

Corporate Information

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Hyderabad – 500 034.
Andhra Pradesh, India
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BRANCH OFFICE

1201 West, 5th Street, Suite 300,
Los Angeles, CA 900017, USA.

SUBSIDIARIES

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.

Pennyweb Inc (AddDynamix)

1201, West 5th Street, Suite 300,
Los Angeles, CA 90017, USA.

Online Media Solutions Limited (Oridian)

Sapir 3 Herzlia 46733,
PO Box 12637, Israel.

Ybrant Media Acquisiton LLC

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

BANKERS

ING Vysya Bank Limited,
Banjara Hills, Hyderabad.
Andhra Pradesh, India.

AUDITORS

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

COMPANY SECRETARY

Chandra Sekhara Prasad

REGISTRAR AND SHARE TRANSFER AGENT

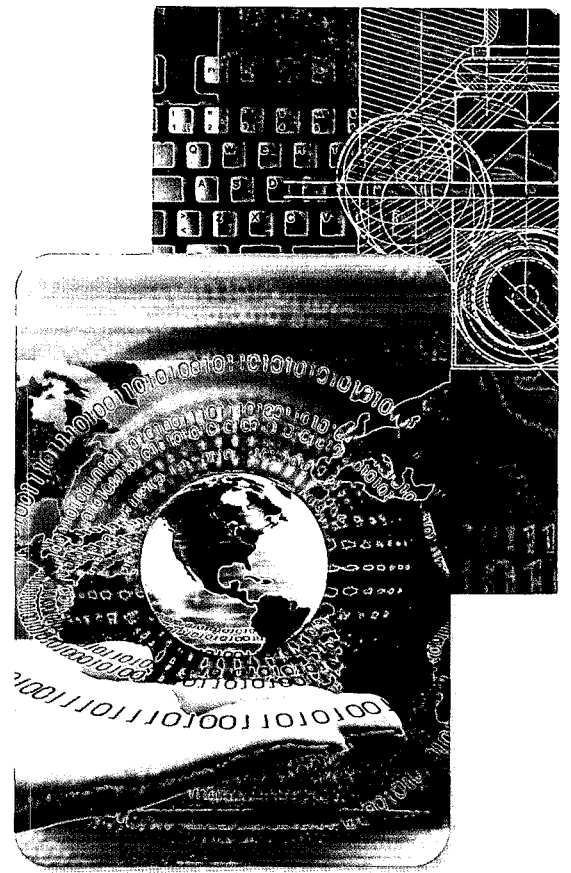
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Ybrant Digital

is a recognized
global leader in
the online



advertising arena, offering
breakthrough digital
marketing solutions to
businesses, agencies, and online
publishers worldwide.

Set up in early 2000s, from a pure technology-led backend digital marketing Company, Ybrant Digital (along with its subsidiaries) has evolved into a fully integrated digital marketing Company. The Company offers end-to-end digital marketing services using various digital communication tools like display advertising, email advertising, search advertising, affiliation advertising, etc. The Company also provides various other related services like digital media planning and buying, digital campaign analysis, optimization of digital advertising campaign, data collection and aggregation, etc. Ybrant Digital also licenses technology software developed in house to other digital marketing companies. The Company's focus is to deliver maximum Return On Investments to advertisers and maximum monetization to publishers through a focused technology-led approach.

Headquartered in India (Hyderabad), Ybrant Digital has a global presence with offices in 16 countries. The Company has a worldwide employee base of over 350, presence across 2000 plus niche destination sites.

Breakthrough Digital Marketing

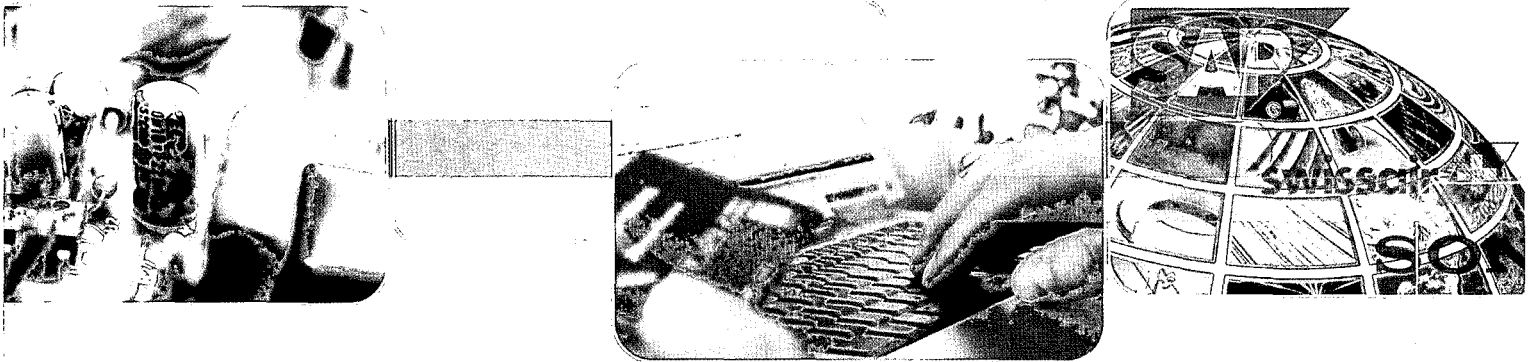
Achieved using sophisticated technology,

Enabled with a deep rooted foundation of an extensive and integrated network capable of delivering 20 Billion impressions a month,

Augmented by our transparent & performance billing models,

Backed by our strong domain and proprietary knowledge base,

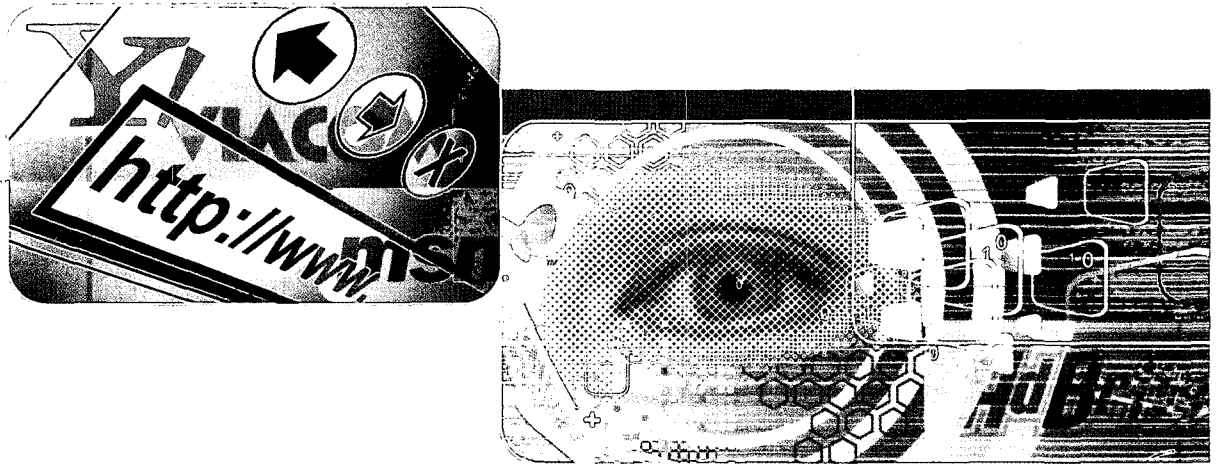
Boosted by our well nurtured agency relationships & agile team,



Enhanced by key complementary acquisitions over the years that have speedily strengthened the technology-led, customized digital marketing services and further integrated our bouquet of services.

Accomplished by our well-entrenched global presence in 16 countries including United States, Argentina, Uruguay, Chile, Mexico, United Kingdom, France, Germany, Italy, Greece, Israel, Serbia, India, Philippines, Australia and with representative offices in the Scandinavian countries.

Endorsed by our partnering leading brands, online publishers from Cisco, SAP, Dell, Hewlett Packard, Porsche, Ford, Jaguar, Toyota, Sony, Nokia, Sony Ericsson, Blackberry to MSN, Yahoo!, Viacom, United Online, Fox News, amongst other leading brands, in addition to over top 100 advertisers. Brands which appreciate and remain confident of our ability to deliver the right advertisement to the right target audiences across the globe and achieve desired marketing objectives.



Board of Directors



Suresh Reddy
Chairman and CEO

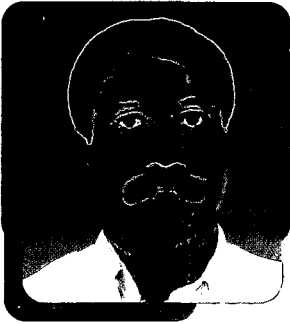
A visionary par excellence, Mr. Suresh Reddy is the co-founder of the highly successful USAGreetings and Ybrant Technologies, and is currently responsible for the strategic direction and expansion efforts at Ybrant Digital. His experience of having worked in various key roles across different industries in Fortune 500 companies, such as Caterpillar, Chrysler, SBC (PacBell) and Charles Schwab has helped him steer Ybrant Digital to new levels of success and leadership. He holds an M. S. in Engineering from the Iowa State University and a B. Tech. from the Indian Institute of Technology, Kharagpur, India.



Vijay Kancharla
Executive Director

With exemplary command on technological operations for the Company, Mr. Vijay Kancharla is responsible for the technology platforms owned by Ybrant Digital. A co-founder of USAGreetings and Ybrant Technologies, he has extensive experience in working with renowned Fortune 500 companies such as Hewlett Packard and Pacific Bell. He holds an M. S. in Computer Science from the University of Louisville and a B. Tech. from the Jawaharlal Nehru Technological University, Hyderabad, India.

Independent Directors



Vijay Bhaskar Reddy

A seasoned marketer with over 19 years of experience, Mr. Vijay Bhaskar Reddy's expertise in management has played a pivotal role in enabling the Company's exceptional growth. In his previous stint as General Manager at Coca-Cola India, he was instrumental in managing the Corporate Affairs. He is currently on the Boards of Nettlinx Limited, Nettlinx Realty (P) Limited, REDI Tropicals and Naturals (P) Limited and FRESH - a NGO involved in Food Safety. He has a Masters in Food Engineering from the Indian Institute of Technology, Kharagpur and has done his Management Development program from the Indian Institute of Management, Ahmedabad.

Raghunath Allamsetty

CEO of Aasra Archiventures Pvt. Ltd. and Director of Apere India Pvt. Ltd., Mr. Raghunath Allamsetty has over 15 years of proven expertise in the areas of project development, technical management and business development. He was previously the Managing Director of Adaptec India Pvt. Ltd, and was the Co-founder and CEO of various organizations prior to joining Adaptec. He is a B.Tech and holds a masters degree in business administration.



Pulla Reddy S

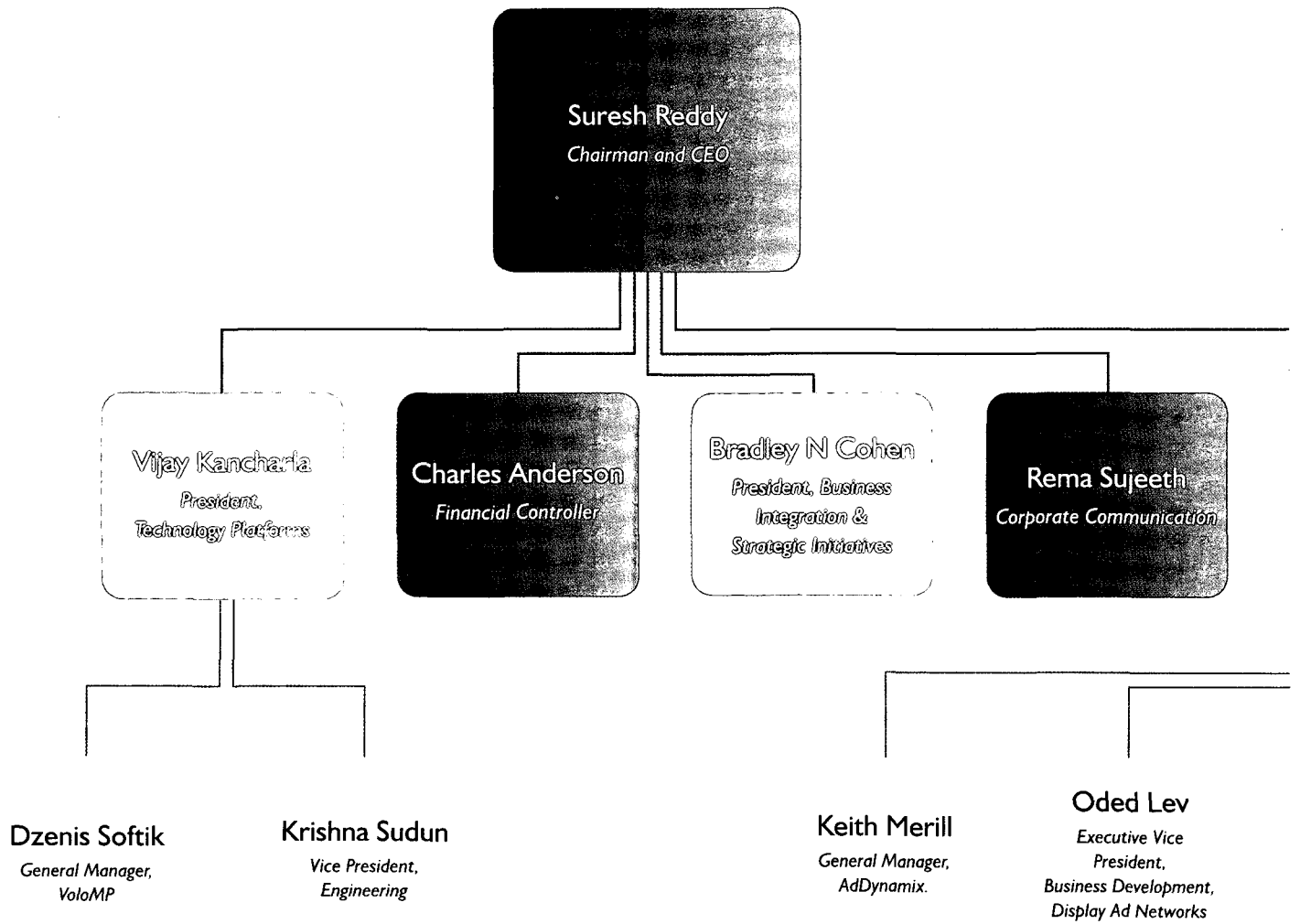
Chairman and Managing Director of SP Software Private Limited since 1995, Mr. Pulla Reddy's excellent contribution to the Company is evidenced in the two prestigious awards that he won. He is the recipient of the Bharat Nirman Excellence Award, and more recently, the Rashtriya Rattan Award for his role in the Socio-Economic Development of the Company. His earlier stint was as a partner in a software distribution company in New Delhi (1990-95). He is a B.Tech in Computer Science from Nagarjuna University, Andhra Pradesh, India.

