Indira Gandhi National University, New Delhi and Executive Programme in Applied Finance from IIM(C).

### Yaniv Ben Atia, Chief Technology Officer

Mr. Yaniv Ben Atia is the CTO of Ybrant Digital, and the GM of its Fusion division. As part of his role Yaniv is overseeing Ybrant Digital's R&D activities, and is leading the Company's technical innovation efforts, and the integration of its diverse digital media product. Prior to joining Ybrant Digital, Yaniv was over 6 years with Microsoft Israel. In his last position, Yaniv was CTO in Microsoft Israel and head of its Solutions Specialist Group.

Yaniv holds BSc in Computer Science, and is an avid musician and tennis player.

### Krishna Sudun, General Manager, Indian Operations

Mr. Krishna heads the Indian Operations of Ybrant Digital. Krishna 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 startup iXmatch.com. His experience includes working at companies such as MCI WorldCom, SilverStream, Softech Consulting, and Pyramid Consulting.

Krishna holds a Bachelor's Degree in Engineering from the Jawaharlal Nehru Technological University.

### Rema Sujeeth, Corporate Communications

Backed by 15 years of in-depth experience across companies, Ms. Rema Sujeeth is a motivated and result - oriented professional. Prior to joining Ybrant, she was handling ICFAI's flagship magazine 'The Analyst'. Earlier, she had worked for ANZ Grindlays, Biological E Limited and RK Swamy BBDO.

She holds an MBA degree in Market Research and Advertising from Annamalai University.

## Advisors

### **Peter Purushotma** Co-Chair, Einstein Awards

Mr. Peter is a Singaporean, has varied international industry experience with extensive personal relationships in Australia, Asia-Pacific, and the United States. These include several C-Level and Board level relationships. Currently he is the Advisor to The Office of Chairman and CEO, Headstrong Inc.

### **Ms. Mario Rosati** Partner, Wilson Sonsini GoodRich & Rosati Law Firm

Ms. Rosati is a Partner and Member of the Executive Management Committee at the Law Firm of Wilson Sonsini Goodrich & Rosati in Palo Alto, California.

Mr. Rosati is a graduate of the University of California at Los Angeles (B.A., History 1968) and Boalt Hall, University of California, Berkeley (J.D. 1971, Am Jur Award in Corporations).

### **Arjun Malhotra** Chairman and CEO, HeadStrong

Mr. Malhotra serves as Chairman of the Board, Headstrong. Prior to Headstrong, he was Chairman and Chief Executive Officer of TechSpan, which merged with Headstrong in November 2003. Late 1998, Mr. Malhotra founded TechSpan with funding from Goldman Sachs and Walden International.

Mr. Malhotra did his B.Tech (Hons.) in Electronics & Electrical Communication Engineering from the Indian Institute of Technology (IIT) Kharagpur, where he was awarded the Dr. B.C. Roy Gold Medal. In 1985, he attended the Advanced Management Program at the Harvard Business School.

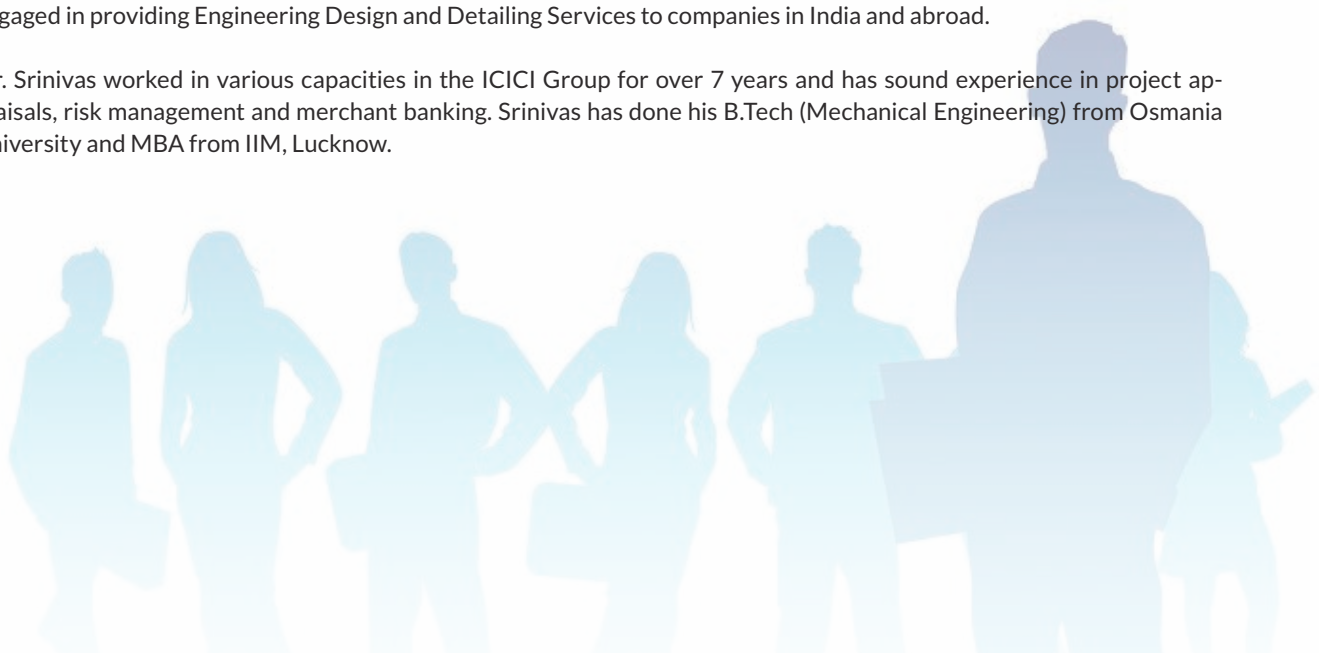
### **Ram Jayam** President & CEO, Apere Inc.

Mr. Ram founded and ran Platys communications a leader in IP storage solutions. Platys was acquired by Adaptec in 2001 for \$150M. As Vice President and General Manager at Adaptec he managed \$240M/year channel and OEM business. Mr. Ram also founded and ran Stargate Solutions a leader in Intellectual Property Licensing for Network Processors and Gigabit Ethernet. Mr. Ram, a graduate of the University of Southwestern Louisiana in Computer Engineering, has several patents. Mr. Ram is a recognized authority in the technology field, and continues to be an active participant in media discussions and a frequent speaker at industry conferences.

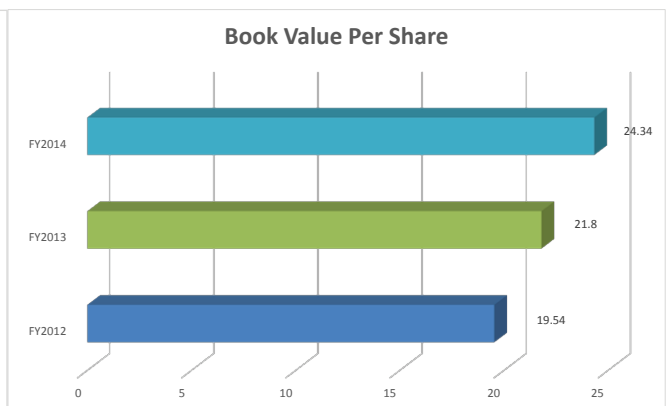
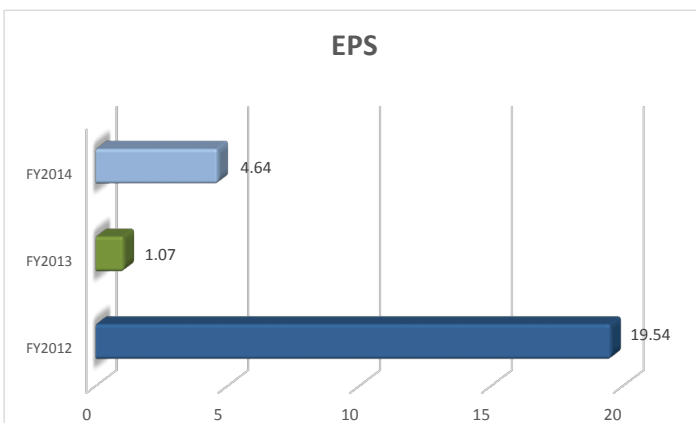
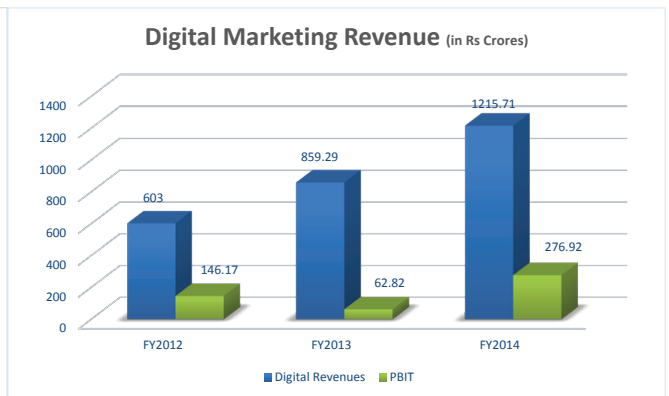
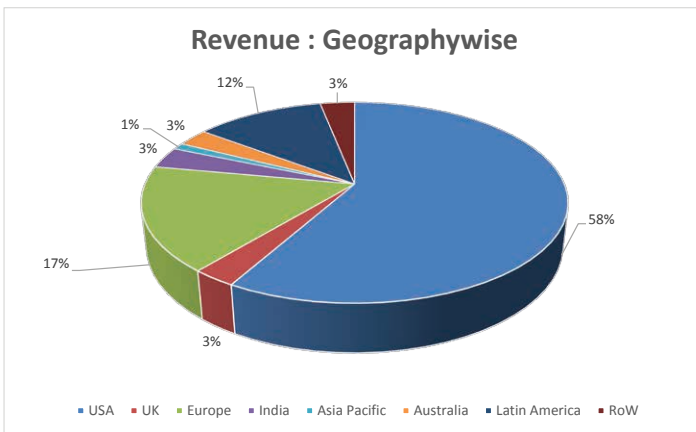
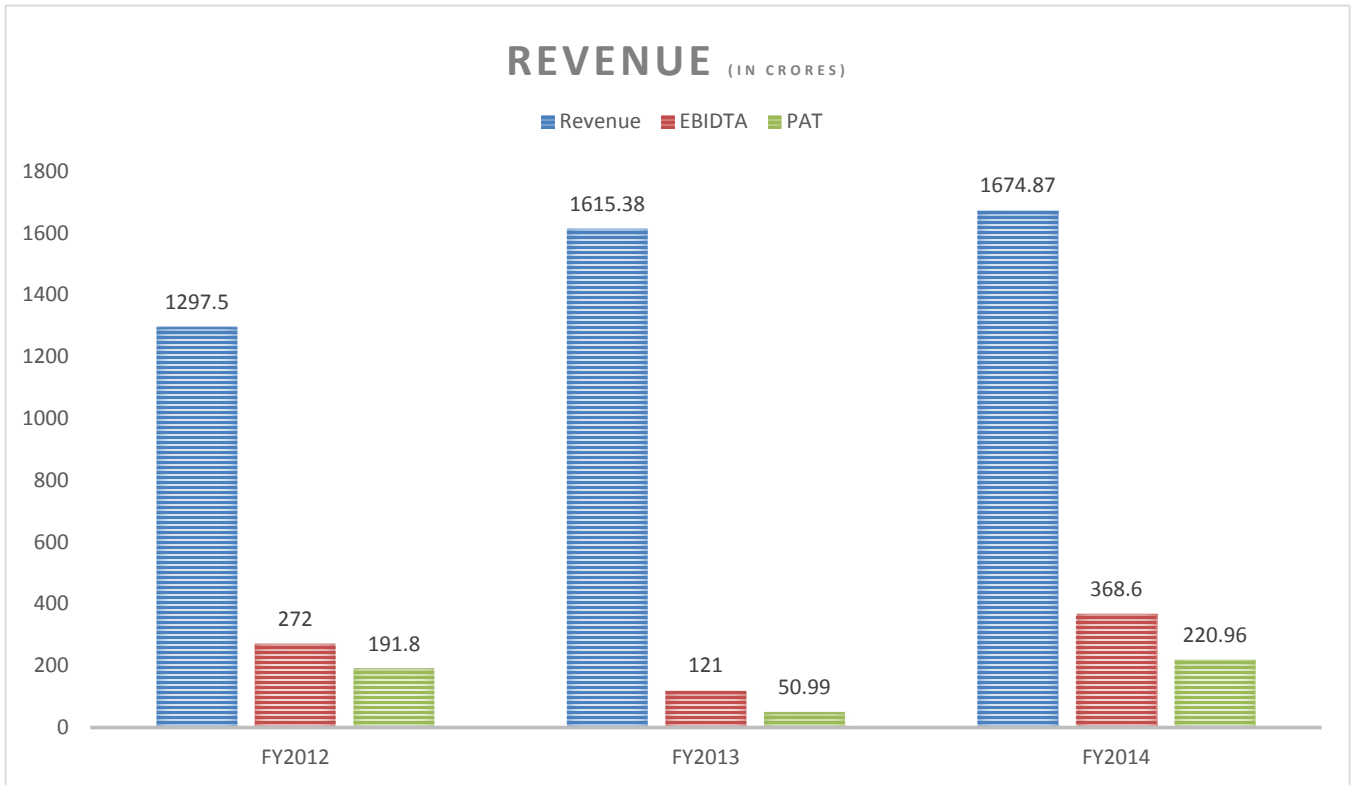
### **AP Srinivas** Founder & CEO, Q Engineering Prospects Pvt. Ltd

Mr. Srinivas is the founder and CEO of Q Engineering Prospects Pvt Ltd., a Knowledge Process Outsourcing company engaged in providing Engineering Design and Detailing Services to companies in India and abroad.

Mr. Srinivas worked in various capacities in the ICICI Group for over 7 years and has sound experience in project appraisals, risk management and merchant banking. Srinivas has done his B.Tech (Mechanical Engineering) from Osmania University and MBA from IIM, Lucknow.



# Financial Highlights



# Ybrant's Edge

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 Lycos Search Engine. The exclusive technology backend further generates significant quality leads with excellent performance.

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.

## Business Divisions

### Ybrant Advertising:



**Ybrant Display** : Display ad network includes strategies/techniques/tools for optimally displaying the graphic and/or visual advertisements in various formats across the internet medium. Digital media includes rich media - which is an advanced technology such as flash streaming video, applets that allow user interaction, and special effects - ads that incorporate animation, sound, video, and/or inter activity.



**Ybrant Social** : 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.





**Ybrant 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.



**Ybrant Search :** 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.



**Ybrant Mobile :** Ybrant offers complete solutions in mobile marketing, including tracking impressions to conversions, Pixel tracking with conversion reporting, Real-time Optimization campaign management and Targeting capabilities such as - Location-based, Device/OS, Contextual/Behavioral and Demographic.

## Ybrant Media

**Lycos:** One of the most recognized global search brands. Lycos operates a network of globally branded media properties that provide online products and services to consumers and businesses. Lycos has presence in 25 countries across 4 continents with 70 million unique visitors per month and 150 million search queries per month. Through Angelfire and Tripod, Lycos offers two of the longest-running web publishing and hosting sites on the Internet, providing users with free tools to build web sites, blogs, and photo albums. The easy-to-use web building tools allow users to create a web presence in minutes. Gamesville.com specializes in massively multiplayer online game shows. Like TV game shows, Gamesville game shows are free to play, give winners prizes, and are supported by sponsors. Members can chat while they play, creating a sense of community and involvement. Lycos Shopping and Daily Deals allow users to find the best online shopping deals, find coupons, compare products from thousands of merchants,

read user reviews, check store ratings, and get the lowest price from brand name stores. Lycos Search is one of the oldest and most recognizable search engines in the world. Lycos Search gives users access to Web Search, Image Search, Video Search, People Search, Local Search, Shopping Search and Classifieds Search all in one place, providing one of the most relevant search experiences available on the Internet today.

## LYCOS PRODUCTS

### Search

**Lycos Search** : A comprehensive suite of tools that help millions of people find whatever they're looking for, from traditional web results to video, images, shopping deals, and more.

**Who Where:** Find people, local business listings, business phone number and address, and driving directions for free.

**HOTBOT** : A quick and easy search tool for finding the best content, images, video and news on the web.

### Games

**GamesVille** : Play free games with — and against — other people to win real cash and other prizes. Find our games at Gamesville.com or on Facebook!

### Website Tools

**TRIPOD:** Whether it's for a small business, organization, or personal website, Tripod provides the tools you need to easily build the website you want.

**Angelfire:** A premiere destination for people who want to build free websites for their personal passions, small businesses, or anything else under the sun.

**Zeblio** :Our homegrown website builder that helps members effortlessly create and manage their websites.

**Lycos Domains** : Lycos Domains make it easy and affordable for anyone to have his or her own unique web address.

## LYCOS WEB SERVICES



Stay up-to-date with the latest U.S. or World news, and in categories like business, technology, science, or health.



Lycos Mail is a premium web-based email service that offers 5 GB of storage, POP3/IMAP access, advanced spam filtering, and domain and address blocking.



LycosTV is your ultimate hotspot to access services like Video Hosting, Video Streaming and Video Delivery. Lycos TV lets you browse through a spectrum of videos.



Lycos Shopping and Daily Deals allow users to find the best online shopping deals and coupons, compare products from thousands of merchants, read user reviews, check store ratings, and get the lowest price from brand name stores.

## YBRANT'S TECHNOLOGY PLATFORMS

Ybrant deploys a mix of open source and commercially-available software, using the following technology platforms:

**OneTag:** Ybrant's Flagship platform display advertising. It is serving 3 billion impressions per month globally and designed to scale more. It integrates seamlessly with Ybrant CRM and popular Ad exchanges like Yax (formerly Yahoo Right Media), AppNexus and Convert Media. Publishers can shift the traffic to any of the desired ad exchanges based on simple rules. It collects data, measures performance and reports campaign metrics.

**Pangea:** Special Tool to manage Facebook campaigns.

**Data Management Platform ( DMP ):** Ybrant can access first party data from 1500 publishers. We leverage this data to improve campaign performance and better targeting

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Its a Bigdata platform to collect, store, analyze and track an online user. We Offer the platform for third party consumption.

**Real Time Bidding Exchange ( RTB ):** RTBs integrate with SSPs ( Supply Side Platforms - Publisher side) and DSPs ( Demand Side Platforms Advertiser side) to deliver impressions with highest in realtime ( sub milli second latencies). Advertisers / Agencies are increasingly seeking effective budget utilization RTB is a natural progression for Ybrant with a perfect ecosystem. With DMP and a Tag Management System in place, Ybrant can switch into a new orbit.

## YBRANT'S TECHNOLOGICAL EDGE

- Ybrant's campaign analysis optimizes customer response rates and targets the right customer mix to achieve desired target goals.
- Ybrant uses proprietary technology and data analysis capabilities to track, store and measure website data used for improving campaign performance.
- Ybrant's ad serving system enables it to provide campaign data to clients through comprehensive online performance reports, which helps them in evaluating campaign effectiveness across multiple dimensions (sales, leads, registrations and software downloads, among others).
- Ybrant's ability to conduct ongoing advertising campaigns helps in simultaneous data collection and storage in its data warehouse. This data is analyzed to structure it for targeted advertising campaigns to enable clients to reach the desired results

## Ybrant's USPs

### **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 video advertising, Social marketing, 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 and acquisition of complementary businesses will further strengthen the position of the Company.

### **Global footprint**

24-country presence will optimize Ybrant's market spend and mitigate the socio-economic risk of operations in one particular country.

## **Strategies for a sustainable business**

Ybrant's objective is to be the leading provider of Internet and other digital media advertising solutions to advertisers globally. The Company is capitalizing on the immense potential in global Internet marketing; it is focusing on growing organically and inorganically. The Company's growth strategy is based on the following:

**Expand internationally through acquisitions: Ybrant is focused on expanding its global reach to capitalize on higher Internet penetration and other growing digital media such as digital TV and Internet-ready mobile phones. There exists immense potential for Internet marketing services in the South America, Eastern Europe, China and India, among others. Ybrant plans to expand its global reach by acquiring and tying up with companies which are already present in these countries.**

Acquire complementary businesses and establish relationships with traditional advertising and media service providers: Ybrant will pursue opportunities to acquire complementary businesses in the same domain to expand and enhance capabilities and services and concurrently increase the client base. Over the long-term, it will aggressively establish relationships with companies that provide traditional advertising and media services like forging joint marketing arrangements and signing preferred provider agreements.

Aggressively acquire new clients and develop new markets: The Company intends to expand its client base by aggressively adding new clients that focus their advertising efforts on the Internet and other digital media, as well as clients that rely on traditional advertising media.

Leverage its proprietary knowledge to improve service quality: With its strong knowledge base, the Company expects to leverage its extensive database and data analysis expertise to attract clients. It plans to increase scale and diversity as well as the number and type of advertising campaigns to aggregate statistically significant data and relevant analysis to enhance client campaigns.

Provide superior client service through comprehensive offerings: The Company intends to add superior services that will expand client ability to advertise and market on the Internet and various fast-growing digital marketing platforms. It will also add technology and services, based on advances in online marketing technology to provide comprehensive and fully-integrated digital advertising and marketing services.

Focus on technology up gradation: The Company will continue to build, license and acquire technologies, including enhanced ad servings and media measurement technologies to plan and execute effective digital advertising and marketing campaigns. It will increase its investment in data analysis technology and expertise in its efforts to realize the full potential of the data that the campaigns generate.





# LYCOS Patents

| S.No | Title  | Patent No. | Issue Date |
|------|--|------------|------------|
| 1    | Returning Databases as Search Results  | 7,389,307  | 6/17/08    |
| 2    | Capturing Advertising Requests from a User   | 7,406,508  | 7/29/08    |
| 3    | Method for providing an internet protocol address with a domain name server                        | 5,884,038  | 3/16/99    |
| 4    | Method for providing an internet protocol address with a domain name server                        | 6,205,489  | 3/20/01    |
| 5    | Method and apparatus for providing an internet protocol address with a domain name server          | 6,889,259  | 5/3/05     |
| 6    | Method and system for collecting related queries   | 6,701,309  | 3/2/04     |
| 7    | Search Results Using Editor Feedback   | 6,944,609  | 9/13/05    |
| 8    | Compressing Log Files  | 7,224,297  | 5/29/07    |
| 9    | Inferring Relations Between Internet Objects   | 7,299,270  | 11/20/07   |
| 10   | Computer System with User-Controlled Relevance Ranking of Search Results                           | 6,012,053  | 1/4/00     |
| 11   | Systems for Providing.. Networks   | 6,012,984  | 1/11/00    |
| 12   | Querying Databases Using Database Tools  | 6,775,661  | 8/10/04    |
| 13   | Information Synthesis Engine   | 7,548,913  | 6/16/09    |
| 14   | Generating Keywords  | 7,620,627  | 11/17/09   |
| 15   | Method and System for Performing a Search on a Network   | 8,171,009  | 5/1/12     |
| 16   | Method and System for Performing a Search on a Network   | 7,606,809  | 10/20/09   |
| 17   | Smart Browser Panes  | 7,664,770  | 2/16/10    |
| 18   | Dynamic Robot Traffic Detection  | 7,716,340  | 5/11/10    |
| 19   | Software-based detection of undesirable content in files   | 8,082,587  | 12/20/11   |
| 20   | Browser Graphical User Interface   | 8,082,516  | 12/20/11   |
| 21   | Geo Targeted Commerce  | 8,046,375  | 10/25/11   |
| 22   | Automated Generation, Performance Monitoring and Evolution of Key-words in a Paid Listing Campaign | 7,962,463  | 6/14/11    |



## NOTICE

**NOTICE** is hereby given to the members of YBRANT DIGITAL LIMITED that the Fifteenth Annual General Meeting of the Company will be held on Tuesday, 30th September, 2014 at 10.00 A.M at Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad 500 032, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company for the financial year ended 31st March, 2014 and Statement of Profit and Loss as on that date, together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Kancharla (DIN: 02744217), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. P. Murali & Co., Chartered Accountants as Statutory Auditors.

*To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution, with or without modification(s).*

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended, from time to time, M/s.P.Murali & Co., Chartered Accountants bearing Registration no.007257S, the retiring Statutory Auditors be and is hereby re-appointed as Statutory Auditors of the Company to hold the office from the conclusion of this 15th Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be determined by the Board of Directors of the Company,"

### SPECIAL BUSINESS:

4. **To Appoint Mr. M. Suresh Kumar Reddy as Chairman & Managing Director.**

*To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution, with or without modification(s).*

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act"), subject to approval of the Central Government, if required, and all other sanctions, approvals and permissions as may be required and Articles of Association of the Company, consent of the Company be and is hereby accorded for the appointment of Mr. M. Suresh Kumar Reddy (DIN:00140515) as Chairman & Managing Director of the Company for a period of five years w.e.f. 01.04.2014 at the following remuneration/perquisites, subject to remittance of the bill(s).

- 1) Clubs: Payment of one time membership fee and monthly fee of clubs subject to maximum of three clubs.
- 2) Medical expenses: All medical expenses incurred by him for self and family shall be reimbursed.
- 3) Insurance: Medical and Accident insurance premium as per company rules.  
"Family" for the above purpose means wife, dependent children and dependent parents of CMD.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an

application to Central Government or such other regulatory authorities, if required, to give effect to this resolution.

5. **To Appoint Mr.Vijay Kancharla as an Executive Director.**

*To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution, with or without modification(s).*

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act"), subject to approval of the Central Government and all other sanctions, approvals and permissions as may be required and Articles of Association of the Company, consent of the Company be and is hereby accorded for the appointment of Mr. Vijay Kancharla (DIN: 02744217) as an Executive Director of the Company for a period of five years w.e.f. 01.04.2014 at the following remuneration/perquisites, subject to remittance of the bill(s).

- 1) Clubs: Payment of one time membership fee and monthly fee of clubs subject to maximum of three clubs.
- 2) Medical expenses: All medical expenses incurred by him for self and family shall be reimbursed.
- 3) Insurance: Medical and Accident insurance premium as per company rules.

"Family" for the above purpose means wife, dependent children and dependent parents of ED.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an application to Central Government or such other regulatory authorities, if required, to give effect to this resolution.

6. **To Appoint Mr.M.Vijaya Bhasker Reddy as an Independent Director.**

*To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution, with or without modification(s).*

**"RESOLVED THAT** pursuant to provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder read with Schedule IV of the Act, as amended from time to time, and Clause 49 of the Listing Agreement entered with Stock Exchanges, Mr.M.Vijaya Bhasker Reddy, (DIN: 00278842), Non-Executive Director of the Company who is liable to retire by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director for a tenure of one year commencing from September 30, 2014."

7. **To Appoint Mr.Y.Ramesh Reddy as an Independent Director.**

*To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution, with or without modification(s).*

**"RESOLVED THAT** pursuant to provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder read with Schedule IV of the Act, as amended from time to time, and Clause 49 of the Listing Agreement entered with Stock Exchanges, Mr.Y.Ramesh Reddy, (DIN:01483626), Non-Executive Director of the Company who is liable to retire by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director for a tenure of one year commencing from September 30, 2014."

#### 8. To Appoint Mr. A Raghunath as an Independent Director.

*To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution, with or without modification(s).*

**“RESOLVED THAT** pursuant to provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder read with Schedule IV of the Act, as amended from time to time, and Clause 49 of the Listing Agreement entered with Stock Exchanges, Mr. A Raghunath, (DIN 00060018) Non-Executive Director of the Company who is liable to retire by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director for a tenure of one year commencing from September 30, 2014.”

#### 9. To adopt new Articles of Association of the Company.

*To consider and if thought fit, to pass the following resolution, as a Special Resolution, with or without modification(s).*

**RESOLVED THAT** pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended, from time to time, the draft Articles of Association with the new name of the Company, as submitted before this meeting, be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, and take such steps as may be necessary, proper or expedient to give effect to this resolution”.

#### 10. To consider change in Name of the Company.

*To consider and if thought fit to pass the following resolution, as Special Resolution, with or without modification(s).*

**“RESOLVED THAT** pursuant to provisions of Companies Act, 2013 including the Rules made thereunder and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force (“the Act”), and subject to approval of the Central Government, the consent of the company be and is hereby accorded to change the name of the company from “Ybrant Digital Limited” to “Lycos Internet Limited”.

**RESOLVED FURTHER THAT** pursuant to provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the name clause in the Memorandum of Association of the Company, be altered suitably to reflect the new name of the Company viz., Lycos Internet Limited.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and settle all the matters arising out of and incidental to the aforesaid name change as it may in its absolute discretion deem fit for giving effect to this resolution.”

#### 11. To consider the Employees Stock Option Scheme .

*To Consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution.*

**“RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013

and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreement entered into between the Company and stock exchanges, the guidelines and clarifications issued by the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and directions issued by any other statutory/regulatory authorities, and subject to all such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall also include any committee constituted/to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot upto 2,50,00,000 (Two Crores Fifty Lakhs Only ) options convertible into 2,50,00,000 (Two Crores Fifty Lakhs Only ) equity shares of nominal value of Rs.2/- each at one option liable to be converted into one share of Rs.2/- each at a price which shall be 50% of the closing price recorded on BSE Limited (BSE) on the date of such grant and on such terms and conditions as may be specified and determined by the Board/Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** the shares allotted on exercise of the options shall rank paripassu with the shares outstanding on the date of allotment in all respects including dividend.

**RESOLVED FURTHER THAT** the Company may formulate YBRANT-ESOP:2014 Scheme for the benefit of the employees of the Company, inter alia, on the broad terms and conditions as given in the explanatory statement annexed to this notice and to make any modifications, changes, variations, revisions in the terms and conditions of the scheme.

**RESOLVED FURTHER THAT** in accordance to the aforesaid resolutions and provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the consent of the company be and is hereby granted to the Board to issue, offer, allot and grant such options to identified employees of the Company whether in India or Overseas but excepting promoter directors, independent directors and directors who hold directly or indirectly more than 10% of the outstanding equity shares of the Company and on such terms and conditions as may be specified and determined by the Board/Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to determine and frame all other terms and conditions of the issue of the said options convertible into equity shares of Rs.2/- each as the Board may in its discretion deem fit and proper.

**RESOLVED FURTHER THAT** the grant of options and issue and allotment of such equity shares thereof to the employees who are non-residents will be subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, if required or any other applicable enactment introduced by Government of India from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to seek listing of such equity shares of face value of Rs.2/- each at all such Stock Exchanges where the equity shares of the company are listed for the time being.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board is hereby authorised to do all such acts, deeds, matters and things and resolve any doubts or question that may arise in the issue and allotment of fresh shares, to effect any modification to the foregoing resolutions in the best interests of the Company and its shareholders and to execute all such writings and instruments as the Board may in its absolute discretion deem necessary or desirable including of the readjustment of shares to be allotted in case of sub division or consolidation of share capital.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers to any Committee of Directors of the Company to give effect to the aforesaid resolutions."

