



February 17, 2022

BSE Limited

P. J. Towers, 25th Floor,
Dalal Street, Mumbai - 400001.
Scrip Code: **532368**

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400051.
Symbol: **BCG**

Dear Madam / Sir,

Sub: Additional, detailed information about our Business, following Mr. Suresh Reddy, our Chairman and CEO, interview to a business TV channel

Following a recent media interview on a business TV channel, of our Chairman and CEO, Mr. Suresh Reddy, we are delighted to present more detailed facts of our operations, for the benefit of our stakeholders and for detailed & accurate information dissemination.

This is for your information only.

Thanking you.

Yours faithfully,

for BRIGHTCOM GROUP LIMITED

M Suresh Kumar Reddy
Chairman & Managing Director
DIN: 00140515

Encl.: as above





ADDITIONAL, DETAILED INFORMATION ABOUT OUR BUSINESS, FOLLOWING OUR CHAIRMAN'S INTERVIEW TO A BUSINESS TV CHANNEL

1. Analysis of our Trade Receivables, Advances, Margins and ROE vs Global Peer

Peer Comparison Between Brightcom Group (India) and The Trade Desk (US)					
The Trade Desk (In USD Million)			Brightcom Group Ltd (In Rs. Crores)		
Year ending December	CY21	CY20	Year ending March	FY21	FY20
Revenue	1,196	836	Revenue	2,856	2,692
Receivables	2,021	1,584	Receivables	1,119	975
Debtors Days	616	691	Debtors Days	143	132
Ebitda margin	42%	34%	Ebitda margin	30%	29%
ROE	9.02%	23.91%	ROE	14.81%	15.56%

- Our receivables figures are perfectly in line with industry norms. Worldwide, Ad agencies, who are our clients, pay in around 4 to 6 months time. Our days receivables are 143 days. This is very much in line with the payment cycle in the industry. Our trade receivables for FY21 were at Rs. 1119 crores over a revenue of Rs. 2855 crores.
- For instance, the American market leader in the space, The Trade Desk's, Receivables Days, are at over 600 days.
- Our advances for FY21 were at Rs. 729 crores of which Rs. 115 crores was made to product development related vendors and Rs. 614 crores publisher advances made towards exclusive media buying. Over time, with increasing scale and better buying power, we are committed to bringing down this figure.





2. List of Top Clients:

- The following names featured in our top ten client list across our subsidiaries. **The revenue contribution from top ten clients is 16.42% for FY21.**

Our Top Ten Clients	
*	Publicis Net Media
*	Mediacom (GroupM)
*	Mindshare (GroupM)
*	Mobrain Digital
*	Havas Media
*	Mercado Libre VE
*	Telephonica de Argentina SA
*	Envision Media
*	Taranis AG
*	Bayer AG

Last quarter alone, as already disclosed in our Quarterly results, the company added:

- 43 new publishers
- 12 new Ad agencies
- 10 new direct advertisers

adding to the existing global client base of:

- 612 large publishers;
- About 46,400 long-tail publishers;
- 214 global Ad agency relationships;
- 567 direct advertisers



**3. Analysis of growth rates:**

- a. From FY21 to FY22, for nine months reported, our revenues went up from Rs. 2155 crores to Rs. 3778 crores, a growth rate of 75.21%. The building blocks of our strategy have finally come together, and the pandemic has accelerated our business to levels unforeseen earlier. Similar growth trajectories have been witnessed by other AdTech companies, worldwide, as part of a wide global momentum towards digital advertising and marketing.

4. Audited Statements:

- a. We have a multi-national presence with 25 subsidiaries across the globe. The audit is done at each subco level.
- b. Our global consolidated tax rate is around 27%.
- c. Our Israel subsidiary, OMS, which contributes 39.24% of our business, is audited by EY (formerly Ernst & Young).
- d. The consolidating auditors in India, as is customary, have put in the disclaimer to mean that they have not done the audit of our international subsidiaries themselves, which is the factual position.
- e. Following table gives the revenue contributions from our top five subsidiaries.

Our Top Subsidiaries	% Contribution to Consolidated Revenue (FY21)
OMS - Israel	39.24%
FDM - USA	11.81%
Dream Ad - Argentina	8.56%
Dyomo - USA	8.02%
IE - USA	4.65%
Others	27.70%





5. Analysis of name changes:

We are a 20 years+ internet Tech company. In this period, tech has undergone many changes. And this continues to this day. Name changes in tech are not uncommon, for instance Facebook becoming Meta and Google becoming Alphabet, apart from several other examples.

A brief history about us:

- a. We started as an online greetings company as, USA Greetings.com, in 1998. We pivoted to an Adtech Digital marketing company, Ybrant in 2001 from being an online publisher.
- b. In 2010, we purchased one of the largest internet brands, Lycos and it made sense to utilize that brand as the company name. The business model remained internet focused.
- c. In 2018, we had to change our name due to a legal dispute on the Lycos purchase, with a Korean company, which has now been resolved. There was no change in the business model as well.

6. Rationale for dividend payout:

- a. We are a company that has grown through acquisitions, as a result that our stand-alone parent company is relatively small, and was more in the nature of a parent company (this is changing now, with the beefing up of standalone operations at the parent level). Our standalone revenue is at Rs 365 crore as against consolidated revenue of Rs 2855 crore, in FY 21 . Over time, we intend to increase our dividend payout, as the standalone parent starts getting to a higher size and scale. Cash generation Divergence between holding company-type parent companies and operating subsidiaries, is routinely observed worldwide, in such normal corporate structures, since most/ majority, of the business is generated at the subsidiary level and not at the parent level, for such companies.
- b. Many tech companies worldwide, don't have large dividend payouts, until they reach a mature business stage.
- c. Our consolidated global Free Cash position as of March 31, 2022, is expected to be around RS. 250 crs and at Rs. 500 crs, by June 30, 2022.
- d. The company has repaid all its debt and is debt free now.





7. Details of the acquisition / LOI of the audio company proposed to be acquired.

- a. This transaction is only at the letter of intent stage. A full legal and commercial due diligence will commence. Post satisfactory outcome from the due diligence, the acquisition will be consummated. It is at that point, regulatorily, we will disclose the name of the target, via official announcement to the stock exchanges.
- b. We have followed the same process even in the acquisition of Media Mint. We signed LOI with Media Mint in July 2021 and post due diligence, Definitive agreement was signed in December 2021.
- c. As mentioned in our communication to the Exchanges, we shall finance this acquisition largely through cash, including debt, and a small amount of equity.

8. Equity dilutions:

- a. We raised capital to cover organic growth capital requirements, and partly for our acquisitions. Our business is working capital intensive as our clients, the ad agencies, pay us over 4-6 months, while we pay our publishers (eg, Facebook, Google, Amazon, Alibaba, etc) immediately. Our recent acquisition of Media Mint is pegged at Rs 566 crore, which is partly in cash, which is being funded by the equity raises.

9. Analysis of shareholding pattern:

- a. We have foreign institutions (FPI) who have participated in the preferential issue. Our FPI ownership stands at 11.55%. As per our understanding, Domestic mutual funds typically take longer to evaluate.
- b. For us, every shareholder is equally important, and we carry the responsibility of delivering performance and governance to over 2.4 lakh shareholders (retail and FPIs).
- c. We are confident that the shareholding pattern will see increased institutional fund exposure, with time and performance.