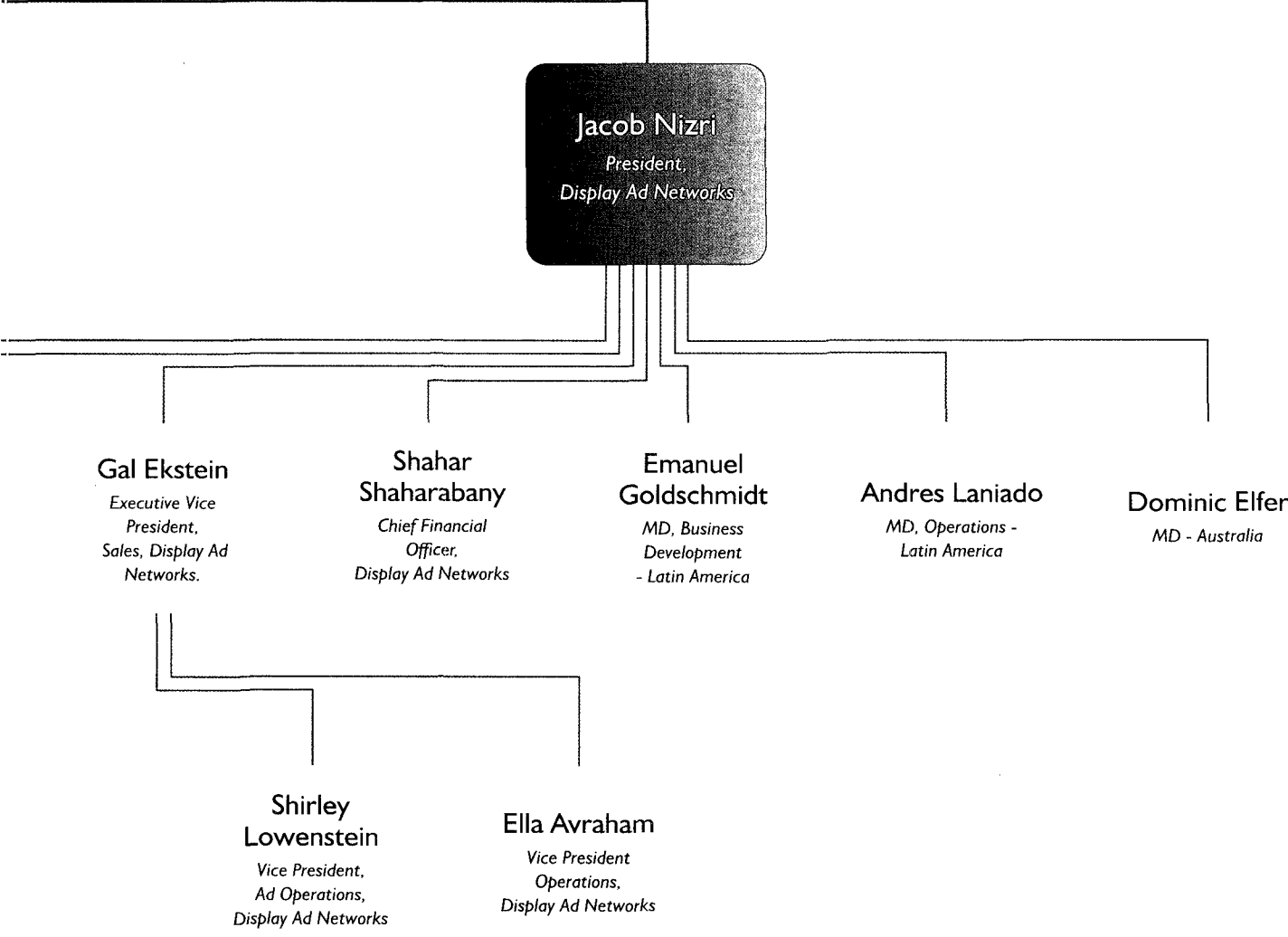
Y. Ramesh Reddy

The Company's financial brain, Mr. Y. Ramesh Reddy heads the finance Department at Cambridge Technology Enterprises Limited (CTE). Prior to joining CTE, he was with Virinchi Technologies Ltd., a Hyderabad-based start-up in e-Business and web-based analytical solutions. He was the Strategic Business Unit head for its operations in Malaysia, with full accountability for all project deliverables through multiple project teams, onsite and offshore. He is a Chemical Engineer from Indian Institute of Technology, Chennai, and holds a Management Degree in Finance & Marketing from XLRI, Jamshedpur.



Management Team

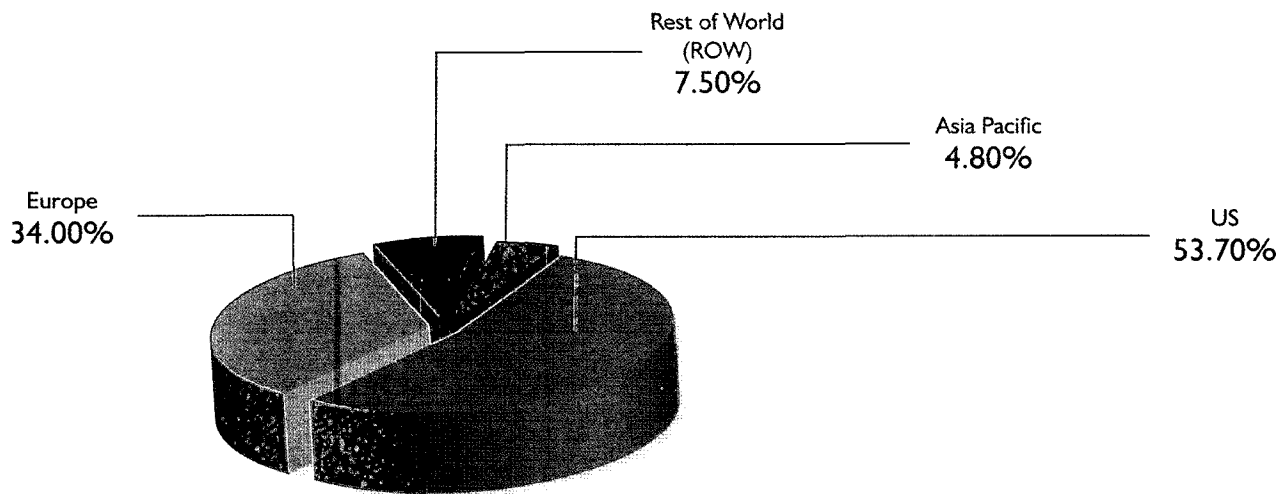




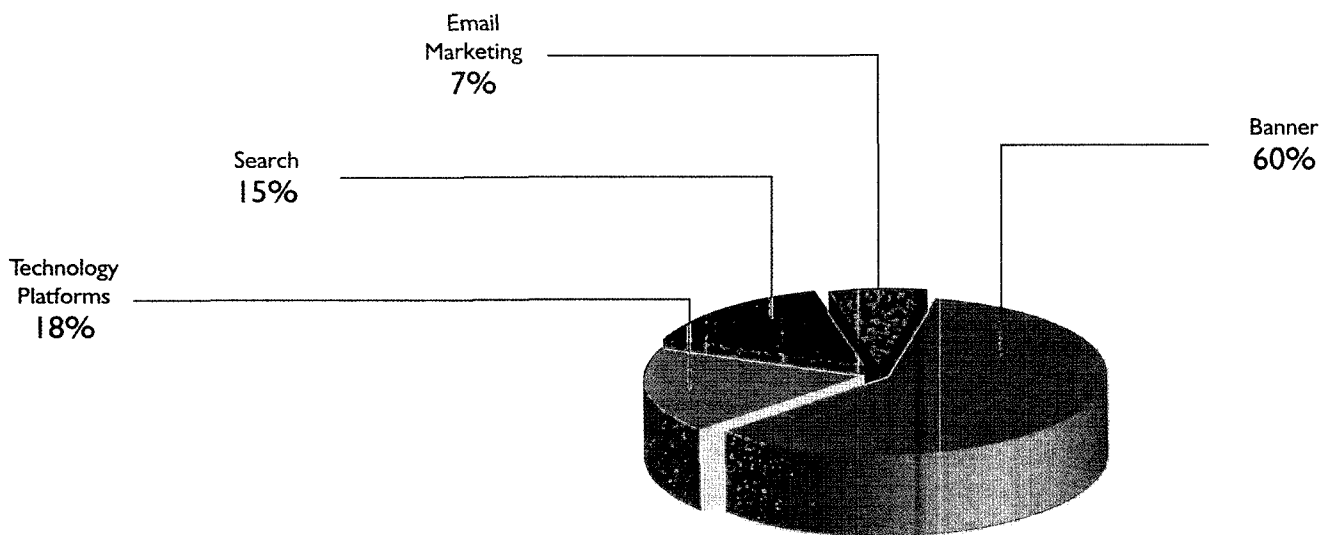
Financial Highlights

Particulars	FY 2008 (USD in Millions)	FY 2009 (USD in Millions)
Revenues	55.39	58.70
COGS	20.70	25.57
Gross Profit	34.69	33.13
Operating Expenses	18.62	16.10
EBITDA	16.08	17.03
Depreciation	1.98	1.65
Interest Expenses	0.08	0.29
Profit Before Tax	14.02	15.09
Tax	2.29	3.37
Profit After Tax	11.73	11.72
Deferred Tax Liability	1.05	1.55
Profit After Tax and Deferred Tax	10.68	10.17
EPS (USD per Share)	0.55	0.52
Diluted EPS (USD per Share)	0.55	0.52
Dividend	-	-
Financial Debt	-	-
Net Worth	52.77	76.70
BREAK UP OF REVENUES - ACQUISITION-WISE		
Ybrant India	11.22	10.16
Oridian	23.57	26.93
AdDynamix	5.33	5.80
MediosOne	11.74	11.86
VoloMP	3.52	3.94
	55.39	58.70

REVENUE BY GEOGRAPHY



REVENUE MIX



Letter from the Chairman's Desk



Dear Shareholders,

It gives me immense pleasure to welcome you all to another year of continued progress, achieved in the backdrop of adverse global economic conditions. Ybrant Digital stood ground surviving the worst economic conditions very firmly. In fact, the immense growth potential and increasing acceptability of the digital media proved its mantle in these challenging times.

Globally, marketing spends across traditional media reduced while digital marketing continued to grow in 2008. Rising broadband penetration, the increasing time spend by customers on the internet and intensive use of internet for searching online continued to serve as strong growth catalysts.

Internet advertising revenues in the United States, the largest market for this media, totaled USD 23.4 Billion for the full year of 2008, an increase of nearly 10 per cent over 2007. Even as the economic recession was in full blown period, digital marketing spends for the six month period upto June 2009 was down by a mere 5.3 per cent from the USD 11.5 Billion reported for the same six-month period in 2008.

The industry showed a marked preference for performance based billing model. In line with the industry trend, we extensively promoted our comprehensive yet flexible performance based model.

And it is in this backdrop that Ybrant Digital has posted steady and stable results with a topline of USD 58.70 Million for the financial year ended March 2009. We remained a zero-debt Company and initiated several long-term strategic measures.

FOCUSED CONSOLIDATION

As shareholders would be aware, over the last two years, we have acquired the companies: Oridian, AdDynamix, VoloMP, and MediosOne, which are in addition to our original technologies and support group, Ybrant Technologies. During the last financial year, we have successfully consolidated and integrated the operations of these five subsidiaries, under the parent company, Ybrant Digital. With this move, Ybrant Digital is poised to effectively leverage its core strengths in technology, Networks, business insights and further, add value to our services and increase our client base.

To ensure seamless consolidation, a new integrated management team structure has been laid out. This new structure has successfully created the right framework to effortlessly integrate Ybrant Digital's operating units, and achieve three key objectives:

- Consolidate operations and deliver improved technology platforms to our Ad networks, while continuing to meet the needs of advertisers and publishers worldwide.
- Identify and acquire companies that would complement and enhance the gamut of end-to-end digital marketing solutions.
- Reorganize key executives into critical roles allowing maximized scalability.

To reinforce this unified organization, we have unfurled a new corporate identity which symbolizes the strength of integration and presents an unified approach in doing business worldwide.

EXPANDING GLOBAL REACH

As a part of our future strategy, we will continue to explore inorganic

WE INTEND TO AGGRESSIVELY PURSUE OPPORTUNITIES TO ACQUIRE COMPLEMENTARY BUSINESSES WHILE ENHANCING INTERNAL STRENGTHS IN THE SAME DOMAIN. WE ASPIRE TO ENHANCE OUR CAPABILITIES AND BOUQUET OF SERVICES TO ULTIMATELY INCREASE THE NUMBER OF CLIENTS WE SERVICE AND ACHIEVE SCALE.

growth opportunities to further capitalize on the immense potential of the internet and digital media, and further expand our global footprints.

Our focus is clear: We intend to aggressively pursue opportunities to acquire complementary businesses while enhancing internal strengths in the same domain. We aspire to enhance our capabilities and bouquet of services to ultimately increase the number of clients we service and achieve scale.

We foresee significant opportunities to provide our services to even more companies based in the United States and other countries across South America, Europe and the fast growing countries of China and India.

We also intend to establish relationships with companies that provide traditional advertising and media services to pursue joint marketing arrangements and preferred provider agreements. Through these relationships, we intend to increase our sales penetration, gain access to their clients and become the preferred or exclusive provider of digital and internet advertising and marketing services for these companies.

BENEFICIAL ACQUISITIONS

In line with our strategic growth plan, in April 2009, we acquired, 'dream ad', an Argentine advertising network company. 'dream ad' is the exclusive sales house for Microsoft Advertising in Latin America and is primarily into banner and keyword search space.

This acquisition will enable Ybrant Digital to access the Latin American region by adding four more countries - Argentina, Chile, Uruguay, and Mexico - to its global footprint. These countries are fast growing

markets. It is estimated that the advertising market in Argentina is about USD 2.5 Billion, of which online spend accounts for USD 70 Million, while Chile is a USD 900 Million advertising market with an online spend estimated to be USD 17 Million.

Importantly, through this acquisition, we have added another 300 active clients into our fold and we will enjoy better representations with publishers in the region and their global traffic.

In August 2009, we have also acquired privately owned Max Interactive, the leading Ad network in Australia. Max Interactive Pty Ltd. specializes in banner-based web advertising, Mobile and email marketing for leading telecom service providers, banks, IT brands including Vodafone, Nokia, Citibank, HP, Adobe, Nestle, etc.

KEY TIE-UPS

Like acquisitions, tie-ups are also a part of our plan to extend our technology and capabilities to deliver targeted advertisements through emerging digital media.

In line with this plan, Oridian, our Israel-based subsidiary has tied up with Mumbai-based digital and Out-of-Home (OOH) services provider Integrid Media as its official seller of web advertising properties in India.

MediosOne, our US-based internet search advertising network already has a similar joint venture agreement with Integrid to penetrate into the Indian market.

Earlier, in April 2008, Oridian had tied up with Scandinavia's hottest online lifestyle magazine and social network - G Life for exclusive marketing rights to sell in Sweden. Our strategic partnership will

☺☺ WE BELIEVE THAT THE INDUSTRY WILL CONSOLIDATE ACROSS THE WORLD TO ABOUT 20-30 KEY PLAYERS, EACH DOING ABOUT USD 1 BILLION IN ANNUAL REVENUE AND OUR GOAL IS TO BE ONE OF THEM. ☺☺

increase our market reach in Sweden, which already has an impressive 23% or 1.25 Million unique users per month. The partnership will also enable G Life's publishers to carry ads that are relevant for readers outside Scandinavia.

Oridian also entered into an alliance with global fashion and beauty media powerhouse Fashion TV (FTV) in April 2008. FTV is particularly strong in Europe, and Oridian has excellent reach in the UK, Netherlands, Germany and Belgium.

SIGNIFICANT ACCREDITATION

Our subsidiary, Oridian has earned the IASH (The Internet Advertising Sales House) accreditation by passing its audit, one of the most stringent ad placement standards. The purpose of the Code is to give those buying, selling or brokering internet advertising space a clear understanding of the type of inventory that can/cannot be used when fulfilling an ad insertion order. This accreditation is an important endorsement of our services and strengths.

MOVING FORWARD

We believe that the industry will consolidate across the world to about 20-30 key players, each doing about USD1 Billion in annual revenue and our goal is to be one of them.

We intend to expand our client base by aggressively pursuing new clients that focus their advertising efforts on the internet and digital media as well as clients that have historically relied on traditional media for advertising.