**12. To consider Grant of options to the employees of subsidiaries of Ybrant Digital Limited and to grant options, during any one year, equal to or exceeding 1% of the issued capital of the company.**

*To Consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:*

"**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreement entered into between the Company and various stock exchanges, the guidelines and clarifications issued by the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and directions issued by any other statutory/regulatory authorities, and subject to all such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall also include any committee constituted/to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to extend the benefits of Employees Stock Option Scheme (Ybrant ESOP- 2014) proposed in Resolution No.11 in this notice to all employees of any subsidiary of the Company in India or outside India and also to grant options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of option to identified employees of the Company and its subsidiaries in India or outside India.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board is hereby authorised to do all such acts, deeds, matters and things and resolve any doubts or question that may arise in the issue and allotment of fresh shares, to effect any modification to the foregoing resolution in the best interests of the Company and its shareholders and to execute all such writings and instruments as the Board may in its absolute discretion deem necessary or desirable including of the readjustment of shares to be allotted in case of sub division or consolidation of share capital.

Dated: July 26, 2014

**Registered Office:**  
Plot No.7A, Road No.12,  
MLA Colony, Banjara Hills,  
Hyderabad - 500 034,  
Telangana, India.  
CIN:L64203TG1999PLC030996  
Email:ir@ybrantdigital.com  
www.ybrantdigital.com  
Tel:+91 40 45678999 efax: +91 (22)66459677

By Order of the Board of  
**YBRANT DIGITAL LIMITED**

SD/-

**K ANUSHA**  
Company Secretary

**NOTES:**

1. Explanatory Statement pursuant to provisions of Section 102 of the Companies Act, 2013 for the resolutions at items No(s). 4 to 12 is given below. The relevant details, as required under Clause 49 of the Listing Agreement with Stock Exchanges, of the person seeking appointment/re-appointment as Directors under Item No.(s) 4 to 8 of the notice are also annexed.
2. A member entitled to attend and vote at the annual general meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
3. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable
4. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will be closed from September 24, 2014 to September 30, 2014 (both days inclusive).
6. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depository Participant, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
7. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with your Depository Participant(s).
8. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
9. Members attending the Meeting are requested to complete and bring the attendance slip enclosed with the Annual Report and hand over the same, duly signed, at the entrance of the meeting hall.
10. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
11. All documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
12. The instructions for members for voting electronically are as under:-
  - (a) In compliance with the provisions of section 108 of the Act and the Rules framed hereunder and Clause 35B of the Listing Agreement, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice.
  - (b) The period of e-voting is from 9.00 a.m. on September 23, 2014 to 6.00 p.m. on September 25, 2014.
  - (c) The members holding shares either in physical form or dematerialized form, as on the cut-off date i.e. August 29, 2014, may cast their vote in electronic form, during the e-voting period.
  - (d) Voting rights shall be reckoned on the paid-up value of shares reg-

- istered in the name of the members as on the cut-off date.
- (e) The Board of Directors has appointed Mr. S.Siva Sankar Reddy, Practicing Chartered Accountant, Hyderabad as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (f) Instructions for e-voting
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Click on "Shareholders" tab.
  - Now enter your User ID

| For Members holding shares in Demat Form   | For Members holding shares in Physical Form |
|--|---|
| For NSDL: 8 Character DP ID followed by 8 Digits Client ID,<br>For CDSL: 16 digits beneficiary ID, | Folio Number registered with the Company    |

- d) Next enter the Image Verification as displayed and Click on Login.
- e) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- f) If you are a first time user follow the steps given below:

|                              |   |
|------------------------------|---|
| <b>PAN*</b>                  | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Srinivas with folio number 1234 then enter SR00001234 in the PAN field</li> <li>Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case if the name is Dhiran and Demat A/c No. is 12058700 00001234 then default value of PAN is 'DH00001234'.</li> </ul> |
| <b>DOB#</b>                  | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.   |
| <b>Dividend Bank Details</b> | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.<br>Please enter the DOB or Dividend Bank Details order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on August 29, 2014 in the Dividend Bank details field.  |

- g) After entering these details appropriately, click on "SUBMIT" tab.
- h) Members holding shares in Physical form will then reach directly to the voting screen.
- i) Members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.  
If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- j) Click on the relevant EVSN for the "Ybrant Digital Limited" on which you choose to vote.
- k) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO.
- l) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Notice of the Annual General Meeting.
- m) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- n) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- o) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- p) Note for Non-Individual Shareholders & Custodians:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to

[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- q) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- r) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the



- votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairperson of the Company
13. The results will be declared within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and the same will be placed on the Company's website [www.ybrantdigital.com](http://www.ybrantdigital.com) and will be forwarded to the Stock Exchanges where shares of the company are listed.

Dated: July 26, 2014  
**Registered Office:**  
 Plot No.7A, Road No.12,  
 MLA Colony, Banjara Hills,  
 Hyderabad - 500 034,  
 Telangana, India.  
 CIN:L64203TG1999PLC030996  
 Email:ir@ybrantdigital.com  
[www.ybrantdigital.com](http://www.ybrantdigital.com)  
 Tel:+91 40 45678999 efax: +91 (22)66459677

By Order of the Board of  
**YBRANT DIGITAL LIMITED**  
  
**SD/-**  
**K ANUSHA**  
 Company Secretary

#### EXPLANATORY STATEMENT

(Pursuant to provisions of Section 102 of the Companies Act, 2013)

##### Item no. 4

Mr. M. Suresh Kumar Reddy is the Chairman and Promoter director of the Company. Considering his competence and invigorating leadership, which has resulted in sustained growth for the Company, the Board of Directors upon considering the recommendations of Nomination and Remuneration Committee had decided to appoint Mr. M. Suresh Kumar Reddy as Chairman and Managing Director of the Company for a tenure of five years w.e.f 01.04.2014, at a remuneration/perquisites as specified in the resolution in the accompanying Notice, subject to provisions of Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and Articles of Association of the Company.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the Members.

None of the Directors, Key Managerial Personnel or their respective relatives are related or concerned in the aforesaid resolution except Mr.M.Suresh Kumar Reddy and his relatives.

##### Item no. 5

Mr. Vijay Kancharla is a Promoter director of the Company. Considering his rich experience and competence, which has resulted in sustained growth for the Company, the Board of Directors upon considering the recommendations of Nomination and Remuneration committee had decided to appoint Mr.Vijay Kancharla as Executive Director of the Company for a tenure of five years w.e.f 01.04.2014, at a remuneration / perquisites as specified in the resolution in the accompanying Notice, subject to provisions of Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and Articles of Association of the Company.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval of the Members.

None of the Directors, Key Managerial Personnel or their respective relatives are related or concerned in the aforesaid resolution except Mr.Vijay Kancharla and his relatives.

##### Item no. 6, 7 & 8

Mr.M.Vijaya Bhasker Reddy, Mr.Y.Ramesh Reddy and Mr. A Raghunath were appointed as Directors at the Annual General Meeting held on December 26, 2012 pursuant to provisions of Section 257 of the Companies Act, 1956. Pursuant to provisions of Clause 49 of the Listing agreement, entered with Stock Exchanges, the aforesaid directors were designated as Independent directors.

As per the provisions of the Section 149 of the Companies Act, 2013 (Act) which came into force from April 1, 2014, every listed company is required to have one-third of the total number of Directors as Independent directors. The above named directors, who are designated as Independent Directors pursuant to Listing Agreement, are now being appointed as Independent Directors to hold the office for tenure as specified in the respective resolutions in the notice to the AGM, under the provisions of Section 149 of the Companies Act, 2013.

All the above Directors have given declarations to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors and their respective relatives for their respective appointment, is concerned or interested, in these Resolutions.

The Board recommends the Ordinary Resolutions as set out at item no. 6,7 and 8 of the Notice for approval of the Members.

##### Item No. 9

The existing Articles of Association (AoA) of the Company are based on the provisions of Companies Act, 1956. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections of the Companies Act, 2013, for implementation. Subsequently, on March 26, 2014, MCA had notified most of the remaining Sections which deal with the general working of the companies (barring those provisions which require sanction / confirmation of the National Company Law Tribunal).

Several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some of them are no longer in conformity with the provisions of Companies Act, 2013. In this regard, it is proposed to alter the AoA to keep them in line with provisions of Companies Act, 2013. Consequent to change in name of the company, the AoA has to be changed suitably to reflect the new name of the company viz., Lycos Internet Limited. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The proposed new draft AoA is being uploaded on the Company's website [www.ybrantdigital.com](http://www.ybrantdigital.com) for perusal by the shareholders.

None of the Directors, Key Managerial Personnel and their respective relatives is concerned or interested, in the Special Resolution set out at Item No. 9 of the Notice.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval of the Members.

##### Item No. 10

Ybrant Digital Limited is a digital marketing company founded in 2000. The company is the new-age internet media company offering Digital Marketing solutions to businesses, agencies, and online

publishers worldwide. Company's internet-channel solutions, flexible and scalable platforms, coupled with massive local presence, enable targeting the right audience for advertisers, delivering the appropriate messages and better monetization for content owners.

Lycos, Inc. is an internet search engine and web portal established in 1994. Lycos also encompasses a network of email, webhosting, social networking, and entertainment websites. It has brand recognition as "LYCOS".

Ybrant Digital Limited has acquired the Lycos Inc. during the financial year 2010-11 and it is a 100% subsidiary of Ybrant. In order to take advantage of the brand value of Lycos, it is proposed to change the name of the company from its present name to "Lycos Internet Limited".

The Registrar of Companies, Telangana has made available the new name "Lycos Internet Limited" for registration.

Consequent to aforesaid name change the Clause 1 of the Memorandum of Association (MOA) of the Company has to be altered to reflect the new name.

Pursuant to provisions of Companies Act, 2013, approval of members by way of special resolution is required to change the name clause in MOA.

Accordingly approval of members is sought for the aforesaid change in name of the company and name clause of MOA.

None of the Directors, Key Managerial Personnel and their respective relatives is concerned or interested, in the Special Resolution set out at Item No. 10 of the Notice.

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval of the Members.

#### Item No. 11 & 12

In order to attract and retain qualified, talented and competent personnel in the Company, your Company has instituted a "YBRANT ESOP 2014" (hereinafter called as ESOPs) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any modifications therein from time to time (hereinafter known as SEBI Guidelines). The salient features of the proposed "YBRANT ESOP 2014" are as follows.

##### a) The total Number of Options to be granted

The total number of options to be granted under this scheme are 2,50,00,000 (Two Crores Fifty Lakhs Only). Each option granted, shall entitle the employee to apply for and be allotted one equity share of the Company subject to the fulfilment of vesting requirements.

##### b) Identification of classes of employees entitled to participate in the ESOS

All employees of the Company and its subsidiaries whether in India or Overseas may be eligible in accordance with the SEBI Guidelines are entitled to participate in the Scheme.

Such other persons, as may from time to time be allowed under applicable laws and regulations prevailing from time to time and as may be approved by the Board of Directors / Nomination & Remuneration Committee herein (after referred as "Committee".)

##### c) Requirements of Vesting and period of vesting

The vesting requirements shall, inter alia consist of satisfactory performance of the employees, their continued employment in the Company and its subsidiaries and such other reasonable requirements as may be specified by the Committee. There shall be minimum period of one year between the grant of options and vesting of options.

##### d) Maximum period within which the option shall be vested

The exact proportion in which and the exact period over which the options would vest would be determined by the Committee, subject to the minimum vesting period of one year from the date of grant of options.

##### e) Exercise price or pricing formula

The Price at which the options which are convertible into equity shares of nominal value of Rs.2/- per share shall be 50% of the closing price of the shares recorded on BSE Limited (BSE) on the date of such grant and on such terms and conditions as may be specified and determined by the Board / Committee.

##### f) Exercise period and process of exercise

The exercise period shall be as decided by the Committee of the Board of Directors. The options will be exercisable by the employees by written application to the Company to exercise the options in such manner and on execution of such documents as may be prescribed by Committee / Board of Directors from time to time. During the exercise period, the option holders shall exercise the options and pay the exercise price of the options for conversion into Equity Shares of the Company.

##### g) The appraisal process for determining the eligibility of employees to the ESOS

Board / Committee shall decide on the selection of employees and grant of options, the basis of which shall include but shall not be limited to:

1. Performance of the employee
2. Position and responsibility of the employee
3. Nature of employee's services to the Company
4. The period for which the employee has rendered his services to the Company
5. Potential of the employee to contribute to the Company's performance
6. The extent of contribution made by the employee towards business results, achievement of medium to long term plans of the Company, processes, customers satisfaction etc,

Any other criteria as may be decided by the Board / Committee from time to time.

The Board / Committee may also decide to offer a fixed number of options to new eligible employees based on the grade and/or criticality of the position.

##### h) Maximum number of options to be issued per employee and in aggregate.

The Maximum number of options to be granted per employee during any one year, may be equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant of the option. The aggregate of

all such grants under the scheme shall not exceed such number of Equity shares per employee of the Company as may be decided by the Committee.

- i) A statement to the effect that the company shall conform to the accounting policies specified in Clause 13.1

It is hereby stated that the Company shall conform to the accounting policies specified in Clause 13.1 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and/or such other guidelines as may be applicable, from time to time.

- j) The Company intends to use the Intrinsic value Method to calculate the employees' compensation cost in respect of the shares allotted by the Company to the Employees under the Employee stock Option Scheme

- k) In case the Company calculates the employee compensation cost using the intrinsic value of the Share, the difference between the employee compensation cost so computed and the employee Compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed in the Directors' report and also impact of this difference on profits and on EPS of the Company, if applicable shall also be disclosed in the Directors' report.

The Board recommends the Special resolutions as set out at Item no 11 & 12 of the Notice for approval of the members.

None of the Directors, Key Managerial Personnels of the Company and their relatives are concerned or Interested in the resolution.

Dated: July 26, 2014

**Registered Office:**

Plot No.7A, Road No.12,  
MLA Colony, Banjara Hills,  
Hyderabad – 500 034,  
Telangana, India.  
CIN:L64203TG1999PLC030996  
Email:ir@ybrantdigital.com  
www.ybrantdigital.com  
Tel:+91 40 45678999 efax: +91 (22)66459677

By Order of the Board of  
**YBRANT DIGITAL LIMITED**

**SD/-**  
**K ANUSHA**  
Company Secretary

**Additional Information on Directors seeking appointment / re-appointment at the ensuing Annual General Meeting as per Clause 49 of the Listing Agreement.**

| Name of Director  | Mr. M.Suresh Kumar Reddy  | Mr. Vijay Kancharla   | Mr. M.Vijaya Bhasker Reddy  | Mr. Y.Ramesh Reddy  | Mr. A Raghunath   |
|---|---|---|---|---|---|
| Date of Birth   | 25.10.1966  | 10.05.1967  | 31.07.1963  | 24.10.1966  | 21.02.1967  |
| Date of Appointment on the Board of the Company   | 26.06.2012  | 26.06.2012  | 26.06.2012  | 26.06.2012  | 26.06.2012  |
| Category  | Chairman & Managing Director  | Executive Director  | Independent Director  | Independent Director  | Independent Director  |
| Relationship with other Directors   | None  | None  | None  | None  | None  |
| Expertise in specific function area   | Software Industry and Business Intelligence Development                       | Online Advertising Technology   | Marketing and Management  | IT, Manufacturing and Investment Banking  | Project and Business Development, Technical management  |
| Qualification   | Master of Science from Iowa State University and B.Tech., from IIT, Kharagpur | Master of Science from University of Louisville and B.Tech., from JNTU, Hyderabad | Master's Degree in Food Engineering from IIT, Kharagpur and Management Development Programme from IIM, Ahmedabad          | Chemical Engineering from IIT, Chennai and Management Degree in Finance and Marketing from XLRI, Jamshedpur | B. Tech from Osmania University, Hyderabad & Degree in Marketing from IGNOU                               |
| List of other directorships held as on 31.03.2014 (excluding Private, Section 25 Companies & Foreign Companies) | NIL   | NIL   | NIL   | NIL   | NIL   |
| Chairman / member of the committee of the Board of Directors of the Company                                     | Member of Stakeholders Relationship Committee                                 | NIL   | Chairman of Nomination & Remuneration Committee, Member of Audit Committee, Member of Stakeholders Relationship Committee | Chairman of Audit Committee, Member of Nomination & Remuneration Committee                                  | Chairman of Stakeholders Relationship Committee and Member of Audit & Nomination & Remuneration Committee |
| Chairman / Member of the committees in other companies in which he is a Director                                | NIL   | NIL   | NIL   | NIL   | NIL   |
| Number of shares held in the Company as on 31.03.2014   | 65573882  | 65865510  | 180000  | NIL   | NIL   |

## DIRECTOR'S REPORT

To  
The Members,  
Your Directors are pleased to present the 15th Annual Report of the Company for the Financial year 2013-14.

### 1. Financial Highlights

| Particulars                                      | (Rs in Lakhs)    |                  |                 |                 |
|--|------------------|------------------|-----------------|-----------------|
|  | Consolidated     |                  | Standalone      |                 |
|  | FY 2013-14       | FY 2012-13       | FY 2013-14      | FY 2012-13      |
| <b>Total Revenue</b>                             | <b>167487.28</b> | <b>161538.85</b> | <b>61006.68</b> | <b>60213.67</b> |
| Gross Profit before Interest, Depreciation & Tax | 36864.98         | 12100.26         | 9038.85         | 4623.77         |
| Less: Interest                                   | 2694.40          | 3516.77          | 2375.45         | 2319.25         |
| Depreciation                                     | 6883.36          | 2603.08          | 5287.98         | 1247.26         |
| <b>Profit Before Tax</b>                         | <b>27287.22</b>  | <b>5980.41</b>   | <b>1375.41</b>  | <b>1057.25</b>  |
| Less: Provision for Tax                          | 5113.26          | 1059.97          | 468.07          | 221.13          |
| Deferred Tax Liability                           | 77.69            | 383.83           | (8.32)          | 383.83          |
| Add: MAT Credit Entitlement                      | NIL              | 562.88           | NIL             | 562.88          |
| <b>Profit After Tax</b>                          | <b>22096.28</b>  | <b>5099.49</b>   | <b>915.65</b>   | <b>1015.18</b>  |
| Balance Brought forward from the previous year   | 37444.10         | 32375.06         | 12146.35        | 11161.63        |
| Profit available for appropriations              | 59540.38         | 37474.55         | 13062.00        | 12176.81        |
| Transferred to General Reserve                   | 27.47            | 30.46            | 27.47           | 30.46           |
| Profit Carried to Balance Sheet                  | 59512.91         | 37444.10         | 13034.53        | 12146.35        |

### 2. DIVIDEND

In order to strengthen the financial viability and in view of the future plans of the company, your directors have expressed their inability to recommend any dividend for the financial year 2013-14.

### 3. TRANSFER TO GENERAL RESERVE

The Company proposes to transfer an amount of Rs 27.47 lakhs to the General Reserve out of the amount available for appropriations.

### 4. PERFORMANCE REVIEW

On Consolidation basis, your company has achieved a total revenues of Rs. 1674.87 Crores for financial year 2013-14 as against Rs 1615.39 Crores in previous financial year, an increase of around 4% year on year basis. After considering write off current year and last year, the profit for the year was Rs. 221 crores as against Rs. 51 crores in previous year. The revenues from digital division for the year was Rs.1216 crores, an increase of 41% year-on-year basis.

### 5. BUSINESS REVIEW

The Management Discussion and Analysis Section of the Annual Report presents a detailed business review of the company.

### 6. SUBSIDIARY COMPANIES.

The Company has 18 subsidiaries as on date and the details of investments made by the company in the subsidiaries during the financial year 2013-14 and the value of investments as on March 31, 2014 have been furnished vide Note 12 to Notes to Accounts.

In accordance with the Ministry of Corporate Affairs General circular dated February 8, 2011, the Balance sheet and the Statement of Profit and loss and other documents of the Subsidiary companies are not being attached to the Balance sheet of the Company. A Statement containing the brief details of financials of the Subsidiary Companies for the financial year ended March 31, 2014 is attached to this Annual Report.

The Annual accounts of the Subsidiary companies shall be made available to the members who seek such information and are also made available for inspection by the members of the company at the Registered office of the Company on any working day during business hours.

### 7. CONSOLIDATED FINANCIAL STATEMENTS

In terms of Clause 32 of the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company prepared in accordance with Accounting Standards issued by Institute of Chartered Accountants of India, are attached and forms part of the Annual Report.

## 8. FIXED DEPOSITS

During year under review, your company has neither invited nor accepted any Fixed Deposits from the public.

## 9. CORPORATE GOVERNANCE

As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on the Corporate Governance is annexed to this report and forms part of the Annual Report.

The requisite certificate from the Auditors of the Company confirming the compliance of the conditions stipulated under Clause 49 of the Listing Agreement is attached to the Report on Corporate Governance.

## 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Management Discussion and Analysis is annexed to this report and forms part of the Annual Report.

## 11. POLICY ON CODE OF CONDUCT

The Company has laid down a "Code of Conduct & Ethics" for all Board members and Senior Management Personnel. Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement, the Declaration by the Chairman and Managing Director affirming the compliance with the Code of Conduct & Ethics is attached to the Report on Corporate Governance.

## 12. DIRECTORS

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr.Vijay Kancharla, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Company had designated Mr.M.Vijaya Bhasker Reddy, Mr.Y.Ramesh Reddy and Mr. A Raghunath as Independent Directors of the company. As per the provisions of the Section 149 of the Companies Act, 2013 (Act) which came into force from April 1, 2014, every listed company is required to have one-third of the total number of Directors as Independent directors. The above named directors, who are designated as Independent

Directors pursuant to Listing Agreement, are now being appointed as Independent Directors to hold the office for tenure as specified in the notice to the AGM, under the provisions of Section 149 of the Companies Act, 2013. The Board of Directors recommends the appointment of above named directors as Independent Directors.

## 13. AUDITORS

M/s.P.Murali & Co., Statutory Auditors of the company holds the office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from the Statutory Auditors that their appointment, if made, would be within the limits prescribed under the provisions of the Companies Act, 2013 and that they are not disqualified for re-appointment. The Board of Directors recommends the reappointment of M/s.P.Murali & Co., as Statutory Auditors of the Company.

## 14. PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report, excluding the aforesaid information, is being sent to all the members of the Company and others entitled thereto. Members who are desirous of obtaining such particulars are requested to write to the Company Secretary of the Company.

## 15. DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

The particulars, as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are as following:

### (i) Details of Conservation of Energy

The operations of your company do not consume high levels of energy. The Company uses electric energy for its equipment such as computer terminals, air conditioners, lighting and utilities in the work premises. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipment with the latest technologies. However, the requirement of disclosure of particulars with respect to conservation of energy as prescribed in the Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company and hence not provided.

### (ii) Research & Development and Technology Absorption

The Information Technology (IT) and Information Technology Enabled Services (ITES) Industry are subject to high rate of technological obsolescence. The Company's business is Digital Marketing and Software Development. The change in the industry paradigm is dynamic. The Company is continuously updating these changes and constantly evaluating these developments to improve its capabilities towards the industry. Accordingly, research and development of new services, display advertising, platforms and methodologies, continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous improvements and innovations. As part of the continuous thrust on R&D,



the company is also focused on Solutions Research and Vertical Focus Research. These would identify new ideas which would enable business process improvement for customers and would be aligned with the business strategy and growth opportunities of the organization.

**(a) R & D Initiative:**

The Company believes that technological obsolescence is a practical reality. It invests and encourages continuous innovation. Its R& D is always focused to provide unique benefits to our customers and other stakeholders by working both proactively (self-driven research) and reactively (customer-driven research). Our technical team also works to optimize the existing software applications and to be able to optimally use the existing hardware on a continuous basis.

**(b) Specific areas for R&D at the company & the benefits derived there from:**

The Company is continuously working on its all business areas specifically digital marketing division for bringing about significant improvements in its services offered at competitive. The R& D activities taken up by the company helps it to remain competitive.

**(c) Future plan of action:**

The Company is constantly keep working on finding/evaluating new technologies, processes, frameworks and methodologies to enable us in improving the quality of our offering and better ways to service at competitive at all levels.

**(d) Expenditure on R& D for the year ended March 31, 2014:**

Our R & D activities are not capital intensive and we do not specifically provide for the same in our books.

(iii) Foreign Exchange Earnings and outgo The particulars of earnings and expenditure in foreign exchange during the year are given vide note no 31 & 30 in notes to Standalone financial statements.

**16. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state that:

- (a) in preparation of annual accounts containing financial Statements for the financial year ended March 31, 2014 the applicable accounting standards have been followed.
- (b) the accounting policies are consistently followed and your Directors have applied them to give a true and fair view of the state of affairs of the Company and the profit/loss for that period.
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) Annual accounts have been prepared on a going concern basis.

**17. ACKNOWLEDGEMENTS AND APPRECIATIONS**

We thank our Customers, Vendors, governmental authorities, Banks, Financial Institutions and esteemed Shareholders for their continued support. We place on record our appreciations of the contribution made by the employees at all levels.

**For and on behalf of the Board of Directors  
YBRANT DIGITAL LIMITED**

**SD/-  
M. Suresh Kumar Reddy  
Chairman & Managing Director**

Place: Hyderabad  
Date: July 26, 2014



# Management Discussion and Analysis

## Global Economic Review

The world economy has experienced subdued growth for another year in 2013, unable to meet even the modest projections many institutional forecasters made earlier. Underperformance in the world economy was observed across almost all regions and major economic groups. Most developed economies continued struggling in an uphill battle against the lingering effects of the financial crisis, grappling in particular with the challenges of taking appropriate fiscal and monetary policy actions. A number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new headwinds during 2013 on both international and domestic fronts.

Growth in the United States is expected to be 2.8 percent in 2014, up from 1.9 percent in 2013. Following upward surprises to inventories in the second half of 2013, the pickup in 2014 will be carried by final domestic demand, supported in part by a reduction in the fiscal drag as a result of the recent budget agreement. But the latter also implies a tighter projected fiscal stance in 2015, and growth is now projected at 3 percent for 2015.

The Euro area is turning the corner from recession to recovery. Growth is projected to strengthen to 1 percent in 2014 and 1.4 percent in 2015, but the recovery will be uneven. The pickup will generally be more modest in economies under stress, despite some upward revisions including Spain. High debt, both public and private, and financial fragmentation will hold back domestic demand, while exports should further contribute to growth. Elsewhere in Europe, activity in the United Kingdom has been buoyed by easier credit conditions and increased confidence. Growth is expected to average 2½ percent in 2014–15, but economic slack will remain high.

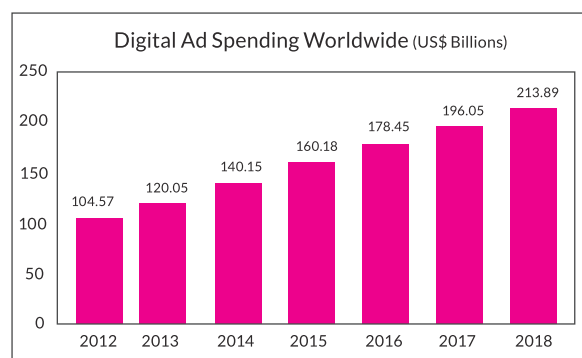
Overall, growth in emerging market and developing economies is expected to increase to 5.1 percent in 2014 and to 5.4 percent in 2015. Growth in China rebounded strongly in the second half of 2013, due largely to an acceleration in investment. This surge is expected to be temporary, in part because of policy measures aimed at slowing credit growth and raising the cost of capital. Growth is thus expected to moderate slightly to around 7½ percent in 2014–15. Growth in India picked up after a favorable monsoon season and higher export growth and is expected to firm further on stronger structural policies supporting investment.

### Digital Ad Spending Worldwide to Hit \$140 Billion in 2014

Spending on ads served to internet-connected devices including desktop and laptop computers, mobile phones and tablets will reach \$140 billion this year, according to eMarketer's latest estimates of worldwide paid media spending.

Digital spend will be up 14.8% over 2013 levels, according to the forecast, and will make up just over one-quarter of all paid media spending worldwide. That's up from about one-fifth of spending in 2012, and it is set to rise to nearly one-third of the total by the end of our forecast period, when advertisers around the world will invest \$204.01 billion in digital.

The US is still the single biggest spender on digital ads, with North America thus the highest-spending region. Nearly two in five digital ad dollars this year will come from advertisers in North America, compared with 28.6% in Asia-Pacific—where share is actually dropping slightly. Western Europe accounts for nearly one-quarter of all digital spending around the world, and other regions make up just a small share.



Total media ad spending worldwide will grow at a significantly slower pace, hovering around 5% growth for the next several years. The total media spending will reach \$656.3 billion by 2018.

While the US is the highest spender on digital media in terms of absolute dollars, it's the UK that sports the highest share of total media spending on digital channels, at 47.5% expected this year. That compares with 40.1% in second-place Denmark, 37.5% in third-place Australia, and 27.9% in the US.

## Social Media Marketing:

Social network ad spending is on the rise around the world, and spending per user is going up in every region even as new users continue to flock to social platforms. North America far outpaces any other region in spending by this metric, according to eMarketer estimates, and will continue to do so for the foreseeable future.

| Social Network Ad Spending Per Social Network user Worldwide, By Region (US\$) |       |       |       |       |
|--|-------|-------|-------|-------|
|  | 2012  | 2013  | 2014  | 2015  |
| North America  | 19.03 | 26.05 | 32.82 | 39.89 |
| Western Europe   | 10.24 | 12.04 | 13.71 | 16.17 |
| Asia-Pacific   | 2.95  | 3.36  | 3.6   | 4.12  |
| Eastern Europe   | 1.36  | 1.87  | 2.21  | 2.54  |
| Latin America  | 1.41  | 1.78  | 2.17  | 2.39  |
| Middle East & Africa   | 0.27  | 0.37  | 0.5   | 0.66  |
| Worldwide  | 5.14  | 6.18  | 6.97  | 7.98  |

eMarketer estimates advertisers will invest \$32.82 on social network advertising per social network user in North America this year, up from just over \$26 in 2013. That's more than double per-user spending expected in Western Europe, the No. 2 social network ad market by this measure. Spending per user drops off sharply after the first two slots, with third-place Asia-Pacific only

reaching a projected \$3.60 in social network ad spending per user. The figures include spending on paid advertising that appears on social sites, but do not include non-advertising marketing expenses such as creation of social content or maintenance of brand pages. Overall, social network ad spending is growing most quickly in the Middle East and Africa, though even in a relatively mature region like North America eMarketer expects solid double-digit growth over the next two years.

