



11/12 ANNUAL
REPORT

Ybrant Digital Limited



level_next *digitally*



Forward-looking Statement

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

World of Ybrant

All about Ybrant

- 04 Chairman's Perspective
- 06 Performance Highlights
- 08 Corporate Identity
- 12 Global Presence
- 14 Ybrant Edge
- 16 Technology Platforms
- 18 Key Partnerships
- 20 Human Capital
- 21 Operational Matrix
- 22 The Board
- 26 Leadership Team
- 29 Management Structure

Statutory Reports

- 30 Notice
- 42 Directors' Report
- 48 Management Discussion & Analysis
- 64 Report on Corporate Governance

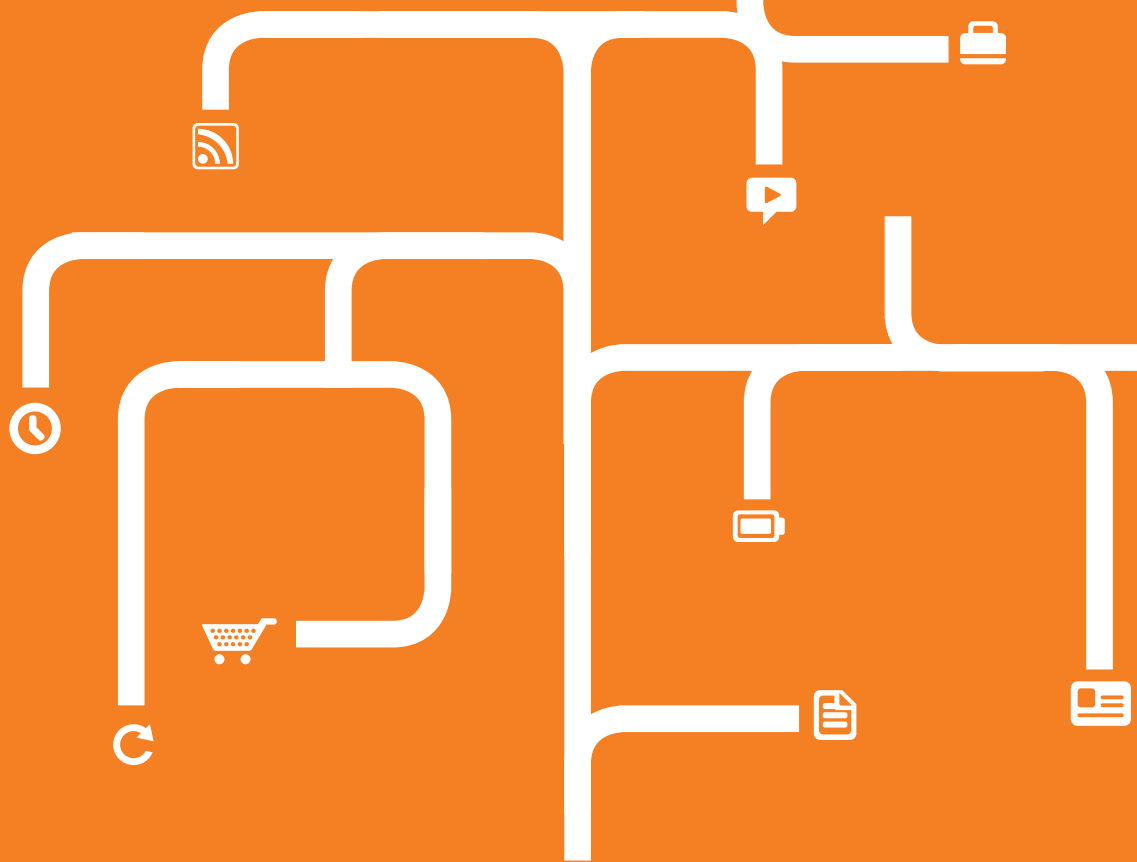
Financial Statements

- 79 Standalone Financial Statements
- 112 Consolidated Financial Statements
- 143 Financial Information of Subsidiary Companies