In addition, although we currently provide services tailored primarily to companies with digital advertising budgets in the U.S., we aggressively plan to expand our services to new regions. In particular, we are looking at regions which have significant online traffic to U.S. publishers in the first stage, and local publishers-cum-local advertisers in the regions of South America, Europe, China and India, in the subsequent stages. To a large extent, our recent acquisitions will enhance our market penetration in these significant geographies.

SUPERIOR CLIENT SERVICING

As part of our goal to provide our clients with superior digital advertising and marketing services, we will continue to add services that expand our clients' abilities to advertise and market on the internet and various digital media.

THE TECHNOLOGY EDGE

We plan to continue to build, license and acquire technologies, including enhanced ad serving and media measurement technologies that will enable us to plan and execute even more effective digital advertising and marketing campaigns for our clients. In addition, we intend to continue to increase our investment in data analysis technology and expertise in our efforts to realize the full potential of the data that these campaigns generate.

Thus, through focused initiatives and strong operational strengths, we are confident of successfully continuing our growth trajectory.

EMPLOYEE POWER

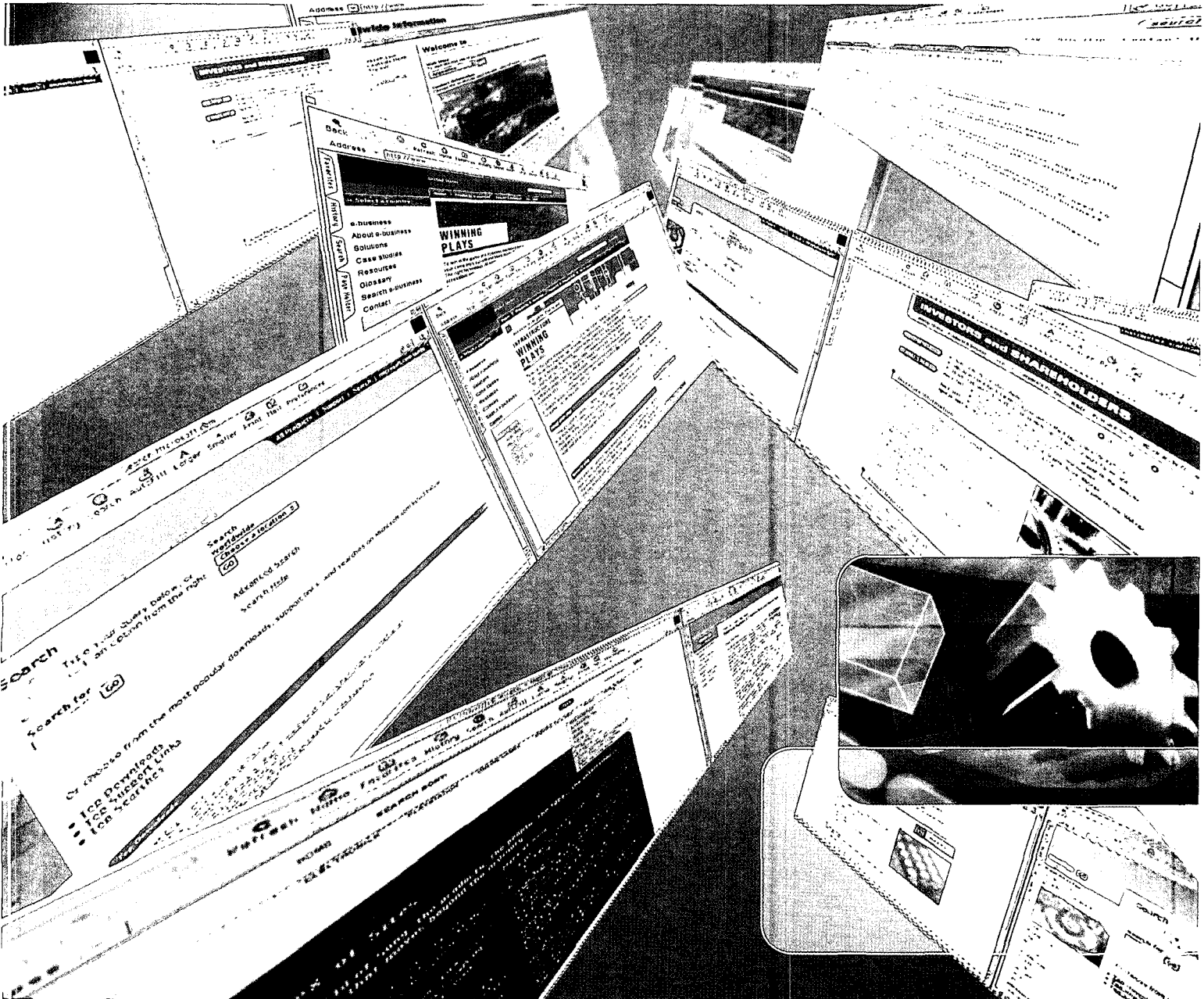
Before I conclude, I would like to take this opportunity to place on record the excellent contribution made by our employees and team members across all subsidiaries and geographies.

I also take this opportunity to thank all our stakeholders for their *continued support*.

At Ybrant Digital, we remain confident of taking the Company to new heights with our breakthrough digital marketing solutions. Thank you for your support.

Warm Regards,

Suresh Reddy
Chairman and CEO



Breakthrough Digital Marketing

Carved out in a fast growing market segment

The combination of unmatched advantages such as personalizing, targeting, measuring response plus the ability to expand in a local and international market, has led to exponential growth of digital marketing.



FAST GROWING MARKET

Consumers continue to embrace digital media in all forms including email, internet, WAP-enabled mobile phones, digital TV, wireless digital communication devices, etc. Acceptability of internet is fast increasing globally as the ability to locate desired information, services and products precisely, securely and swiftly improves. Faster access through hi-speed broadband facilities has led to increased usage not only by the business sector, but also in households through development of large information and social internet sites. The increasing usage of smart phones and digital videos are also important catalysts to growth of the digital marketing space. United States is the primary market for digital marketing.

Trends in online advertising revenues in past 10 years in U.S.

Years	Revenue (USD in Million)
2000	8,087
2001	7,134
2002	6,010
2003	7,267
2004	9,626
2005	12,542
2006	16,879
2007	21,206
2008	23,448

(Source: PWC/IAB 2008 Report)

As marketers recognize that advertising budgets invested in interactive media are effective in influencing consumers and delivering measurable results, the shift from traditional to online media has steadily increased over the years.

U.S. advertising market - media comparison - 2008*

	(USD Billion)
Newspapers	34.4
TV Distribution	28.8
Internet	23.4
TV Networks: Cable	21.4
Radio	17.2
TV Networks: Broadcast Network	18.0
Consumer Magazines	12.7
Directory	13.8
Trade Advertising	10.0
Out of home	7.2

(*The total U.S. advertising marketing includes other segments not listed above.) (Sources: IAB Internet Ad Revenue Report; PWC Global Entertainment and Media Outlook)

FIRM FOOTHOLD

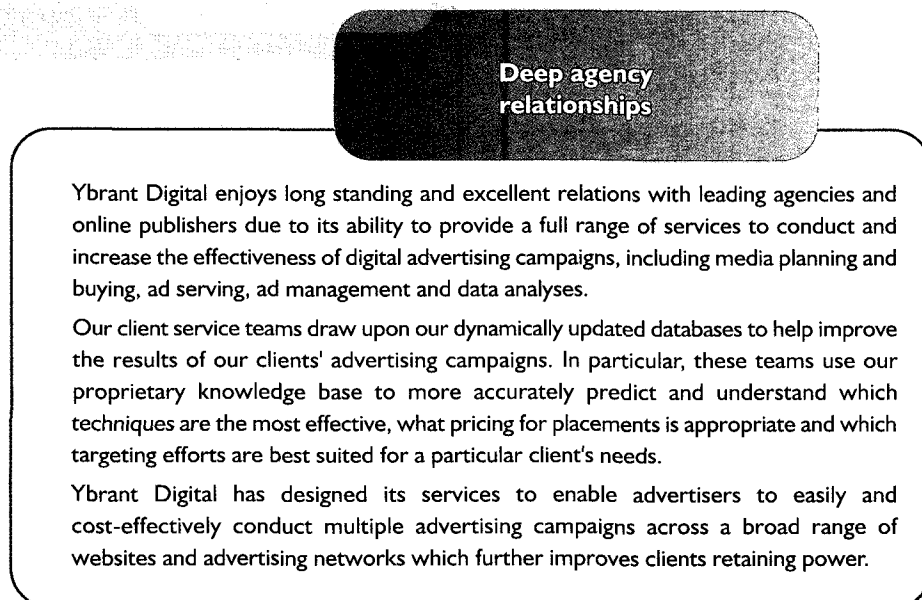
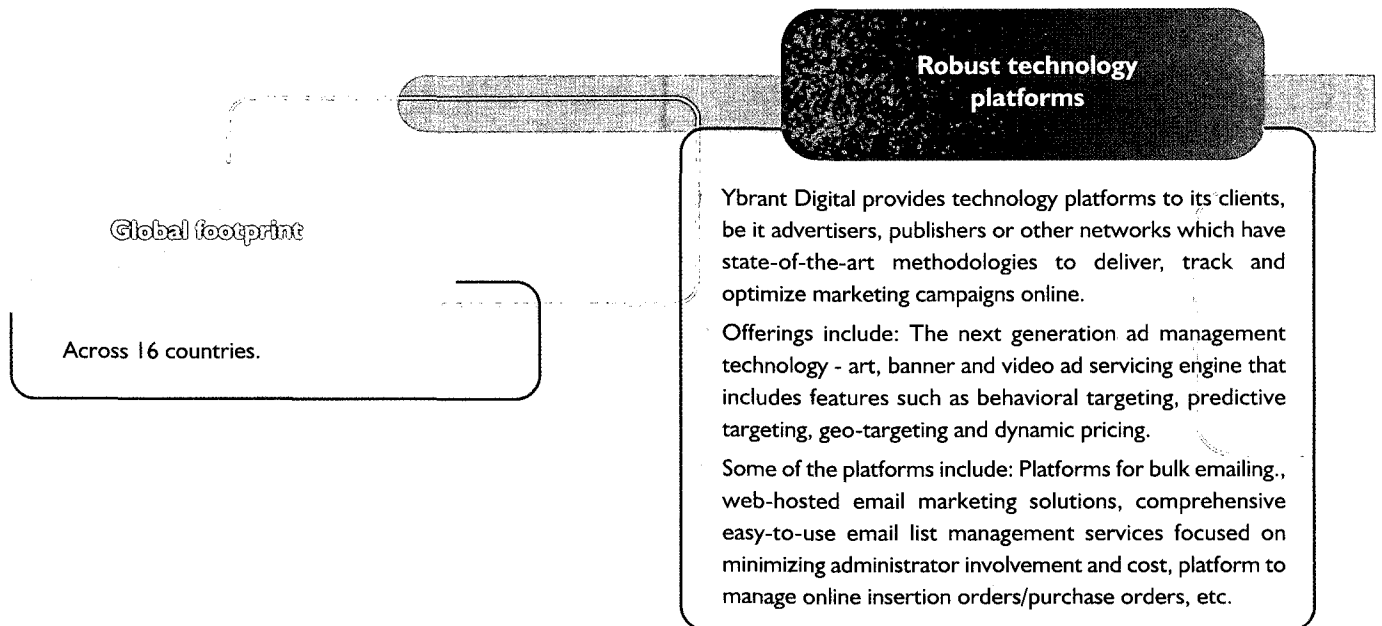
Thus, with the increasing digital media budgets; the scope for dedicated digital marketing planning and execution services has expanded exponentially. Ybrant Digital is equipped to deliver optimal and successful marketing solutions, in line with the industry growth and demand owing to the clear focus in the digital marketing space backed with the decade long experience.

THUS, THE EARLY IDENTIFICATION OF A FAST GROWING MARKET, A STRONG DOMAIN UNDERSTANDING BACKED WITH A TECHNOLOGICAL THRUST HAS ENABLED YBRANT DIGITAL TO RIDE THE GROWTH CURVE IN THE INDUSTRY.

Breakthrough Digital Marketing

Etched by our core foundation of strengths

The strong foundation of strengths, well-established business processes and practices provides Ybrant Digital a firm competitive base and characterizes our ability to optimize the marketing spends across various digital channels.



Deep domain expertise

Ybrant Digital has commenced operations offering niche technology services relating to the digital marketing space viz. search marketing, affiliate marketing, email marketing, ad delivery systems, etc. This enables the Company to develop and build strong domain knowledge and understanding of the technologies behind digital marketing.

Agile team

Ybrant Digital's team comprises of 350 employees including committed technology professionals, business development and marketing solutions teams and client servicing teams which are well-equipped with dynamically updated databases, technology and software to customize and provide clients precise solutions swiftly, negotiate best rates and are geared to take advantage of the expanding market.

Rich experience

Ybrant Digital enjoys a decade plus of relevant experience with strong relationships across the industry.

THUS, THIS REPERTOIRE OF STRENGTHS HAS ENABLED THE COMPANY TO GROW AT A STEADY PACE.

Breakthrough Digital Marketing

Accomplished with a comprehensive range of services

Services that facilitate the best exposure to the targeted audiences across the digital marketing space and enables the efficient utilization of advertising budgets.

IN THE SPACE OF DIGITAL MARKETING YBRANT DIGITAL PROVIDES THE FOLLOWING SERVICES:

I. ACTS AS AN INTERMEDIARY BETWEEN THE PUBLISHERS & ADVERTISERS
(EXTENSIVE AD NETWORK, EMAIL, SEARCH MARKETING, ETC.)

II. DIGITAL MEDIA PLANNING AND BUYING

III. AD SERVING

IV. CAMPAIGN ANALYSES

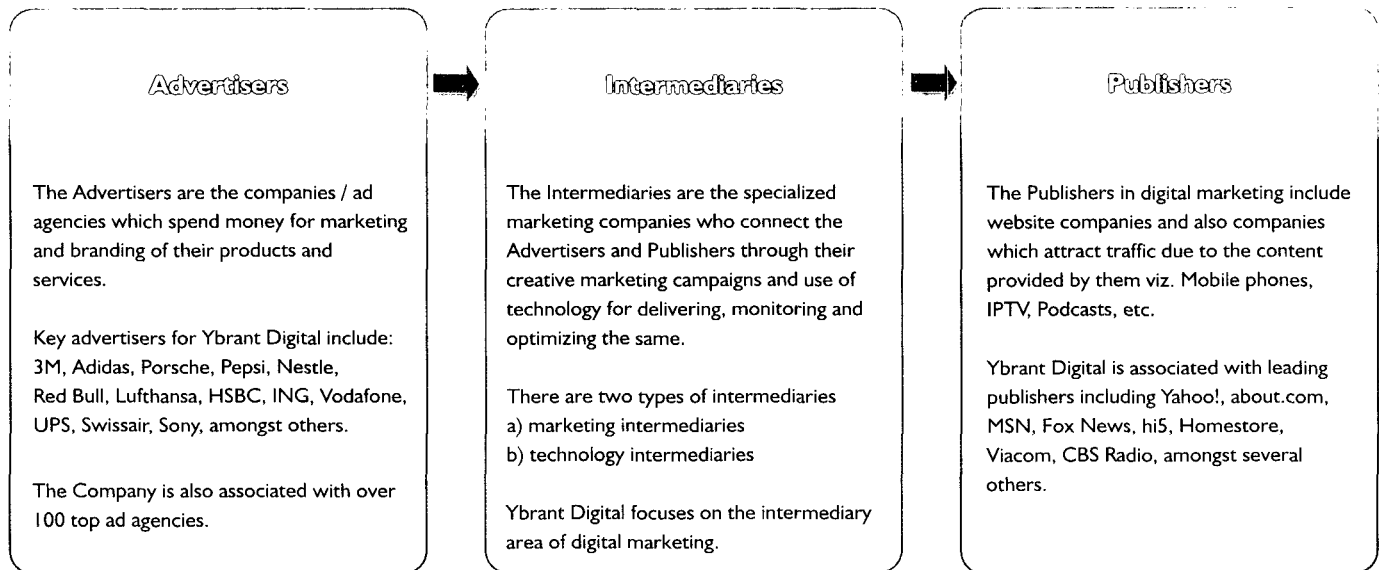
V. OPTIMIZATION

VI. DATA COLLECTION AND AGGREGATION

VII. CUSTOMISED TECHNOLOGY PLATFORMS

I. Acts as an intermediary / interface between the publishers and the advertisers

The players of the Digital Marketing Industry have been classified into three distinctive categories, namely



Ybrant Digital focuses on the intermediary area of digital marketing space and acts as an interface between the publishers and the advertisers offering technology platforms, custom software, marketing creatives, search optimization support and paid search management. The Company generates the audiences for advertisers' campaigns primarily through networks of third-party websites and other online publisher partners.