### Mobile Marketing

Mobile is making inroads in digital ad spending throughout the world, according to eMarketer's latest forecast of paid media ad spending worldwide. While mobile internet ad spending as a share of the total digital market is largest in North America, it's growing in every region around the world.

Social Network Ad Spending Per Social Network user Worldwide, By Region (US\$)

|                      | 2011  | 2012  | 2013   | 2014   | 2015   | 2016   | 2017   |
|----------------------|-------|-------|--------|--------|--------|--------|--------|
| North America        | 1,378 | 4,279 | 7,724  | 12,031 | 17,192 | 22,999 | 29,067 |
| Western Europe       | 1,770 | 2,690 | 4,143  | 5,842  | 8,120  | 10,516 | 13,061 |
| Asia-Pacific         | 780   | 1,669 | 3,589  | 6,388  | 9,199  | 12,050 | 15,184 |
| Eastern Europe       | 37    | 71    | 162    | 273    | 423    | 609    | 822    |
| Latin America        | 41    | 78    | 150    | 289    | 482    | 766    | 1,196  |
| Middle East & Africa | 10    | 21    | 50     | 86     | 137    | 219    | 340    |
| Worldwide            | 4,016 | 8,808 | 15,818 | 24,909 | 35,553 | 47,159 | 59,670 |

This year, eMarketer expects, 18.8% of all digital ad spending in North America will go toward mobile internet ads—which include

### North America:

US advertisers will collectively spend upward of \$50 billion on digital advertising in 2014. This represents the fifth year in a row of torrid growth, reflecting broad economic and advertising industry trends that have driven nonstop, double-digit gains across virtually all industries since the trough of the Great Recession in 2009. Mobile will lead this year's rise in total media ad spending in the US, and advertisers will spend 83.0% more on tablets and smartphones than they did in 2013—an increase of \$8.04 billion. By the end of this year, mobile will represent nearly 10% of all media ad spending, surpassing newspapers, magazines and radio for the first time to become the third-largest individual advertising venue, only trailing TV and desktops/laptops.

### US Digital Ad Spending (IN USD Billions)

|                   | 2013  | 2014  | 2015  | 2016  |
|-------------------|-------|-------|-------|-------|
| Laptop / Desktops | 33.4  | 32.99 | 32.01 | 29    |
| Mobile            | 9.69  | 17.73 | 26.59 | 37.49 |
| Total             | 43.09 | 50.72 | 58.6  | 66.49 |

### Europe:

Digital advertising has evolved at different speeds in the leading Western European nations. Germany, the largest Continental

all mobile advertising on tablets, smartphones and other devices except messaging-based formats. By 2017, nearly half of all digital ad spending in North America will be on the mobile internet.

Western Europe and Asia-Pacific are nearly tied this year, with 12.6% and 12.3% of all digital spending occurring on mobile, respectively. But Western Europe is expected to expand its share more rapidly, as a relatively mature desktop ad market gives over to mobile channels. Latin America, the Middle East and Africa, and Central and Eastern Europe all have less mature digital ad markets overall, but the direction is clear: A greater share of all digital dollars will go toward mobile each year. By 2017, eMarketer expects, 36.3% of digital ad spending around the world will go toward mobile formats, up from just 4.6% as recently as 2011.

That's happening even as digital continues to grow significantly, meaning much digital growth is attributable to mobile specifically.

North America will remain the No. 1 digital ad market throughout the forecast period, with Asia-Pacific in second place.

market, is more mature than France in this respect, and both are more advanced than Italy and Spain. In Germany, growth in digital ad spending is expected to peak in 2013, while France should see its most dramatic gains next year. In Italy and Spain, by contrast, the economic turmoil of recent years has severely hindered the development of digital advertising. Growth rates in both countries, which reflect those markets' relative immaturity, are still climbing and are projected to begin falling only after 2015.

In most of Western Europe's major ad markets, expenditure on search ads is diminishing as a share of total digital ad spending, while display advertising is increasing. The popularity of video ads among both consumers and advertisers is a major driver of display's growth in the region.

Thanks to surging levels of mobile usage, including smartphone ownership, mobile ad spending is rising more rapidly than any other category of digital ad spending in major Western European markets. This is still a very young industry; in 2013, mobile internet ads will account for less than 9% of total digital ad outlays in France and Germany, for example, and less than 6% in Spain. By 2017, though, an estimated 36.5% of all digital ad spending in Spain will go to the mobile internet.

### Asia Pacific:

Investments in digital advertising in Asia-Pacific are set to rise 17.9% to total \$41.07 billion this year, according to eMarketer's latest estimates of global digital ad spending

## Asia Pacific:

Just like in 2012 and 2013, the region will boast the second-biggest share of digital ad spending worldwide, trailing only North America, at 29.3% vs. 38.8%. Though we expect this trend to continue through our forecast period, Asia-Pacific will actually lose share in the coming years as North America widens the gap.

With investments in online and mobile advertising totaling \$18.96 billion this year, China will maintain the largest share of the region's digital ad market, at 46.2%—a trend that will continue through 2018. Japan and Australia will rank second and third, with respective digital ad spending totals of \$9.19 billion and \$4.52 billion this year.

In Asia-Pacific, Indonesia will be the leading country for digital ad spending growth by a long shot, at a whopping 75.0% this year, compared with 30.0% in second-place India. Though Indonesia will still sit near the bottom when it comes to digital ad spending and share across Asia-Pacific throughout our forecast period, this growth will pay off somewhat, as we expect the country to surpass India in these categories in 2017. On top of that, Indonesia will near South Korea in digital ad dollars by 2018.

### Digital Ad Spending in Asia-Pacific, by Country (US\$ Billions)

|             | 2013  | 2014  | 2015  | 2016  |
|-------------|-------|-------|-------|-------|
| China       | 15.54 | 18.96 | 22.38 | 25.06 |
| Japan       | 8.55  | 9.19  | 9.74  | 10.25 |
| Australia   | 3.83  | 4.52  | 5.02  | 5.51  |
| South Korea | 2.08  | 2.28  | 2.44  | 2.59  |
| India       | 0.59  | 0.77  | 0.77  | 1.20  |
| Indonesia   | 0.24  | 0.42  | 0.42  | 1.19  |
| Other       | 3.99  | 4.93  | 4.93  | 6.25  |
| Total       | 34.83 | 41.07 | 46.89 | 52.06 |

## Latin America:

Total media ad spending in Latin America reached \$37 billion in 2013, making it the region with the third-smallest outlays worldwide in that category. But it will register the second-fastest regional growth this year, expanding at a 7.5% rate, trailing only Eastern Europe, according to eMarketer estimates.

Digital ad spending growth in Latin America will be even faster, clocking a 21.5% expansion to reach \$4.11 billion in 2013 and an 11.1% share of total media ad spending. The category will go on to register double-digit growth through 2017 when it will reach \$8.27 billion, according to eMarketer estimates. Reflecting Mexico's smaller base spending level and the greater appetite for digital media among advertisers there, digital ad spending in the country will grow by 32.1%, the fastest rate in the region in 2014; digital ad spending in Mexico will keep rising faster than any other country in Latin America throughout the forecast period. Growing at such a heated pace, Mexico's share of digital ad spending in Latin America will reach 18.5% by 2017, more than 3 percentage points higher than last year.

### Digital Ad Spending in Latin America, by Country (US\$ Billions)

|                | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------|------|------|------|------|------|------|------|
| Brazil         | 1.48 | 2.08 | 2.49 | 3.19 | 3.67 | 4.29 | 4.89 |
| Mexico         | 0.37 | 0.5  | 0.66 | 0.9  | 1.1  | 1.31 | 1.53 |
| Argentina      | 0.27 | 0.31 | 0.31 | 0.33 | 0.36 | 0.38 | 0.4  |
| Others         | 0.36 | 0.5  | 0.65 | 0.86 | 1.06 | 1.25 | 1.45 |
| Latina America | 2.48 | 3.39 | 4.11 | 5.29 | 6.18 | 7.23 | 8.27 |

## Business Review

On Consolidation basis, your company has achieved a total revenues of Rs. 1674.87 Crores for financial year 2013-14 as against Rs 1615.39 Crores in previous financial year, an increase of around 4% year on year basis. After considering write off current year and last year, the profit for the year was Rs. 221 crores as against Rs. 51 crores in previous year. The revenues from digital division for the year was Rs.1216 crores, an increase of 41% year on-year basis.

### Strategic initiatives

#### Business :

Ybrant Digital acquired minority stake in Israel listed company, Jobokit Holdings Ltd., (through Ybrant Digital Israel) in April 2014 to exclusively represent Jobokit (www.Jobokit.com) New Ybrant Mobile website was launched with more focus on traffic monetization and mobile apps.

Affiliates' websites for the next 30 months for their online advertising needs. Ybrant has the right to extend the Representation Agreement for two more years based on performance. Ybrant's Social Media team attended the F8 Facebook Developers Conference in April at SF to understand the various new features that were announced by Facebook.

#### Technology:

**OneTag :** Ybrant's Flagship platform display advertising. Serving 3 billion impressions per month globally and designed to scale Integrates seamlessly with Ybrant CRM and popular Ad exchanges. Publishers can shift the traffic to any of the desired ad exchanges based on simple rules Collects data, measures performance and reports campaign metrics.

### Ybrant Digital SWOT Analysis

| Strengths                              | Weakness  | Opportunities  | Threats   |
|--|---|--|---|
| Early entrant in a fast growing market | Over dependence on developed economies<br><br>Use of technologies restricting the receipt of internet advertisements, like filter software, by internet users may affect the reach and penetration of internet advertisement to customers which may have an effect on the operations and financial position of the Company. | Digital media channels spends is appx. 13% of overall global advertising spends. | Acquisitions involve numerous risks, any of which could harm our business, financial and our future growth plans, if not executed in line with our plans. |
| Deep domain knowledge                  |   |  |   |
| Global footprint                       |   |  |   |
| Deep agency relations                  |   | Growing internet acceptance  | New privacy legislations, industry standards and other regulations  |
| Comprehensive range of services        |   | Rising broadband penetration   |   |
| Complementary acquisitions             |   | India emerging a strong  | Competition   |
|  |   |  | Consolidation of technology and service   |

**Pangea :** Special Tool to manage Facebook campaigns.

**Data Management Platform ( DMP ) :** A Bigdata platform to collect, store, analyze and track an online user. Display Optimizer/ Business Intelligence: Big Data based Campaign optimization and analysis.

#### Outlook:

The massive Indian market is changing fast. Internet access is main streaming among professionals and the use of mobile is intensifying. The pace of change continues to be rapid with digital channels constantly growing in volume and strength. More people spend more time online in India every year, and the digital tools and sites they use play an ever-growing role in their lives. Smart marketers keep on top of the scale of change and ensure their marketing strategies and touch points mirror where the consumer is spending their time. The Digital marketing space is here to stay and growing rapidly to reach everyone and soon will touch US\$ 1 bn in online spend.

#### Risk management

The Company has identified major focus areas for risk management and mitigation, ensuring smooth organisational 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 One Tag and Lycos TV.

**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.

**For and on behalf of the Board of Directors**  
**YBRANT DIGITAL LIMITED**

**SD/-**  
**M. Suresh Kumar Reddy**  
**Chairman & Managing Director**

Place: Hyderabad

Date: July 26, 2014



# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The basic philosophy of Corporate Governance of the Company is to achieve business excellence and enhance shareholder value keeping in view the interest of all stake-holders. The Company stands by transparency in all its dealings and strict regulatory compliance.

## BOARD OF DIRECTORS

### Composition

The Company has optimum combination of Executive, Non-Executive and Independent directors on the Board in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Company has total strength of 5 directors consisting of 2 Executive Directors and 3 Non Executive Independent directors. The Composition of Board and the Category of the Directors as on March 31, 2014 are as follows:

| Category                           | Name of the Director      |
|------------------------------------|---------------------------|
| Promoter Executive Director        | Mr.M.Suresh Kumar Reddy   |
| Promoter Executive Director        | Mr.Vijay Kancharla        |
| Non-Executive Independent Director | Mr.M Vijaya Bhasker Reddy |
| Non-Executive Independent Director | Mr.Y.Ramesh Reddy         |
| Non-Executive Independent Director | Mr.A.Raghunath            |

All the Directors annually furnish a declaration that they have not been disqualified to act as Directors pursuant to provisions of Companies Act. Further all the Independent Directors annually furnish a declaration that they meet the criteria laid down in Listing Agreement for being Independent. No director is related to any other Director on the board in terms of definition "Relative" given under Companies Act, 2013. The details of Directorship, Membership and Chairmanship of the Directors in the other companies as on March 31, 2014 are as follows:

| Name of the Director       | Designation                  | No. of Directorships in other Public Companies | No.of Committees positions held in other Public Companies |        |
|----------------------------|------------------------------|--|---|--------|
|                            |                              |  | Chairman  | Member |
| Mr. M.Suresh Kumar Reddy   | Chairman & Managing Director | NIL  | NIL   | NIL    |
| Mr. Vijay Kancharla        | Executive Director           | NIL  | NIL   | NIL    |
| Mr. M.Vijaya Bhasker Reddy | Director                     | NIL  | NIL   | NIL    |
| Mr. A. Raghunath           | Director                     | NIL  | NIL   | NIL    |
| Mr. Y.Ramesh Reddy         | Director                     | NIL  | NIL   | NIL    |

Other directorships do not include alternative directorships, directorships of Private Limited Companies, Section 25 companies and of companies incorporated outside India. Chairmanship / membership of Board Committees include only Audit Committee and the Stakeholders Relationship Committee.

### Board Meetings

The Board meetings are generally held at least once in a quarter, for consideration of the financial results amongst other items. Besides this, additional Board meetings are also convened to address the specific requirements of the Company, as and when the need arises. The urgent items, if any, are approved by passing resolutions through circulation by the Board. Agenda papers along with detailed notes are circulated to the Directors in advance for each of these meetings. All the information which is required to be placed before the Board in terms of Clause 49 of the Listing Agreement is made available to the Board, from time to time.

During the year under review, four Board Meetings were held on May 30, 2013, August 8, 2013, November 8, 2013, and February 13, 2014. The details of attendance of the Directors in the Board meetings and last Annual General Meeting are provided below:

| Name of the Director       | No. of Board Meetings (during the year 2013-14) |          | Whether attended last AGM held on 26.09.2013 |
|----------------------------|---|----------|--|
|                            | Held  | Attended |  |
| Mr. M.Suresh Kumar Reddy   | 4   | 4        | YES  |
| Mr. Vijay Kancharla        | 4   | 3        | NO   |
| Mr. M.Vijaya Bhasker Reddy | 4   | 4        | NO   |
| Mr. A.Raghunath            | 4   | 4        | YES  |
| Mr. Y.Ramesh Reddy         | 4   | 4        | YES  |
| Mr. S.Pulla Reddy @        | 1   | 0        | NO   |
| Mr. K.Venkata Subba Rao*   | 2   | 2        | NO   |

@ Resigned from the Board w.e.f. June 24, 2013

\* Resigned from the Board w.e.f. September 20, 2013

## BOARD COMMITTEES

To enable better management of the affairs of the Company and ensure expedient resolution of diverse matters, the Board has constituted a set of committees with specific terms of reference/scope. The proceedings of the meetings of the Committees are circulated to the Board for its noting/ratification.

### I. Audit Committee.

The Audit Committee of Board of Directors comprises of three Independent Directors, i.e., Mr.Y.Ramesh Reddy, Mr.M.Vijaya Bhasker Reddy and Mr.A.Raghunath. All the members of the Committee are financially literate and the Chairman of the Committee has accounting or related financial management expertise. The constitution of the Audit Committee is in compliance with the requirements of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges. The Chairman of the Audit Committee attended the previous Annual General Meeting of the Company.

The terms of reference/role of the Committee covers accounting matters, financial reporting, internal controls and the matters as contained in Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges, as amend-

ed from time to time.

The Audit Committee meetings are usually attended by the Statutory Auditors, Chief Financial Officer (CFO), Vice President (Finance & Accounts) apart from Committee members. Other functional heads and special invitees are invited to the meetings, as required. The Company Secretary acts as Secretary of the Committee.

The Quarterly, Half yearly and Annual financial results of the Company were reviewed by the Audit Committee before consideration and approval by the Board of Directors. The Committee reviews the adequacy of Internal Control Systems and the various compliances.

During the period under review, four Audit Committee Meetings were held on May 30, 2013, August 8, 2013, November 8, 2013 and February 13, 2014.

The composition of the Audit Committee as on date and particulars of meetings attended by the members of the Audit Committee are given below:

| Name of the Member         | Status in the Committee | No. of Meetings (During the year 2013-14) |          |
|----------------------------|-------------------------|---|----------|
|                            |                         | Held                                      | Attended |
| Mr. Y.Ramesh Reddy         | Chairman                | 4   | 4        |
| Mr. M.Vijaya Bhasker Reddy | Member                  | 4   | 4        |
| Mr. A.Raghunath            | Member                  | 4   | 4        |

## II. Nomination & Remuneration Committee

The Composition of the Nomination & Remuneration Committee is as given below:

| Name of the Member          | Status in the Committee |
|-----------------------------|-------------------------|
| Mr. M. Vijaya Bhasker Reddy | Chairman                |
| Mr. A. Raghunath            | Member                  |
| Mr. Y. Ramesh Reddy         | Member                  |

The terms of references of the Committee includes recommendation to the Board about appointment of directors, remuneration to Managing Director(s) and Executive Director(s), approval of stock options to employees, evaluation of the performance of the Directors and such other functions as may be delegated by the Board, from time to time.

During the year under review no such meetings were held.

### Remuneration Policy:

Non Executive Directors are not paid any Remuneration other than sitting fee for the meeting attended by them. There are no performance linked incentives payable to any of the directors. At present, the company does not have any stock option plan as part of a remuneration package for any Director. Remuneration of the directors is approved by the Nomination and Remuneration committee, the Board of Directors and the shareholders of the company. The Company pays sitting fee of Rs. 5000/- to its Non-Executive Independent Directors for attending the Board and Audit Committee meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

**The Details of remuneration paid to Managing Director, Executive Director & Independent Directors during year ended March 31, 2014 and shareholding of directors in the Company as on March 31, 2014 are as given below:**

| Name                        | Remuneration paid (Rs.) | Sitting fee paid during the period ended 31.03.2014 (Rs.) | No. of Shares held as on 31.03.2014 |
|-----------------------------|-------------------------|---|-------------------------------------|
| Mr. M. Suresh Kumar Reddy   | NIL                     | NIL   | 65573882                            |
| Mr. Vijay Kancharla         | NIL                     | NIL   | 65865510                            |
| Mr. M. Vijaya Bhasker Reddy | NIL                     | 20,000  | 180000                              |
| Mr. A. Raghunath            | NIL                     | 20,000  | NIL                                 |
| Mr. Y. Ramesh Reddy         | NIL                     | 20,000  | NIL                                 |

## III. Stakeholders Relationship Committee

The Stakeholders Relationship Committee of Board of Directors comprises of three Directors, i.e., Mr. M.Vijaya Bhasker Reddy, Mr. M.Suresh Kumar Reddy and Mr. A.Raghunath.

The terms of reference of the Committee includes considering and resolving the grievances of security holders of the Company.

During the year under review 6 (six) meetings were held on May 30, 2013, September 12, 2013, November 1, 2013, November 26, 2013, December 18, 2013 and February 28, 2014.

The composition of the Stakeholders Relationship Committee as on date and particulars of meetings attended by the members of the Committee are given below:

| Name of the Member         | Status in the Committee | No. of Meetings (during the year 2013-14) |          |
|----------------------------|-------------------------|---|----------|
|                            |                         | Held                                      | Attended |
| Mr. A.Raghunath            | Chairman                | 6   | 6        |
| Mr. M.Suresh Kumar Reddy*  | Member                  | 5   | 4        |
| Mr. M.Vijaya Bhasker Reddy | Member                  | 6   | 5        |
| Mr.S.Pulla Reddy**         | Member                  | 1   | 0        |

\* Inducted as member of the Committee on August 8, 2013. \*\*Resigned from the Board w.e.f June 24, 2013.

Ms. K. Anusha, Company Secretary is the Compliance Officer nominated for this purpose under Clause 47(a) of the Listing Agreement. During the period under review, twelve complaints have been received from Investors and the same are pending for resolution.

### SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have any Independent Director of the Company on the Board of any of the non-listed subsidiary company.

### GENERAL BODY MEETINGS

(i) Location and time, where last three Annual General Meetings held are as follows:

| Year    | Location  | Date               | Time        |
|---------|---|--------------------|-------------|
| 2012-13 | K L N Prasad Auditorium, FAPCCI, Federation House, 11-6-841, Red Hills, Hyderabad – 500004. | September 26, 2013 | 10:30 A.M.  |
| 2011-12 | Same location as above  | December 26, 2012  | 10:30 A. M. |
| 2010-11 | Same location as above  | September 27, 2011 | 12:00 noon  |

(ii) Special Resolutions passed in the previous three Annual General Meetings:

| Date       | Description of Special Resolution passed   |
|------------|--|
| 26.09.2013 | No Special Resolution was passed in this AGM   |
| 26.12.2012 | Special Resolution was passed for raising of funds by issue of further securities u/s 81(1A) of the Companies Act, 1956. |
| 27.09.2011 | No Special Resolution was passed in this AGM   |

**(iii) Extra-Ordinary General Meetings held during the last three years:**

| Year  | Location  | Time & Date   |
|---|---|---|
| 2012  | The Golkonda Hyderabad Hotel,<br>Banjara Hills, Masab Tank, Hyderabad , A. P.               | 11:00 A.M., August 20, 2012                                       |
| 2012  | K L N Prasad Auditorium, FAPCCI,<br>Federation House, 11-6-841, Red Hills, Hyderabad, A. P. | 11:30 A.M., June 30, 2012<br>(Adjourned Meeting)                  |
| 2012  | K L N Prasad Auditorium, FAPCCI,<br>Federation House, 11-6-841, Red Hills, Hyderabad, A. P. | 11:30 A.M., June 23, 2012<br>(Meeting Adjourned to<br>30.06.2012) |
| 2011  | Surana Udyog Auditorium, FAPCCI,<br>Federation House, 11-6-841, Red Hills, Hyderabad, A. P. | 04:30 P.M., July 15, 2011   |
| Court convened meeting of the Equity shareholders in the matter of Amalgamation |   |   |
| 2011  | K L N Prasad Auditorium, FAPCCI,<br>Federation House, 11-6-841, Red Hills, Hyderabad, A. P. | 11.30.A.M., December 24, 2011                                     |

**(iv) Resolutions passed in the above said Extra-Ordinary General Meetings:**

| Date       | Description of Resolutions passed   |
|------------|---|
| 20.08.2012 | (i) Issue of Equity Shares on preferential basis to the persons other than promoters<br>(ii) Issue of Optionally Convertible Loans (OCL) to persons other than promoters  |
| 30.06.2012 | Issue of Optionally Convertible Loans (OCL) to persons other than promoters   |
| 23.06.2012 | Meeting adjourned to June 30, 2012  |
| 15.07.2011 | (i) Increase of Authorised Share Capital to Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crores) equity shares of Rs. 10/- (Rupees Ten only) each.<br>(ii) Issue and allotment of 3,00,00,000 (Three Crore only) convertible warrants to the persons under promoter group on preferential basis. |
| 24.12.2011 | Court convened meeting of the equity shareholders of the Company to ascertain the consent of the shareholders for the amalgamation of Ybrant Digital Limited (Transferor Company) with LGS Global Limited (Transferee Company, Now Ybrant Digital Limited)  |

**Postal Ballot:**

None of the resolutions was passed through postal ballot during the year under review. However the Board at its meeting held on July 16, 2014 decided to obtain approval of the members of the company by way of special resolution, for the following items through Postal ballot:

1. Authority to the Board of Directors to borrow.
2. Authority to the Board to create charge/mortgage on the assets of the Company.

The procedure for the Postal ballot process is detailed in the notice dated July 16, 2014.



## DISCLOSURES

- i) There were no materially significant related party transactions i.e transactions of the company of material nature with its promoters, the directors or the management, their relatives etc that may have potential conflict with the interests of the company at large. The related party transactions are duly disclosed in the Notes to Accounts.
- ii) There were no cases of non-compliance by the company and no penalties, strictures were 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.
- iii) No treatment different from the Accounting Standards prescribed by the Institute of Chartered Accountants of India, has been followed in the preparation of financial statements.
- iv) The Company has complied with all the mandatory requirements as to Corporate Governance.
- v) The Company at present has adopted the non-mandatory requirements in regard to the constitution of Remuneration Committee. The Company has adopted Vigilance policy and no person has been denied access to the Audit Committee.

## MEANS OF COMMUNICATION

- i) The quarterly and half yearly unaudited financial results and annual audited results of the Company were published in the national level English newspapers as well as regional language newspapers circulating in the state of Telangana. The results are also displayed on the Company's website [www.ybrantdigital.com](http://www.ybrantdigital.com). Official news releases, detailed presentations made to media, analyst, Institutional Investors etc. are displayed on the company's website [www.ybrantdigital.com](http://www.ybrantdigital.com). Official media releases are sent to Stock Exchanges.
- ii) Designated exclusive E-mail ID: The Company has designated the following E-mail ID exclusively for investor servicing [ir@ybrantdigital.com](mailto:ir@ybrantdigital.com).
- iii) Management Discussion & Analysis: The detailed report is forming part of this Annual Report.

## GENERAL SHAREHOLDERS INFORMATION

### Fifteenth Annual General Meeting

|                |   |  |
|----------------|---|--|
| Day & Date     | : | Tuesday, September 30, 2014                                      |
| Time           | : | 10:00 AM   |
| Venue          | : | Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad - 500032 |
| Financial year | : | April 1 to March 31.   |

### Financial Calendar for the Year 2014-15 (tentative)

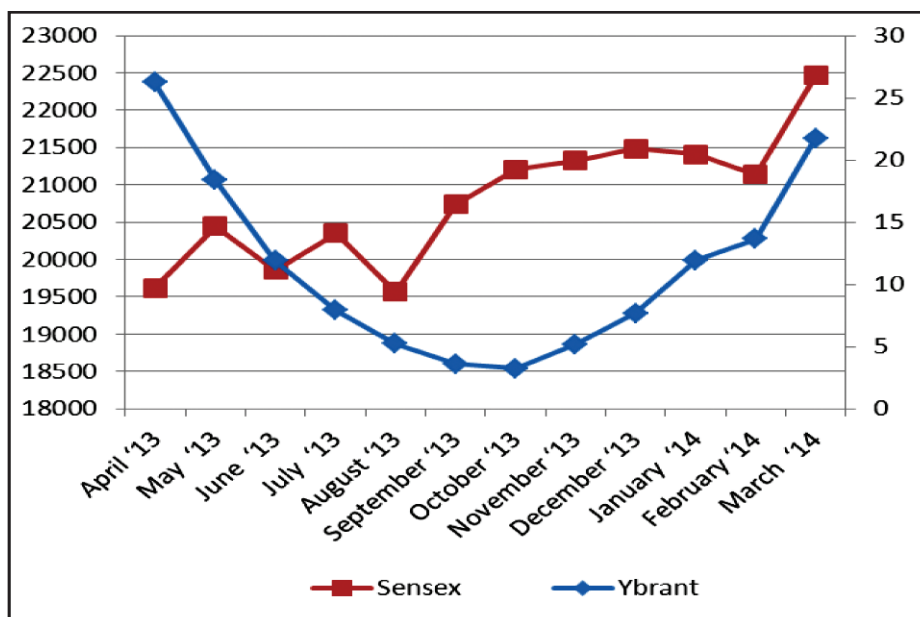
| Financial reporting for the quarter ended | On or Before       |
|---|--------------------|
| June 30, 2014                             | August 14, 2014    |
| September 30, 2014                        | November 14, 2014  |
| December 31, 2014                         | February 14, 2015  |
| March 31, 2015                            | May 30, 2015       |
| AGM for the year ending March 31, 2015    | September 30, 2015 |

|  |   |
|--|---|
| <b>Book Closure Dates</b>              | : September 24, 2014 to September 30, 2014 (both days inclusive) for the purpose of Annual General Meeting. |
| <b>Dividend Payment Date</b>           | : No Dividend has been recommended.   |
| <b>Listing on Stock Exchanges</b>      | : BSE Limited (BSE), Mumbai; Madras Stock Exchange Limited (MSE), Chennai                                   |
| <b>Listing fee</b>                     | : The Company has paid the listing fee for the financial year 2014-15                                       |
| <b>Annual Custodial fee</b>            | : Annual Custodial fee was paid to the Depositories for the financial year 2014-15.                         |
| <b>Stock Code</b>                      | : BSE – Scrip Code: 532368; Stock Id: YBRANTDIGI  |
| <b>ISIN Code</b>                       | :INE425B01027   |
| <b>Corporate Identity Number (CIN)</b> | : L64203TG1999PLC030996   |

Stock Market Data: Monthly High/Low of Market price of the Company's shares traded in BSE and performance in comparison to BSE Sensex during the period from April, 2013 to March, 2014 is furnished below.

| BSE Limited, Mumbai Share Prices of the Ybrant Digital Ltd (In Rs.) |       |       | BSE Sensex |          |
|---|-------|-------|------------|----------|
| Month   | High  | Low   | High       | Low      |
| April '13   | 26.25 | 18.3  | 19622.68   | 18144.22 |
| May '13   | 18.35 | 11.95 | 20443.62   | 19451.26 |
| June '13  | 11.9  | 8.06  | 19860.19   | 18467.16 |
| July '13  | 7.9   | 5.35  | 20351.06   | 19126.82 |
| August '13  | 5.25  | 3.66  | 19569.2    | 17448.71 |
| September '13   | 3.59  | 3.15  | 20739.69   | 18166.17 |
| October '13   | 3.25  | 2.84  | 21205.44   | 19264.72 |
| November '13  | 5.17  | 2.53  | 21321.53   | 20137.67 |
| December '13  | 7.67  | 5.27  | 21483.74   | 20568.7  |
| January '14   | 11.94 | 7.82  | 21409.66   | 20343.78 |
| February '14  | 13.64 | 10.6  | 21140.51   | 19963.12 |
| March '14   | 21.73 | 13.91 | 22467.21   | 20920.98 |

Share Price Movement of Ybrant vis-à-vis Sensex



**Registrar & Share Transfer Agent (RTA)**

Aarhi Consultants Private Limited, whose address is given below, is the Registrar & Share Transfer Agent of the Company for looking after the work related to share registry.