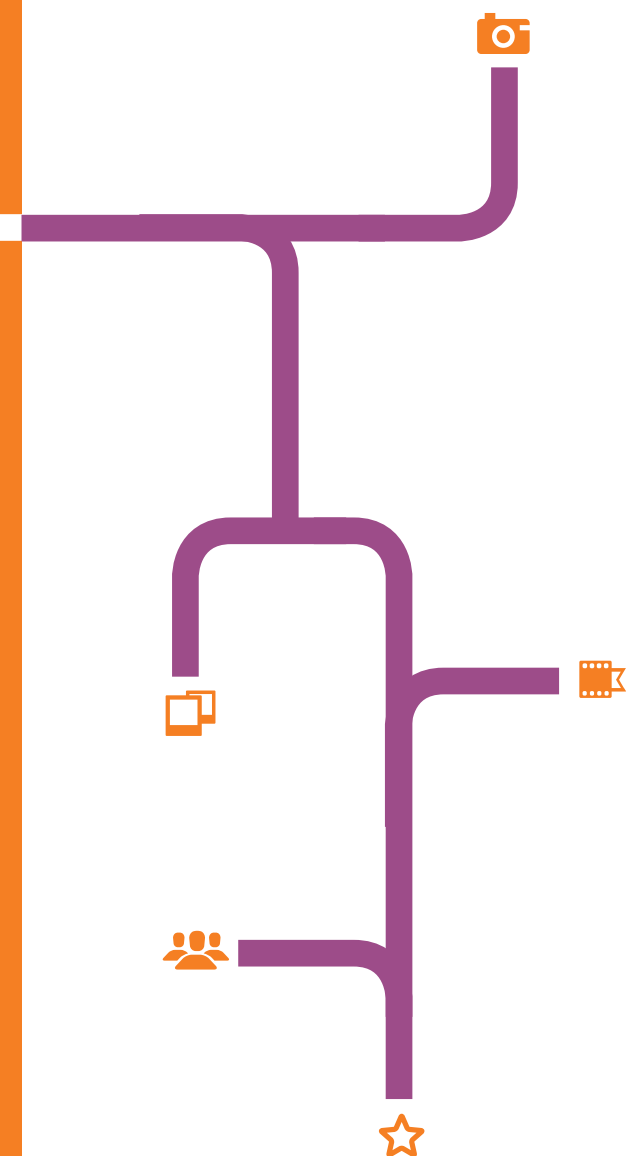


Bell ringing ceremony - Listing of Ybrant Digital Limited (YDL) on BSE Limited (consequent to amalgamation of erstwhile Ybrant Digital Limited with LGS Global), with Mr. M Suresh Kumar Reddy, Mr. Karusala Venkata Subba Rao and Mr. Vijaya Bhasker Reddy (from left to right)





As internet becomes a living reality for more than two billion people in the world, digital media is expanding like never before.



YBRANT DIGITAL LIMITED (YDL) OPERATES AT THE CUTTING EDGE OF DIGITAL MEDIA. IN 2011-12, OUR GROWING TECHNOLOGY EXPERTISE, M&As AND STRATEGIC ALLIANCES HAVE BROUGHT NEW MOMENTUM TO OUR BUSINESS.

FROM GENERATING BILLIONS OF SEARCHES AND IMPRESSIONS TO BRIDGING TOP-NOTCH GLOBAL ADVERTISERS AND PUBLISHERS, FROM CONVERGING CREATIVITY AND TECHNOLOGY TO DELIVERING THE RIGHT MESSAGE TO THE RIGHT AUDIENCE IN A CROWDED DIGITAL-MEDIA WORLD — YDL IS DRIVING GREATER EFFICIENCY, SUSTAINED MOMENTUM AND LEVEL-NEXT BUSINESS GROWTH.

Chairman's perspective



THE WORLD OF DIGITAL MEDIA IS WITNESSING A POSITIVE CHURN.

The global online population today stands at 30% (2.27 billion) of the world's total population. Interestingly, average time spent on the internet globally is now 16 hours per month. As a result, the market for internet advertising is expected to touch USD 100 million by 2014, from around USD 79 million in 2012. The US, the primary market for online advertising, has for the first time reached a value of USD 31 billion mark, registering an annual growth of 22% in 2011 over 2010.

Major European countries saw 14% growth in online marketing, despite economic adversity. China witnessed a whopping 57% growth in online ad spend, emerging as a USD 8.1-billion market. India's online ad spend also surged by 25% to ₹ 2,850 crore in 2011-12.