Ybrant Digital owns many platforms to deliver, track and optimize

ads across all the channels of digital marketing. These are supported and managed by services team, largely out of India. The Company has an integrated network capable of delivering 20 Billion impressions a month.

Ybrant Digital aggregates publisher partners' online advertising inventory into networks, then optimizes these networks for specific marketing goals, and finally delivers the campaigns across the appropriate networks' advertising inventory.

Breakthrough Digital Marketing

Accomplished with a comprehensive range of services

As an intermediary, the Company makes the following digital marketing tools available to advertisers:

1. Display ad network
2. Email marketing
3. Search marketing
4. Lead generation
5. Affiliate marketing

1. 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 interactivity.

YBRANT DIGITAL ALONG WITH ITS SUBSIDIARIES HAS A WELL-ESTABLISHED PRESENCE IN THIS BUSINESS SPACE.

2. Email includes banner ads, links or advertiser sponsorships that appear in email newsletters, email marketing campaigns and other commercial email communications. This includes all types of electronic (basic text or HTML-enabled) mails.

From hassle-free high-performance email marketing platform, ad serving technology requirement to web analytics for publishers or providing marketer interfaces, Ybrant Digital's industry experts are adept at taking care of all customer requirements and can add value to clients' marketing propositions.

YBRANT DIGITAL PROVIDES EMAIL PLATFORMS ON LICENSE BASIS.

3. Search includes fees advertisers pay internet companies to list and/or link their company site domain name to a specific search word or phrase. Search Engine Optimization (SEO) is the technique of preparing a website to enhance its chances of being ranked in the top results of a search engine.

Search categories include:

Paid listings - text links appear at the top or side of search results

for specific keywords. The more a marketer pays, the higher the position it gets. Marketers only pay when a user clicks on the text link.

- Contextual search - text links appear in an article based on the context of the content, instead of a user-submitted keyword.
- Paid inclusion - guarantees that a marketer's URL is indexed by a search engine. The listing is determined by the engine's search algorithms.
- Site optimization - modifies a site to make it easier for search engines to automatically index the site which may result in better placement in search results. The Company's technology division provides services for Search marketing which includes organic search and paid search management.

YBRANT DIGITAL'S TECHNOLOGY DIVISION AND SUBSIDIARIES PROVIDE BULK EMAIL AND SEARCH SERVICES FOR SEARCH MARKETING WHICH INCLUDE ORGANIC SEARCH AND PAID SEARCH MANAGEMENT.

4. Referrals / Lead Generation advertising includes fees advertisers pay to digital advertising companies that refer to qualified purchase inquiries (e.g., auto dealers which pay a fee in exchange for receiving a qualified purchase inquiry online) or provide consumer information (demographic, contact, behavioral) where the consumer opts into being contacted by a marketer (email, postal, telephone, fax). These processes are priced on a performance basis [Cost-Per-Acquisition (CPA), Cost-Per-Lead or inquiry (CPL)], and can include user applications (e.g., for a credit card), surveys, contests (e.g., sweepstakes) or registrations.

YBRANT DIGITAL PROVIDES THE REFERRAL AND LEAD SERVICES THROUGH ITS SUBSIDIARIES.

5. Affiliate /Co-registration advertising involves listing of advertiser subscriptions alongside other publications' offers. Thus, when the website visitor signs up for the other newsletters, he or she is given the option of signing up for advertisers.

YBRANT DIGITAL'S TECHNOLOGY DIVISION HAS A CO-REGISTRATION ENGINE WHICH IS USED TO PROVIDE THIS SERVICE.

II. Digital media planning and buying

The Company's media planning and buying services are performed by client service teams, which evaluate the client's needs and objectives, outlines a media strategy for the client, develops a media plan by identifying appropriate media placements, and executes this plan by negotiating the rates for these placements.



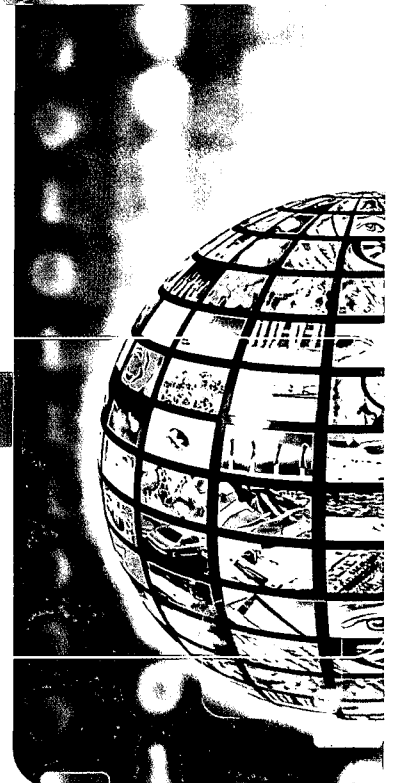
III. Ad serving

Ybrant Digital's media engineers coordinate and monitor the ad serving process once an advertising campaign begins. The ad servers receive Billions of advertisement requests each month, and process a majority of these requests at sub-millisecond speed. The Company's ad serving systems allow it to adjust advertising campaigns quickly and efficiently because changes required to the advertisements are made on own ad serving systems rather than on each individual Web site where the advertisements appear.



IV. Campaign analyses

The Company's proprietary ad serving systems enable it to evaluate advertising campaigns along any dimension important to the client, e.g., sales, leads, registrations, software downloads, etc. The Company provides this campaign data to clients in comprehensive online performance reports generated by internal systems, which the clients' strategists review with clients.



Breakthrough Digital Marketing

Accomplished with a comprehensive range of services

V. Optimization

Ybrant Digital's client service teams can quickly adjust an advertising campaign in progress to improve its performance. If a website is generating unacceptably low response rates, the Company can remove that website from the campaign, reduce the number

of impressions allocated to that site, or negotiate a lower rate for advertisement placements on that site. If a website is generating high responses, Ybrant Digital can serve more advertisements to it.

VI. Data collection and aggregation

As Ybrant Digital conducts advertising campaigns it simultaneously collects and stores data on these campaigns in its data warehouse. This enables data basing and facilitates the ongoing review of campaigns.

VII. Proprietary technology platforms

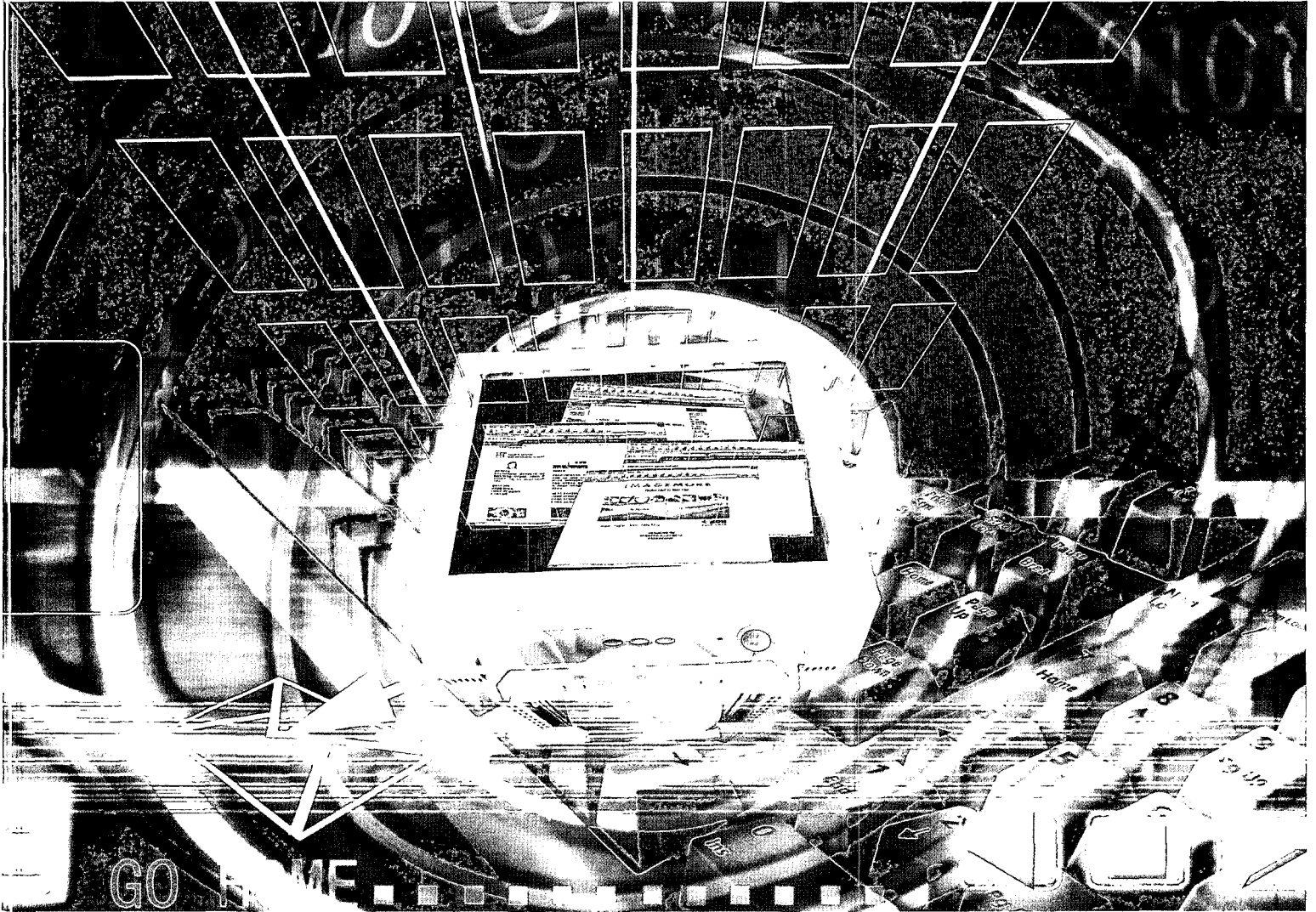
Over the years, Ybrant Digital has developed technology platforms for meeting various digital marketing needs. These platforms can be used as is or can be customized to meet specific requirements of customers. Further, as mentioned the Company provides technology for ad serving, reporting and optimizing engine through its technology division.

Ybrant Digital's technology platforms are constructed from established technologies crafted into applications whose main objective is to directly meet the needs of clients. The basic components of platforms are built from leading Open Source software

projects and by striking the proper balance between using commercially available software and Open Source software, Ybrant Digital directs its technology expenditures toward developing distinguishing application functionality while minimizing third-party technology supplier costs.

Ybrant Digital charges for the platforms based on:

- Licensing
- Pay per Use
- Custom Development



Other services

Along with these technology platforms, Ybrant Digital provides allied services such as hosting, managing, reporting, optimizing and customer support service needs of customers. Ybrant Digital also delivers hosting solutions primarily from co-location centres, geographically disbursed within the United States and now expanded across different countries through acquisitions.

The continuous investment in technology and infrastructure helps to

ensure that the Company's product offerings remain innovative, competitive and cost-effective.

THUS, THROUGH ADVANCED TECHNOLOGIES AND A STRONG TECHNOLOGY PLATFORM WHICH ENHANCES SERVICING CAPABILITIES, YBRANT DIGITAL FACILITATES THE OPTIMAL UTILIZATION OF DIGITAL ADVERTISING BUDGETS IN VARIOUS FORMATS ACROSS THE DIGITAL MEDIUM.

Breakthrough Digital Marketing

Reminiscent in the right technology edge & niche offerings

Ybrant Digital and its subsidiaries have supplemented strong technological base with sophisticated features to develop precise and customized ad placements.

1) NICHE CAMPAIGNS

Geo-Targeting

Contextual Targeting

Channel Targeting

Time of day Targeting

Behavioral Targeting

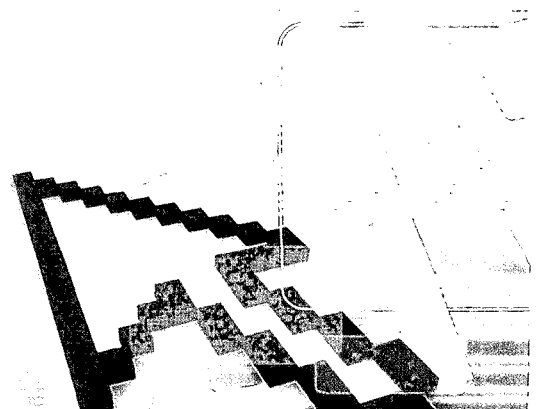
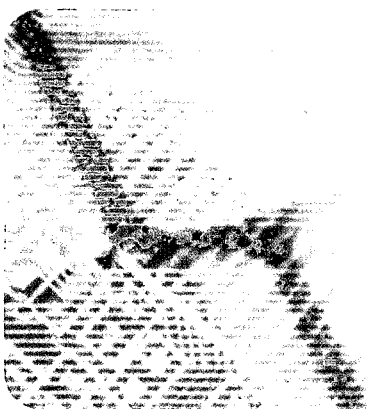
The Company is equipped to develop niche campaign such as geo-targeted campaigns, behavioral and psychographic focused campaigns, etc.

Illustratively, through geo-targeting in internet marketing the Company can determine the geo location (the physical location) of a website visitor and deliver different content to that visitor based on his or her location, such as country, region/state, city, metro code/zip code, organization, Internet Protocol (IP) address, ISP or other criteria.

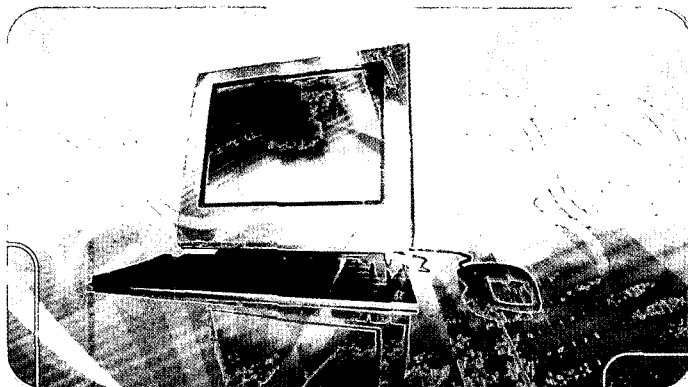
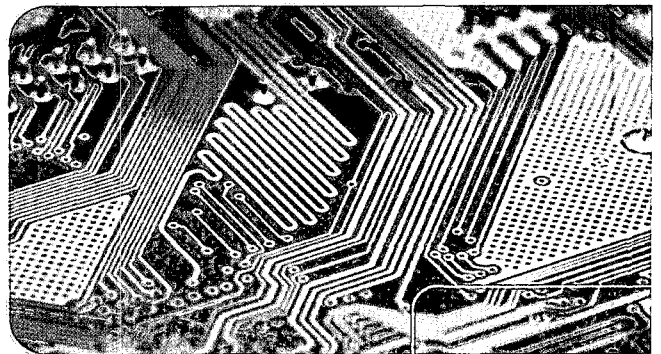
Through the use of advanced target sensing software, the Company allows advertisers to target users on many demographic levels including: age and gender, geography (location), day part (time of visiting the website), languages, net speeds, browser, ISPs, frequency, URLs, channels, etc.