**AARTHI CONSULTANTS PRIVATE LIMITED,**

(Unit: YBRANT Digital Limited); 1-2-285, Domalguda, Hyderabad - 500 029.  
 Phone : +91-40-27634445, 27638111, 27642217, 66611921; Fax : +91-40-27632184,  
 Email : info@aarhiconsultants.com; aarhiconsultants@gmail.com  
 Website: www.aarhiconsultants.com

## Share Transfer System

Share transfers are processed and share certificates duly endorsed are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The transfers, transmissions, duplicate share certificates etc, matters are generally placed before the Stakeholders Relationship Committee for its approval. The Registrar & Share Transfer Agent (RTA) is authorized to do endorsement on Transfer of Shares which is duly approved by the committee. Requests for dematerialization of shares are processed and confirmation given to the respective depositories i.e National Securities Depositories Ltd (NSDL) and Central Depository Services (India) Ltd., (CDSL) within seven days.

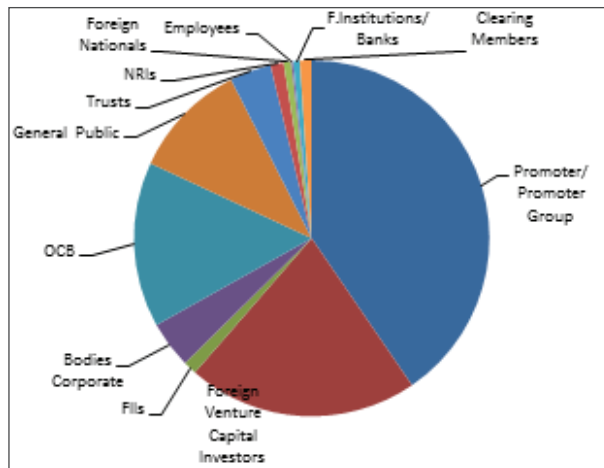
The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchanges.

## Distribution of Shareholding as on March 31, 2014

| Nominal Value of Shareholding (in Rs.) | No. of Shareholders | Percentage | No. of Shares | Percentage |
|--|---------------------|------------|---------------|------------|
| Upto 5000                              | 4580                | 75.74      | 2154066       | 0.45       |
| 5001 - 10000                           | 441                 | 7.29       | 1712980       | 0.36       |
| 10001 - 20000                          | 324                 | 5.36       | 2498681       | 0.52       |
| 20001 - 30000                          | 136                 | 2.25       | 1712896       | 0.36       |
| 30001 - 40000                          | 83                  | 1.37       | 1469802       | 0.31       |
| 40001 - 50000                          | 58                  | 0.96       | 1352217       | 0.28       |
| 50001 - 100000                         | 148                 | 2.45       | 5426965       | 1.14       |
| 100000 & Above                         | 277                 | 4.58       | 459923892     | 96.57      |
| TOTAL                                  | 6047                | 100        | 476251499     | 100        |

## Shareholding pattern as on March 31, 2014:

| Category                            | Total     | % Equity |
|-------------------------------------|-----------|----------|
| 1 Company Promoter / Promoter Group | 192659506 | 40.45    |
| 2 Foreign Venture Capital Investors | 99808710  | 20.96    |
| 3 Foreign Institutional Investors   | 5775014   | 1.21     |
| 4 Bodies Corporate                  | 20391332  | 4.28     |
| 5 Overseas Corporate Bodies         | 71523778  | 15.02    |
| 6 General Public                    | 50425618  | 10.59    |
| 7 Trusts                            | 17983509  | 3.78     |
| 8 Non Resident Individuals          | 5610054   | 1.18     |
| 9 Foreign Nationals                 | 3251592   | 0.68     |
| 10 Employees                        | 900000    | 0.19     |
| 11 Financial Institutions / Banks   | 2900000   | 0.61     |
| 12 Clearing Members                 | 5022386   | 1.05     |
| GRAND TOTAL                         | 476251499 | 100      |



**Dematerialization of Shares and Liquidity:** 94.78% of the total shares have been dematerialized up to March 31, 2014.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity: No such instruments were outstanding.

**Code of Conduct for Directors and Senior Management:**

A copy of the Code has been put on the Company’s website [www.ybrantdigital.com](http://www.ybrantdigital.com).

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

**A declaration signed by the Chairman and Managing Director is given below:**

**DECLARATION**

I hereby confirm that :

The Company has obtained from all the members of the Board and Senior Management affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year ended March 31, 2014.

**SD/-**  
**M. Suresh Kumar Reddy**  
Chairman & Managing Director

**Investor Correspondence**

For queries relating to Shares:  
Aarthi Consultants Private Limited,  
(Unit: Ybrant Digital Limited)  
1-2-285, Domalguda, Hyderabad - 500 029.  
Phone : +91-40-27634445, 27638111, 27642217, 66611921  
Fax : +91-40-27632184,  
Email:info@aarthiconsultants.com; aarthiconsultants@gmail.com

**For queries relating to Financial Statements and other contents of Annual Reports:**

Investor Relations  
Ybrant Digital Limited  
Plot No. 7A, Road No. 12, MLA Colony,  
Banjara Hills, Hyderabad - 500 034.  
Phone No. +91 40 4567 8999  
eFax No. +91 22 66459677  
Email: ir@ybrantdigital.com  
Website: www.ybrantdigital.com

**Locations:**

In view of the nature of the Company’s business viz. Digital Marketing, Information Technology (IT) Services and IT Enabled Services, the Company operates from various offices in India and Abroad and does not have any manufacturing plant.

For and on behalf of the Board of Directors  
**YBRANT DIGITAL LIMITED**

**SD/-**  
**M. Suresh Kumar Reddy**  
Chairman & Managing Director

Place: Hyderabad  
Date: July 26, 2014

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**YBRANT DIGITAL LIMITED**  
Hyderabad.

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of YBRANT DIGITAL LIMITED ("the company") for the year ended March 31, 2014 as stipulated in Clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on "Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance.

Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For P. Murali & Co.,**  
Chartered Accountants

**P. Murali Mohana Rao**  
Partner  
FRN: 007257S  
Membership No.23412

Place: Hyderabad  
Date: July 26, 2014



## CMD & CFO CERTIFICATE

(Pursuant to Clause 49 (V) of the Listing Agreement)

To

### The Board of Directors

### YBRANT DIGITAL LIMITED

We, the undersigned, in our respective capacities as Chairman & Managing Director and Chief Financial Officer of

YBRANT DIGITAL LIMITED ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2014 and based on our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.
- (e) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

For YBRANT DIGITAL LIMITED

SD/-

SD/-

**M. Suresh Kumar Reddy**

**Amreek Singh Sandhu**

Chairman & Managing Director

Chief Financial Officer

Place: Hyderabad

Date: May 28, 2014

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**YBRANT DIGITAL LIMITED**

## Report on the Financial Statements:

We have audited the accompanying financial statements of YBRANT DIGITAL LIMITED (the Company), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Sec.133 of The Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the

information required by the Act 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 March 31, 2014;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) 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;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement comply with the Accounting standards notified under the companies act , 1956("the Act") read with the general circular 15/2013 dated 13th September 2013 issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For P. Murali & Co.,**  
Chartered Accountants  
Firm Registration Number. 007257S  
**P.Murali Mohana Rao**

Place : Hyderabad  
Date : 28-05-2014

Partner  
Membership Number. 023412

## ANNEXURE TO THE AUDITORS' REPORT

- II (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.
- III. The Company is not having any Inventory, hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
(b) As the Company has not granted any 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 under Section 301 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 and 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 loans, 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 loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 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 inventory and fixed assets and for sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- V. a) In our opinion and according to the information and explanations given to us, during the year, no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into by the Company.  
b) According to the information and explanations given to us, as no such contracts or arrangements have been made by the company, the applicability of the clause of charging the reasonable price having regards 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 generally regular in depositing statutory dues including Provident fund, Employees State Insurance, Income Tax, Sales tax/Value Added Tax, Excise Duty & other statutory dues with the appropriate authorities except in few cases where there was a delay in remitting the statutory dues.  
(b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of disputes.

| Name of the Statute | Assessment Year            | Amount Rs.   | Forum where dispute is Pending          |
|---------------------|----------------------------|--------------|---|
| Income Tax          | 2009-10, 2011-12 & 2012-13 | 3,87,72,490  | CIT(Appeals), Hyderabad                 |
| Service Tax         | May 2008 to September 2011 | 14,60,05,131 | CESTAT, Bangalore                       |
| Sales Tax           | 2010-11                    | 4,12,35,944  | Sales Tax Appellate Tribunal, Hyderabad |

- 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 defaulted in repayment of dues to financial institutions or banks.
- 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.
- 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 (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has given certain corporate guarantees for loans taken by its subsidiaries as mentioned in note 39 of notes to financial statements.
- XVI. According to the information and explanations given to us,
- the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the Company.
- XVII. According to the information and explanations given to us the funds raised by the company on short term basis has not been applied for long term investment.
- 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 under section 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 does not arise.
- 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 : 28-05-2014

**For P. Murali & Co.,**

Chartered Accountants  
Firm Registration No. 007257S

**SD/-**

**P.Murali Mohana Rao**

Partner  
Membership No. 023412

**Standalone Balance Sheet as at 31st March, 2014**

| Particulars                         | Note No | As on 31-03-2014       | As on 31-03-2013       |
|-------------------------------------|---------|------------------------|------------------------|
| <b>I. Equity &amp; Liabilities:</b> |         |                        |                        |
|                                     |         |                        | <b>In Rupees</b>       |
| <b>(1) Shareholder's Funds</b>      |         |                        |                        |
| (a) Share Capital                   | 1       | 95,25,02,998           | 95,25,02,998           |
| (b) Reserves and Surplus            | 2       | 5,17,17,42,727         | 5,19,70,81,824         |
| <b>(2) Non-Current Liabilities</b>  |         |                        |                        |
| (a) Long-Term Borrowings            | 3       | 1,39,93,63,729         | 1,25,67,61,902         |
| (b) Deffered Tax Liabilities (Net)  | 4       | 8,31,98,133            | 8,40,30,296            |
| (c) Other Long Term Liabilities     | 5       | 18,63,10,000           | 16,86,09,000           |
| (d) Long Term Provisions            | 6       | 7,41,21,398            | 3,86,90,203            |
| <b>(3) Current Liabilities</b>      |         |                        |                        |
| (a) Short-Term Borrowings           | 7       | 82,54,43,656           | 1,19,24,69,733         |
| (b) Trade Payables                  | 8       | 1,28,06,91,544         | 2,12,77,46,554         |
| (c) Other Current Liabilities       | 9       | 65,36,34,890           | 66,95,59,486           |
| (d) Short-Term Provisions           | 10      | 19,73,97,934           | 10,73,87,734           |
| <b>Total</b>                        |         | <b>10,82,44,07,009</b> | <b>11,79,48,39,730</b> |

**II.Assets**

|                                   |    |                        |                        |
|-----------------------------------|----|------------------------|------------------------|
| <b>(1) Non-current assets</b>     |    |                        |                        |
| <b>(a) Fixed assets</b>           |    |                        |                        |
| (i) Tangible assets               | 11 | 20,76,53,163           | 25,33,42,999           |
| (ii) Intangible assets            | 11 | 5,14,089               | 48,23,31,494           |
| (b) Non-current investments       | 12 | 5,10,87,67,605         | 5,10,87,67,605         |
| (c) Long Term Loans and advances  | 13 | 2,32,52,577            | 4,63,77,129            |
| (d) Other Non-Current assets      | 14 | -                      | 11,08,04,838           |
| <b>2) Current assets</b>          |    |                        |                        |
| (a) Trade receivables             | 15 | 3,62,69,79,364         | 3,87,53,10,489         |
| (b) Cash and Bank Balances        | 16 | 48,94,573              | 9,49,31,658            |
| (c) Short-Term Loans and Advances | 17 | 1,85,23,45,638         | 1,82,29,73,518         |
| <b>Total</b>                      |    | <b>10,82,44,07,009</b> | <b>11,79,48,39,730</b> |

**Summary of Significant Accounting Policies**

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

Place : Hyderabad  
Date : 28-05-2014

For Ybrant Digital Limited

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Vijay Kancharla  
Executive Director

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

SD/-  
K.Anusha  
Company Secretary



## Standalone Statement of Profit and Loss for the year ended 31st March, 2014

| Particulars                                      | Note No | In Rupees                 |                           |
|--|---------|---------------------------|---------------------------|
|  |         | Year Ending<br>31-03-2014 | Year Ending<br>31-03-2013 |
| Revenue from Operations                          | 18      | 6,03,83,67,654            | 5,90,47,58,336            |
| Other Income                                     | 19      | 6,23,00,529               | 11,66,08,870              |
| <b>Total Revenue</b>                             |         | <b>6,10,06,68,183</b>     | <b>6,02,13,67,206</b>     |
| Expenses:  |         |                           |                           |
| Purchase / Cost of Revenue                       | 20      | 4,42,60,44,909            | 4,14,82,08,320            |
| Employee Benefit expenses                        | 21      | 31,86,08,765              | 34,32,26,784              |
| Other Operating Expenses                         | 22      | 6,38,36,147               | 70,79,75,515              |
| Administrative Expenses                          | 23      | 38,82,93,762              | 35,95,79,700              |
| Financial costs                                  | 24      | 23,75,45,034              | 23,19,25,327              |
| Depreciation and amortization expense            | 11      | 52,87,98,204              | 12,47,25,833              |
| <b>Total Expenses</b>                            |         | <b>5,96,31,26,821</b>     | <b>5,91,56,41,479</b>     |
| <b>Profit before Extraordinary items and tax</b> |         | <b>13,75,41,362</b>       | <b>10,57,25,727</b>       |
| Extraordinary Items                              |         | -                         | -                         |
| Profit Before Tax                                |         | 13,75,41,362              | 10,57,25,727              |
| Tax Expense:                                     |         |                           |                           |
| (1) Current tax                                  |         | 4,68,07,667               | 2,21,13,021               |
| (2) Deferred tax                                 |         | (8,32,163)                | 3,83,83,198               |
| (3) MAT Credit Entitlement                       |         | -                         | 5,62,88,350               |
| Profit After Tax                                 |         | 9,15,65,858               | 10,15,17,858              |
| Earning per equity share:                        |         |                           |                           |
| (1) Basic  |         | 0.19                      | 0.21                      |
| (2) Diluted                                      |         | 0.19                      | 0.21                      |

### Summary of Significant Accounting Policies

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

Place : Hyderabad  
Date : 28-05-2014

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

For Ybrant Digital Limited

SD/-  
Vijay Kancharla  
Executive Director

SD/-  
K.Anusha  
Company Secretary

**Standalone Cash flow statement for the year ended 31st March,2014**

| Particulars   | In Rupees                     |                               |
|---|-------------------------------|-------------------------------|
|   | Year ended<br>31st March 2014 | Year ended<br>31st March 2013 |
| <b>A Cash Flow from Operating Activities</b>  |                               |                               |
| Net Profit Before Tax   | 13,75,41,362                  | 10,57,25,727                  |
| Adjustment for :<br>Add: Depreciation   | 52,87,98,204                  | 12,47,25,833                  |
| Interest Paid   | 4,51,99,622                   | 3,16,51,775                   |
| <b>Operating Profit before Working Capital Changes</b>                                  | <b>71,15,39,188</b>           | <b>26,21,03,335</b>           |
| Adjustment for Working Capital Changes:<br>Increase/(Decrease) in Short term Borrowings | (36,70,26,077)                | (1,21,05,722)                 |
| Increase/(Decrease) in Trade Payables   | (84,70,55,010)                | (81,36,90,694)                |
| Increase/(Decrease) other Current Liabilities   | (6,27,32,263)                 | 32,63,18,097                  |
| Increase/(Decrease) Short-Term Provisions   | 9,00,10,200                   | (13,07,57,917)                |
| Decrease/(Increase) Trade Receivables   | 24,83,31,125                  | 59,74,99,778                  |
| Decrease/(Increase) Short-Term Loans and Advances                                       | (2,93,72,120)                 | (1,35,76,901)                 |
| <b>Net Cash Flow from Operating Activities</b>  | <b>A (25,63,04,957)</b>       | <b>21,57,89,976</b>           |
| <b>B Cash Flow from Investing Activities</b>  |                               |                               |
| Purchase/Increase of assets   | (12,90,963)                   | (3,13,19,800)                 |
| Investment in Subsidiary  | -                             | (1,55,41,883)                 |
| <b>Net cash from investing activities</b>   | <b>B (12,90,963)</b>          | <b>(4,68,61,683)</b>          |
| <b>C Cash Flows from Financing Activities</b>   |                               |                               |
| Interest Paid   | (4,51,99,622)                 | (3,16,51,775)                 |
| Increase/(Decrease) in Long Term Loans  | 14,26,01,827                  | (17,39,17,989)                |
| Increase/(Decrease) in Capital Reserve  | -                             | 35,58,00,000                  |
| Increase/(Decrease) in share warrants   | -                             | (35,58,00,000)                |
| Increase/(Decrease) in Foreign Currency/Fluctuation Reserve                             | (11,69,04,955)                | (7,31,20,152)                 |
| Increase/(Decrease) in long term provision  | 3,54,31,195                   | 16,51,727                     |
| Increase/(Decrease) in Other Long term Liabilities                                      | 1,77,01,000                   | 1,00,23,850                   |
| Increase/(Decrease) in Long term loans and advances                                     | 2,31,24,552                   | (2,80,700)                    |
| Increase/(Decrease) in Other Non - Current Assets                                       | 11,08,04,838                  | 9,69,89,010                   |
| <b>Net cash from financing activities</b>   | <b>C 16,75,58,835</b>         | <b>(17,03,06,029)</b>         |
| Cash and cash equivalents at beginning of year  | 9,49,31,658                   | 9,63,09,394                   |
| Net change in cash ( A+B+C)   | (9,00,37,085)                 | (13,77,736)                   |
| Cash and cash equivalents at period ended 31st March, 2014                              | 48,94,573                     | 9,49,31,658                   |

**Summary of Significant Accounting Policies**

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

For Ybrant Digital Limited

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Vijay Kancharla  
Executive Director

Place : Hyderabad  
Date : 28-05-2014

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

SD/-  
K.Anusha  
Company Secretary

## Significant accounting policies to Standalone Financial Statements

### Company Overview

Ybrant Digital Limited, offers digital marketing solutions to businesses, agencies and online publishers worldwide. Ybrant Digital connects Advertisers with their Audience across any form of Digital Media, using its massive local presence to deliver appropriate messages to the right audience, through the most relevant Digital channels. Ybrant Digital has a global presence, with offices in over 20 countries.

Ybrant Digital Limited is also a Global Information Technology Implementation and Outsourcing Services Provider with an exceptional track record of providing high quality, on-budget, and on-time solutions to demanding clients. Our business knowledge in key verticals helps us provide solutions that are customized to address the specific needs while focusing on maximizing value of Information Technology investments such that clients can achieve their business objectives. We believe in fostering long-term relationships, and partner with our clients in their success. Ybrant Provides End-to-end Enterprise Solution Offerings and Specialising in ERP Solutions, Microsoft and Open Source Systems development.

#### Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year:

#### Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

### 1. Revenue Recognition :

#### a) Software Development:

- i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.
- iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- v) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

#### b) Digital Marketing Services:

- i) The Contracts between the Company and its Customers are either time or material contracts or fixed price contracts.
- ii) 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.
- iii) In respect of time and material contract, revenue is recognized in the period in which the services are provided.
- iv) Revenue from product sale and licensing arrangements are recognized on delivery and installation.

### 2. Foreign Exchange Transaction :

Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account.

Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at 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 and foreign exchange fluctuation gain or loss arising on account of translation of non monetary items like long term loans and advances are accumulated in a reserve account (FCMITDA).

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 transaction.

### 3. 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 value of each investment.

### 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.

### 5. Depreciation and Amortization :

Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956 and there is no change in the method of Depreciation during the year. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

Preliminary Expenses are amortised over the period of 5 years.

### 6. Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

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 asset can be measured reliably.

### 7. Earnings Per Share:

The earnings considered in ascertaining the companies earning per share comprise 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 year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

### 8. Gratuity and Leave Encashment :

In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity, a defined benefit retirement plan covering eligible employees of the company. The Gratuity 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 the employment with the group. The company has made a provision for gratuity to its employees on the basis of independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

The provision for Leave Encashment is calculated as per accrual method.

### 9. Borrowing Cost :

Borrowing cost relating to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that is attributable to the projects is charged to the respective projects. All other borrowing costs, not eligible for inventorisation/ capitalisation, are charged to revenue.

### 10. Cash Flow Statement :

The Company has prepared Cash Flow Statement as per the AS-3. 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.

11. Provisions, Contingent Liabilities and Contingent Assets :  
Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event;
- A probable outflow of resources is expected to settle the obligation; and
- The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

#### Contingent Liability is disclosed in the case of:

- A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

### 12. Impairment of 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 sale price or present value as determined above.

### 13. Related Party Disclosures :

The Company furnishes the details of Related Party Disclosures as given in Para 23 and 26 as required by AS-18.

### 14. Lease Rentals

#### Operating Lease :

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.

Finance Lease:

A Finance lease is a lease that transfers substantially all the risks and rewards incidental to the ownership of an asset.

15. 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.

## NOTE NO. 1 : SHARE CAPITAL

| S.No | Particulars  | As on 31-03-2014 Rupees |                            | As on 31-03-2013 Rupees |                           |  |
|------|--|-------------------------|----------------------------|-------------------------|---------------------------|--|
| I    | <b>Equity Share Capital</b>  |                         |                            |                         |                           |  |
|      | <b>(a) Authorised</b>  |                         |                            |                         |                           |  |
|      | (975,000,000 Equity Shares of Rs.2/- each)   |                         | 1,95,00,00,000             |                         | 1,95,00,00,000            |  |
|      | (b) Issued, Subscribed & Fully Paid Up<br>(476,251,499 Equity Shares of Rs.2/- each)   |                         | 95,25,02,998               |                         | 95,25,02,998              |  |
|      | (c) Subscribed & not fully paid up   |                         |                            |                         |                           |  |
|      | (Issue of Equity Shares in Current year - NIL-)  |                         | -                          |                         | -                         |  |
|      | (Issue of Equity Shares in Previous year - NIL-)   |                         | -                          |                         | -                         |  |
|      | (d) Par Value per share  |                         | 2                          |                         | 2                         |  |
|      | <b>Total Equity Share capital</b>  |                         | <b>95,25,02,998</b>        |                         | <b>95,25,02,998</b>       |  |
| II   | A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:<br>Equity Shares of Rs.2/- Each, Fully paid up |                         | -                          |                         | -                         |  |
|      | At the Beginning   |                         | 47,62,51,499               |                         | 47,62,51,499              |  |
|      | (Issued during the year - NIL-)  |                         | -                          |                         | -                         |  |
|      | At the end   |                         | 47,62,51,499               |                         | 47,62,51,499              |  |
| III  | <b>Details of Shareholder holding more than 5% shares of the company:*</b>   |                         | <b>No of Equity Shares</b> |                         | <b>% of Share Holding</b> |  |
|      | Equity Shares of Rs. 2/- each Held By  | As on 31-03-2014        | As on 31-03-2013           | As on 31-03-2014        | As on 31-03-2013          |  |
|      | M. Suresh Kumar Reddy  | 65,573,882              | 69,873,882                 | 13.77%                  | 14.67%                    |  |
|      | Vijay Kancharla  | 65,865,510              | 65,865,510                 | 13.83%                  | 13.83%                    |  |
|      | Everest Capital (M) Ltd  | 65,179,080              | 65,179,080                 | 13.69%                  | 13.69%                    |  |
|      | Redmond Investments Ltd  | 32,550,000              | 35,550,000                 | 6.82%                   | 7.46%                     |  |
|      | Oak India Investments  | 34,629,630              | 34,629,630                 | 7.27%                   | 7.27%                     |  |
|      | Sansar Capital Mauritius Ltd   | 33,563,430              | 33,563,430                 | 7.05%                   | 7.05%                     |  |

## NOTE NO. 2 : RESERVES AND SURPLUS

| S.No | Particulars  | As on 31-03-2014 Rupees |                       | As on 31-03-2013 Rupees |                       |
|------|--|-------------------------|-----------------------|-------------------------|-----------------------|
| I    | <b>RESERVES AND SURPLUS</b>                            |                         |                       |                         |                       |
|      | <b>a) Capital reserve</b>                              |                         |                       |                         |                       |
|      | As at the commencement of the year                     |                         | 4,16,78,11,992        |                         | 3,81,20,11,992        |
|      | Add: Forfeiture of Share Warrant Money during the year |                         | -                     |                         | 35,58,00,000          |
|      |  |                         | <b>4,16,78,11,992</b> |                         | <b>4,16,78,11,992</b> |
|      | <b>b) General Reserves</b>                             |                         |                       |                         |                       |
|      | As at the commencement of the year                     |                         | 3,64,43,906           |                         | 3,33,98,370           |
|      | Add: Additions during the year                         |                         | 27,46,976             |                         | 30,45,536             |
|      |  |                         | <b>3,91,90,882</b>    |                         | <b>3,64,43,906</b>    |
|      | <b>c) Surplus :</b>                                    |                         |                       |                         |                       |
|      | Opening Balance - Profit and Loss Account              |                         | 1,21,46,34,326        |                         | 1,11,61,62,004        |
|      | Add: Transfer from Profit & Loss Account               |                         | 9,15,65,858           |                         | 10,15,17,858          |
|      | Add: Prior period Adjustment                           |                         | -                     |                         | -                     |
|      | Less: Transfer To General Reserve                      |                         | 27,46,976             |                         | 30,45,536             |
|      | Less: Bonus Shares Issued                              |                         | -                     |                         | -                     |
|      | Less: Dividend   |                         | -                     |                         | -                     |
|      | Less: Dividend distribution tax                        |                         | -                     |                         | -                     |
|      |  |                         | <b>1,30,34,53,208</b> |                         | <b>1,21,46,34,326</b> |
|      | <b>d) Foreign Currency Translation Reserve</b>         |                         | (33,87,13,355)        |                         | (22,18,08,400)        |
|      | <b>Total Reserves and Surplus</b>                      |                         | <b>5,17,17,42,727</b> |                         | <b>5,19,70,81,824</b> |



**NOTE NO. 3 : LONG TERM BORROWINGS**

| S.No     | Particulars   | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|----------|---|----------------------------|----------------------------|
| <b>I</b> | <b>Long Term borrowing</b>  |                            |                            |
|          | <b>a) Term Loans</b>  |                            |                            |
|          | SBI Term Loan ( Refer Note No. 4(a) )   | 18,00,00,000               | 75,00,000                  |
|          | Canara bank Term Loan ( Refer Note No. 4(b) )   | 12,50,000                  | 1,68,75,000                |
|          |   | <b>18,12,50,000</b>        | <b>2,43,75,000</b>         |
|          | <b>b) Loans and advances from related parties</b>   |                            |                            |
|          | <b>Un Secured</b>   |                            |                            |
|          | Dream Ad, Panama - Loan   | 6,61,10,000                | 5,98,29,000                |
|          | Frontier Data Management -Loan  | 7,81,65,159                | 7,07,38,819                |
|          | International Expressions   | 6,32,08,132                | 5,72,02,834                |
|          | Online Media - Loan   | 9,47,77,700                | 8,57,73,030                |
|          | Ybrant Media Inc - Loan   | 91,58,52,738               | 95,77,27,219               |
|          | <b>c) Deposits.</b>   |                            |                            |
|          | Unsecured Rental Deposit  | -                          | 11,16,000                  |
|          | <b>Total</b>  | <b>1,21,81,13,729</b>      | <b>1,23,23,86,902</b>      |
|          | Notes:  |                            |                            |
|          | Note No. 4(a): Term Loan of Rs. 400 lakhs from State Bank of India are secured by current assets, Fixed Assets, Pledge of Promoters shares immovable properties and personal guarantee of Promoter Directors. During the year CC limit from SBI was converted into WDCL hence the same is included in the Long term borrowings. |                            |                            |
|          | Note No. 4(b): Term Loan of Rs. 450 lakhs from Canara Bank are secured by current assets, Fixed Assets, Pledge of Promoters shares and personal guarantee of Promoter Directors   |                            |                            |
|          | <b>Total Long Term Borrowings</b>   | <b>1,39,93,63,729</b>      | <b>1,25,67,61,902</b>      |

**NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET )**

| S.No     | Particulars   | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|----------|---|----------------------------|----------------------------|
| <b>I</b> | Opening Deferred tax Liability  | 8,64,04,161                | 4,70,44,720                |
|          | Add:  |                            |                            |
|          | Deferred Tax Liability for the year ( Due to SLM and WDV Difference ) | (7,52,802)                 | 3,93,59,441                |
|          | Deferred Tax Liability due to others                                  | -                          | -                          |
|          | <b>Gross Deferred tax Liability</b>                                   | <b>8,56,51,359</b>         | <b>8,64,04,161</b>         |
|          | Opening Deferred tax Asset  | 23,73,865                  | 13,97,622                  |
|          | Provision for Gratuity and Compensated Absences                       | 79,361                     | 9,76,243                   |
|          | <b>Gross Deferred tax Asset</b>                                       | <b>24,53,226</b>           | <b>23,73,865</b>           |
|          | <b>Deferred Tax Liability/ ( Asset ) - Net</b>                        | <b>8,31,98,133</b>         | <b>8,40,30,296</b>         |

#### NOTE NO. 5 : OTHER LONG TERM LIABILITIES

| S.No | Particulars                              | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|--|----------------------------|----------------------------|
| I    | Acquisition Payable                      | 18,63,10,000               | 16,86,09,000               |
|      | <b>Total Other Long Term Liabilities</b> | <b>18,63,10,000</b>        | <b>16,86,09,000</b>        |

#### Notes to Standalone Financial Statements for the year ended March 31, 2014

#### NOTE NO. 6 : LONG TERM PROVISIONS

| S.No | Particulars                         | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|-------------------------------------|----------------------------|----------------------------|
| I    | a) Provisions for employee benefits |                            |                            |
|      | - Provision for Gratuity            | 63,45,723                  | 57,26,132                  |
|      | - Provision for Leave Encashment    | 15,70,450                  | 15,90,450                  |
|      | b) Other Provisions                 | 6,62,05,225                | 3,13,73,621                |
|      | <b>Total Long Term Provisions</b>   | <b>7,41,21,398</b>         | <b>3,86,90,203</b>         |

**NOTE NO. 7 : SHORT TERM BORROWINGS**

| S.No | Particulars  | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|--|----------------------------|----------------------------|
| I    | Short term borrowings  |                            |                            |
|      | a) Cash Credits and Working Capital Demand Loan from Banks-<br>Secured |                            |                            |
|      | Axis Bank - Cash Credit Facility - ( Refer Note No 8(a) )              | 45,00,00,000               | 45,00,00,000               |
|      | SBI - EPC Facility - ( Refer Note No 8(b) )                            | -                          | 30,00,00,000               |
|      | Canara Bank - OD Facility - ( Refer Note No 8(c) )                     | 35,00,00,000               | 35,00,00,000               |
|      | b) Loans and Advances from other parties                               | -                          | -                          |
|      | Secured by Pledge of Promoter Shares                                   | 2,54,43,656                | 9,24,69,733                |
|      | <b>Total Short Term Borrowings</b>                                     | <b>82,54,43,656</b>        | <b>1,19,24,69,733</b>      |

Notes:

Note No 8(a): Working Capital of Rs 4500 lakhs and Bank Guarantee LC of Rs 400 Lakhs and Rs 200 lakhs Loan Equivalent Risk (LER) from Axis Bank Ltd are secured by charge on current assets, Fixed Assets, Pledge of promoters, immovable properties shares and personal Guarantee of Promoter Directors.