WE HAVE EMERGED AS ONE OF THE LEADING PLAYERS IN THE DIGITAL MARKETING SPACE IN INDIA AND GLOBALLY. DESPITE ECONOMIC TURMOIL ACROSS THE GLOBE WE PERFORMED CREDITABLY.

We have emerged as one of the leading players in the digital marketing space in India and globally. Despite economic turmoil across the globe we performed creditably. In 2011-12, we achieved a ₹ 1,297-crore turnover, owing to enhanced scale across all business divisions and the amalgamation. We reported a ₹ 272.08 crore EBIDTA, against ₹ 75.59 crore in 2010-11 and a ₹ 191.80-crore net profit against ₹ 50.18 crore in 2010-11. Our earnings per share stood at ₹ 4.03.

One of the major milestones achieved during the year was the the amalgamation of Ybrant Digital Limited into LGS Global Limited. We have received the approval for merger of LGS Global Limited and Ybrant Digital limited from BSE and the Hon'ble High Court of Andhra Pradesh. The amalgamated entity was renamed Ybrant Digital Limited and got the shares listed in June 2012. This amalgamation will help create a highly competitive digital marketing solutions company. The combination of the operations will create a unique level of integration and will enable substantial cost savings. It would also aid in enhancing the scale of operations and the improved financial structure, cash flows, increased assets base, consolidated revenues and profitability would enhance shareholder returns.

I am glad to announce that this year we became sales partners for Microsoft Advertising for Argentina and six cities across India. After being associated with Facebook for the past three years, we are again chosen as their official Marketing API Partner globally. Such partnerships will encourage the YDL team to keep evolving new standards in technology and best practices for ad serving, targeting and optimisation. It also validates our position in the

market as a leading global digital marketing provider.

Our future priorities comprise the following:

- + Capitalise on growth opportunities through organic and inorganic routes
- + Expand geographic presence to Eastern Europe, China, Africa and Korea
- + Continue to invest in technologies to upgrade our existing platforms and develop new platforms in accordance with client requirements
- + Forge relationships with traditional advertising and media service providers
- + Strengthen client relationships with improved solutions and services
- + Widen sales network by acquiring under-monetised media
- + Develop local merchant database into the network using local search
- + Expand presence and revenues from non-USA and European markets

People at YDL have always loved the challenge to elevate the organisation to the next level. Their consistent innovation and hard work have enabled us to emerge as a potent force in the digital galaxy. As internet empowers the world, the creative ferment in digital advertising will continue.

We will act as cheerleaders and celebrate the spectacle.

Best regards,
M Suresh Kumar Reddy
Chairman and Managing Director

Altitudes_achievements

Our operational and financial achievements in 2011-12 give us the confidence to set our eyes towards the next altitude.

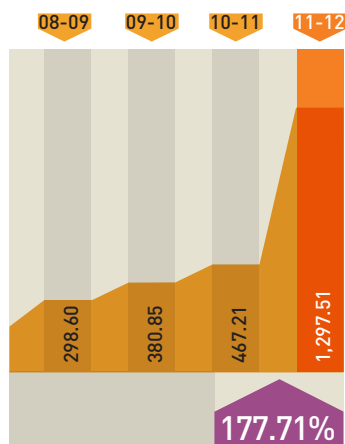
Operational highlights

- Became the exclusive sales house for all mobile advertising on Clarin, the second largest newspaper in Argentina
- Named the exclusive sales house for all web and mobile advertising on Webjet, a leading Australian travel aggregator and Ski.com.au, Australia's number one website for ski
- Exclusive provider of social advertising services to leasing agencies (OMD Chile, Havas Digital Chile and Havas Digital Mexico)
- Exclusive provider of social advertising services to Unilever Argentina, including all its brands and activities
- YDL (technology partner) and Hiro collaborated to provide the ability to convert display media placements, such as banners into video screens, thus allowing YDL's publishers to display relevant and engaging video content in key locations on their sites. This activity has caught very well with YDL's publisher and advertiser base in key markets
- Started offering our mobile service provider client portfolio the ability to use a white labelled tool developed by strategic partner JustAd.tv. The tool allows agency creative teams to easily and efficiently create mobile rich media ads to be used on YDL's increasing smartphone user inventory
- Partnered Appnexus to provide its clients with Real Time Bidding access to large quantities of display media
- YDL and Right Media invested heavily in technology to enhance and streamline the way the performance data of campaigns (impressions, clicks, conversions and so on) is aggregated and categorised to make an immediate effect on the performance of current and future campaigns
- A tool was developed by Vexigo and specifically adapted to YDL's needs as a central route for large quantities of display ads on a global scale. The technology semantically analyses web pages before serving ads to scan for potentially malicious ad/ or illegal content. This cutting-edge solution, blocks ads before they are shown at inappropriate places, and allows YDL's advertisers to buy ad space at very competitive rates in full confidence that their brand share is protected