In addition to demographic targeting, the Company focuses on reaching users in their native language through its subsidiaries. The Company is equipped to target users in over 28 different languages and dialects in over 150 countries worldwide. Ybrant Digital's advanced technology allows it to reach users by overlaying multiple demographic variables such as users that speak Hindi, live in New York, female, and are between 18-24 years of age. The Company's Ad Serving and Publishing System allow it to see through the traffic and display the most relevant advertisement to the right user.

For broad-based categorization, the Company's network can set campaigns based on international traffic on domain categories. For example, a user entering a .com site from France will receive the relevant French commercial. This allows customers to book large volumes of media at the lowest rates, industry-wide.



- 2) **REAL-TIME REPORTING:** Ybrant Digital and its subsidiaries are equipped to generate easy-to-track real-time reports on ad placements and its performance, which adds to the value of its services and facilitates the fine tuning of campaigns based on performance results.
- 3) **FLEXIBLE PRICING:** Besides, all services are offered in highly flexible pricing options - Cost Per Impression (CPM), Dynamic Competitive Pricing Model, Cost Per Click and Cost Per Action, Performance based - all backed with excellent servicing.
- 4) **RELIABLE SERVICES:** The Company has built in high-performance, availability and reliability into its product offerings and safeguards against the potential for service interruptions at third-party technology vendors by engineering failsafe controls into own critical components. The Company's applications are monitored 24 hours a day, 365 days a year by specialized monitoring systems that aggregate alarms to a human staffed network operations centre. If a problem occurs, appropriate engineers are notified and corrective action is taken.



THE COMBINATION OF STRONG FOUNDATION AND ADVANCED FEATURES PROVIDES YBRANT DIGITAL A STRONG FOOTING IN THE DIGITAL MARKETING SPACE.

Breakthrough Digital Marketing

Achieved through complementary acquisitions

Ybrant Digital has acquired companies with complementary strengths that have further value-added to the ad network reach, as well as developed the front end service offerings, and increased the geographic reach.

1. Oridian

Online media

Europe, North America, Latin America, Israel, Argentina, Germany, India and the UK

Oridian is Ybrant Digital's leading international ad network brand and site-specific representation. Oridian enables premium websites to monetize their international traffic in more than 40 countries. It offers advertisers and agencies dedicated and optimized campaign management. Oridian offers an array of client services that allows clients to compile media plans that work. The Company through tie-ups is also exploring opportunities in emerging digital media such as out-of-home media in India.

Oridian is IASH (The Internet Advertising Sales House) accredited, having recently passed its audit - one of the stringent ad placement standards.

2. AdDynamix

Ad deliveries

US

AdDyanmix is a full-spectrum interactive provider delivering ad management, video & digital media services to agencies, entertainment clients & direct marketers. AdDyanmix is specialized in performance-based advertising with dedicated advertiser and customizable campaign solutions and attractive revenue models linked to performance [Performance-based Pricing Model (CPA), Competitive Pricing Model (CPM)], all of which further strengthens the Company's offerings.

3. MediosOne

Online advertising network

South America, Europe and India

Through MediosOne, Ybrant Digital enables advertisers, publishers & agencies to deliver graphical and contextual banners using niche technology. MediosOne uses advanced technologies and technological base which enhance servicing capabilities that are truly breakthrough in nature, and also facilitate the monetization of website traffic by publishers. MediosOne uses advanced target sensing software to allow advertisers reach users on many demographic levels. Some of the Company's targeting parameters include Geography, Daypart, Languages, Netspeeds, Browser, ISPs, Frequency, URLs, Channels, Age and gender. In addition to demographic targeting, MediosOne also focuses on reaching users in their native language.

4. dream ad

Leading ad network in Latin America

Argentina, Chile, Uruguay and Mexico

dream ad has exclusive representation of leading internet media. An Argentine advertising network company, dream ad is the exclusive sales house for Microsoft Advertising in Latin America. Besides, the Company is primarily into banner and keyword search space, which Ybrant Digital will be able to leverage by selling its products.

5. Max Interactive

#1 ad network

Australia

Max Interactive specializes in banner-based web advertising, Mobile and email marketing with advertisers such as Vodafone, Telstra, Nokia, Nissan, Citibank, American Express, Visa, Rabo Bank, Land Rover, Qantas, Jack Daniels, NewsCorp, Adobe, Qantas, Virgin and Nestlé.



VoloMP and AMS

Two key acquisitions in email marketing and search optimization areas in the past that have strengthened the Company's bulk email marketing and search optimization capabilities:

VoloMP

This high volume email delivery platform is essentially an emailing platform that can send customized emails at a very high speed; with a single server delivering upto 2 Million emails in an hour.

Ad Management System (AMS)

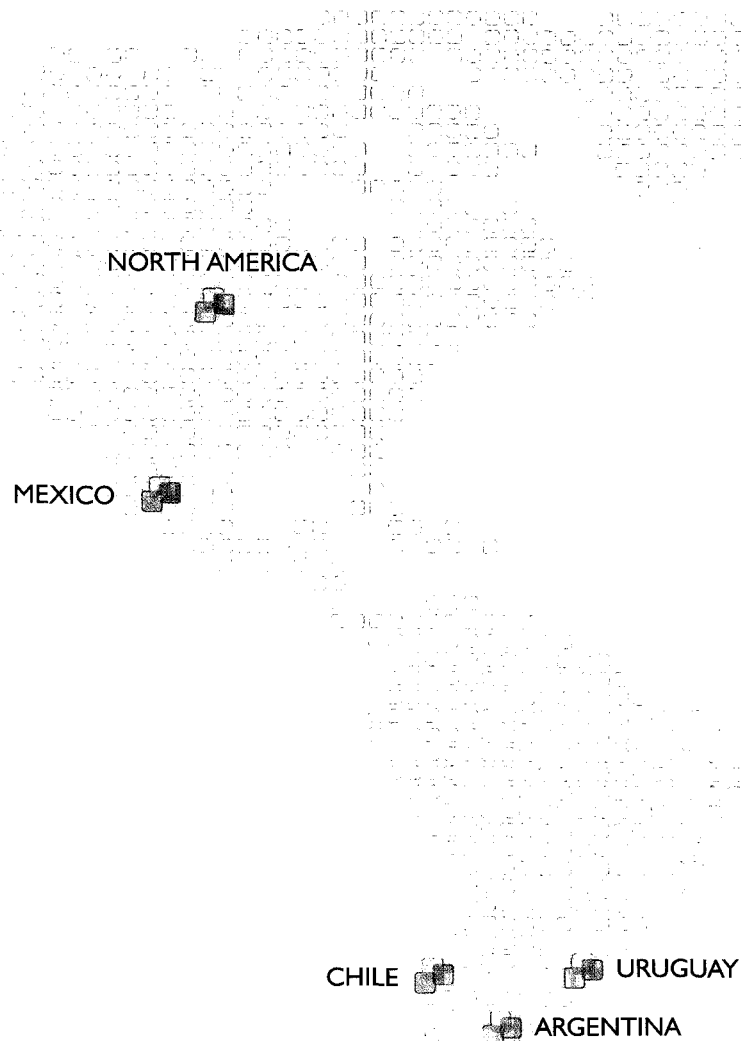
The next generation Ad Management Technology company is the art, banner and video ad servicing engine that includes features such as behavioural targeting, predictive targeting, geo-targeting and dynamic pricing.

THUS, WITH ONE OF THE MOST COMPREHENSIVE PRESENCE AND RESOURCES FOR DIGITAL BRAND MARKETING AND DIRECT RESPONSE TO GENERATE HIGH QUALITY LEADS OR DRIVE SALES, THE COMPANY IS EQUIPPED TO DELIVER EXCEPTIONAL PERFORMANCE-DRIVEN CAMPAIGNS AND GENERATE HIGHLY-QUALIFIED LEADS ON A LARGE SCALE.

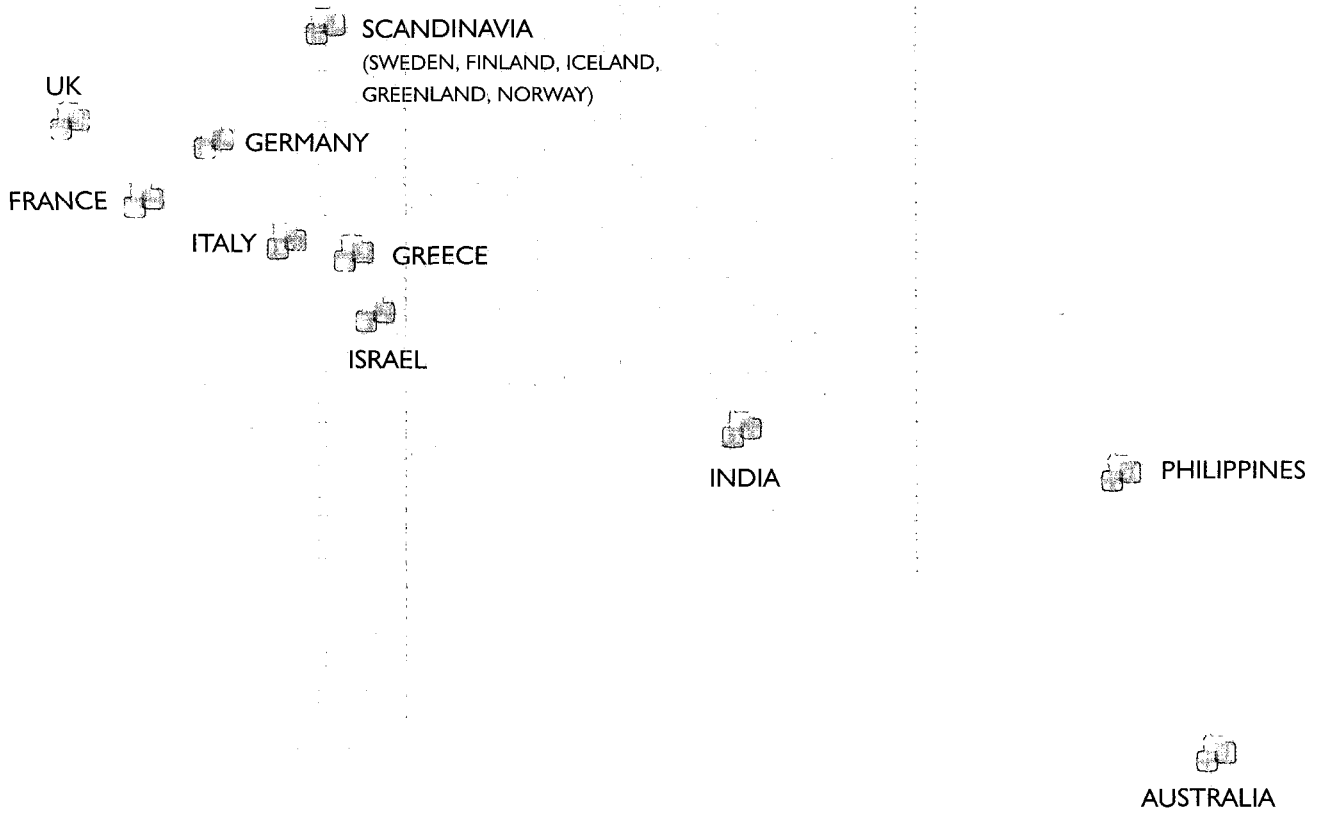
Breakthrough Digital Marketing

Accomplished with a strong global reach

Ybrant Digital is uniquely positioned in the industry with the power to reach and enjoy market penetration across 16 countries around the globe.



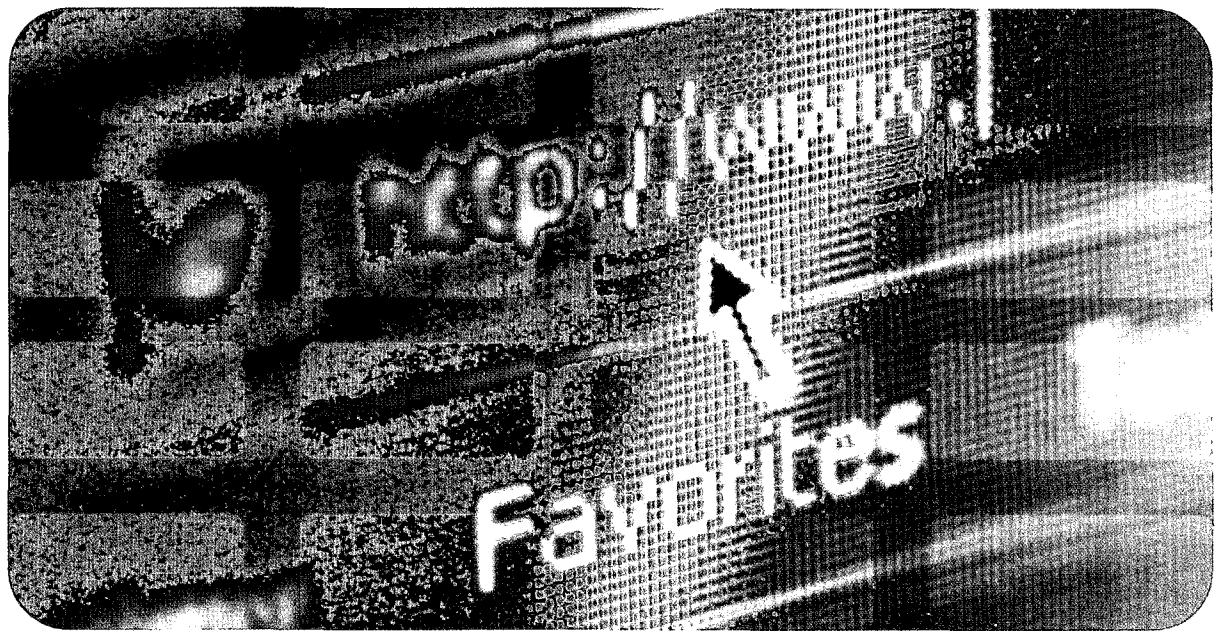
Ybrant has a global presence with offices in North America, Israel, India, Philippines, Serbia, France, Germany, UK, Argentina, Uruguay, Chile, Mexico and Australia Representative offices in Scandinavia, Italy and Greece.