Note No 8(b): Working Capital of Rs 3000 Lakhs, and Bank Guarantee of Rs 1000 lakhs from State Bank of India are secured by Current Assets, Fixed Assets, Pledge of Promoters shares, Immovable property and personal guarantee of Promoter Directors

Note No 8(c): Working Capital of Rs 3500 lakhs and Bank Guarantee of Rs 1000 Lakhs from Canara Bank are secured by charge on Current Assets, Fixed Assets, Pledge of promoters shares, immovable property and personal guarantee of Promoter Directors.

**NOTE NO. 8 : TRADE PAYABLE**

| S.No | Particulars                | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|----------------------------|----------------------------|----------------------------|
| I    | a) Trade Payable           | 1,28,06,91,544             | 2,12,77,46,554             |
|      | <b>Total Trade Payable</b> | <b>1,28,06,91,544</b>      | <b>2,12,77,46,554</b>      |

**NOTE NO. 9 : OTHER CURRENT LIABILITIES**

| S.No | Particulars                                | Standalone                 |                            |
|------|--|----------------------------|----------------------------|
|      |  | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
| I    | a) Current maturities of long term debt    | 20,40,65,627               | 11,25,00,000               |
|      | c) Interest accrued and due on borrowings. | 4,05,14,932                | 2,79,07,159                |
|      | c) Unpaid dividend.                        | 9,58,95,628                | 9,58,95,628                |
|      | d) Other Current Liabilities               | 31,31,58,702               | 36,58,16,969               |
|      | e) Acquisition Payable                     | -                          | 6,74,39,730                |
|      | <b>Total Other Current Liabilities</b>     | <b>65,36,34,890</b>        | <b>66,95,59,486</b>        |

**NOTE NO. 10 : SHORT TERM PROVISIONS**

| S.No | Particulars                         | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|-------------------------------------|----------------------------|----------------------------|
| I    | a) Provisions for employee benefits |                            |                            |
|      | Employee Benefit Payable            | 1,06,29,043                | 2,67,63,219                |
|      | b) Others                           |                            |                            |
|      | Other Provisions                    | 13,54,46,559               | 4,13,31,053                |
|      | c) Provision for Expenses           |                            |                            |
|      | Provision for Expenses              | 45,14,665                  | 1,71,80,441                |
|      | Provision for Income Tax            | 4,68,07,667                | 2,21,13,021                |
|      | <b>Total Short Term Provisions</b>  | <b>19,73,97,934</b>        | <b>10,73,87,734</b>        |

NOTE NO 11: TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2014

| Sl. No.                 | Particulars                | Gross Block           |                           |                                  | Depreciation/Amortization |                       |   | Net Block as on 31.03.2014       | Net Block as on 31.03.2013 |                     |
|-------------------------|----------------------------|-----------------------|---------------------------|----------------------------------|---------------------------|-----------------------|---|----------------------------------|----------------------------|---------------------|
|                         |                            | As on 01.04.2013      | Additions during the year | Sale / Deletions during the year | As on 31.03.2014          | Dep. As on 01.04.2013 | Dep./ Impairment For the year \ 2013-2014 | Sale / Deletions during the year | Total Depreciation         |                     |
| TANGIBLE FIXED ASSETS:  |                            |                       |                           |                                  |                           |                       |   |                                  |                            |                     |
| 1                       | Land/Leasehold             | 21,95,210             | -                         | -                                | 21,95,210                 | -                     | -   | -                                | 21,95,210                  | 21,95,210           |
| 2                       | Building                   | 31,69,609             | -                         | -                                | 31,69,609                 | -                     | -   | -                                | 31,69,609                  | 31,69,609           |
| 3                       | Electrical Equipment       | 2,32,86,270           | 25,600                    | -                                | 2,33,11,870               | 80,41,530             | 11,07,111                                 | 91,48,641                        | 1,41,63,229                | 1,52,44,740         |
| 4                       | Office Equipment           | 5,21,87,751           | 2,18,405                  | -                                | 5,24,06,156               | 1,66,31,400           | 24,32,133                                 | 1,90,63,533                      | 3,33,42,623                | 3,55,56,351         |
| 5                       | Air conditioners           | 71,57,738             | -                         | -                                | 71,57,738                 | 22,05,903             | 3,91,306                                  | 25,97,209                        | 45,60,529                  | 49,51,835           |
| 6                       | Computers                  | 29,83,30,880          | 3,66,282                  | -                                | 29,86,97,162              | 21,33,14,668          | 2,84,67,713                               | 24,17,82,381                     | 5,69,14,781                | 8,50,16,212         |
| 7                       | Furniture                  | 10,28,45,304          | 86,640                    | -                                | 10,29,31,944              | 4,18,09,823           | 65,12,963                                 | 4,83,22,786                      | 5,46,09,158                | 6,10,35,481         |
| 8                       | Vehicles                   | 10,15,104             | 63,378                    | -                                | 10,78,482                 | 4,79,519              | 98,544                                    | 5,78,063                         | 5,00,419                   | 5,35,585            |
| 9                       | Assets At US Branch        | 5,96,34,488           | -                         | -                                | 5,96,34,488               | 1,39,96,512           | 74,40,371                                 | 2,14,36,883                      | 3,81,97,605                | 4,56,37,976         |
| INTANGIBLE FIXED ASSETS |                            |                       |                           |                                  |                           |                       |   |                                  |                            |                     |
| 1                       | Intangible Assets          | 18,14,45,503          | -                         | -                                | 18,14,45,503              | 5,92,61,552           | 12,21,83,951                              | 18,14,45,503                     | -                          | 12,21,83,951        |
| 2                       | Computer Products / Rights | 33,68,09,464          | 5,30,658                  | -                                | 33,73,40,122              | 5,45,01,850           | 28,23,24,183                              | 33,68,26,033                     | 5,14,089                   | 28,23,07,614        |
| 3                       | Goodwill                   | 15,86,17,906          | -                         | -                                | 15,86,17,906              | 8,07,77,977           | 7,78,39,929                               | 15,86,17,906                     | -                          | 7,78,39,929         |
| <b>Total</b>            |                            | <b>1,22,66,95,227</b> | <b>12,90,963</b>          | <b>-</b>                         | <b>1,22,79,86,190</b>     | <b>49,10,20,734</b>   | <b>52,87,98,204</b>                       | <b>-</b>                         | <b>1,01,98,18,938</b>      | <b>73,56,74,493</b> |
| <b>PREVIOUS YEAR</b>    |                            | <b>1,19,53,75,427</b> | <b>3,13,19,800</b>        | <b>-</b>                         | <b>1,22,66,95,227</b>     | <b>36,62,94,901</b>   | <b>12,47,25,833</b>                       | <b>-</b>                         | <b>49,10,20,734</b>        | <b>82,90,80,526</b> |

Note: Depreciation amount includes the impairment loss during the year.

## NOTE NO. 12 : NON- CURRENT INVESTMENTS

| S.No | Particulars  | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|--|----------------------------|----------------------------|
| I    | Non- Current Investments                           |                            |                            |
|      | Investment in Subsidiaries                         |                            |                            |
|      | Equity Shares                                      |                            |                            |
|      | Frontier Data Management Inc, USA                  | 19,10,81,699               | 19,10,81,699               |
|      | International Expressions Inc, USA                 | 32,34,99,826               | 32,34,99,826               |
|      | Ybrant Digital U.S . Inc, USA                      | 1,10,73,95,650             | 1,10,73,95,650             |
|      | Online Media Solutions Limited , Israel            | 51,78,81,121               | 51,78,81,121               |
|      | Ybrant Media Acquisition Inc, USA                  | 1,26,52,40,000             | 1,26,52,40,000             |
|      | Dream Ad Companies                                 | 54,32,40,000               | 54,32,40,000               |
|      | Max Interactive Pty Ltd., Australia                | 41,74,90,000               | 41,74,90,000               |
|      | Dyomo Corporation, USA                             | 4,67,300                   | 4,67,300                   |
|      | Ybrant Digital Services De Publicidade Ltda,Brasil | 2,65,932                   | 2,65,932                   |
|      | Ybrant Digital (Brasil) Ltd., Singapore            | 45                         | 45                         |
|      | Yreach Media Pvt.Ltd                               | 99,000                     | 99,000                     |
|      | Global IT Inc , USA                                | 65,99,79,382               | 65,99,79,382               |
|      | Techorbit Inc, USA                                 | 6,18,84,000                | 6,18,84,000                |
|      | LGS Global FZE, UAE                                | 2,43,650                   | 2,43,650                   |
|      | Lanco Net Ltd , 2000000 shares of Rs 10/- each     | 2,00,00,000                | 2,00,00,000                |
|      | <b>Total Non - Current Investments</b>             | <b>5,10,87,67,605</b>      | <b>5,10,87,67,605</b>      |



**NOTE NO. 13 : LONG TERM LOANS AND ADVANCES**

| S.No | Particulars                               | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|---|----------------------------|----------------------------|
| I    | Capital Advances                          |                            |                            |
|      | Secured Advances , Considered Good        |                            |                            |
|      | Advance for Acquisition                   | -                          | 2,24,35,000                |
|      | <b>Sub Total</b>                          | -                          | <b>2,24,35,000</b>         |
| II   | Loans & Advances to Related Party         |                            |                            |
|      | Unsecured, Considered Good                |                            |                            |
|      | Ybrant Employees Welfare Trust A/c        | 1,48,50,000                | 1,50,50,000                |
|      | LGSL Foudation Trust                      | 60,14,873                  | 60,14,873                  |
|      | <b>Sub Total</b>                          | <b>2,08,64,873</b>         | <b>2,10,64,873</b>         |
| III  | Unsecured, Considered Good                |                            |                            |
|      | Security Deposit                          | 23,87,704                  | 28,77,256                  |
|      | <b>Sub Total</b>                          | <b>23,87,704</b>           | <b>28,77,256</b>           |
|      | <b>Total Long Term Loans and Advances</b> | <b>2,32,52,577</b>         | <b>4,63,77,129</b>         |

**NOTE NO. 14 : OTHER NONCURRENT ASSETS**

| S.No | Particulars                          | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|--------------------------------------|----------------------------|----------------------------|
| I    | Unamortised Expenses                 | -                          | 2,59,80,218                |
|      | Finance Related Expenses             | -                          | 8,48,24,620                |
|      | <b>Total Other Noncurrent Assets</b> | -                          | <b>11,08,04,838</b>        |

**NOTE NO. 15 : TRADE RECEIVABLES**

| S.No | Particulars  | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|--|----------------------------|----------------------------|
| I    | Outstanding for a period exceeding six months from the date they are due for payment |                            |                            |
|      | Unsecured, Considered Good   | 1,07,64,06,957             | 1,48,37,65,976             |
| II   | Other Receivables:   |                            |                            |
|      | Unsecured, Considered Good   | 2,55,05,72,407             | 2,39,15,44,513             |
|      | <b>Total Trade Receivables</b>   | <b>3,62,69,79,364</b>      | <b>3,87,53,10,489</b>      |

**NOTE NO. 16 : CASH AND BANK BALANCES**

| S.No | Particulars                         | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|-------------------------------------|----------------------------|----------------------------|
| I    | Cash and cash equivalents :         |                            |                            |
|      | a) Balances with banks :            |                            |                            |
|      | 1) On Current Accounts              | 38,08,342                  | 7,53,67,971                |
|      | 2) Unpaid Dividend Account          | 6,98,521                   | 6,98,521                   |
|      | b) Cash on hand                     | 3,87,710                   | 7,19,822                   |
| II   | Other Bank Balances                 |                            |                            |
|      | On Deposit Accounts                 |                            |                            |
|      | 1) On Margin Money Deposit Accounts | -                          | 1,81,45,344                |
|      | <b>Total Cash and Bank Balances</b> | <b>48,94,573</b>           | <b>9,49,31,658</b>         |

**NOTE NO : 17 SHORT TERM LOANS AND ADVANCES**

| S.No | Particulars                                   | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|---|----------------------------|----------------------------|
| I    | a) Security Deposit                           |                            |                            |
|      | Security Deposit for Repayment of Instalments | 1,93,03,977                | 1,20,00,000                |
|      | Rental Deposits - Unsecured                   | 17,58,847                  | 60,07,194                  |
| II   | b) Unsecured, Considered Good                 |                            |                            |
|      | Advances to Employees                         | 13,69,886                  | 7,60,771                   |
|      | Other Advances                                | 1,67,16,79,997             | 1,68,41,44,900             |
|      | TDS Receivables                               | 43,65,629                  | 11,38,340                  |
|      | MAT Credit                                    | 5,62,88,350                | 5,62,88,350                |
|      | Other Receivables                             | 9,75,78,952                | 6,26,33,963                |
|      | <b>Total Short Term Loans and Advances</b>    | <b>1,85,23,45,638</b>      | <b>1,82,29,73,518</b>      |

**NOTE NO. 18 : REVENUE FROM OPERATIONS**

| S.No | Particulars                          | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|--------------------------------------|----------------------------|----------------------------|
| I    | Revenue from operations              |                            |                            |
|      | (a) Sale of Software Exports         | 4,57,23,24,768             | 4,92,79,14,456             |
|      | (b) Sale of Services Exports         | 1,43,11,71,594             | 93,83,23,265               |
|      | (c) Sale of Services Domestic        | 3,48,71,293                | 3,85,20,615                |
|      | <b>Total Revenue from Operations</b> | <b>6,03,83,67,654</b>      | <b>5,90,47,58,336</b>      |

**NOTE NO. 19 : OTHER INCOME**

| S.No | Particulars   | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|---|----------------------------|----------------------------|
| I    | (a)Interest income  | 22,30,978                  | 20,45,924                  |
|      | (b)Other non-operating income                                     | -                          | 19,520                     |
|      | (c) Net gain/loss on foreign currency translation and transaction | 3,00,19,651                | 8,73,48,776                |
|      | (d) Guarantee Commission  | 3,00,49,900                | 2,71,94,650                |
|      | <b>Total Other Income</b>   | <b>6,23,00,529</b>         | <b>11,66,08,870</b>        |

**NOTE NO. 20 : PURCHASE / COST OF REVENUE**

| S.No | Particulars                             | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|---|----------------------------|----------------------------|
| I    | Cost of Revenue                         | 4,42,60,44,909             | 4,14,82,08,320             |
|      | <b>Total Purchase / Cost Of Revenue</b> | <b>4,42,60,44,909</b>      | <b>4,14,82,08,320</b>      |

**NOTE NO. 21 : EMPLOYEE BENEFIT EXPENSES**

| S.No | Particulars                                 | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|---|----------------------------|----------------------------|
| I    | (a) Salaries & Wages                        | 31,40,72,662               | 32,65,69,832               |
|      | (b) Contribution to Provident & Other Funds | 32,79,978                  | 42,72,082                  |
|      | (c) Managerial/ Director's Remuneration     | -                          | 1,04,42,250                |
|      | (d) Staff Welfare Expenses                  | 12,56,125                  | 19,42,620                  |
|      | <b>Total Employee Benefit Expenses</b>      | <b>31,86,08,765</b>        | <b>34,32,26,784</b>        |

**NOTE NO. 22 : OTHER OPERATING EXPENSES**

| S.No | Particulars                              | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|--|----------------------------|----------------------------|
| I    | (a) Power & Fuel                         | 44,14,956                  | 37,69,277                  |
|      | (b) Rent                                 | 3,92,88,628                | 5,88,21,733                |
|      | (c) Repairs & Maintenance                | 1,04,66,340                | 99,69,508                  |
|      | (d) Insurance                            | 56,72,265                  | 61,25,270                  |
|      | (e) Rates & Taxes (excluding Income Tax) | 1,27,524                   | 93,99,664                  |
|      | (f) Miscellaneous Expenditure            | -                          | 18,12,615                  |
|      | (g) Payment to Auditors:                 |                            |                            |
|      | (1) As Auditor                           | 2,00,000                   | 2,24,720                   |
|      | (2) For Other Services                   | 3,00,000                   | 3,37,080                   |
|      | (h) Ins Fee                              | 27,01,991                  | 34,73,964                  |
|      | (i) Discount Expense                     | 5,78,766                   | 4,25,559                   |
|      | (j) Prior Period Item                    | 85,677                     | 1,42,72,621                |
|      | (k) Bad Debts written off                | -                          | 59,93,43,504               |
|      | <b>Total Other Expenses</b>              | <b>6,38,36,147</b>         | <b>70,79,75,515</b>        |

**NOTE NO. 23 : ADMINISTRATIVE EXPENSES**

| S.No  | Particulars                                  | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|-------|--|----------------------------|----------------------------|
| S.No. | Particulars                                  |                            |                            |
| I     | (a) Telephone, Postage and Others (Internet) | 1,73,50,975                | 1,75,26,760                |
|       | (b) Business Promotion Expenses              | 3,11,56,024                | 3,18,44,352                |
|       | (c) Travelling and Conveyance                | 1,54,35,701                | 1,95,29,441                |
|       | (d) Office Maintenance                       | 1,15,92,266                | 1,37,25,862                |
|       | (e) Printing & Stationery Expenses           | 28,01,111                  | 32,84,815                  |
|       | (f) Security Charges                         | 1,56,055                   | 1,70,700                   |
|       | (g) Rates & Taxes (excluding Income Tax)     | 2,50,000                   | -                          |
|       | (h) Consultancy Charges                      | 1,10,12,767                | 2,19,72,389                |
|       | (i) Event Sponsorship & Seminar Fee          | 1,36,23,373                | 1,52,04,189                |
|       | (j) Web Development Expenses                 | 3,06,00,815                | 2,36,73,284                |
|       | (k) Professional Charges                     | 1,17,64,667                | 1,12,56,552                |
|       | (l) Sales and Marketing Expenses             | 8,49,97,923                | 8,14,95,841                |
|       | (m) Donation                                 | 7,00,000                   | -                          |
|       | (n) Preliminary Expenses / Written off       | 1,62,60,791                | 38,93,591                  |
|       | (o) Miscellaneous Expenses                   | 11,61,04,132               | 11,23,88,432               |
|       | (p) Books & Subscriptions                    | 25,41,297                  | 22,92,347                  |
|       | (q) Other Administrative Expenses            | 2,19,45,866                | 13,21,145                  |
|       | <b>Total Administrative Expenses</b>         | <b>38,82,93,762</b>        | <b>35,95,79,700</b>        |



**NOTE NO. 24 : FINANCE COST**

| S.No | Particulars                                 | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |
|------|---|----------------------------|----------------------------|
| I    | (a) Interest Expenses                       |                            |                            |
|      | Interest on Cash Credit                     | 18,10,98,291               | 16,34,45,393               |
|      | Interest on Term Loan                       | 4,51,99,622                | 3,16,51,775                |
|      | Interest on Secured Loan and Unsecured Loan | 72,49,220                  | 2,40,54,842                |
|      | Loan processing Charges & Bank Charges      | 39,97,901                  | 1,27,73,317                |
|      | <b>Total Finance Cost</b>                   | <b>23,75,45,034</b>        | <b>23,19,25,327</b>        |

**25. Managerial Remuneration:**

The key management personnel comprise Three directors. Particulars of Remuneration and other benefits provided to key management personnel is given below:

| Particulars              | In Rupees                   |                             |
|--------------------------|-----------------------------|-----------------------------|
|                          | Year Ended 31 March<br>2014 | Year Ended 31 March<br>2013 |
| Remuneration             | NIL                         | 1,04,42,250                 |
| Perquisites & Allowances | NIL                         | NIL                         |
| Total                    | NIL                         | 1,04,42,250                 |

**26. Auditor's Remuneration:**

| Particulars          | In Rupees                   |                             |
|----------------------|-----------------------------|-----------------------------|
|                      | Year Ended 31 March<br>2014 | Year Ended 31 March<br>2013 |
| Statutory Audit Fees | 2,24,720                    | 2,24,720                    |
| Tax Audit Fee        | 1,12,360                    | 1,12,360                    |
| Other Services       | 2,24,720                    | 2,24,720                    |
| Total                | 5,61,800                    | 5,61,800                    |

**27. Quantitative Details:**

The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the Information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

## 28. Disclosure on Related Party Transactions:

During the financial year 2013-14 the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

### (a) Related Parties:

| S.No. | Particulars          | Nature of Relationship         |
|-------|----------------------|--------------------------------|
| 1     | M.Suresh Kumar Reddy | Chairman and Managing Director |
| 2     | Vijay Kancharla      | Executive Director             |

| S.No. | Particulars   | Nature of Relationship       |
|-------|---|------------------------------|
| 3     | Yreach Media Private Limited, India                           | 99% Owned Subsidiary         |
| 4     | Frontier Data Management Inc, USA                             | 100% Wholly Owned Subsidiary |
| 5     | International Expressions Inc, USA                            | 100% Wholly Owned Subsidiary |
| 6     | Ybrant Digital U.S. Inc, USA                                  | 100% Wholly Owned Subsidiary |
| 7     | Online Media Solutions Limited, Israel                        | 100% Wholly Owned Subsidiary |
| 8     | Ybrant Media Acquisition Inc, USA                             | 100% Wholly Owned Subsidiary |
| 9     | Dyomo Corporation, USA  | 100% Wholly Owned Subsidiary |
| 10    | Max Interactive Pty, Ltd., Australia                          | 100% Wholly Owned Subsidiary |
| 11    | DreamAd, Argentina  | 100% Wholly Owned Subsidiary |
| 12    | DreamAd, Chile  | 100% Wholly Owned Subsidiary |
| 13    | Get Media Mexico Sociedad Anonima De Capital Variable, Mexico | 100% Wholly Owned Subsidiary |
| 14    | DreamAd, Panama   | 100% Wholly Owned Subsidiary |
| 15    | DreamAd, Uruguay  | 100% Wholly Owned Subsidiary |
| 16    | Ybrant Digital Servicios De Publiciade Ltda, Brasil           | 100% Wholly Owned Subsidiary |
| 17    | Ybrant Digital (Brasil) Ltd., Singapore                       | 100% Wholly Owned Subsidiary |
| 18    | Tech Orbit Inc, USA   | 100% Wholly Owned Subsidiary |
| 19    | Global IT Inc, USA  | 100% Wholly Owned Subsidiary |
| 20    | LGS Global FZE, UAE   | 100% Wholly Owned Subsidiary |
| 21    | Ybrant Employee Welfare Trust Account                         | Directors acting as Trustees |
| 22    | LGSL Foundation Trust   | Directors acting as Trustees |

**(b) Related Party Transactions during the financial year**

In Rupees

| Particulars   | Nature of Relation Ship                | Year Ended 31 March |              |
|---|--|---------------------|--------------|
|   |  | 2014                | 2013         |
| <b>i. Managerial Remuneration</b>                                 |  |                     |              |
| M. Suresh Kumar Reddy   | Chairman and Managing Director         | NIL                 | 36,00,000    |
| Vijay Kancharla   | Executive Director                     | NIL                 | 36,00,000    |
| K. Venkata Subba Rao  | Executive Director                     | NIL                 | 32,42,250    |
| <b>ii. Sales / Revenue:</b>                                       |  |                     |              |
| Tech Orbit Inc  | 100% Wholly Owned Subsidiary           | NIL                 | 4,79,33,765  |
| International Expressions Inc, USA                                | 100% Wholly Owned Subsidiary           | 1,14,63,586         | NIL          |
| Online Media Solutions Limited, Israel                            | 100% Wholly Owned Subsidiary           | 9,10,81,366         | 2,10,25,526  |
| Dyomo Corporation   | 100% Wholly Owned Subsidiary           | 23,22,62,138        | 7,72,57,706  |
| Lycos Inc   | 100% Wholly Owned step down Subsidiary | 2,32,37,214         | NIL          |
| <b>iii. Advances received against sales:</b>                      |  |                     |              |
| Online Media Solutions Limited, Israel                            | 100% Wholly Owned Subsidiary           | 89,01,749           | 90,23,837    |
| Dyomo Corporation   | 100% Wholly Owned Subsidiary           | 3,20,53,741         | NIL          |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | NIL                 | 1,89,69,693  |
| Global IT Inc   | 100% Wholly Owned Subsidiary           | NIL                 | 3,79,204     |
| <b>iv. Guarantee Commission</b>                                   |  |                     |              |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | 3,00,49,900         | 2,71,94,650  |
| <b>v. Investment in Subsidiaries</b>                              |  |                     |              |
| International Expressions Inc, USA                                | 100% Wholly Owned Subsidiary           | NIL                 | 1,54,42,883  |
| <b>vi. Repayment of Unsecured Loan taken from Subsidiaries</b>    |  |                     |              |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | 13,00,62,128        | NIL          |
| <b>vii. Repayment of Unsecured Loans given to Related Parties</b> |  |                     |              |
| Ybrant Employees Welfare Trust A/c                                | Directors acting as Trustees           | 2,00,000            | NIL          |
| <b>(a) Balances with the related parties at the yearend:</b>      |  |                     |              |
| <b>i. Unsecured Loans from Related Parties:</b>                   |  |                     |              |
| DreamAd, Panama   | 100% Wholly Owned Subsidiary           | 6,61,10,000         | 5,98,29,000  |
| Frontier Data Management Inc, USA                                 | 100% Wholly Owned Subsidiary           | 7,81,65,159         | 7,07,38,819  |
| International Expressions Inc, USA                                | 100% Wholly Owned Subsidiary           | 6,32,08,132         | 5,72,02,834  |
| Online Media Solutions Limited, Israel                            | 100% Wholly Owned Subsidiary           | 9,47,77,700         | 8,57,73,030  |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | 91,58,52,738        | 95,77,27,219 |

| Particulars  | Nature of Relation Ship        | Year Ended 31 March | Year Ended 31 March |
|--|--------------------------------|---------------------|---------------------|
| <b>ii. Investment in Subsidiaries:</b>                 |                                | <b>2014</b>         | <b>2013</b>         |
| DreamAd, Companies                                     | 100% Wholly Owned Subsidiaries | 54,32,40,000        | 54,32,40,000        |
| Frontier Data Management Inc, USA                      | 100% Wholly Owned Subsidiary   | 19,10,81,699        | 19,10,81,699        |
| International Expressions Inc, USA                     | 100% Wholly Owned Subsidiary   | 32,34,99,826        | 32,34,99,826        |
| Online Media Solutions Limited, Israel                 | 100% Wholly Owned Subsidiary   | 51,78,81,121        | 51,78,81,121        |
| Ybrant Media Acquisition Inc, USA                      | 100% Wholly Owned Subsidiary   | 1,26,52,40,000      | 1,26,52,40,000      |
| Ybrant Digital U.S. Inc, USA                           | 100% Wholly Owned Subsidiary   | 1,10,73,95,650      | 1,10,73,95,650      |
| Max Interactive Pty, Ltd., Australia                   | 100% Wholly Owned Subsidiary   | 41,74,90,000        | 41,74,90,000        |
| Dyomo Corporation, USA                                 | 100% Wholly Owned Subsidiary   | 4,67,300            | 4,67,300            |
| Ybrant Digital Servicos De Publicia-<br>deltda, Brasil | 100% Wholly Owned Subsidiary   | 2,65,932            | 2,65,932            |
| Ybrant Digital (Brasil) Ltd., Singapore                | 100% Wholly Owned Subsidiary   | 45                  | 45                  |
| Tech Orbit Inc, USA                                    | 100% Wholly Owned Subsidiary   | 6,18,84,000         | 6,18,84,000         |
| Global IT Inc, USA                                     | 100% Wholly Owned Subsidiary   | 65,99,79,382        | 65,99,79,382        |
| LGS Global FZE, UAE                                    | 100% Wholly Owned Subsidiary   | 2,43,650            | 2,43,650            |
| Yreach Media Private Limited, India                    | 99% Owned Subsidiary           | 99,000              | 99,000              |
| <b>iii. Unsecured Loans to Related Parties:</b>        |                                |                     |                     |
| Ybrant Employees Welfare Trust A/c                     | Directors acting as Trustees   | 1,48,50,000         | 1,50,50,000         |
| LGSL Foundation Trust                                  | Directors acting as Trustees   | 60,14,873           | 60,14,873           |
| <b>iii. Advances Received against Sales:</b>           |                                |                     |                     |
| Online Media Solutions Limited, Israel                 | 100% Wholly Owned Subsidiary   | 89,01,749           | 90,23,837           |
| Dyomo Corporation                                      | 100% Wholly Owned Subsidiary   | 3,20,53,741         | NIL                 |
| Ybrant Media Acquisition Inc, USA                      | 100% Wholly Owned Subsidiary   | NIL                 | 1,89,69,693         |
| Global IT Inc  | 100% Wholly Owned Subsidiary   | NIL                 | 3,79,204            |
| <b>ii. Guarantee Commission Receivable:</b>            |                                |                     |                     |
| Ybrant Media Acquisition Inc, USA                      | 100% Wholly Owned Subsidiary   | 8,28,24,550         | 5,27,74,650         |

## 29. Operating Lease:

The company has taken its office premises on lease 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. 39,288,628/- and for the previous year Rs. 58,821,733/-

## 30. Foreign Currency Outflows:

Foreign Exchange outflows as reported by the Company to Government of India and as certified by Management

In Rupees

| Particulars                 | Year Ended March 31, | Year Ended March 31, |
|-----------------------------|----------------------|----------------------|
|                             | 2014                 | 2013                 |
| Foreign Travelling          | 12,73,780            | 12,20,356            |
| Investments in Subsidiaries | NIL                  | 1,54,42,883          |
| Others                      | NIL                  | 5,54,85,000          |
| <b>Total</b>                | <b>12,73,780</b>     | <b>7,21,48,239</b>   |

## 31. Foreign Currency Inflows:

Foreign Exchange inflows as reported by the Company to Government of India and as certified by Management.

