



Marketing Digital Media Worldwide

15th 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@aarthiconsultants.com ; Fax:+91 (40) 2763 2184



What's Inside

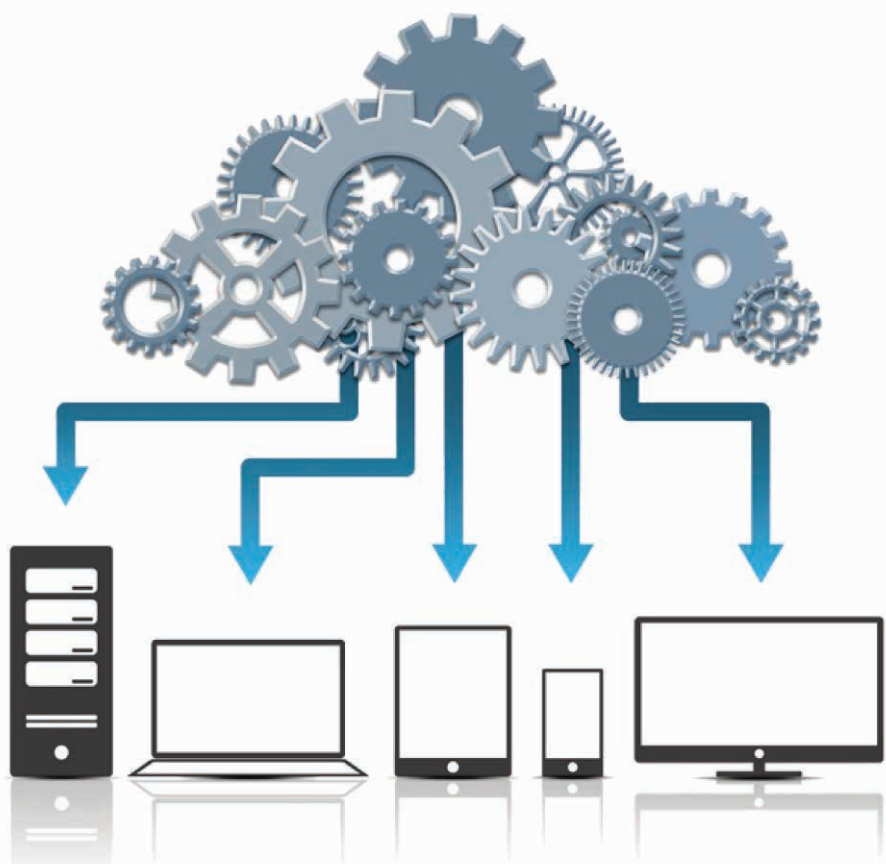
4	• A Letter from Chairman's Desk
6	• Board of Directors
10	• Financial Highlights
11	• Ybrant's Edge
20	• Notice
28	• Director's Report
31	• Management Discussions & Analysis
36	• Report on Corporate Governance
47	• Standalone Financial Statements
76	• Consolidated Financial Statements
104	• Subsidiaries Financial (Section 212)

"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 MARKETING 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 Jawaharlal Nehru Technological University, 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.