Breakthrough Digital Marketing

Endorsed by the various brands, publishers and ad agencies

BRANDS WE PARTNER



that choose us as their partners in success

PROMINENT ONLINE PUBLISHERS WE PARTNER

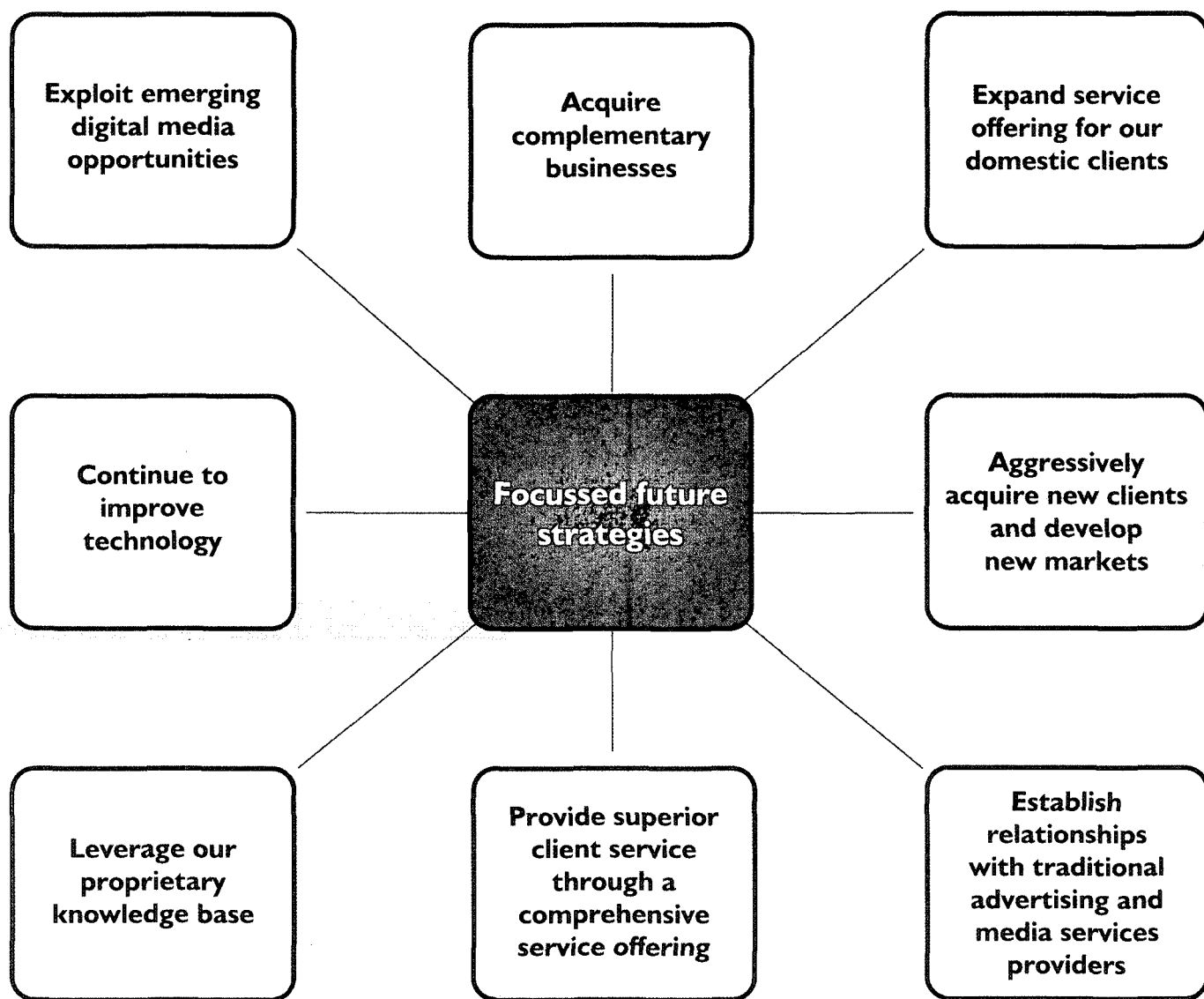


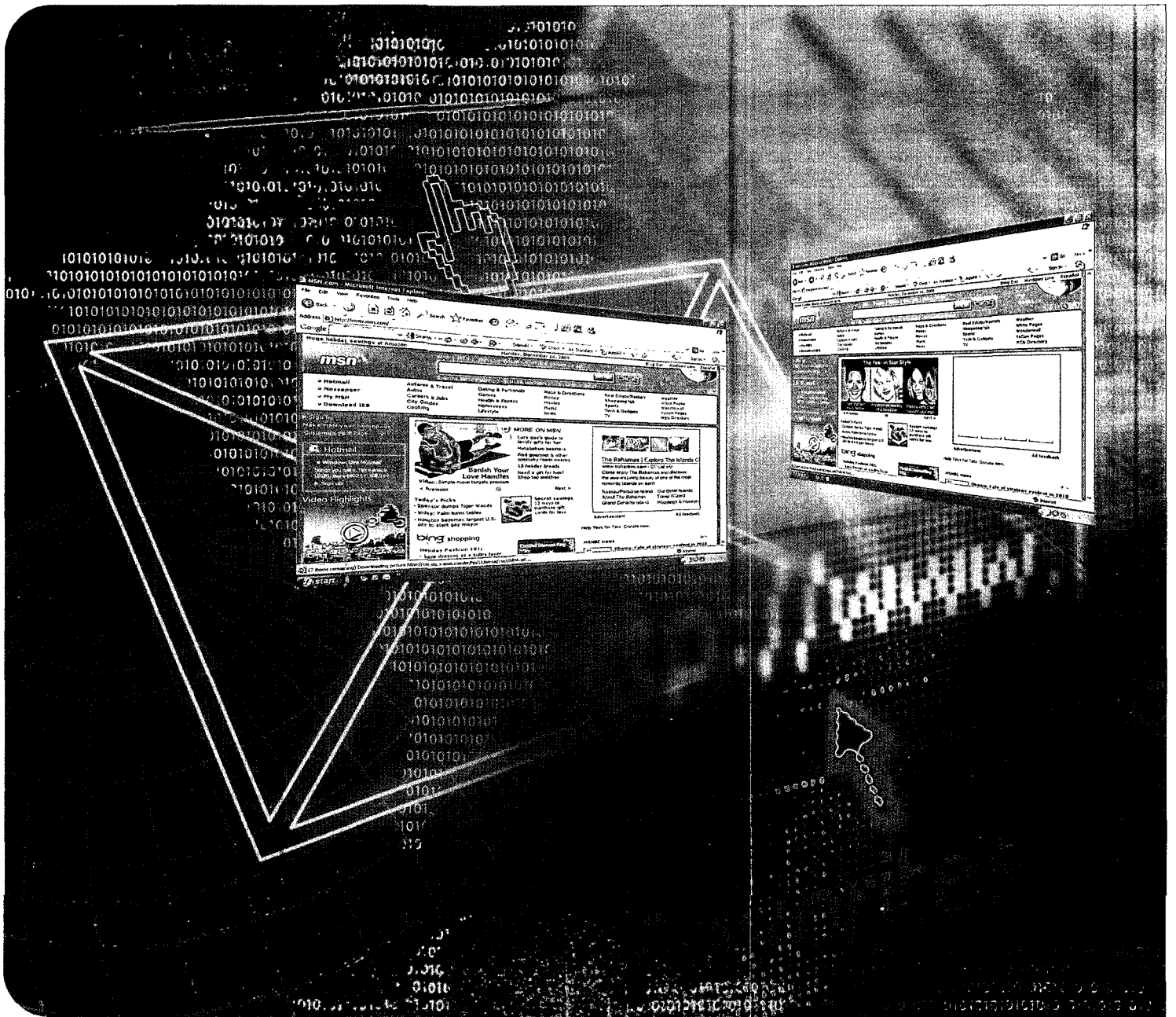
DIRECT ACCESS WE ENJOY WITH OVER 100 TOP AD AGENCIES



Breakthrough Digital Marketing

Embedded through focussed future strategies





Management Discussion and Analysis

Set up in early 2000s, Ybrant Digital (along with its subsidiaries) has evolved into a fully integrated digital marketing Company offering end-to-end digital marketing services using various digital communication tools like display advertising, email advertising, search advertising, affiliate advertising, etc. The Company also provides various other related services like digital media planning and buying,

digital campaign analysis, optimization of digital advertising campaign, data collection and aggregation, etc. Ybrant Digital also licenses technology software developed in house to other digital marketing companies. Headquartered in India (Hyderabad), Ybrant Digital has a global presence with offices in 16 countries.

INDUSTRY STRUCTURE (AND DEVELOPMENTS)

Advertising using digital media channels now makes up more than 10% of the overall worldwide advertising spending. Internet advertising is by far the most prominent digital media platform for advertising, although mobile advertising has gained traction, driven by advances in multimedia handsets, increasing use of, and lower costs of mobile services. Internet advertising linked to keyword searches is the most popular form of online advertising, followed by display ads. United States is the primary market for digital marketing.

Y-O-Y in 2008

While the economic downturn impacted advertising spends in 2008-09, the various advertising channels were affected differently. Digital media in the advertising sector has been the least impacted. This is mainly on account of two reasons: Firstly, advertisers are migrating from traditional media to new media as the internet audience grows, potentially at the expense of the traditional media audience. Secondly, the digital platform enables digital advertisers to employ targeted advertising based on a user's specific profile.

Internet advertising revenues in the United States totaled USD 23.4 Billion for the full year of 2008. The revenues for the full year of 2008 increased 10.6 per cent over 2007 in this space.

For the six month period upto June 2009 revenues totaled USD 10.9 Billion down 5.3 per cent from the USD 11.5 Billion reported for the same six-month period in 2008.

Search continues to lead, followed by Display Banners and Classifieds

- Search remained the largest revenue format, accounting for 45 per cent of 2008 full year revenues for the U.S. industry, up from the 41 per cent reported in 2007. Search revenues totaled USD 10.5 Billion for the full year 2008, up 20 per cent from the USD 8.8 Billion reported in 2007.
- Search revenue continued to account for 47 per cent of 2009

second-quarter revenues, up from the 44 per cent reported in the second quarter of 2008.

- Display-related advertising (the second largest format) revenues totaled USD 7.6 Billion or 33 per cent of full year 2008 revenues, up nearly 8 per cent from the USD 7.1 Billion (34 per cent of total) reported in 2007.
- Display-related advertising includes Display Banner Ads (21% of 2008 full year revenues or USD 4.9 Billion), Rich Media (7% or USD 1.6 Billion), Digital Video (3% or USD 734 Million), and Sponsorship (2% or USD 387 Million).
- Display advertising, accounted for 35 per cent, followed by Classifieds (10 per cent), and Lead Generation (7 per cent) of 2009 second-quarter revenues.
- Classifieds revenues accounted for 14 per cent of 2008 full year revenues or USD 3.2 Billion, down 4 percent from the USD 3.3 Billion (16 per cent of total) reported in 2007.
- Lead Generation revenues accounted for 7 per cent of 2008 full year revenues or USD 1.7 Billion, up 6 per cent from the USD 1.6 Billion (7 per cent) reported in 2007.

Performance-Based pricing gains

- Approximately 57 per cent of 2008 full year revenues were priced on a performance basis, up from 51 per cent reported in 2007.
- Approximately 39 per cent of 2008 full year revenues were priced on a CPM or impression basis, down from 45 per cent in 2007.
- Approximately 4 per cent of 2008 full year revenues were priced on a hybrid basis, consistent with the 4 per cent reported for the same period in 2007.

Variety, reach, target ability, and effectiveness of interactive media continue to be the key growth drivers for the industry. In an adverse economic condition, where marketers grappled with shrinking budget the interactive digital advertising medium provided effective tools to advertisers' to build deep, engaging relationships with consumers. The increased engagements in the digital medium will lead to further growth as the world economy slowly turns around.

STRENGTHS, WEAKNESS, OPPORTUNITIES & THREATS

Strengths	Weakness	Opportunities	Threats
<ul style="list-style-type: none"> ⊖ Early entrant in a fast growing market ⊖ Robust technology platforms ⊖ Deep domain knowledge ⊖ Global footprints ⊖ Deep agency relations ⊖ Agile team ⊖ Comprehensive range of services ⊖ Right technology edge & niche offerings ⊖ Complementary acquisitions 	<ul style="list-style-type: none"> ⊖ Overdependence on developed economies ⊖ 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. 	<ul style="list-style-type: none"> ⊖ Digital media channels spends is appx. 10% of overall global advertising spends. ⊖ Growing internet acceptance ⊖ Rising broadband penetration ⊖ India emerging a strong market 	<ul style="list-style-type: none"> ⊖ Competition ⊖ Consolidation of technology and service providers ⊖ New privacy legislations, industry standards and other regulations ⊖ Acquisitions involve numerous risks, any of which could harm our business, financials and our future growth plans, if not executed in line with our plans.

Strengths

Ybrant Digital is an early entrant with a strong base in a fast growing market. The Company's advanced technologies and strong technology platform equips it to service the best of brands and facilitates the optimal utilization of digital advertising budgets in various formats across the internet.

Ybrant Digital and its subsidiaries have supplemented strong technological base with sophisticated features to develop precise and customized ad placements. The Company is equipped to develop niche campaign such as geo-targeted campaigns, behavioral and psychographic focused campaigns, etc. Ybrant Digital has acquired companies with complementary strengths that have further added value to the ad network reach, as well as developed the front end service offerings, and increased the geographic reach.

Weakness

U.S. remains the key and primary market in our industry. The dependence on the US market has gradually been reduced with expansion of revenue across other countries. Ybrant Digital derives nearly 54% of its total revenue from U.S. which Europe now contributes nearly 34%. As a strategy to expand and diversify, with key acquisitions, the Company is likely to increase presence in other fast developing countries.

Government legislations and action can limit or eliminate the Company's ability to conduct targeted advertising campaigns and compile data that it uses to formulate campaign strategies and measure campaign effectiveness for clients. Third parties may bring class action lawsuits against the Company relating to online privacy and data collection. The Company discloses its information collection and dissemination practices in a published privacy statement on its websites.

Management Discussion and Analysis

OPPORTUNITIES

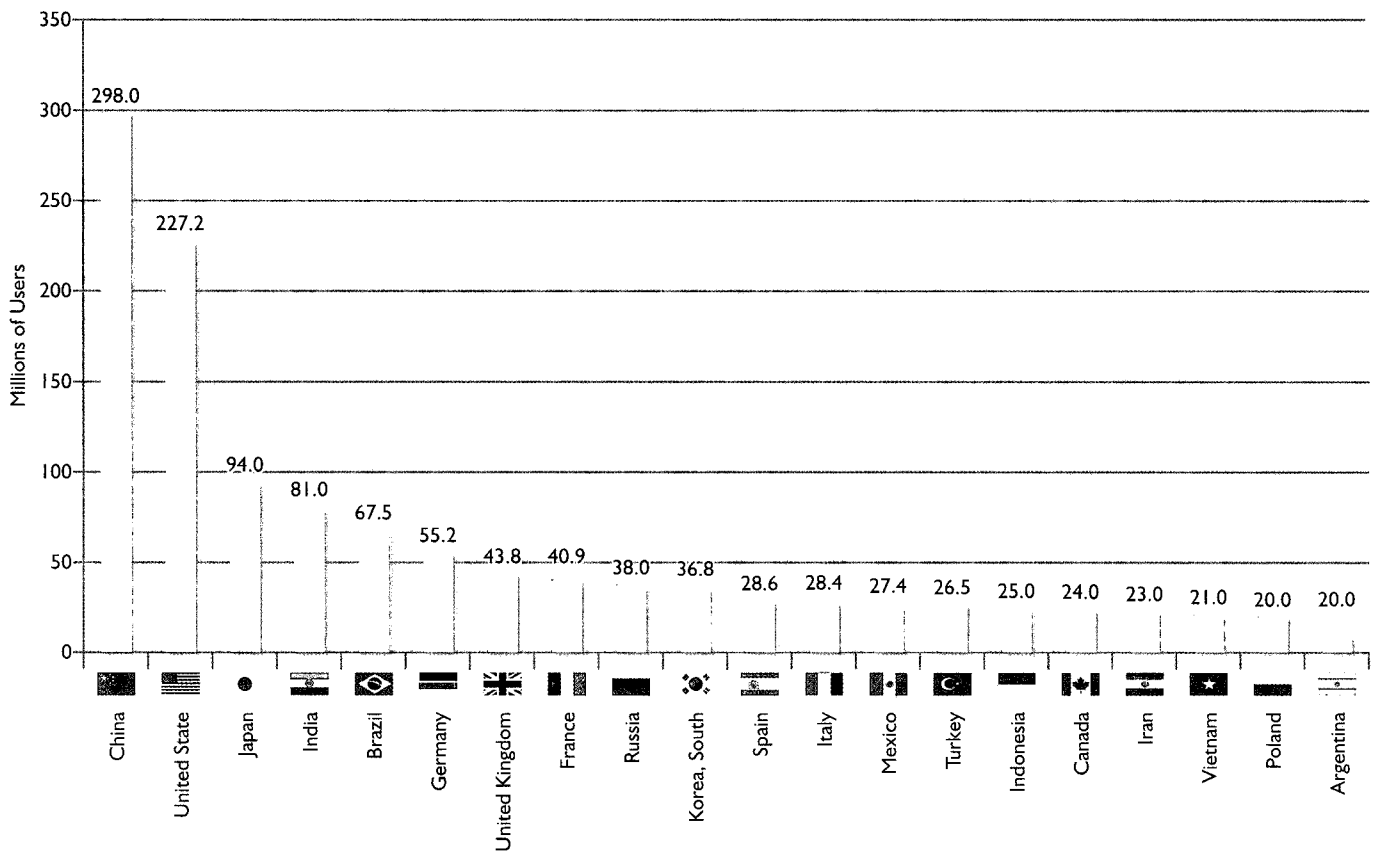
I. Growing internet acceptance

World Internet Users

World Regions	Population (2009 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2009
Africa	991,002,342	4,514,400	65,903,900	6.7 %	1,359.9 %
Asia	3,808,070,503	114,304,000	704,213,930	18.5 %	516.1 %
Europe	803,850,858	105,096,093	402,380,474	50.1 %	282.9 %
Middle East	202,687,005	3,284,800	47,964,146	23.7 %	1,360.2 %
North America	340,831,831	108,096,800	251,735,500	73.9 %	132.9 %
Latin America /Caribbean	586,662,468	18,068,919	175,834,439	30.0 %	873.1 %
Oceania / Australia	34,700,201	7,620,480	20,838,019	60.1 %	173.4 %
WORLD TOTAL	6,767,805,208	360,985,492	1,668,870,408	24.7%	362.3%