In Rupees

| Particulars           | Year Ended March 31, | Year Ended March 31 |
|-----------------------|----------------------|---------------------|
|                       | 2014                 | 2013                |
| Sales & Services      | 45,52,33,547         | 19,93,87,694        |
| Advance against Sales | 4,09,55,491          | 4,10,85,718         |
| <b>Total</b>          | <b>49,61,89,037</b>  | <b>24,04,73,412</b> |

## 32. Employee Benefits ( Gratuity)

The details of the Company's post - retirement benefit plans for its employees including whole-time directors are given below which are certified by an Independent Actuary.

### (a) Amounts Recognised in the balance sheet as at

In Rupees

| S.No | Particulars   | 31st March 2014 | 31st March 2013 |
|------|---|-----------------|-----------------|
| 1    | Present Value of Obligation as at the end of the year | 84,28,169       | 84,57,464       |
| 2    | Value of Fund as at the end of the year               | 20,82,447       | 23,56,344       |
| 3    | Funded Status   | (63,45,722)     | (61,01,120)     |
| 4    | Unrecognized Actuarial (gains) / losses               | NIL             | NIL             |
| 5    | Net Asset / (Liability) Recognized in Balance Sheet   | (63,45,722)     | (61,01,120)     |

### b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2014

In Rupees

| S.No | Particulars  | 31st March 2014 | 31st March 2013 |
|------|--|-----------------|-----------------|
| 1    | Current Service Cost                               | 15,30,163       | 17,51,819       |
| 2    | Past Service cost                                  | NIL             | NIL             |
| 3    | Interest Cost                                      | 6,93,512        | 7,26,651        |
| 4    | Expected return on Plan Assets                     | (1,87,252)      | (1,96,324)      |
| 5    | Net actuarial (gain)/ loss recognized in the year  | (17,91,821)     | (22,85,695)     |
| 6    | Expenses to be recognized in Profit & Loss Account | 2,44,602        | (3,549)         |

**c) Present value of Obligation for the year ended 31-03-2014****In Rupees**

| S.No | Changes in Present Value of Obligations                     | 31st March 2014 | 31st March 2013 |
|------|---|-----------------|-----------------|
| 1    | Present Value of Obligation as at the beginning of the year | 84,57,464       | 83,52,310       |
| 2    | Interest Cost   | 6,93,512        | 7,26,651        |
| 3    | Past Service Cost   | NIL             | NIL             |
| 4    | Current Service Cost  | 15,30,163       | 17,51,819       |
| 5    | Benefits paid   | (4,61,149)      | (87,621)        |
| 6    | Actuarial (gain)/ loss on obligations                       | (17,91,821)     | (22,85,695)     |
| 7    | Present Value of Obligation as at the end of the year       | 84,28,169       | 84,57,464       |
|      | a. Current Liability  | 2,99,987        | 3,74,988        |
|      | b. Noncurrent Liability                                     | 81,28,182       | 80,82,476       |

**d) Actuarial (Gain) / Loss recognized during the year :****In Rupees**

| S.No | Particulars                                     | 31st March 2014 | 31st March 2013 |
|------|---|-----------------|-----------------|
| 1    | Actuarial (Gain)/Loss for the year - Obligation | (17,91,821)     | (22,85,695)     |
| 2    | Total (Gain) / Loss for the year                | (17,91,821)     | (22,85,695)     |
| 3    | Actuarial (Gain) / Loss recognized in the year  | (17,91,821)     | (22,85,695)     |

**e) Assumptions:**

Assumptions made for the purpose of Gratuity valuation

**In Rupees**

| Particulars   | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| Discount Rate   | 9.10%           | 8.20%           |
| Rate of increase in Compensation levels                       | 6%              | 6%              |
| Rate of Return on Plan Assets                                 | 9%              | 9%              |
| Expected Average remaining working lives of employees (years) | 27 Years        | 27 Years        |

**(ii) Leave Encashment**

The provision for Leave Encashment is calculated as per accrual method and included in current liability &amp; provision.



### 33. Earnings Per Share:

| Particulars   | In Rupees            |                       |
|---|----------------------|-----------------------|
|   | Year Ended 31, March | Year Ended 31st March |
|   | 2014                 | 2013                  |
| Profits Attributable to Equity Share Holders                  | 9,15,65,858          | 10,15,17,858          |
| Weighted Average No. of Shares Outstanding for the Year ended |                      |                       |
| Basic   | 47,62,51,499         | 47,62,51,499          |
| Diluted   | 47,62,51,499         | 47,62,51,499          |
| Earnings per Share – Basic                                    | 0.19                 | 0.21                  |
| Earnings per Share – Diluted                                  | 0.19                 | 0.21                  |

The EPS of Rs. 0.19 on a PAT of Rs. 9,15,65,858/- for the year ended 31 March 2014 for an Equity Capital i.e. Rs.95,25,02,998/- consisting of 47,62,51,499 Equity Shares of Rs. 2/- each fully paid up and whereas the EPS of Rs.0.21 on a PAT of Rs. 10,15,17,858/- for the year ended 31 March 2013.

**34.** In case of Foreign exchange fluctuation profit / loss as per AS 11 the Branch and head office is having integral transactions and hence profit / loss debited to P & L a/c. The receivables have been considered at the actual rate at which the amount is realized and accordingly Gain from Foreign Exchange fluctuation and Integral transactions of Rs. 30,019,651 /- (net) has been reflected in Profit and Loss Account for the Year.

### 35. Segment Reporting:

The Company is mainly engaged in the area of providing Software Development Services and Digital Marketing and related services. The company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with the AS-17, Segment Reporting, the company has disclosed the Segment information in the consolidated financial statements.

### 36. Intra branch Transactions:

The Intra Branch transactions have been eliminated while preparing the financial statements.

### 37. Dues to Micro & Small Enterprises:

There are no overdue principle amounts and interest thereon payable to Micro Enterprises and Small Enterprises, as at 31-03-2014.

### 38. Confirmation of Closing Balances:

Closing Balances of Debtors, Creditors, Loans and Advances are subject to confirmations.

### 39. Contingent Liabilities & Guarantees:

| Particulars  | Name of the Bank / Party   | Year Ended March 31, | Year Ended 31 |
|--|--|----------------------|---------------|
|  |  | 2014                 | March         |
| Corporate Guarantee for Acquiring Lycos Inc (USD 4 Mn)                         | Daum Global Holdings Corp, Republic of Korea   | 24,04,00,000         | 21,75,60,000  |
| Corporate Guarantee for Foreign Currency Term Loan (FCTL) (USD 10Mn)           | ICICI Bank Limited, New York Branch, USA   | 60,10,00,000         | 54,39,00,000  |
| Bank Guarantees for Tender Participation & Performance Guarantees              | Axis Bank, S.R.Nagar Branch, Hyderabad, Andhra Pradesh, India  | 90,00,000            | 90,00,000     |
| Inland Letter of Credit for purchase of Software products                      | Axis Bank, S.R.Nagar Branch, Hyderabad, Andhra Pradesh, India  | 310,00,000           | 3,10,00,000   |
| Foreign Letter of Credit for Purchase of Software Products (USD 0.9 Mn)        | Canara Bank, Prime Corporate Branch, Secunderabad, Andhra Pradesh, India   | NIL                  | 4,89,51,000   |
| Corporate Guarantee given for the loan taken by Tesla Projects Private Limited | Lakshmi Vilas Bank. D No 8-3-248/1/7/7 & 8, Anjani Cement Centre Nagarjuna Hills Main Road, Panjagutta Hyderabad Andhra Pradesh, India | 1,90,00,000          | 1,90,00,000   |
| Disputed Service Tax Liability for the period May 2008 to September 2011       | Appeal made to Central Excise & Service Tax Appellate Tribunal, Bangalore  | 14,60,05,131         | NIL           |
| Disputed Income Tax Liability for the A.Y 2009-10                              | Appeal made to CIT(Appeals), Hyderabad   | 3,87,72,490          | 3,87,72,490   |
| Disputed Sales Tax Liability for the A.Y 2010-11                               | Appeal made to Sales Tax Appellate Tribunal, Hyderabad   | 4,12,35,944          | 4,12,35,944   |

\* Assumption: 1 USD = Rs.60.10 (Closing rate as on 31st March 2014)

40. During the year under consideration, the company has valued its Intangible assets and has recognized impairment loss on the following Intangible Assets during the Financial Year 2013-14:

i. Goodwill arised on Merger in the year 2011-12 for Rs. 9,72,99,911 with an accumulated depreciation of Rs. 1,94,59,982 at the beginning of the year, has been valued and an Impairment Loss of Rs. 7,78,39,929 has been recognized in the books of the company during the financial year.

ii. Computer Products/Rights acquired during the year's 2010-11 & 2011-12 having Gross Block of Rs. 33,68,09,464 with an accumulated depreciation of Rs. 5,45,01,850 on 1st April, 2013 has been valued and an Impairment Loss of Rs. 28,23,07,614 is recognized in the books of accounts.

iii. Other Intangible Assets acquired in the year 2009-10, having Gross Block of Rs. 18,14,45,503 and Accumulated Depreciation of Rs. 5,92,61,552 as on 01st April, 2013 has been valued and the Impairment Loss of Rs. 12,21,83,951 is recognized in the Books of the Company.

41. The figures of previous year have been regrouped wherever necessary.

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

#### Summary of Significant Accounting Policies

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

Place : Hyderabad  
Date : 28-05-2014

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

For Ybrant Digital Limited

SD/-  
Vijay Kancharla  
Executive Director

SD/-  
K.Anusha  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ybrant Digital Limited

### Report on Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of Ybrant Digital Limited ("the Company") and its subsidiaries (collectively referred to as "Ybrant Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We have not audited the financial statements of its below mentioned list of subsidiaries (except Yreach Media Private Limited) whose total revenue amounting to Rs. 1,10,701.38 lakhs and total assets amounting to Rs. 1,52,234.15 lakhs was considered for the purpose of financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation and our opinion in so far as it relates to the amounts included in respect of the subsidiaries are based solely on reports of the other auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The following are the details of subsidiaries whose financial statements were audited by the other auditors.

|    |  |           |                                 |
|----|--|-----------|---------------------------------|
| 1  | TechorbitInc,                                  | USA       | Wholly owned Foreign Subsidiary |
| 2  | Global IT Inc,                                 | USA       | Wholly owned Foreign Subsidiary |
| 3  | LGS Global FZE,                                | UAE       | Wholly owned Foreign Subsidiary |
| 4  | Frontier Data Management Inc,                  | USA       | Wholly owned Foreign Subsidiary |
| 5  | International Expressions Inc,                 | USA       | Wholly owned Foreign Subsidiary |
| 6  | Ybrant Digital U.S.Inc,                        | USA       | Wholly owned Foreign Subsidiary |
| 7  | Online Media Solutions Ltd.,                   | ISRAEL    | Wholly owned Foreign Subsidiary |
| 8  | Ybrant Media Acquisition Inc,                  | USA       | Wholly owned Foreign Subsidiary |
| 9  | Lycos Inc                                      | USA       | Foreign step down Subsidiary    |
| 10 | Dyomo Corporation,                             | USA       | Wholly owned Foreign Subsidiary |
| 11 | Max Interactive Pty Ltd.,                      | Australia | Wholly owned Foreign Subsidiary |
| 12 | DreamAd, SA                                    | Argentina | Wholly owned Foreign Subsidiary |
| 13 | DreamAd, SA                                    | Chile     | Wholly owned Foreign Subsidiary |
| 14 | Get Media SociedadAnonima de Capital Variable, | Mexico    | Wholly owned Foreign Subsidiary |
| 15 | DreamAd, SA                                    | Panama    | Wholly owned Foreign Subsidiary |
| 16 | DreamAd, SA                                    | Uruguay   | Wholly owned Foreign Subsidiary |
| 17 | Ybrant Digital Servicios De Publicidad Ltda,   | Brasil    | Wholly owned Foreign Subsidiary |
| 18 | Ybrant Digital (Brasil) Limited,               | Singapore | Wholly owned Foreign Subsidiary |

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the 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 state of affairs of the Ybrant Group as at March 31, 2014;
- (b) In the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For P.Murali & Co.,**

Chartered Accountants  
Firm's Registration Number: 007257S

**SD/-**

**P. Murali Mohana Rao**

Partner  
Membership Number: 023412

Place: Hyderabad  
Date : 28th May, 2014

**Consolidated Balance Sheet as at 31st March 2014**

| Particulars                              | Note No | As on 31s March, 2014  | As on 31st March, 2013 |
|--|---------|------------------------|------------------------|
|  |         | Rupees                 | Rupees                 |
| <b>I. EQUITY AND LIABILITIES</b>         |         |                        |                        |
| <b>(1) Shareholder's Funds</b>           |         |                        |                        |
| (a) Share Capital                        | 1       | 95,25,02,998           | 95,25,02,998           |
| (b) Reserves and Surplus                 | 2       | 10,63,95,03,395        | 9,42,96,19,690         |
| <b>(2) Noncurrent Liabilities</b>        |         |                        |                        |
| (a) Long-Term Borrowings                 | 3       | 40,77,66,929           | 51,51,25,891           |
| (b) Deferred Tax Liabilities (Net)       | 4       | 3,64,50,464            | 2,86,81,956            |
| (c) Other Long Term Liabilities          | 5       | 23,64,56,077           | 76,81,91,710           |
| (d) Long Term Provisions                 | 6       | 7,41,21,398            | 3,86,90,203            |
| <b>(3) Current Liabilities</b>           |         |                        |                        |
| (a) Short-Term Borrowings                | 7       | 89,29,76,971           | 1,24,75,41,901         |
| (b) Trade Payables                       | 8       | 2,45,50,75,748         | 2,31,70,01,587         |
| (c) Other Current Liabilities            | 9       | 1,72,72,51,020         | 31,94,67,985           |
| (d) Short-Term Provisions                | 10      | 60,68,87,676           | 43,51,57,845           |
| <b>Total</b>                             |         | <b>18,02,89,92,676</b> | <b>16,05,19,81,766</b> |
| <b>II.Assets</b>                         |         |                        |                        |
| <b>(1) Noncurrent assets</b>             |         |                        |                        |
| <b>(a) Fixed assets</b>                  |         |                        |                        |
| (i) Tangible assets                      | 11      | 55,18,58,583           | 64,24,56,786           |
| (ii) Intangible assets                   | 11      | 2,18,68,28,346         | 2,19,33,96,418         |
| (iii) Capital work-in-progress           | 11      | 22,21,04,328           | 22,21,04,328           |
| (iv) Intangible assets under development |         | 19,49,18,402           | 19,49,18,402           |
| (b) Noncurrent investments               | 12      | 8,74,11,336            | 7,84,34,610            |
| (c) Long Term Loans and advances         | 13      | 1,41,91,82,102         | 1,00,50,31,337         |
| (d) Other Noncurrent assets              | 14      | 41,38,36,871           | 44,61,94,436           |
| <b>(2) Current assets</b>                |         |                        |                        |
| (a) Trade receivables                    | 15      | 7,86,10,33,273         | 6,38,01,38,047         |
| (b) Cash and Bank Balances               | 16      | 43,04,51,504           | 94,24,25,201           |
| (c) Short-Term Loans and Advances        | 17      | 2,94,72,51,226         | 2,96,19,22,949         |
| (d) Other Current Assets                 | 18      | 1,71,41,16,705         | 98,49,59,252           |
| <b>Total</b>                             |         | <b>18,02,89,92,676</b> | <b>16,05,19,81,766</b> |

**Summary of Significant Accounting Policies**

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

Place : Hyderabad  
Date : 28-05-2014

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

For Ybrant Digital Limited

SD/-  
Vijay Kancharla  
Executive Director

SD/-  
K.Anusha  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

| Particulars                                      | Note No | Year Ending 31st March, 2014 | Year Ending 31st March, 2013 |
|--|---------|------------------------------|------------------------------|
|  |         | Rupees                       | Rupees                       |
| Revenue from Operations                          | 19      | 16,73,37,38,096              | 16,01,05,00,165              |
| Other Income                                     | 20      | 1,49,89,651                  | 14,33,84,840                 |
| <b>Total Revenue</b>                             |         | <b>16,74,87,27,747</b>       | <b>16,15,38,85,005</b>       |
| Expenses:  |         |                              |                              |
| Purchase / Cost of Revenue                       | 21      | 9,97,04,45,320               | 10,62,03,23,964              |
| Employee Benefit expenses                        | 22      | 1,27,75,47,447               | 1,12,99,97,925               |
| Other Operating Expenses                         | 23      | 45,07,44,116                 | 1,59,57,66,075               |
| Administrative Expenses                          | 24      | 1,36,34,92,498               | 1,59,77,70,647               |
| Financial costs                                  | 25      | 26,94,39,610                 | 35,16,76,557                 |
| Depreciation and amortization expense            | 11      | 68,83,35,990                 | 26,03,08,234                 |
| <b>Total Expenses</b>                            |         | <b>14,02,00,04,981</b>       | <b>15,55,58,43,402</b>       |
| <b>Profit before Extraordinary items and tax</b> |         | <b>2,72,87,22,766</b>        | <b>59,80,41,603</b>          |
| Extraordinary Items                              |         | -                            | -                            |
| <b>Profit Before Tax</b>                         |         | <b>2,72,87,22,766</b>        | <b>59,80,41,603</b>          |
| Tax expense:                                     |         |                              |                              |
| (1) Current tax                                  |         | 51,13,26,464                 | 10,59,97,264                 |
| (2) Deferred tax                                 |         | 77,68,507                    | 3,83,83,198                  |
| (3) MAT Credit Entitlement                       |         | -                            | 5,62,88,350                  |
| <b>Profit After Tax</b>                          |         | <b>2,20,96,27,795</b>        | <b>50,99,49,491</b>          |
| Earning per equity share:                        |         |                              |                              |
| (1) Basic  |         | 4.64                         | 1.07                         |
| (2) Diluted                                      |         | 4.64                         | 1.07                         |

### Summary of Significant Accounting Policies

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

For Ybrant Digital Limited

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Vijay Kancharla  
Executive Director

Place : Hyderabad  
Date : 28-05-2014

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

SD/-  
K.Anusha  
Company Secretary



## Consolidated Financial Statements

### Consolidated Cash Flow for the year ended 31st March, 2014

| Particulars   | Year ended            | Year ended              |
|---|-----------------------|-------------------------|
|   | 31st March 2014       | 31st March 2013         |
| <b>A. Cash Flow from Operating Activities</b>               |                       |                         |
| Net Profit Before Tax                                       | 2,72,87,22,766        | 59,80,41,603            |
| Adjustment for :  |                       |                         |
| Add: Depreciation   | 68,83,35,990          | 26,03,08,234            |
| Interest Paid   | 6,63,91,488           | 3,16,51,775             |
| <b>Operating Profit before Working Capital Changes</b>      | <b>3,48,34,50,244</b> | <b>89,00,01,612</b>     |
| Adjustment for Working Capital Changes:                     |                       |                         |
| Increase/(Decrease) in Short term Borrowings                | (35,45,64,930)        | (6,14,20,015)           |
| Increase/(Decrease) in Trade Payable                        | 13,80,74,161          | (1,56,76,73,934)        |
| Increase/(Decrease) in other Current Liabilities            | 1,40,77,83,035        | (32,65,16,647)          |
| Increase/(Decrease) in Short-Term Provisions                | (33,95,96,633)        | (87,60,616)             |
| Decrease/(Increase) in Trade Receivables                    | (1,51,09,14,877)      | 84,79,09,335            |
| Decrease/(Increase) in Short-Term Loans and Advances        | 1,46,71,723           | 4,48,66,015             |
| Increase/(Decrease) in other Current Assets                 | (72,91,57,453)        | (87,15,12,158)          |
| <b>A</b>  | <b>2,10,97,45,270</b> | <b>(1,05,31,06,408)</b> |
| <b>B Cash Flow from Investing Activities</b>                |                       |                         |
| Sale of Fixed assets  | 2,77,95,179           | 93,95,932               |
| Purchase/(Increase) of Fixed Assets                         | (61,89,64,893)        | (3,54,13,678)           |
| (Increase)/Decrease in Noncurrent Investments               | (89,76,726)           | -                       |
| <b>Net cash from investing activities</b>                   | <b>B</b>              | <b>(2,60,17,746)</b>    |
| <b>C. Cash Flows from Financing Activities</b>              |                       |                         |
| Interest Paid   | (6,63,91,488)         | (3,16,51,775)           |
| Increase/(Decrease) in Long Term Loans                      | (10,73,58,962)        | (9,06,57,411)           |
| Increase/(Decrease) in share capital                        | -                     | 35,58,00,000            |
| Increase/(Decrease) in Reserves                             | -                     | -                       |
| Increase/(Decrease) in share warrants                       | -                     | (35,58,00,000)          |
| Increase/(Decrease) in Foreign Currency Fluctuation Reserve | (96,97,24,439)        | 56,50,93,351            |
| Increase/(Decrease) in long term provision                  | 3,54,31,195           | 16,51,727               |
| Increase/(Decrease) in Other Long term Liabilities          | (53,17,35,633)        | (10,47,93,440)          |
| Increase/(Decrease) in Long term loans and advances         | (41,41,50,765)        | (2,70,88,548)           |
| Increase/(Decrease) in Other Non - Current Assets           | 3,23,57,565           | 21,46,154               |
| <b>Net cash from financing activities</b>                   | <b>C</b>              | <b>31,47,00,058</b>     |
| Cash and cash equivalents at beginning of year              | 94,24,25,201          | 1,70,68,49,297          |
| Net change in cash ( A+B+C)                                 | (51,19,73,697)        | (76,44,24,096)          |
| Cash and cash equivalents at period ended 31st March, 2013  | 43,04,51,504          | 94,24,25,201            |

#### Summary of Significant Accounting Policies

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

For Ybrant Digital Limited

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Vijay Kancharla  
Executive Director

Place : Hyderabad  
Date : 28-05-2014

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

SD/-  
K.Anusha  
Company Secretary

## Significant accounting policies to Consolidated Financial Statements

### Company Overview:

Ybrant Digital Limited, offers digital marketing solutions to businesses, agencies and online publishers worldwide. Ybrant Digital connects Advertisers with their Audience across any form of Digital Media, using its massive local presence to deliver appropriate messages to the right audience, through the most relevant Digital channels. Ybrant Digital has a global presence, with offices in over 20 countries.

Ybrant Digital Limited is also a Global Information Technology Implementation and Outsourcing Services Provider with an exceptional track record of providing high quality, on-budget, and on-time solutions to demanding clients. Our business knowledge in key verticals helps us provide solutions that are customized to address the specific needs while focusing on maximizing value of Information Technology investments such that clients can achieve their business objectives. We believe in fostering long-term relationships, and partner with our clients in their success. Ybrant Provides End-to-end Enterprise Solution Offerings and Specialising in ERP Solutions, Microsoft and Open Source Systems development.

### Basis of Preparation of Consolidated Financial Statements:

The consolidated financial statements relate to YBRANT DIGITAL LIMITED ("the Company") has prepared the Consolidated Financial Statements, by consolidating its accounts with that of its wholly owned subsidiaries Techorbit Inc, USA, Global IT Inc, USA, LGS Global FZE, UAE, Frontier Data Management Inc, USA, International Expressions Inc, USA, Ybrant Digital U.S.Inc, USA, Online Media Solutions Ltd., Israel, Ybrant Media Acquisition Inc, USA, Dyomo Corporation, USA, Max Interactive Pty Ltd., Australia, DreamAd, Argentina, DreamAd, Chile, Get Media Sociedad Anonima de Capital Variable, Mexico, DreamAd, Panama, DreamAd, Uruguay, Ybrant Digital Servicios De Publicidad Ltda, Brasil, Ybrant Digital (Brasil) Limited, Singapore in accordance with the Statements of Accounting standards on "Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India (ICAI) The Consolidated Financial Statements have been prepared under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the ICAI. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its' subsidiary companies are combined on a line by- line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 --"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) In case of foreign subsidiaries, Assets and Liabilities are consolidated at the Foreign Exchange rates prevailing at the end of the year.
- (iii) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill.
- (iv) Minority interest's share is not there as the company is holding 100 % Equity Shares.
- (v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

### Use of Estimates:

The preparation on of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

### 1. Revenue Recognition :

#### a) Software Development:

- i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.

- iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- v) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

**b) Digital Marketing Services:**

- i) The Contracts between the Company and its Customers are either time or material contracts or fixed price contracts.
- ii) 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.
- iii) In respect of time and material contract, revenue is recognized in the period in which the services are provided.
- iv) Revenue from product sale and licensing arrangements are recognized on delivery and installation.

**2. Foreign Exchange Transaction :**

Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account.

Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at 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 transaction.

**3. 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 value of each investment.

**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.

**5. Depreciation and Amortization :**

Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956 and there is no change in the method of Depreciation during the year. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

Preliminary Expenses are amortised over the period of 5 years.

## 6. Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

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 asset can be measured reliably.

## 7. Earnings Per Share

The earnings considered in ascertaining the companies earning per share comprise 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 year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

## 8. Gratuity and Leave Encashment :

In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity, a defined benefit retirement plan covering eligible employees of the company. The Gratuity 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 the employment with the group. The company has a made a provision for gratuity to its employees on the basis of independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

The provision for Leave Encashment is calculated as per accrual method.

## 9. Borrowing Cost :

Borrowing cost relating to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that is attributable to the projects is charged to the respective projects. All other borrowing costs, not eligible for inventorisation/capitalisation, are charged to revenue.

## 10. Cash Flow Statement :

### The Company has prepared Cash Flow Statement as per the AS-3.

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.

## 11. Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event;
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

**Contingent Liability is disclosed in the case of:**

- a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

**12. Impairment of 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 sale price or present value as determined above.

**13. Related Party Disclosures :**

The Company furnishes the details of Related Party Disclosures as given in Para 23 and 26 as required by AS-18.

**14. Lease Rentals**

**Operating Lease :**

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.

**Finance Lease:**

A Finance lease is a lease that transfers substantially all the risks and rewards incidental to the ownership of an asset.

**15. 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

### NOTE NO :1 - SHARE CAPITAL

| S.No | Particulars  | As on 31-03-2014<br>Rupees | As on 31-03-2013<br>Rupees |                  |                  |
|------|--|----------------------------|----------------------------|------------------|------------------|
| I    | Equity Share Capital   |                            |                            |                  |                  |
|      | (a) Authorised   |                            |                            |                  |                  |
|      | (975,000,000 Equity Shares of Rs.2/- each)   | 1,95,00,00,000             | 1,95,00,00,000             |                  |                  |
|      | (b) Issued, Subscribed & Fully Paid Up   |                            |                            |                  |                  |
|      | (476,251,499 Equity Shares of Rs.2/- each)   | 95,25,02,998               | 95,25,02,998               |                  |                  |
|      | (c) Subscribed & not fully paid up   |                            |                            |                  |                  |
|      | (Issue of Equity Shares in Current year - NIL-)  | -                          | -                          |                  |                  |
|      | (Issue of Equity Shares in Previous year - NIL-)   | -                          | -                          |                  |                  |
|      | (d) Par Value per share  | 2                          | 2                          |                  |                  |
|      | Total Equity Share capital   | 95,25,02,998               | 95,25,02,998               |                  |                  |
| II   | <u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u> |                            |                            |                  |                  |
|      | Equity Shares of Rs.2/- Each, Fully paid up  |                            |                            |                  |                  |
|      | At the Beginning   | 47,62,51,499               | 47,62,51,499               |                  |                  |
|      | (Issued during the year - NIL-)  | -                          | -                          |                  |                  |
|      | At the end   | 47,62,51,499               | 47,62,51,499               |                  |                  |
| III  | Details of Shareholder holding more than 5% shares of the company:*  |                            | % of Share Holding         |                  |                  |
|      | Equity Shares of Rs. 2/- each Held By  | As on 31-03-2014           | As on 31-03-2013           | As on 31-03-2014 | As on 31-03-2013 |
|      | M. Suresh Kumar Reddy  | 65,573,882                 | 69,873,882                 | 13.77%           | 14.67%           |
|      | Vijay Kancharla  | 65,865,510                 | 65,865,510                 | 13.83%           | 13.83%           |
|      | Everest Capital (M) Ltd  | 65,179,080                 | 65,179,080                 | 13.69%           | 13.69%           |
|      | Redmond Investments Ltd  | 32,550,000                 | 35,550,000                 | 6.82%            | 7.46%            |
|      | Oak India Investments  | 34,629,630                 | 34,629,630                 | 7.27%            | 7.27%            |
|      | Sansar Capital Mauritius Ltd   | 33,563,430                 | 33,563,430                 | 7.05%            | 7.05%            |

NOTE NO. 2 : RESERVES AND SURPLUS

| S. No. | Particulars  | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|--|------------------------|------------------------|
|        |  | Rupees                 | Rupees                 |
| I      | RESERVES AND SURPLUS                                   |                        |                        |
|        | a) Capital Reserve                                     |                        |                        |
|        | As at the commencement of the year                     | 5,08,36,71,652         | 4,72,78,71,652         |
|        | Add: Forfeiture of Share Warrant Money during the year | -                      | 35,58,00,000           |
|        | <b>Sub Total</b>                                       | <b>5,08,36,71,652</b>  | <b>5,08,36,71,652</b>  |
|        | b) General Reserves                                    |                        |                        |
|        | As at the commencement of the year                     | 3,64,43,906            | 3,33,98,370            |
|        | Add: Additions during the year                         | 27,46,976              | 30,45,536              |
|        | <b>Sub Total</b>                                       | <b>3,91,90,882</b>     | <b>3,64,43,906</b>     |
|        | c) Surplus :   |                        |                        |
|        | Opening Balance - Profit and Loss Account              | 3,74,44,10,781         | 3,23,75,06,826         |
|        | Add: Transfer from Profit & Loss Account               | 2,20,96,27,795         | 50,99,49,491           |
|        | Add: Prior period Adjustment                           | -                      | -                      |
|        | Less: Transfer To General Reserve                      | 27,46,976              | 30,45,536              |
|        | Less: Bonus  | -                      | -                      |
|        | Less: Dividend   | -                      | -                      |
|        | Less: Dividend distribution tax                        | -                      | -                      |
|        | <b>Sub Total</b>                                       | <b>5,95,12,91,600</b>  | <b>3,74,44,10,781</b>  |
|        | Foreign Currency Translation Reserve                   | (43,46,50,739)         | 56,50,93,351           |
|        | <b>Total Reserves and Surplus</b>                      | <b>10,63,95,03,395</b> | <b>9,42,96,19,690</b>  |