Financial acumen

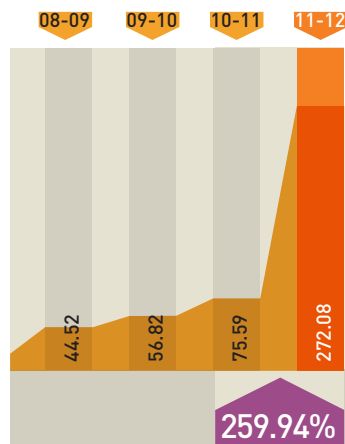
Revenue

[₹ in crore]



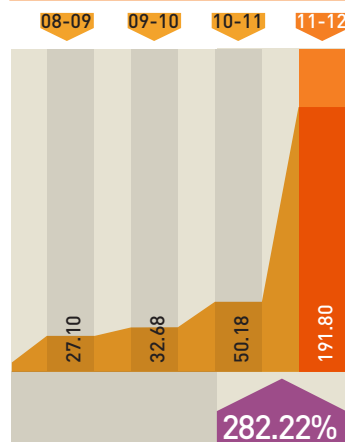
EBITDA

[₹ in crore]



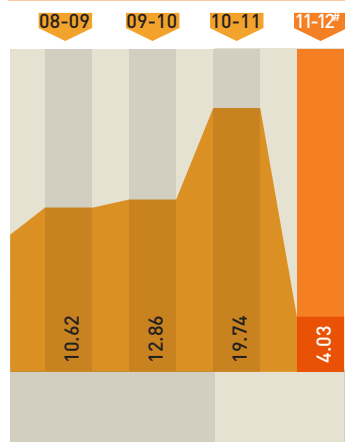
PAT

[₹ in crore]



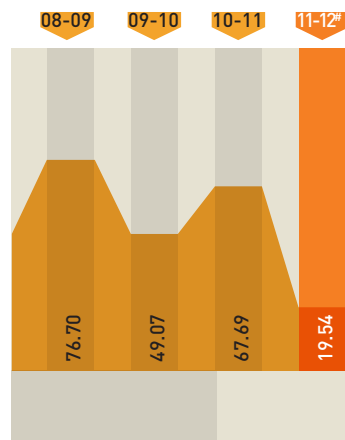
Earnings per share

[₹]

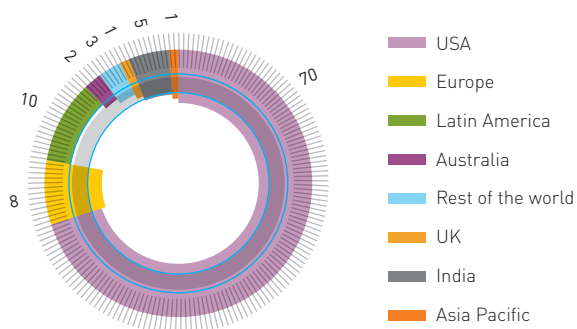


Book value per share

[₹]



Revenue by geography, 2011-12 (%)



#Change is due to Face Value reduction

* Note: Financials pertaining to FY 2010-11 & FY 2009-10 is of LGS Global Limited (Pre Merged Entity)

Vision_vigour



Our vision is to elevate the quality of digital advertising and widen its reach across industry segments globally. Our techno-creative endeavours offer end-to-end digital marketing solutions to businesses, agencies and online publishers globally. We connect advertisers to their audiences through all forms of digital media, helping enhance brand recognition, client leads and online sales.