(Source: PWC/IAB 2008 Report)

Internet Top 20 Countries With Highest Number Of Users



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

2. Rising broadband penetration

The advertising industry in the United States is one of the largest in terms of size, technological prowess, the number of channels it leverages, etc. Jupiter Research estimates the online household broadband users in the United States have increased from 50.5 Million in 2006 to 72.5 Million and is expected to touch 86.3 Million by 2012.

According to forecasts made by Forrester, Interactive marketing will near USD55 Billion and represent 21 per cent of all marketing spend in 2014 as marketers shift dollars away from traditional media and toward search marketing, display advertising, email marketing, social media, and mobile marketing. This cannibalization of traditional media will bring about a decline in overall advertising budgets, death to agencies.

3. India emerging a strong market

India has witnessed continuous growth in the Internet adoption in certain sections of society - predominant patterns exist mostly in urban areas. Internet users have started utilizing this technology not merely for information search or communication, but also for leisure activities. With growth of PC owners and internet subscribers in India, the estimated 5 Million internet users in 2000 today has increased 10 times to touch nearly 50 Million in 2008. Online communication, specifically email & chat followed by search are the primary purpose for accessing the internet.

Various technological developments are redefining options of accessing the Internet. These technologies are expected to play a vital role in enabling improved adoption of the Internet across different geographies. The emerging technologies such as WiMAX, 3G and WiBro promise to provide last mile connectivity and allow new access points such as PDAs and kiosks.



Management Discussion and Analysis

4. Increasing usage of mobile platform for non-voice communications

The proliferation of smartphones has led to rapid rise in mobile-device being used for non-voice communications, including text messages, email and mobile Internet access. According to BIA/Kelsey survey released in October 2009, about 18.5 per cent of mobile users in US searched the internet for products or services in their local area, up from 15.6 per cent in 2008. Moreover, 16.7 percent connected with a social network such as Facebook up from 9.6 percent in 2008.

In line, mobile advertising has been growing and is expected to grow substantially over the next few years. Brands from sectors as diverse as automotive, CPG and finance are investing in mobile campaigns repeatedly as they offer audience extension. According to Brandweek.com, the trend is expected to continue with U.S. mobile ad spending expected to reach an estimated USD 6.5 Billion in 2012 - almost quadruple growth over the USD1.7 Billion spent in the U.S. in 2009.

5. Social media

The evolution of microblogging technologies such as Twitter confirms the success of social media advertising among several businesses that communicate with their target customers through Internet. Social Media Optimization, or "SMO," is also gaining traction among businesses that aim at better visibility of their Web sites by connecting with different community Web sites.



THREATS

Competition

The market for internet advertising and consulting services is highly competitive. The Company faces competition from established players and inability to compete successfully may result in reduction of market share which may have a material adverse impact on the Company's financial condition and results of operations.

The Company faces intense competition in the Internet Marketing and Advertising market and expects that this competition will continue to intensify in the future as a result of industry consolidations and the increasing number of advertising, media and technology companies.

The principal competitors are the 360 degree marketing solution providers and networks that provide one-stop shop to an array of services and tools to facilitate the eMarketing efforts of the clients. These companies are a result of strategic consolidations that are going on across the industry. Our Company competes indirectly with other media intermediary companies across an increasing range of different eMarketing services, including in vertical markets where competitors may have advantages in expertise, brand recognition and other areas.

The Company's core strengths in competing against the market forces are proprietary technology platforms, excellent client relationships, proven track record, strong industry knowledge and certified delivery methodologies. Ybrant Digital's competitive strategy is to garnish its technology and ad platforms with an array of services that enables Ybrant Digital to move up the value chain and emerge as a one point solution provider with the right collaborations. Many of the acquisitions in the past are aimed to increase the bandwidth of offerings.

Further, the key to success in the email business is about paying attention to the compliance and following best practices in the industry. It is a unique combination of technology, methodology and

compliance that keeps the revenues coming in from the clients and thus, Ybrant Digital.

Internal control

The Company is equipped with adequate internal control systems for its business processes, which determine the efficiency of its operations, strengths financial reporting and ensures compliance with applicable laws and regulations. The internal control systems are supplemented by extensive audits conducted by internal auditors. Moreover, regular internal audits and checks ensure that responsibilities are executed effectively across the organisation. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of the internal control systems and also suggests improvements for strengthening the same.

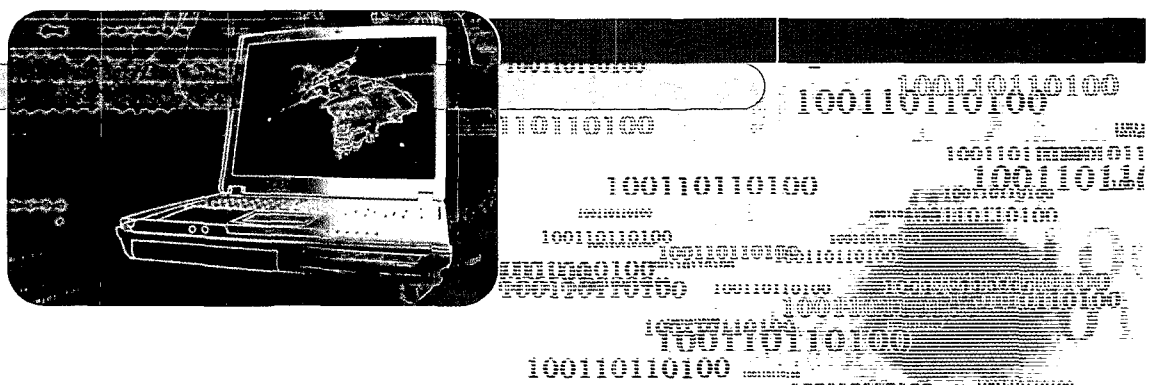
Human Resources

The Company firmly believes its human resource to be the most vital resource. It continues its policy of attracting and retaining best available talent for meeting the challenges of business and growth. Apart from attractive compensation packages for suitable personnel, the Company offers a good work environment to drive professionals to deliver their best.

The Company has a worldwide employee base of over 350.

Outlook

The strong foundation of strengths, well-established business processes and practices provides Ybrant Digital a firm competitive base and characterizes our ability to optimize the marketing spends across various digital channels. This repertoire of strengths accomplished with a comprehensive range of services, with the right technology edge & niche offerings, has enabled the Company to grow at a steady pace. The Company believes that the industry will consolidate across the world to about 20-30 key players, each doing USD 1 Billion in annual revenue. The Company aspires to be one among them.



Risk & Challenges

1. Fast changing technology

The Company is exposed to significant risks on account of the rapidly changing technology in the digital marketing segment, both in terms of the requirements of the marketplace and advancements in technology enabling delivery and tracking more efficiently and effectively.

The Company's ability to compete successfully depends, in significant part, on its ability to provide quality products at competitive prices and to introduce new products in line with the changing and evolving industry requirements. The Company's inability to innovate and develop new products could make the existing technology obsolete and have a material adverse affect on the financial condition and results of operations.

Risk Mitigation: The Company has over the years witnessed the rapid changes in the technologies for digital marketing and has successfully adapted to these changes. The Company regularly attends trade shows, seminars and conferences to keep itself updated on the developments in the marketplace on the technology front and also the latest requirements in the marketplace.

The Company has a separate R&D team that is dedicated to innovating and improvising on the service offerings in light of the changing technology and myriad possibilities available in digital marketing, a space that is quickly realising the vast potential of technology and its impact. Further, internal group discussions, market intelligence systems and strong domain knowledge are the means to counter this potent risk.

2. Consolidation of technology and service providers in Digital Marketing may affect our business

Various technology and service providers operate in our area of business viz. internet advertising networks, web portals, internet

search engine sites and web publishers. Consolidation in our industry may restrict our ability to serve advertisements and acquire requisite advertising space at favourable rates.

Risk Mitigation: Consolidation has already commenced in our business, however the digital market is probably the biggest untapped market in all services and the potential to tap the right target audiences is immense. While consolidation has its benefits, being agile and swift also has its benefits.

The Company's technology led offerings and strategy of complementary acquisitions has enhanced the introduction of sophisticated features to its technology platforms and ad networks and its global reach. At the same time enhanced client servicing with representative offices enables direct interface with clients. The ability to introduce dynamic features, real-time reporting, own ad networks and constantly adding and increasing value-added services has ensured the Company's ability to service niche brands and publishers. Secondly, the Company has moved in line with the industry trends whether it is billing, 24*7 technology support or product offering and being a smaller company is agile and adequately equipped to handle clients. Our sales force is dedicated to acquire new clients by enlarging the relative share of digital advertising, through demonstrations to digital advertisers the benefits of our digital advertising services.

3. Ability to integrate operations

The Company's strategy is to acquire companies whose product offerings complement its own efforts at providing end-to-end digital solutions for digital marketing. As more companies are included into its fold, Ybrant Digital will increasingly face challenges at integrating operations across these companies. As each of these companies specializes in a different domain and functions as an independent entity, management bandwidth and focus across companies will be tested. Besides, the ability to realise the full benefits of the synergy of having a comprehensive range of digital

marketing solutions in terms of market reach, customer access, relationship with industry participants, etc., and cross-selling efforts will become an increasingly difficult proposition.

Risk Mitigation: The Company acknowledges this risk and to address the same, has planned the strategy of creating an organization structure in such a manner that the roles and responsibilities of the current companies and the new companies to be integrated are clearly defined with pre-defined metrics for deliverables. Further, the technology requirements for the business would be handled by the Technology Division of the Company, headed by Mr. Vijay Kancharla, one of the promoters, and the front-end marketing would be handled by the heads of the acquired companies, thus ensuring a clear definition of roles. Further, all the heads of the companies including Mr. Vijay Kancharla would report to the Board of Directors of our Company for their performance. Further, the heads of the companies have term contracts with our Company and have incentive structures for better performance. The management of the individual companies will also be evaluated on the cross-selling of services for the Company.

As per the proceeding with the strategy of acquisitions, a separate executive committee shall be formed at the corporate level to monitor the cross-selling and integration efforts of the Company. Ybrant Digital believes this approach will, apart from maintaining the involvement and focus of the heads, will yield best results to address the challenges arising due to integration.

4. Ability to scale operations

The Company's ability to manage the increasing scale of operations and grow the business after completing acquisitions at regular intervals will act as a constant challenge.

Risk Mitigation: The Company's laid out strategies to integrate

operations has embedded the vision of the Company to acquire scale.

5. New privacy legislations, industry standards and other regulations

Legislations may be enacted in the United States and across other countries which may restrict or limit data collection and advertising activities, including limitations on use of Cookies or action tag technology that Ybrant Digital uses to formulate campaign strategies and to measure campaign effectiveness. Such legislations may regulate the collection and use of data from internet users and limit the Company's ability to conduct targeted advertising campaigns and compile data.

Risk Mitigation: The key success to the Company has been the ability to carry out operations within the frame work of governing laws and policies, and the Company will continue to do so in future. With increasing number of users and wide market and the increasing revenues that the medium offers, the future policies are bound to be developed keeping in mind the interest of users and advertisers.

6. Ability to retain talent

The Company believes that its success depends, to some extent, on the ability to attract and retain domain specialists. If the Company is unable to anticipate or respond adequately to such needs, due to resource crunch or other constraints, our business and results of operations will be affected.

Risk Mitigation: The Company has in place well defined HR policies which take into account the career growth and prospects to ensure long term relationships with its employees. The Company's HR policies are in line with the industry and is equipped to scale where required.

Notice

NOTICE is hereby given that the NINETH Annual General Meeting of M/s YBRANT DIGITAL LIMITED will be held on Wednesday, the 30th day of September, 2009, at 11 A.M. at the Registered Office of the Company at Plot No.7A, Road No.12, MLA Colony, Banjara Hills, Hyderabad – 500 034 to consider the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March,2009, Profit & Loss Account on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri S Pulla Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri Y Ramesh Reddy, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditor and fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS
for YBRANT DIGITAL LIMITED

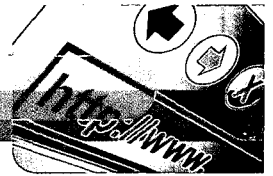
PLACE : HYDERABAD
DATE : 02-09-2009

SD/-
CHAIRMAN AND MANAGING DIRECTOR

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.

Directors' Report



To
The Members of

M/s. YBRANT DIGITAL LIMITED

The Directors have pleasure in presenting the NINETH Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS (Standalone)

(Rs. in Lakhs)

Particulars	Year Ended 31 March 2009	Year Ended 31 March 2008
Turnover	5,087.27	4,559.96
Profit before Tax (+) / (-)	2,404.73	1,397.76
Provision for Income Tax and Fringe Benefit Tax	345.11	240.56
Profit After Tax (+) / (-)	2,059.62	1,157.20
Provision for Deferred Tax	602.89	421.38
Balance Brought Forward	1,267.35	531.53
Balance Carried Forward	2,724.08	1,267.35

COMPANY PERFORMANCE

During the fiscal year, your Company has posted impressive results justifying the emphasis laid by the Management in the key growth drivers. The Company has made a gross turnover of Rs 5087.27 lakhs, up by 11.56% Y-o-Y which includes an Export income of Rs.4955.24 lakhs, up by 21.26% Y-o-Y.

DIVIDEND

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

BUSINESS REVIEW

Company is pursuing the strategy of becoming a one stop digital marketing shop with a global presence. Ybrant believed the need to strengthen the performance-based marketing through an acquisition, which has the expertise and presence in the market place.