### NOTE NO. 3 : LONG TERM BORROWINGS

| S. No. | Particulars  | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|--|------------------------|------------------------|
|        |  | Rupees                 | Rupees                 |
| I      | <b>Long Term borrowings</b>  |                        |                        |
|        | a) Term Loans  |                        |                        |
|        | ICICI Bank (Refer Note No: 4(a))   | 15,02,50,000           | 41,33,67,962           |
|        | SBI Term Loan (Refer Note No: 4(b))  | 18,00,00,000           | 75,00,000              |
|        | Canara bank Term Loan (Refer Note No: 4(c))  | 12,50,000              | 1,68,75,000            |
|        | Others (Refer Note No: 4(d))   | 3,00,95,909            | 3,00,95,909            |
|        | <b>Sub-Total</b>   | <b>36,15,95,909</b>    | <b>46,78,38,871</b>    |
|        | b) Loans and advances from related parties   |                        |                        |
|        | Un Secured   |                        |                        |
|        | Mr. Venkat Kadiyala  | 3,95,81,398            | 3,95,81,398            |
|        | Mr. Rao Karusala   | 65,89,622              | 65,89,622              |
|        | c) Deposits.   |                        |                        |
|        | Unsecured Rental Deposit   | -                      | 11,16,000              |
|        | <b>Total</b>   | <b>4,61,71,020</b>     | <b>4,72,87,020</b>     |
|        | Notes:   |                        |                        |
|        | <p>Note No. 4(a): Term Loans From ICICI Bank: Exclusive Charge on Current Assets &amp; Exclusive Charge on Movable Fixed Assets, Foreign Currency Term Loan is Secured by</p> <p>Creating first charge on all assets of Ybrant Media Acquisition Inc USA, both present and future, pledge of shares of companies acquired and pledge of 36.0 million shares by promoter group.</p> |                        |                        |
|        | <p>Note No: 4(b) - Term Loan of Rs. 400 lakhs from State Bank of India are secured by current assets, Fixed Assets, Pledge of Promoters shares and personal guarantee of Promoter Directors</p>  |                        |                        |
|        | <p>Note No: 4(c) - Term Loan of Rs. 450 lakhs from Canara Bank are secured by current assets, Fixed Assets, Pledge of Promoters shares and personal guarantee of Promoter Directors</p>  |                        |                        |
|        | <p>Note No: 4(d) - Long Term Borrowings Taken from others is relating to the TECHORBIT INC (Subsidiary) is secured by the accounts receivable of the company.</p>  |                        |                        |
|        | <b>Total Long Term Borrowings</b>  | <b>40,77,66,929</b>    | <b>51,51,25,891</b>    |

**NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET )**

| S. No. | Particulars   | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| I      | Opening Deferred tax Liability  | 19,42,56,221           | 15,48,96,780           |
|        | Add:  |                        |                        |
|        | Deferred Tax Liability for the year ( Due to SLM and WDV Difference ) | 78,47,869              | 3,93,59,441            |
|        | <b>Gross Deferred tax Liability</b>                                   | <b>20,21,04,090</b>    | <b>19,42,56,221</b>    |
|        | Opening Deferred tax Asset  | 16,55,74,265           | 16,45,98,022           |
|        | Provision for Gratuity, Compensated Absences and others               | 79,361                 | 9,76,243               |
|        | <b>Gross Deferred tax Asset</b>                                       | <b>16,56,53,626</b>    | <b>16,55,74,265</b>    |
|        | <b>Deferred Tax Liability/ ( Asset ) - Net</b>                        | <b>3,64,50,464</b>     | <b>2,86,81,956</b>     |

**NOTE NO. 5 : OTHER LONG TERM LIABILITIES**

| S. No. | Particulars                        | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|------------------------------------|------------------------|------------------------|
|        |                                    | Rupees                 | Rupees                 |
| I      | a) Acquisition Payable             | 18,63,10,000           | 71,44,00,000           |
|        | b) Accrued Severance Pay           | 5,01,46,077            | 5,37,91,710            |
|        | <b>Total Long Term Liabilities</b> | <b>23,64,56,077</b>    | <b>76,81,91,710</b>    |

**NOTE NO. 6 : LONG TERM PROVISIONS**

| S. No. | Particulars                         | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|-------------------------------------|------------------------|------------------------|
|        |                                     | Rupees                 | Rupees                 |
| I      | a) Provisions for employee benefits |                        |                        |
|        | - Provision for Gratuity            | 63,45,723              | 57,26,132              |
|        | - Provision for Leave Encashment    | 15,70,450              | 15,90,450              |
|        | b) Other Provisions                 | 6,62,05,225            | 3,13,73,621            |
|        | <b>Total Long Term Provisions</b>   | <b>7,41,21,398</b>     | <b>3,86,90,203</b>     |

**NOTE NO. 7 : SHORT TERM BORROWINGS.**

| S. No. | Particulars  | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|--|------------------------|------------------------|
| I      | Short term borrowings  |                        |                        |
|        | a) Cash Credits and Working Capital Demand Loan from Banks   |                        |                        |
|        | - Secured  |                        |                        |
|        | Axis Bank - Cash Credit Facility (Refer Note No:8(a))  | 45,00,00,000           | 45,00,00,000           |
|        | SBI - EPC Facility (Refer Note No:8(b))  | -                      | 30,00,00,000           |
|        | Canara Bank - OD Facility (Refer Note No:8(c))   | 35,00,00,000           | 35,00,00,000           |
|        | Others   | 3,85,10,794            | 3,85,10,794            |
|        | b) Loans and advances from other parties   |                        |                        |
|        | Secured by Pledge of Promoter Shares   | 2,54,43,656            | 9,24,69,733            |
|        | Others   | 2,90,22,521            | 1,65,61,374            |
|        | Notes:   |                        |                        |
|        | <b>Note No 8(a):</b> Working Capital of Rs 4500 lakhs and Bank Guarantee LC of Rs 400 Lakhs, Rs.200 Lakhs Loan Equivalent Risk(LER) from Axis Bank Ltd are secured by charge on current assets, Fixed Assets, Pledge of promoters shares, immovable property and personal Guarantee of Promoter Directors. |                        |                        |
|        | <b>Note No 8(b):</b> Working Capital of Rs 3000 Lakhs, and Bank Guarantee of Rs 1000 lakhs from State Bank of India are secured by current assets, Fixed Assets, Pledge of Promoters shares, immovable property and personal guarantee of Promoter Directors   |                        |                        |
|        | <b>Note No 8(c):</b> Working Capital of Rs 3500 lakhs and Bank Guarantee LC of Rs 1000 Lakhs from Canara Bank are secured by charge on current assets, Fixed Assets, Pledge of promoters shares, immovable property and personal Guarantee of Promoter Directors.  |                        |                        |
|        | <b>Total Short Term Borrowings</b>   | <b>89,29,76,971</b>    | <b>1,24,75,41,901</b>  |

**NOTE NO. 8 : TRADE PAYABLE**

| S. No. | Particulars                | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|----------------------------|------------------------|------------------------|
|        |                            | Rupees                 | Rupees                 |
| I      | a) Trade Payable           | 2,45,50,75,748         | 2,31,70,01,587         |
|        | <b>Total Trade Payable</b> | <b>2,45,50,75,748</b>  | <b>2,31,70,01,587</b>  |

**NOTE NO. 9 : OTHER CURRENT LIABILITIES**

| S. No. | Particulars                               | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| I      | a) Current maturities of long term debt   | 35,43,15,627           | 11,25,00,000           |
|        | b) Interest accrued and due on borrowings | 4,05,14,932            | 2,79,07,159            |
|        | c) Unpaid dividend                        | 9,58,95,628            | 9,58,95,628            |
|        | d) Other Payable                          | 1,23,65,24,832         | 8,31,65,198            |
|        | <b>Total Other Current Liabilities</b>    | <b>1,72,72,51,020</b>  | <b>31,94,67,985</b>    |

**NOTE NO. 10 : SHORT TERM PROVISIONS**

| S. No. | Particulars                         | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|-------------------------------------|------------------------|------------------------|
|        |                                     | Rupees                 | Rupees                 |
| I      | a) Provisions for employee benefits |                        |                        |
|        | Employee Benefit Payable            | 1,37,17,582            | 2,63,88,232            |
|        | b) Others                           |                        |                        |
|        | Statutory Liabilities               | 6,37,89,508            | 7,18,95,726            |
|        | Others                              | 13,54,89,063           | 4,13,31,053            |
|        | c) Provision for Expenses           |                        |                        |
|        | Provision for Expenses              | 28,64,44,419           | 18,95,45,570           |
|        | Provision for Income Tax            | 10,74,47,104           | 10,59,97,264           |
|        | <b>Total Short Term Provisions</b>  | <b>60,68,87,676</b>    | <b>43,51,57,845</b>    |

**NOTE NO 11: TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2014**

| Sl. No. | Particulars                         | Gross Block           |                           | Depreciation                     |                       |                       |   | Total Depreciation | Net Block as on 31st March, 2014 | Net Block as on 31st March, 2013 |
|---------|-------------------------------------|-----------------------|---------------------------|----------------------------------|-----------------------|-----------------------|---|--------------------|----------------------------------|----------------------------------|
|         |                                     | As on 01.04.2013      | Additions during the year | Sale / Deletions during the year | As on 31.03.2014      | Dep. As on 01.04.2013 | Dep\ Impairment. For the year 2013-2014 |                    |                                  |                                  |
| I       | TANGIBLE ASSETS                     |                       |                           |                                  |                       |                       |   |                    |                                  |                                  |
| 1       | Land                                | 21,95,210             | -                         | -                                | 21,95,210             | -                     | -                                       | -                  | 21,95,210                        | 21,95,210                        |
| 2       | Building                            | 2,10,49,549           | 88,92,351                 | 1,42,68,524                      | 1,56,73,376           | 59,59,635             | 20,18,586                               | 17,32,653          | 94,27,808                        | 1,50,89,914                      |
| 3       | Electrical Equipment                | 2,32,86,270           | 25,600                    | -                                | 2,33,11,870           | 80,41,530             | 11,07,111                               | -                  | 1,41,63,229                      | 1,52,44,740                      |
| 4       | Office Equipment                    | 7,32,29,017           | 98,68,346                 | 1,61,97,342                      | 6,69,00,020           | 2,88,78,287           | 28,47,764                               | 28,63,375          | 3,80,37,345                      | 4,43,50,730                      |
| 5       | Air Conditioners                    | 71,57,738             | -                         | -                                | 71,57,738             | 26,47,340             | 3,91,306                                | -                  | 41,19,092                        | 45,10,398                        |
| 6       | Computers                           | 74,75,14,419          | 1,88,60,255               | 3,91,199                         | 76,59,83,475          | 39,47,02,688          | 7,96,61,152                             | 1,10,230           | 29,17,29,864                     | 35,28,11,731                     |
| 7       | Furniture                           | 10,28,45,304          | 86,640                    | -                                | 10,29,31,944          | 4,18,09,823           | 65,12,963                               | -                  | 5,46,09,158                      | 6,10,35,481                      |
| 8       | Property & Equipment                | 5,04,13,694           | 5,71,13,378               | 6,96,658                         | 10,68,30,415          | 3,05,87,155           | 5,53,79,946                             | 71,605             | 8,58,95,496                      | 1,98,26,539                      |
| 9       | Vehicles                            | 89,15,564             | 63,378                    | -                                | 89,78,942             | 81,86,709             | 98,544                                  | -                  | 6,93,689                         | 7,28,855                         |
| 10      | Assets At Usa Branch                | 5,96,34,488           | -                         | -                                | 5,96,34,488           | 1,39,96,512           | 74,40,371                               | -                  | 3,81,97,605                      | 4,56,37,976                      |
| 11      | Asset At Subsidiary                 | 7,45,21,807           | -                         | -                                | 7,45,21,807           | 2,01,77,565           | 3,73,669                                | -                  | 5,39,70,573                      | 5,43,44,242                      |
| 12      | Computer Software                   | 3,32,72,328           | 1,45,321                  | 31,54,413                        | 3,02,63,236           | 65,91,358             | 20,26,881                               | 21,35,094          | 2,37,80,091                      | 2,66,80,970                      |
| 13      | Intangible Assets At Subsidiary     | 20,55,09,886          | -                         | -                                | 20,55,09,886          | 6,68,31,381           | -                                       | -                  | 13,86,78,505                     | 13,86,78,505                     |
| II      | Intangible Fixed Assets             |                       |                           |                                  |                       |                       |   |                    |                                  |                                  |
| 1       | Intangible Assets                   | 24,60,69,741          | 52,33,78,965              | -                                | 76,94,48,706          | 12,00,48,790          | 17,03,13,585                            | -                  | 47,90,86,331                     | 12,60,20,951                     |
| 2       | Computer Products                   | 33,68,09,464          | 5,30,658                  | -                                | 33,73,40,122          | 5,45,01,850           | 28,23,24,183                            | -                  | 5,14,089                         | 28,23,07,614                     |
| 3       | Good Will                           | 1,72,99,84,413        | -                         | -                                | 1,72,99,84,413        | 8,35,95,065           | 7,78,39,929                             | -                  | 1,56,85,49,419                   | 1,64,63,89,348                   |
| III     | Capital Work In Progress            | 22,21,04,328          | -                         | -                                | 22,21,04,328          | -                     | -                                       | -                  | 22,21,04,328                     | 22,21,04,328                     |
|         | Intangible Assets under development | 19,49,18,402          | -                         | -                                | 19,49,18,402          | -                     | -                                       | -                  | 19,49,18,402                     | 19,49,18,402                     |
|         | <b>TOTAL</b>                        | <b>4,13,94,31,622</b> | <b>61,89,64,893</b>       | <b>3,47,08,136</b>               | <b>4,72,36,88,379</b> | <b>88,65,55,688</b>   | <b>68,83,35,990</b>                     | <b>69,12,957</b>   | <b>3,15,57,09,659</b>            | <b>3,25,28,75,935</b>            |
|         | <b>PREVIOUS YEAR</b>                | <b>4,12,23,08,642</b> | <b>3,54,13,678</b>        | <b>1,82,90,699</b>               | <b>4,13,94,31,621</b> | <b>63,51,42,220</b>   | <b>26,03,08,234</b>                     | <b>88,94,767</b>   | <b>3,05,79,57,532</b>            | <b>3,48,71,66,422</b>            |

**Note: Depreciation amount includes the impairment loss during the year.**

**NOTE NO. 12 : NON- CURRENT INVESTMENTS**

| S. No. | Particulars                                    | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|--|------------------------|------------------------|
|        |  | Rupees                 | Rupees                 |
| I      | Non- Current Investments                       |                        |                        |
|        | Investment in Subsidiaries                     | -                      | -                      |
|        | Equity Shares                                  |                        |                        |
|        | Affiliates                                     | 6,74,11,336            | 5,84,34,610            |
|        | Unquoted                                       |                        |                        |
|        | Lanco Net Ltd 2,000,000 shares of Rs 10/- each | 2,00,00,000            | 2,00,00,000            |
|        | <b>Total Non - Current Investments</b>         | <b>8,74,11,336</b>     | <b>7,84,34,610</b>     |

**NOTE NO. 13 : LONG TERM LOANS AND ADVANCES**

| S. No. | Particulars                               | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| I      | Capital Advances                          |                        |                        |
|        | Secured Advances , Considered Good        |                        |                        |
|        | Advance for Acquisition                   | -                      | 2,24,35,000            |
|        | <b>Sub Total</b>                          | <b>-</b>               | <b>2,24,35,000</b>     |
| II     | Loans & Advances to Related Party         |                        |                        |
|        | Secured, Considered Good                  |                        |                        |
|        | Unsecured, Ybrant Employee Welfare Trust  | 1,48,50,000            | 1,50,50,000            |
|        | Unsecured, LGSL Foundation Trust          | 60,14,873              | 60,14,873              |
|        | <b>Sub Total</b>                          | <b>2,08,64,873</b>     | <b>2,10,64,873</b>     |
| III    | Unsecured, Considered Good                |                        |                        |
|        | Security Deposit                          | 23,87,704              | 28,77,256              |
|        | Other Advances                            | 1,39,59,29,525         | 95,86,54,208           |
|        | <b>Sub Total</b>                          | <b>1,39,83,17,229</b>  | <b>96,15,31,464</b>    |
|        | <b>Total Long Term Loans and Advances</b> | <b>1,41,91,82,102</b>  | <b>1,00,50,31,337</b>  |

**NOTE NO. 14 : OTHER NONCURRENT ASSETS**

| S. No. | Particulars                            | As on<br>31st March, 2014 | As on<br>31st March, 2013 |
|--------|--|---------------------------|---------------------------|
|        |  | Rupees                    | Rupees                    |
| I      | Unamortised Expenses                   | -                         | 2,62,48,930               |
|        | Finance related expenses               | -                         | 8,48,24,620               |
|        | Other Assets & Receivables             | 41,38,36,871              | 33,51,20,886              |
|        | <b>Total Other Non- Current Assets</b> | <b>41,38,36,871</b>       | <b>44,61,94,436</b>       |

**NOTE NO. 15 : TRADE RECEIVABLES**

| S. No. | Particulars  | As on<br>31st March, 2014 | As on<br>31st March, 2013 |
|--------|--|---------------------------|---------------------------|
|        |  | Rupees                    | Rupees                    |
| I      | Outstanding for a period exceeding six months from the date they are due for payment |                           |                           |
|        | Unsecured, Considered Good   | 2,28,05,10,027            | 1,50,27,65,977            |
| II     | Other Receivables:   | -                         |                           |
|        | Unsecured, Considered Good   | 5,58,05,23,246            | 4,87,73,72,070            |
|        | <b>Sub Total</b>   | <b>7,86,10,33,273</b>     | <b>6,38,01,38,047</b>     |
|        | Less : Allowance for bad & doubtful debts  | -                         | -                         |
|        | <b>Total Trade Receivables</b>   | <b>7,86,10,33,273</b>     | <b>6,38,01,38,047</b>     |

**NOTE NO. 16 : CASH AND BANK BALANCES**

| S. No. | Particulars                         | As on<br>31st March, 2014 | As on<br>31st March, 2013 |
|--------|-------------------------------------|---------------------------|---------------------------|
|        |                                     | Rupees                    | Rupees                    |
| I      | Cash and cash equivalents :         |                           |                           |
|        | a) Balances with banks :            |                           |                           |
|        | 1) On Current Accounts              | 42,93,65,273              | 92,28,61,514              |
|        | 2) Unpaid Dividend Account          | 6,98,521                  | 6,98,521                  |
|        | b) Cash on hand                     | 3,87,710                  | 7,19,822                  |
| II     | Other Bank Balances                 |                           |                           |
|        | On Deposit Accounts                 |                           |                           |
|        | 1) On Margin Money Deposit Accounts | -                         | 1,81,45,344               |
|        | <b>Total Cash and Bank Balances</b> | <b>43,04,51,504</b>       | <b>94,24,25,201</b>       |



**NOTE NO : 17 SHORT TERM LOANS AND ADVANCES**

| S. No. | Particulars                                   | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| I      | a) Security Deposit                           |                        |                        |
|        | Security Deposit for Repayment of Instalments | 1,93,03,977            | 1,20,00,000            |
|        | Rental Deposits - Unsecured                   | 17,58,847              | 1,20,28,792            |
| II     | b) Unsecured, Considered Good                 |                        |                        |
|        | Advances to Employees                         | 13,69,886              | 7,60,771               |
|        | Other Advances                                | 2,23,76,80,468         | 2,76,59,69,547         |
|        | TDS Receivables                               | 43,65,629              | 11,38,340              |
|        | MAT Credit                                    | 5,62,88,350            | 5,62,88,350            |
|        | Other Receivables                             | 62,64,84,070           | 11,37,37,149           |
|        | <b>Total Short Term Loans and Advances</b>    | <b>2,94,72,51,226</b>  | <b>2,96,19,22,949</b>  |

**NOTE NO. 18 : OTHER CURRENT ASSETS**

| S. No. | Particulars                       | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|-----------------------------------|------------------------|------------------------|
|        |                                   | Rupees                 | Rupees                 |
| I      | (a) Other Accounts Receivables    | 1,62,28,32,882         | 80,81,17,529           |
|        | (b) Prepaid Expenses              | 5,40,79,217            | 12,86,72,320           |
|        | (c) Tax Receivables               | 3,72,04,605            | 4,81,69,403            |
|        | <b>Total Other Current Assets</b> | <b>1,71,41,16,704</b>  | <b>98,49,59,252</b>    |

**NOTE NO. 19 : REVENUE FROM OPERATIONS**

| S. No. | Particulars                          | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|--------------------------------------|------------------------|------------------------|
|        |                                      | Rupees                 | Rupees                 |
| I      | Revenue from operations              |                        |                        |
|        | (a) Sale of Software Exports         | 4,57,23,24,768         | 4,75,60,30,788         |
|        | (b) Sale of Services Exports         | 12,12,65,42,035        | 11,21,59,48,762        |
|        | (c) Sale of Services Domestic        | 3,48,71,293            | 3,85,20,615            |
|        | <b>Total Revenue from Operations</b> | <b>16,73,37,38,096</b> | <b>16,01,05,00,165</b> |

**NOTE NO. 20 : OTHER INCOME**

| S. No. | Particulars   | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| I      | (a) Interest income   | 38,29,260              | 20,45,924              |
|        | (b) Other non-operating income                                    | 2,99,67,324            | 5,39,90,140            |
|        | (c) Net gain/loss on foreign currency translation and transaction | (1,88,06,932)          | 8,73,48,776            |
|        | <b>Total Other Income</b>   | <b>1,49,89,651</b>     | <b>14,33,84,840</b>    |

**NOTE NO. 21 : PURCHASE / COST OF REVENUE**

| S. No. | Particulars                  | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|------------------------------|------------------------|------------------------|
|        |                              | Rupees                 | Rupees                 |
| I      | Cost of Revenue              | 9,97,04,45,320         | 10,62,03,23,964        |
|        | <b>Total Cost of Revenue</b> | <b>9,97,04,45,320</b>  | <b>10,62,03,23,964</b> |

**NOTE NO. 22 : EMPLOYEE BENEFIT EXPENSES**

| S. No. | Particulars                                 | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| I      | (a) Salaries & Wages                        | 1,27,28,81,105         | 1,11,12,05,191         |
|        | (b) Contribution to Provident & Other Funds | 32,79,978              | 63,01,765              |
|        | (c) Managerial/ Director's Remuneration     | -                      | 1,04,42,250            |
|        | (d) Staff Welfare Expenses                  | 13,86,364              | 20,48,719              |
|        | <b>Total Employee Benefit Expenses</b>      | <b>1,27,75,47,447</b>  | <b>1,12,99,97,925</b>  |

**NOTE NO. 23 : OTHER OPERATING EXPENSES**

| S. No. | Particulars                              | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|--|------------------------|------------------------|
|        |  | Rupees                 | Rupees                 |
| I      | (a) Power & Fuel                         | 1,14,87,637            | 53,85,841              |
|        | (b) Rent                                 | 20,59,75,633           | 12,89,36,606           |
|        | (c) Repairs to Building                  | -                      | 1,21,786               |
|        | (d) Repairs & Maintenance                | 3,69,53,506            | 1,04,69,508            |
|        | (e) Insurance                            | 4,58,02,899            | 4,50,70,737            |
|        | (f) Rates & Taxes (excluding Income Tax) | 1,51,42,800            | 1,31,87,183            |
|        | (g) Miscellaneous Expenditure            | 1,61,50,860            | 84,39,753              |
|        | (h) Payment to Auditors:                 |                        |                        |
|        | (i) As Auditor                           | 14,93,992              | 14,03,241              |
|        | (ii) For Other Services                  | 17,75,169              | 16,65,383              |
|        | (i) Ins Fee                              | 1,12,53,282            | 90,38,660              |
|        | (j) Discount Expense                     | 10,46,22,660           | 1,09,35,731            |
|        | (k) Prior Period Item                    | 85,677                 | 1,42,72,621            |
|        | (l) Bad Debts written off                | -                      | 1,34,93,45,849         |
|        | <b>Total Other Expenses</b>              | <b>45,07,44,116</b>    | <b>1,59,57,66,075</b>  |

**NOTE NO. 24 : ADMINISTRATIVE EXPENSES**

| S. No. | Particulars                                  | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|--|------------------------|------------------------|
|        |  | Rupees                 | Rupees                 |
| I      | (a) Telephone, Postage and Others (Internet) | 6,99,06,211            | 8,47,44,236            |
|        | (b) Business Promotion Expenses              | 57,56,52,207           | 67,14,36,742           |
|        | (c) Travelling and Conveyance                | 9,35,61,303            | 9,14,18,598            |
|        | (d) Office Maintenance                       | 10,39,17,807           | 20,47,65,928           |
|        | (e) Printing & Stationery Expenses           | 31,68,286              | 38,23,180              |
|        | (f) Security Charges                         | 1,56,055               | 4,39,657               |
|        | (g) Rates & Taxes (excluding Income Tax)     | 1,03,98,177            | 1,32,25,467            |
|        | (h) Consultancy Charges & Commission         | 2,93,56,232            | 2,74,65,486            |
|        | (i) Event Sponsorship & Seminar Fee          | 1,36,23,373            | 1,76,87,546            |
|        | (j) Web Development Expenses                 | 3,06,00,815            | 8,22,91,252            |
|        | (k) Professional Consultancy fee             | 7,09,60,117            | 9,75,75,287            |
|        | (l) Sales and Marketing Expenses             | 13,39,93,890           | 11,94,75,318           |
|        | (m) Donation                                 | 7,00,000               | -                      |
|        | (n) Preliminary Expenses / Written off       | 1,62,60,791            | 38,93,591              |
|        | (o) Miscellaneous Expenses                   | 12,26,46,664           | 13,70,19,067           |
|        | (p) Books and Subscriptions                  | 35,07,583              | 22,92,347              |
|        | (q) Other Administrative Expenses            | 8,50,82,988            | 4,02,16,945            |
|        | <b>Total Administrative Expenses</b>         | <b>1,36,34,92,498</b>  | <b>1,59,77,70,647</b>  |

## NOTE NO. 25 : FINANCE COST

| S. No. | Particulars                                   | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| I      | (a) Interest Expenses                         |                        |                        |
|        | - Interest on Cash Credit                     | 18,10,98,291           | 16,77,89,844           |
|        | - Interest on Term Loan                       | 6,63,91,488            | 3,16,51,775            |
|        | - Interest on Secured Loan and Unsecured Loan | 72,49,220              | 9,32,76,510            |
|        | - Loan processing Charges & Bank Charges      | 1,47,00,611            | 5,89,58,428            |
|        | <b>Total Finance Cost</b>                     | <b>26,94,39,610</b>    | <b>35,16,76,557</b>    |

## 26. Managerial Remuneration:

The key management personnel comprise our directors. Particulars of Remuneration and other benefits provided to key management personnel is given below:

| Particulars              | Year Ended 31 March | Year Ended 31 March |
|--------------------------|---------------------|---------------------|
|                          | 2014                | 2013                |
| Remuneration             | NIL                 | 1,04,42,250         |
| Perquisites & Allowances | NIL                 | NIL                 |
| <b>Total</b>             | <b>NIL</b>          | <b>1,04,42,250</b>  |
| Perquisites & Allowances | NIL                 | NIL                 |
| <b>Total</b>             | <b>NIL</b>          | <b>1,04,42,250</b>  |

## 27. Auditor's Remuneration:

| Particulars          | Year Ended 31 March | Year Ended 31 March |
|----------------------|---------------------|---------------------|
|                      | 2014                | 2013                |
| Statutory Audit Fees | 14,93,992           | 14,03,241           |
| Tax Audit Fee        | 1,12,360            | 1,12,360            |
| Other Services       | 16,62,809           | 15,53,023           |
| <b>Total</b>         | <b>32,69,161</b>    | <b>30,68,624</b>    |

## 28. Quantitative Details:

The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

## 29. Related Party Transactions

During the financial year 2013-14 the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

**(a) Related Party Transactions during the financial year**

| Particulars   | Nature of Relation Ship                | In Rupees    |              |
|---|--|--------------|--------------|
|   |  | 2014         | 2013         |
| <b>i. Managerial Remuneration</b>                                 |  |              |              |
| M. Suresh Kumar Reddy   | Chairman and Managing Director         | NIL          | 36,00,000    |
| Vijay Kancharla   | Executive Director                     | NIL          | 36,00,000    |
| K. Venkata Subba Rao  | Executive Director                     | NIL          | 32,42,250    |
| <b>ii. Sales / Revenue:</b>                                       |  |              |              |
| Tech Orbit Inc  | 100% Wholly Owned Subsidiary           | NIL          | 4,79,33,765  |
| International Expressions Inc, USA                                | 100% Wholly Owned Subsidiary           | 1,14,63,586  | NIL          |
| Online Media Solutions Limited, Israel                            | 100% Wholly Owned Subsidiary           | 9,10,81,366  | 2,10,25,526  |
| Dyomo Corporation   | 100% Wholly Owned Subsidiary           | 23,22,62,138 | 7,72,57,706  |
| Lycos Inc   | 100% Wholly Owned step down Subsidiary | 2,32,37,214  | NIL          |
| <b>iii. Advances received against sales:</b>                      |  |              |              |
| Online Media Solutions Limited, Israel                            | 100% Wholly Owned Subsidiary           | 89,01,749    | 90,23,837    |
| Dyomo Corporation   | 100% Wholly Owned Subsidiary           | 3,20,53,741  | NIL          |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | NIL          | 1,89,69,693  |
| Global IT Inc   | 100% Wholly Owned Subsidiary           | NIL          | 3,79,204     |
| <b>iv. Guarantee Commission</b>                                   |  |              |              |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | 3,00,49,900  | 2,71,94,650  |
| <b>v. Investment in Subsidiaries</b>                              |  |              |              |
| International Expressions Inc, USA                                | 100% Wholly Owned Subsidiary           | NIL          | 1,54,42,883  |
| <b>vi. Repayment of Unsecured Loan taken from Subsidiaries</b>    |  |              |              |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | 13,00,62,128 | NIL          |
| <b>vii. Repayment of Unsecured Loans given to Related Parties</b> |  |              |              |
| Ybrant Employees Welfare Trust A/c                                | Directors acting as Trustees           | 2,00,000     | NIL          |
| <b>(a) Balances with the related parties at the yearend:</b>      |  |              |              |
| <b>i. Unsecured Loans from Related Parties:</b>                   |  |              |              |
| DreamAd, Panama   | 100% Wholly Owned Subsidiary           | 6,61,10,000  | 5,98,29,000  |
| Frontier Data Management Inc, USA                                 | 100% Wholly Owned Subsidiary           | 7,81,65,159  | 7,07,38,819  |
| International Expressions Inc, USA                                | 100% Wholly Owned Subsidiary           | 6,32,08,132  | 5,72,02,834  |
| Online Media Solutions Limited, Israel                            | 100% Wholly Owned Subsidiary           | 9,47,77,700  | 8,57,73,030  |
| Ybrant Media Acquisition Inc, USA                                 | 100% Wholly Owned Subsidiary           | 91,58,52,738 | 95,77,27,219 |

| Particulars  | Nature of Relation Ship        | Year Ended 31 March |                |
|--|--------------------------------|---------------------|----------------|
|  |                                | 2014                | 2013           |
| <b>ii. Investment in Subsidiaries:</b>                 |                                |                     |                |
| <b>DreamAd, Companies</b>                              | 100% Wholly Owned Subsidiaries | 54,32,40,000        | 54,32,40,000   |
| Frontier Data Management Inc, USA                      | 100% Wholly Owned Subsidiary   | 19,10,81,699        | 19,10,81,699   |
| International Expressions Inc, USA                     | 100% Wholly Owned Subsidiary   | 32,34,99,826        | 32,34,99,826   |
| Online Media Solutions Limited, Israel                 | 100% Wholly Owned Subsidiary   | 51,78,81,121        | 51,78,81,121   |
| Ybrant Media Acquisition Inc, USA                      | 100% Wholly Owned Subsidiary   | 1,26,52,40,000      | 1,26,52,40,000 |
| Ybrant Digital U.S. Inc, USA                           | 100% Wholly Owned Subsidiary   | 1,10,73,95,650      | 1,10,73,95,650 |
| Max Interactive Pty, Ltd., Australia                   | 100% Wholly Owned Subsidiary   | 41,74,90,000        | 41,74,90,000   |
| Dyomo Corporation, USA                                 | 100% Wholly Owned Subsidiary   | 4,67,300            | 4,67,300       |
| Ybrant Digital Servicos De Publicia-<br>deLtda, Brasil | 100% Wholly Owned Subsidiary   | 2,65,932            | 2,65,932       |
| Ybrant Digital (Brasil) Ltd., Singapore                | 100% Wholly Owned Subsidiary   | 45                  | 45             |
| Tech Orbit Inc, USA                                    | 100% Wholly Owned Subsidiary   | 6,18,84,000         | 6,18,84,000    |
| Global IT Inc, USA                                     | 100% Wholly Owned Subsidiary   | 65,99,79,382        | 65,99,79,382   |
| LGS Global FZE, UAE                                    | 100% Wholly Owned Subsidiary   | 2,43,650            | 2,43,650       |
| Yreach Media Private Limited, India                    | 99% Owned Subsidiary           | 99,000              | 99,000         |
| <b>iii. Unsecured Loans to Related Parties:</b>        |                                |                     |                |
| Ybrant Employees Welfare Trust A/c                     | Directors acting as Trustees   | 1,48,50,000         | 1,50,50,000    |
| LGSL Foundation Trust                                  | Directors acting as Trustees   | 60,14,873           | 60,14,873      |
| <b>iii. Advances Received against Sales:</b>           |                                |                     |                |
| Online Media Solutions Limited, Israel                 | 100% Wholly Owned Subsidiary   | 89,01,749           | 90,23,837      |
| Dyomo Corporation                                      | 100% Wholly Owned Subsidiary   | 3,20,53,741         | NIL            |
| Ybrant Media Acquisition Inc, USA                      | 100% Wholly Owned Subsidiary   | NIL                 | 1,89,69,693    |
| Global IT Inc  | 100% Wholly Owned Subsidiary   | NIL                 | 3,79,204       |
| <b>ii. Guarantee Commission Receivable:</b>            |                                |                     |                |
| Ybrant Media Acquisition Inc, USA                      | 100% Wholly Owned Subsidiary   | 8,28,24,550         | 5,27,74,650    |

### 30. 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. 20,59,75,633/- and for the previous year Rs. 12,89,36,606/- .

### 31. Employee Benefits ( Gratuity)

The details of the Company's post – retirement benefit plans for its employees including whole-time directors are given below which are certified by an Independent Actuary

| S. No. | Particulars   | As on 31st March, 2014 | As on 31st March, 2013 |
|--------|---|------------------------|------------------------|
|        |   | Rupees                 | Rupees                 |
| 1      | Present Value of Obligation as at the end of the year | 84,28,169              | 84,57,464              |
| 2      | Value of Fund as at the end of the year               | 20,82,447              | 23,56,344              |
| 3      | Funded Status   | (63,45,722)            | (61,01,120)            |
| 4      | Unrecognized Actuarial (gains) / losses               | NIL                    | NIL                    |
| 5      | Net Asset / (Liability) Recognized in Balance Sheet   | (63,45,722)            | (61,01,120)            |

#### b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2014:

| S.No | Particulars  | 31-03-2014  | 31-03-2013  |
|------|--|-------------|-------------|
| 1    | Current Service Cost                               | 15,30,163   | 17,51,819   |
| 2    | Past Service cost                                  | NIL         | NIL         |
| 3    | Interest Cost                                      | 6,93,512    | 7,26,651    |
| 4    | Expected return on Plan Assets                     | (1,87,252)  | (1,96,324)  |
| 5    | Net actuarial (gain)/ loss recognized in the year  | (17,91,821) | (22,85,695) |
| 6    | Expenses to be recognized in Profit & Loss Account | 2,44,602    | (3,549)     |

#### c) Present value of Obligation for the year ended 31-03-2014

| S.No | Changes in Present Value of Obligations                     | 31-03-2014  | 31-03-2013  |
|------|---|-------------|-------------|
| 1    | Present Value of Obligation as at the beginning of the year | 84,57,464   | 83,52,310   |
| 2    | Interest Cost   | 6,93,152    | 7,26,651    |
| 3    | Past Service Cost   | NIL         | NIL         |
| 4    | Current Service Cost  | 15,30,163   | 17,51,819   |
| 5    | Benefits paid   | (4,61,149)  | (87,621)    |
| 6    | Actuarial (gain)/ loss on obligations                       | (17,91,821) | (22,85,695) |
| 7    | Present Value of Obligation as at the end of the year       | 84,28,169   | 84,57,464   |
|      | a. Current Liability  | 2,99,987    | 3,74,988    |
|      | b. Non-current Liability                                    | 81,28,182   | 80,82,476   |



#### d) Actuarial (Gain) / Loss recognized during the year :

| S.No | Particulars                                     | 31-03-2014  | 31-03-2013  |
|------|---|-------------|-------------|
| 1    | Actuarial (Gain)/Loss for the year – Obligation | (17,91,821) | (22,85,695) |
| 2    | Total (Gain) / Loss for the year                | (17,91,821) | (22,85,695) |
| 3    | Actuarial (Gain) / Loss recognized in the year  | (17,91,821) | (22,85,695) |

#### e) Assumptions:

##### Assumptions made for the purpose of Gratuity valuation

| Particulars   | 31-03-2014 | 31-03-2013 |
|---|------------|------------|
| Discount Rate   | 9.10%      | 8.20%      |
| Rate of increase in Compensation levels                       | 6%         | 6%         |
| Rate of Return on Plan Assets                                 | 9%         | 9%         |
| Expected Average remaining working lives of employees (years) | 27 Years   | 27 Years   |

#### 32. Earnings Per Share:

| Particulars   | 31 March<br>2014 | 31 March<br>2013 |
|---|------------------|------------------|
| Profits Attributable to Equity Share Holders                  | 2,20,96,27,795   | 50,99,49,491     |
| Weighted Average No. of Shares Outstanding for the Year ended |                  |                  |
| Basic   | 47,62,51,499     | 47,62,51,499     |
| Diluted   | 47,62,51,499     | 47,62,51,499     |
| <b>Earnings per Share – Basic</b>                             | <b>4.64</b>      | <b>1.07</b>      |
| <b>Earnings per Share – Diluted</b>                           | <b>4.64</b>      | <b>1.07</b>      |

The EPS of Rs. 4.64 on a PAT of Rs. 2,20,96,27,795/- for the year ended 31 March 2014 is for an Equity Capital i.e. Rs. 95,25,02,998/- consisting of 47,62,51,499 Equity Shares of Rs. 2/- each fully paid up and whereas the EPS of Rs. 1.07 on a PAT of Rs. 50,99,49,491/- for the year ended 31 March 2013 and is for an Equity Capital i.e. Rs. 95,25,02,998/- consisting of 47,62,51,499 Equity Shares of Rs 2/-each fully paid up.

**33.** In case of Foreign exchange fluctuation profit / loss as per AS 11 the Branch and head office is having integral transactions and hence profit / loss debited to P & L a/c. The receivables have been considered at the actual rate at which the amount is realized and accordingly loss from Foreign Exchange fluctuation and Integral transactions of Rs. 1,88,06,932 (net) has been reflected in Profit and Loss Account for the Year.

#### 34. Segment Reporting:

The Company is mainly engaged in the area of providing Software Development Services and Digital Marketing and related services. Segment wise Reporting is given as per Annexure A

#### 35. Intra branch Transactions:

The Intra Branch transactions have been eliminated while preparing the financial statements.

#### 36. Dues to Micro & Small Enterprises:

There are no overdue principle amounts and interest thereon payable to Micro Enterprises and Small Enterprises, as at 31-03-2014.

#### 37. Confirmation of Closing Balances:

Closing Balances of Debtors, Creditors, Loans and Advances are subject to confirmations.

**38. Contingent Liabilities & Guarantees:**

| Particulars  | Year Ended March 31,   | 2014         | 2013         |
|--|--|--------------|--------------|
| Corporate Guarantee for Acquiring Lycos Inc (USD 4 Mn)                         | Daum Global Holdings Corp, Republic of Korea   | 24,04,00,000 | 21,75,60,000 |
| Corporate Guarantee for Foreign Currency Term Loan (FCTL) (USD 10Mn)           | ICICI Bank Limited, New York Branch, USA   | 60,10,00,000 | 54,39,00,000 |
| Bank Guarantees for Tender Participation & Performance Guarantees              | Axis Bank, S.R.Nagar Branch, Hyderabad, Andhra Pradesh, India  | 90,00,000    | 90,00,000    |
| Inland Letter of Credit for purchase of Software products                      | Axis Bank, S.R.Nagar Branch, Hyderabad, Andhra Pradesh, India  | 3,10,00,000  | 3,10,00,000  |
| Foreign Letter of Credit for Purchase of Software Products (USD 0.9 Mn)        | Canara Bank, Prime Corporate Branch, Secunderabad, Andhra Pradesh, India   | NIL          | 4,89,51,000  |
| Corporate Guarantee given for the loan taken by Tesla Projects Private Limited | Lakshmi Vilas Bank. D No 8-3-248/1/7/7 & 8, Anjani Cement Centre Nagarjuna Hills Main Road, Panjagutta Hyderabad Andhra Pradesh, India | 19,000,000   | 19,000,000   |
| Disputed Service Tax Liability for the period May 2008 to September 2011       | Appeal made to Central Excise & Service Tax Appellate Tribunal, Bangalore  | 14,60,05,131 | Nil          |
| Disputed Income Tax Liability for the A.Y 2009-10                              | Appeal made to CIT(Appeals), Hyderabad   | 3,87,72,490  | 3,87,72,490  |
| Disputed Sales Tax Liability for the A.Y 2010-11                               | Appeal made to Sales Tax Appellate Tribunal, Hyderabad   | 4,12,35,944  | 4,12,35,944  |

\* Assumption: 1 USD = Rs.60.10 (Closing rate as on 31st March 2014)

**39.** During the year under consideration, the company has valued its Intangible assets and has recognized impairment loss on the following Intangible Assets during the Financial Year 2013-14:

i. Goodwill arised on Merger in the year 2011-12 for Rs. 9,72,99,911 with an accumulated depreciation of Rs. 1,94,59,982 at the beginning of the year, has been valued and an Impairment Loss of Rs. 7,78,39,929 has been recognized in the books of the company during the financial year.

ii. Computer Products/Rights acquired during the year's 2010-11 & 2011-12 having Gross Block of Rs. 33,68,09,464 with an accumulated depreciation of Rs. 5,45,01,850 on 1st April, 2013 has been valued and an Impairment Loss of Rs. 28,23,07,614 is recognized in the books of accounts.

iii. Other Intangible Assets acquired in the year 2009-10, having Gross Block of Rs. 18,14,45,503 and Accumulated Depreciation of Rs. 5,92,61,552 as on 01st April, 2013 has been valued and the Impairment Loss of Rs. 12,21,83,951 is recognized in the Books of the Company.

**40.** During the year under consideration, Online Media Solutions, Israel, a Wholly Owned Subsidiary has entered into Joint Venture for Rs. 89,76,725/- with M/s Mind Ads, Israel and with a percentage holding of 24%. As on 31st March, 2014 the value is taken at cost.

**41.** During the Financial Year, Ybrant Media Acquisition Inc, USA, a Wholly Owned Subsidiary has incurred an expenditure of Rs. 52,33,78,965/- towards 'Product Development Expenditure' which is included under the head 'Intangible Assets' during the month of August 2014 and the depreciation on the same is charged accordingly.

**42.** The figures of previous year have been regrouped wherever necessary.

**43.** The figures have been rounded off to the nearest rupee

**Summary of Significant Accounting Policies**

The accompanying notes are an integral part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,  
Firm Regn. No: 007257S  
Chartered Accountants

SD/-  
P.Murali Mohana Rao  
Partner  
M.No. 23412

Place : Hyderabad  
Date : 28-05-2014

SD/-  
M.Suresh Kumar Reddy  
Chairman & Managing Director

SD/-  
Amreek Singh Sandhu  
Chief Financial Officer

For Ybrant Digital Limited

SD/-  
Vijay Kancharla  
Executive Director

SD/-  
K.Anusha  
Company Secretary

## Annexure A

| Note No.34: |  | SEGMENT REPORTING CONSOLIDATED | All amounts in Indian Rupees Lakhs |  |
|-------------|--|--------------------------------|------------------------------------|--|
| Sl.No.      | Particulars  | Year Ended                     |                                    |  |
|             |  | 31st March 2014                | 31st March 2013                    |  |
| 1           | Segment Revenue  | 1,21,571.97                    | 84,929.79                          |  |
|             | (a) Digital Marketing Segment  | 45,765.41                      | 75,175.21                          |  |
|             | (b) Software Development Segment   |                                |                                    |  |
|             | <b>Total Sales/ Income from Operations</b>                                   | <b>1,67,337.38</b>             | <b>1,60,105.00</b>                 |  |
|             | Less: Inter Segment Revenue  |                                |                                    |  |
|             | <b>Net Sales/ Income from Operations</b>                                     | <b>1,67,337.38</b>             | <b>1,60,105.00</b>                 |  |
|             | Segment Results - Profit (+) / Loss (-) before tax and interest *            | 27,692.14                      | 6,282.04                           |  |
|             | (a) Digital Marketing Segment  | 2,289.48                       | 3,215.14                           |  |
|             | (b) Software Development Segment   |                                |                                    |  |
|             | <b>Total Segment Results - Profit (+) / Loss (-) before tax and interest</b> | <b>29,981.62</b>               | <b>9,497.18</b>                    |  |
|             | Less: Interest   | 2,694.40                       | 3,516.77                           |  |
|             | <b>Total Profit (+) / Loss (-) before tax</b>                                | <b>27,287.23</b>               | <b>5,980.41</b>                    |  |
|             | Capital Employed   | 1,04,349.31                    | 84,560.18                          |  |
|             | (a) Digital Marketing Segment  | 33,884.27                      | 31,983.60                          |  |
|             | (b) Software Development Segment   |                                |                                    |  |
|             | <b>Total Capital Employed</b>  | <b>1,38,233.59</b>             | <b>1,16,543.78</b>                 |  |

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

| S.No               | Description            | Dream Ad-Argentina |            | Dream Ad-Chile |           | Get Media, Mexico |           |
|--------------------|------------------------|--------------------|------------|----------------|-----------|-------------------|-----------|
|                    |                        | Amount In          | Amount In  | Amount In      | Amount In | Amount In         | Amount In |
|                    |                        | INR                | USD        | INR            | USD       | INR               | USD       |
| a)                 | Share Capital          | 8,558,897          | 170,157    | 142,349        | 2,830     | 1,517,652         | 30,172    |
| b)                 | Reserves and Surplus   | 94,075,701         | 1,563,027  | 244,040,999    | 4,062,613 | 100,990,831       | 1,675,815 |
| c)                 | Total Assets           | 257,518,196        | 4,310,282  | 367,014,135    | 6,109,216 | 265,294,906       | 4,414,580 |
| d)                 | Total Liabilities      | 257,518,196        | 4,310,282  | 367,014,135    | 6,109,216 | 265,294,906       | 4,414,580 |
| e)                 | Details of Investments | NIL                | NIL        | NIL            | NIL       | NIL               | NIL       |
| f)                 | Turnover               | 762,735,404        | 12,607,197 | 354,618,007    | 5,861,455 | 201,362,001       | 3,328,298 |
| g)                 | Profit before tax      | 158,863,385        | 2,625,841  | 138,815,669    | 2,294,474 | 64,591,102        | 1,067,622 |
| h)                 | Provision for tax      | 39,715,846         | 660,829    | 20,822,350     | 346,462   | 12,918,220        | 214,945   |
| i)                 | Profit After Tax       | 119,147,539        | 1,965,012  | 117,993,319    | 1,948,012 | 51,672,882        | 852,676   |
| j)                 | Proposed Dividend      | NIL                | NIL        | NIL            | NIL       | NIL               | NIL       |
| Reporting Currency |                        | USD(\$)            |            | USD(\$)        |           | USD(\$)           |           |

| S.No               | Description            | Dream Ad-Panama |           | Dream Ad.-Uruguay |           | Dyomo Corporation, USA |            |
|--------------------|------------------------|-----------------|-----------|-------------------|-----------|------------------------|------------|
|                    |                        | Amount In       | Amount In | Amount In         | Amount In | Amount In              | Amount In  |
|                    |                        | INR             | USD       | INR               | USD       | INR                    | USD        |
| a)                 | Share Capital          | 12,575,000      | 250,000   | 1,674,437         | 33,289    | 467,300                | 10,000     |
| b)                 | Reserves and Surplus   | 157,983,161     | 2,587,906 | 32,070,775        | 528,195   | 603,622,491            | 10,042,285 |
| c)                 | Total Assets           | 206,299,030     | 3,432,596 | 38,566,494        | 641,705   | 687,492,969            | 11,440,026 |
| d)                 | Total Liabilities      | 206,299,030     | 3,432,596 | 38,566,494        | 641,705   | 687,492,969            | 11,440,026 |
| e)                 | Details of Investments | NIL             | NIL       | NIL               | NIL       | NIL                    | NIL        |
| f)                 | Turnover               | 96,834,553      | 1,600,571 | 98,926,171        | 1,635,143 | 907,581,118            | 15,001,341 |
| g)                 | Profit before tax      | (96,350)        | (1,593)   | 22,896,275        | 378,451   | 150,029,896            | 2,479,833  |
| h)                 | Provision for tax      | -               | -         | 3,434,441         | 57,145    | 37,507,474             | 624,084    |
| i)                 | Profit After Tax       | (96,350)        | (1,593)   | 19,461,834        | 321,305   | 112,522,422            | 1,855,749  |
| j)                 | Proposed Dividend      | NIL             | NIL       | NIL               | NIL       | NIL                    | NIL        |
| Reporting Currency |                        | USD(\$)         |           | USD(\$)           |           | USD(\$)                |            |

| S.No               | Description            | Frontier Data Management Inc., USA |            | International Expresions Inc. USA |            | Max Interactive Pty Ltd., Australia |           |
|--------------------|------------------------|------------------------------------|------------|-----------------------------------|------------|-------------------------------------|-----------|
|                    |                        | Amount In                          | Amount In  | Amount In                         | Amount In  | Amount In                           | Amount In |
|                    |                        | INR                                | USD        | INR                               | USD        | INR                                 | USD       |
| a)                 | Share Capital          | 171,951,937                        | 3,809,303  | 342,954,805                       | 7,520,000  | 139                                 | 2         |
| b)                 | Reserves and Surplus   | 1,762,270,886                      | 29,801,820 | 829,875,755                       | 12,654,862 | 193,311,815                         | 3,219,547 |
| c)                 | Total Assets           | 2,107,833,368                      | 36,499,817 | 1,219,031,202                     | 20,943,592 | 237,256,533                         | 3,950,740 |
| d)                 | Total Liabilities      | 2,107,833,368                      | 36,499,817 | 1,219,031,202                     | 20,943,592 | 237,256,533                         | 3,950,740 |
| e)                 | Details of Investments | NIL                                | NIL        | NIL                               | NIL        | NIL                                 | NIL       |
| f)                 | Turnover               | 1,217,118,600                      | 20,117,663 | 463,649,335                       | 7,663,625  | 240,349,504                         | 3,972,719 |
| g)                 | Profit before tax      | 725,925,404                        | 11,998,767 | 269,460,727                       | 4,453,896  | 66,791,899                          | 1,103,998 |
| h)                 | Provision for tax      | 108,888,810                        | 1,811,794  | 40,610,958                        | 675,723    | 8,015,028                           | 133,362   |
| i)                 | Profit After Tax       | 617,036,593                        | 10,186,973 | 228,849,769                       | 3,778,173  | 58,776,871                          | 970,637   |
| j)                 | Proposed Dividend      |                                    | NIL        | NIL                               | NIL        | NIL                                 | NIL       |
| Reporting Currency |                        | USD(\$)                            |            | USD(\$)                           |            | USD(\$)                             |           |

|                    |                        | Online Media Solutions Ltd, Israel |            | Ybrant Digital Servicios De Publicidade Ltda, Brasil |           | Ybrant Digital US. Inc. USA |            |
|--------------------|------------------------|------------------------------------|------------|--|-----------|-----------------------------|------------|
| S.No               | Description            | Amount In                          | Amount In  | Amount In  | Amount In | Amount In                   | Amount In  |
|                    |                        | INR                                | USD        | INR  | USD       | INR                         | USD        |
| a)                 | Share Capital          | 287,496,660                        | 6,369,000  | 293,925  | 6,426     | 1,847,982,650               | 37,777,085 |
| b)                 | Reserves and Surplus   | 854,444,938                        | 13,021,901 | 429,589,965  | 7,146,384 | 1,745,173,452               | 33,928,498 |
| c)                 | Total Assets           | 2,010,450,749                      | 33,869,115 | 443,494,557  | 7,379,277 | 3,912,149,848               | 77,570,517 |
| d)                 | Total Liabilities      | 2,010,450,749                      | 33,869,115 | 443,494,557  | 7,379,277 | 3,912,149,848               | 77,570,517 |
| e)                 | Details of Investments | 67,411,336                         | 1,443,363  | NIL  | NIL       | NIL                         | NIL        |
| f)                 | Turnover               | 4,226,976,667                      | 69,867,383 | 247,655,456  | 4,093,479 | NIL                         | NIL        |
| g)                 | Profit before tax      | 668,325,164                        | 11,046,697 | 124,856,265  | 2,063,740 | (747,337)                   | (18,529)   |
| h)                 | Provision for tax      | 145,929,070                        | 2,428,104  | 14,982,751   | 249,297   | -                           | -          |
| i)                 | Profit After Tax       | 522,396,094                        | 8,618,593  | 109,873,513  | 1,814,443 | (747,337)                   | (18,529)   |
| j)                 | Proposed Dividend      | NIL                                | NIL        | NIL  | NIL       | NIL                         | NIL        |
| Reporting Currency |                        | USD(\$)                            |            | USD(\$)  |           | USD(\$)                     |            |

|                    |                        | Ybrant Media Acquisition Inc USA |            | Ybrant Digital (Brasil) Limited, Singapore |           |
|--------------------|------------------------|----------------------------------|------------|--|-----------|
| S.No               | Description            | Amount In                        | Amount In  | Amount In                                  | Amount In |
|                    |                        | INR                              | USD        | INR  | USD       |
| a)                 | Share Capital          | 1,219,040,000                    | 27,000,000 | 45   | 1         |
| b)                 | Reserves and Surplus   | 600,375,232                      | 11,451,797 | -  | -         |
| c)                 | Total Assets           | 3,470,768,930                    | 65,928,564 | 45   | 1         |
| d)                 | Total Liabilities      | 3,470,768,930                    | 65,928,564 | 45   | 1         |
| e)                 | Details of Investments | NIL                              | NIL        | NIL  | NIL       |
| f)                 | Turnover               | 2,236,786,463                    | 36,971,677 | -  | -         |
| g)                 | Profit before tax      | 201,464,043                      | 3,329,984  | -  | -         |
| h)                 | Provision for tax      | 40,292,809                       | 670,429    | -  | -         |
| i)                 | Profit After Tax       | 161,171,234                      | 2,659,555  | -  | -         |
| j)                 | Proposed Dividend      | NIL                              | NIL        | NIL  | NIL       |
| Reporting Currency |                        | USD(\$)                          |            | USD(\$)                                    |           |

|                    |                        | LGS Global FZE, UAE |           | Yreach Media Pvt Ltd, Hyderabad, India |           |
|--------------------|------------------------|---------------------|-----------|--|-----------|
| S.No               | Description            | Amount In           | Amount In | Amount In                              | Amount In |
|                    |                        | INR                 | USD       | INR                                    | USD       |
| a)                 | Share Capital          | 255,800             | 5,000     | 100,000                                | 1,839     |
| b)                 | Reserves and Surplus   | -                   | -         | 265,136                                | 4,237     |
| c)                 | Total Assets           | 255,800             | 5,000     | 11,408,919                             | 189,832   |
| d)                 | Total Liabilities      | 255,800             | 5,000     | 11,408,919                             | 189,832   |
| e)                 | Details of Investments | NIL                 | NIL       | NIL                                    | NIL       |
| f)                 | Turnover               | -                   | -         | 19,696,135                             | 325,556   |
| g)                 | Profit before tax      | -                   | -         | 5,263                                  | 87        |
| h)                 | Provision for tax      | -                   | -         | 1,707                                  | 28        |
| i)                 | Profit After Tax       | -                   | -         | 3,555                                  | 59        |
| j)                 | Proposed Dividend      | NIL                 | NIL       | NIL                                    | NIL       |
| Reporting Currency |                        | USD(\$)             |           | INR                                    |           |



# Notes

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## Ybrant Digital Limited

CIN: L64203TG1999PLC030996  
Plot No. 7A, Road No. 12, MLA Colony, Banjara Hills, Hyderabad – 500034.  
Tel: 91 40 45678999 eFax: 91 22 66459677 Email: ir@ybrantdigital.com  
Website: www.ybrantdigital.com

### ATTENDANCE SLIP

15th Annual General Meeting on Tuesday, September 30, 2014 at 10:00  
a.m. at Ellaa Hotels, Hill Ridges Springs, Gachibowli, Hyderabad- 500032.

Regd.Folio No. / DP id & Client ID\*

-----  
No.of Shares held

-----  
Name of the Member /  
Proxy (BLOCK Letters)

-----  
I certify that I am member / proxy for the member of the Company. I hereby record my presence at the  
Fifteenth ANNUAL GENERAL MEETING of the Company held on Tuesday, September 30, 2014 at 10:00  
a.m. at Ellaa Hotels, Hill Ridges Springs, Gachibowli, Hyderabad- 500032

.....  
Signature of Member / Proxy attending  
the AGM

Note: This form should be signed and handed over at the Meeting venue, no duplicate attendance slip will  
be issued at the Meeting hall. You are requested to bring copy of the Annual Report to the Meeting.

\*Applicable for investors holding shares in electronic form.





# Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]



## YBRANT DIGITAL LIMITED

CIN: L64203TG1999PLC030996

Plot No. 7A, Road No. 12, MLA Colony, Banjara Hills, Hyderabad – 500034.

Tel: 91 40 45678999 eFax: 91 22 66459677 Email: [ir@ybrantdigital.com](mailto:ir@ybrantdigital.com) Website: [www.ybrantdigital.com](http://www.ybrantdigital.com)

15<sup>th</sup> Annual General Meeting – September 30, 2014

Name of the member(s) :  
 Registered Address :  
 Email id :  
 Folio No. / Client Id :  
 DP Id :

I / We, being the member(s) of ..... Shares of the above named company, hereby appoint

Name : ..... Email: .....  
 Address : .....  
 Signature: \_\_\_\_\_  
*or failing him / her*

Name : ..... Email: .....  
 Address : .....  
 Signature: \_\_\_\_\_  
*or failing him / her*

Name : ..... Email: .....  
 Address : .....  
 Signature: \_\_\_\_\_  
*or failing him / her*

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 15<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, September 30, 2014 at 10:00 a.m. at Ellaa Hotels, Hill Ridges Springs, Gachibowli, Hyderabad- 500032 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution Number        | Resolution  |
|--------------------------|---|
| <b>Ordinary Business</b> |   |
| 1                        | To Adopt of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the Financial Year ended March 31, 2014  |
| 2                        | To Appoint a Director in place of Mr. Vijay Kancharla, who retires by rotation and being eligible, seeks re-appointment   |
| 3                        | To Appoint M/s. P. Murali & Co., Chartered Accountants As Statutory Auditors Of The Company   |
| <b>Special Business</b>  |   |
| 4                        | To Appoint Mr. M. Suresh Kumar Reddy as Chairman & Managing Director  |
| 5                        | To Appoint Mr. Vijay Kancharla as an Executive Director   |
| 6                        | To Appoint Mr. M. Vijaya Bhasker Reddy as an Independent Director   |
| 7                        | To Appoint Mr. Y. Ramesh Reddy as an Independent Director   |
| 8                        | To Appoint Mr. A Raghunath as an Independent Director   |
| 9                        | To Adopt new Articles of Association of the Company   |
| 10                       | To consider change in Name of the Company   |
| 11                       | To consider Employees Stock Option Scheme   |
| 12                       | To consider Grant of options to the employees of subsidiaries of Ybrant Digital Limited and to grant options, during any one year, equal to or exceeding 1% of the issued capital of the company. |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

.....  
 Signature of the Member

.....  
 Signature of the proxy holder(s)

Affix  
 Revenue  
 Stamp

**Notes:**

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.

## FORWARD-LOOKING STATEMENT

IN THIS ANNUAL REPORT, WE HAVE DISCLOSED FORWARD LOOKING INFORMATION TO ENABLE INVESTORS TO COMPREHEND OUR PROSPECTS AND TAKE INFORMED 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 PLAN AND ASSUMPTIONS. WE HAVE TRIED WHEREVER POSSIBLE TO IDENTIFY SUCH STATEMENTS BY USING WORDS SUCH AS 'ANTICIPATE', 'ESTIMATE', 'EXPECTS', 'PROJECT', '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 REALIZED, ALTHOUGH WE BELIEVE WE HAVE BEEN PRUDENT IN ASSUMPTIONS. THE ACHIEVEMENT 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 BEAR THIS IN MIND. WE UNDERTAKE NO OBLIGATION TO PUBLICALLY UPDATE ANY FORWARD LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.



[www.ybrantdigital.com](http://www.ybrantdigital.com)