Your Company has acquired dream ad, an Argentine advertising network Company. The acquisition, its fifth so far, will give Ybrant access to the Latin American region by adding four more countries – Argentina, Chile, Uruguay and Mexico – to its global footprint, bring dream ad's 39-strong headcount and 300 active clients into its fold, and help Ybrant better represent its publishers and their global traffic. dream ad is the exclusive sales house for Microsoft Advertising in Latin America. Besides, it is primarily into banner and keyword search space, which we will be able to leverage by selling our products

through those outlets.

Your Company announced the acquisition of privately owned Max Interactive, the top Ad network in Australia. Max Interactive Pty Ltd. specializes in banner-based web advertising, Mobile and eMail marketing with advertisers such as Vodafone, Telstra, HP, Nokia, Nissan, Citibank, American Express, Visa, Rabo Bank, Land Rover, Qantas, Jack Daniels, Newscorp, Adobe, Qantas, Virgin and Nestlé.

Max's publishers include Webjet, RewardsCentral, 3 Mobile, About Seniors, MobileActive, Ski.com.au, Yakedi to name a few. While this acquisition marks our entry into APAC market, more significantly, Max will be our first sales group that has successfully sold banners, search key words and emails together in any one market.

Oridian, another subsidiary of Ybrant Digital, has announced Mumbai-based digital and out-of-home (OOH) services provider Integrid Media as its official seller of web advertising properties in India.

Oridian, Ybrant's leading international ad network brand, has earned IASH (The Internet Advertising Sales House) accreditation by passing its audit, one of the stringent ad placement standards. IASH is the official Ad Network Council of the IAB. IASH Code provides a formal framework for best practices for IASH Members to follow when dealing with advertisers, agencies, networks and site owners. The purpose of the Code is to give those buying, selling or brokering internet advertising space a clear understanding of the types of inventory that can and cannot be used when fulfilling an ad insertion order.

INSURANCE

The Assets of your Company are adequately insured.

ISO 9001:2000 CERTIFICATION

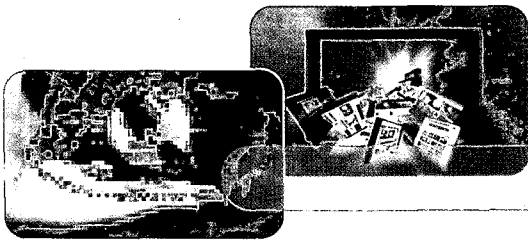
Your Company continues to hold ISO 9001:2000 Certification by meeting all the requirements of Certification from time to time.

DEPOSITS

The Company has not accepted or invited any deposits and consequently no deposit has matured / become due for re-payment as on 31st March 2009.

PARTICULARS OF EMPLOYEES

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



ADDITIONAL INFORMATION AS REQUIRED U/S 217 (1) (e) OF THE COMPANIES ACT, 1956

- a) Conservation of Energy: The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.
- b) i) Technology Absorption, adaptation and innovation: No technology either indigenous or Foreign is involved.
- ii) Research and Development (R & D): No research and Development has been carried out.
- c) Foreign Exchange Inflows and Outflows

Particulars	Current Year (Rs. In Lakhs)	Previous Year (Rs. In Lakhs)
Inflows		
Foreign Exchange Inflows towards Equity	11,141.16	8,214.31
Foreign Exchange Inflows towards export of software	704.35	372.14
Total Inflows	11,845.51	8,586.45
Outflows		
Foreign Exchange Outflows towards advance payment for acquisition of companies	12,733.60	8,985.24
Foreign Exchange Outflows towards expenses	Nil	459.27
Total Outflows	12,733.60	9,444.51

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

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

- i) That in the preparation of the Annual Accounts for the financial year 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the

financial year and/ of the profit or loss of the Company for that period;

- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors had prepared the annual accounts on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

DIRECTORS

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company Sri S Pulla Reddy and Sri Y Ramesh Reddy, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

AUDITORS

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

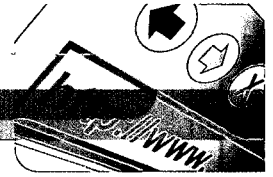
CORPORATE GOVERNANCE

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

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

APPRECIATION

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



have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

ACKNOWLEDGEMENTS

The Board desires to place on record its sincere appreciation for the support and cooperation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors, Registrar and Transfer Agents and all others associated with the Company. The Company has always looked upon them as partners in its progress

and has happily shared with them rewards of growth. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and cooperation with each other.

for and on behalf of the Board
for YBRANT DIGITAL LIMITED

PLACE : HYDERABAD

DATE : 02-09-2009

SD/-
Chairman & Managing Director

Report on Corporate Governance

ANNEXURE - A

Company's Philosophy on Corporate Governance:

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

Board of Directors

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

a) The Board of Directors of the Company as on 31st March 2009 consists of:

- 4 Independent Non-Executive Directors
- 1 Executive Director
- 1 Chairman and Managing Director

b) None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31st, 2009.

c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Eight (8) Board Meetings were held during the year from 01st April, 2008 to 31st March, 2009 on the dates mentioned as follows:

05th May 2008	01st August 2008	01st Sept 2008	17th Sept 2008
14th Oct 2008	27th Oct 2008	31st Oct 2008	28th March 2009

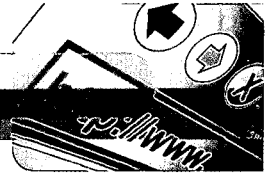
The Last Annual General Meeting was held on 29th September 2008.

The Attendance of each Director is as under:

Name of the Director	Category	No. of other Directorships	No. of Committees in which Member	No. of Board Meetings attended	Whether attended last AGM
Mr. M Suresh Kumar Reddy	Chairman and Managing Director	4	Nil	8	Yes
Mr. Vijay Kancharla	Executive Director	3	Nil	2	Yes
Mr. Raghunath Allamsetty	Independent Non-Executive Director	2	3	7	Yes
Mr. Vijaya Bhasker Reddy	Independent Non-Executive Director	6	3	8	Yes
Mr. Sagireddy Pulla Reddy	Independent Non-Executive Director	4	2	2	No
Mr. Y Ramesh Reddy	Independent Non-Executive Director	1	1	4	Yes

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

AGM	Year	Venue	Date	Time
8th	2008	Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034	29-09-2008	11.00 am
7th	2007	Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034	28-09-2007	11.00 am
6th	2006	Plot No.9, H.No.8-2-351/1/9, Road No.3, Banjara Hills, Hyderabad - 500 034	29-09-2006	11.00 am



DISCLOSURES

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

None

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

None

BRIEF PROFILE ABOUT THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

SRI S PULLA REDDY

Sri Sagireddy Pulla Reddy, aged 41 years, after graduating as a B. Tech (Computer Science) from Nagarjuna University and working for five years as a partner in a software distribution Company, in Delhi, he has floated his own Company SP Software Private Limited, in 1995. He is the Chairman of SP Foundation, a trust body created with the sole

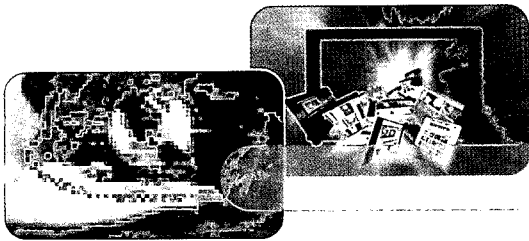
purpose of giving financial assistance for meritorious needy students. In the year 1999 he has received the Bharat Nirman Excellence Award and in the year 2000, the Rastriya Rattan Award for his role in the socio-economic development of the country.

SRI Y RAMESH REDDY

Sri Yerradoddi Ramesh Reddy, aged 41 years, is an IIT chemical engineer graduate and has a management degree in finance and marketing from XLRI from Jamshedpur. Mr. Reddy is the chief financial officer of Cambridge Technology Enterprises Limited (CTE). Mr. Reddy looks after the accounting and finance Departments at CTE. He also looks after the budgeting, invoicing, Management Information System and internal controls at CTE. Mr. Reddy has a good understanding of cross border transactions. Apart from the finance related functions, he has also has a good understanding of the entire process for development of a software. Prior to joining CTE, Mr. Reddy was working with Virinchi Technologies Limited, a public listed e-business and web-based analytical solutions software Company based out of Hyderabad, Andhra Pradesh and having its operations in US, Europe, Middle East and South East Asia. In the beginning of his long career, Mr. Reddy worked as Regional Marketing Manager of Support with HCL-Hewlett Packard (now HCL Infotech Limited) and looked after technical support services for the region. Mr. Reddy has also worked with Bakelite Hylam Limited as a product manager.

General Shareholders Information:

Annual General Meeting :	Date : 30th September 2009, Wednesday Time : 11.00 am Venue : Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034
Financial Calendar :	April 1st to March 31st
ISIN Number for CDSL :	INE081101015
ISIN Number for NSDL :	INE081101015
Registrars and Transfer Agents :	Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad - 500 029 Ph.No.: 040-2763 8111 / 040-2763 4445



Distribution of Shareholding as on 31st March 2009

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

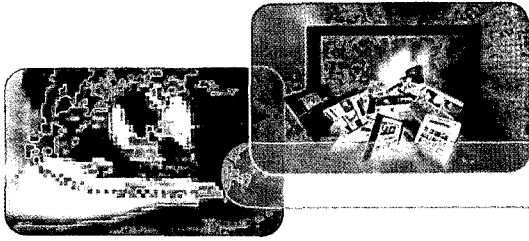
Shareholding Pattern on 31st March 2009

CATEGORY	No. of Shares Held	% of Shareholding
(A) Shareholding of Promoter and Promoter Group:		
1. Indian		
a) Individuals/Hindu Undivided Family	8,275,590	42.27%
b) Central Government/State Government	Nil	Nil
c) Bodies Corporate	Nil	Nil
d) Financial Institutions / Banks	Nil	Nil
Others:		
e) Mutual Funds	Nil	Nil
f) Trusts	Nil	Nil
Sub-Total (A) (1)	8,275,590	42.27%
2. Foreign		
a) Individuals (Non-Residents Individuals / Foreign Individuals)	Nil	Nil
b) Bodies Corporate	2,000,000	10.22%
c) Institutions	Nil	Nil
Others:		
d) Overseas Corporate Bodies	Nil	Nil
Sub-Total (A) (2)	2,000,000	10.22%
Total Shareholding of Promoter and Promoter Group A = (A)(1) + (A)(2)	10,275,590	52.48%

	CATEGORY	No. of Shares held	% of Shareholding
B	Public Shareholding		
1.	Institutions		
	a) Mutual Funds / UTI	Nil	Nil
	b) Financial Institutions / Banks	Nil	Nil
	c) Central Government / State Government	Nil	Nil
	d) Venture Capital Funds	Nil	Nil
	e) Insurance Companies	Nil	Nil
	f) Foreign Institutional Investors	3,565,420	18.21%
	g) Foreign Venture Capital Investors	Nil	Nil
	Others:		
	h) Foreign Companies	Nil	Nil
	Sub-Total (B) (1)	3,565,420	18.21%
2.	Non-Institutions		
	a) Bodies Corporate	3,040,101	15.53%
	b) Individuals		
	i) Individual Shareholders holding Nominal Share Capital upto Rs.1 lakh	152,970	0.78%
	ii) Individual Shareholders holding Nominal Share Capital in excess of Rs.1 lakh	935,704	4.78%
	Others:		
	c) Non-Residents Individuals	282,600	1.44%
	d) Overseas Corporate Bodies	1,326,035	6.77%
	e) Trusts	Nil	Nil
	f) Employees	Nil	Nil
	g) Clearing Members	Nil	Nil
	Sub-Total (B) (2)	5,737,410	29.30%
	Total Shareholding of Promoter and Promoter Group B = (B)(1) + (B)(2)	9,302,830	47.52%
	TOTAL (A + B)	19,578,420	100.00%
	C) Shares held by Custodians and against Depository Receipts have been issued	Nil	Nil
	GRAND TOTAL (A + B + C)	19,578,420	100.00%

Dematerialization of Shares & liquidity:

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



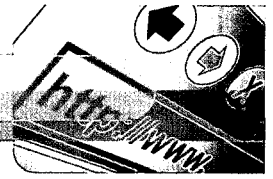
Address for Correspondence:

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

Depository Services:

National Securities Depository Limited (NSDL) 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India Phone : 0-91-22-2499 4200 Fax : 0-91-22-6650 8035 / 2497 6351 Email: info@nsdl.co.in	Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai – 400 001, Maharashtra, India Phone : 0-91-22-2272 3333 / 3224 Fax : 0-91-22-2272 3199 / 2277 27072 Email: investors@cDSLindia.com
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Auditors' Report



To
The Members,
YBRANT DIGITAL LIMITED

We have audited the attached Balance Sheet of YBRANT DIGITAL LIMITED as at 31st March, 2009 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief was necessary for the purposes of our Audit;
- ii) In our opinion, proper books of account as required by law have

been kept by the Company so far as appears from our examination of those books;

- iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956;
- v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date;

And

 - c) In the case of the Cash Flow, of the cash flows for the period ended on that date;

For P. MURALI & CO.
CHARTERED ACCOUNTANTS

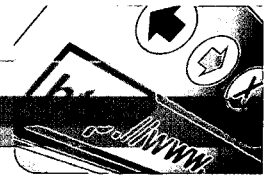
SD/-

P. MURALI MOHANA RAO
PARTNER

PLACE : HYDERABAD
DATE : 02-09-2009

Annexure to the Auditors' Report

- I) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II) The Company has no Inventory. Hence, this clause is not applicable.
- III) a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- b) As the Company has not granted 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 is prejudicial to the interest of Company, is not applicable.
- c) As no loans are granted by the Company, the clause of receipt of interest & principal amount from parties is not applicable to the Company.
- d) No loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956, hence, overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- e) The Company has not taken any loans, secured or unsecured from Companies, firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- f) As the Company has not taken any loans the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained 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 fixed assets and for sale of goods and services. There is no continuing failure by the Company to correct any major weaknesses in internal control.
- V) a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the Company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
- b) According to the information and explanations given to us, as no such contracts or arrangements made by the Company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI) The Company has not accepted any deposits from the public and hence, the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII) In our opinion, the Company is having internal audit system, commensurate with its size and nature of its business.
- VIII) In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- IX) a) The Company is regular in depositing statutory dues including PF, ESI, Cess and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X) The Company has been registered for a period of not less than 5 years, and the Company has no accumulated losses at the end of the financial year and the Company has not incurred cash losses in this financial year and in the immediately preceding financial year.



- XI) According to information and explanations given to us, the Company has not taken any loans from Banks or Financial Institutions. Hence, this clause of repayment of dues to financial Institutions or banks or debenture holders and the defaulted payment therein is not applicable to the Company.
- XII) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence, the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- 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 not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence, the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the Company does not arise.
- XVI) According to the information and explanations given to us, the Company has not obtained any Term Loans. Hence, this clause is not applicable.
- XVII) According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence, the clause of short term funds being used for long-term investment does not arise.
- XVIII) According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained 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 is not applicable.
- XXI) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS

SD/-

P. MURALI MOHANA RAO
PARTNER

PLACE : HYDERABAD
DATE : 02-09-2009

Balance Sheet as at 31st March 2009

S.NO.	PARTICULARS	SCHEDULE No.	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2008 (Rs.)
I	SOURCES OF FUNDS			
	1. SHAREHOLDERS' FUNDS			
	a. Share Capital	1	195,784,200	195,774,200
	b. Share Premium		1,263,924,946	1,263,443,950
	c. Preference Capital		1,113,625,004	-
	d. Reserves and Surplus	2	272,408,220	126,735,207
	2. LOAN FUNDS			
	a. Unsecured Loans		1,182,315,130	-
	3. DEFERRED TAX LIABILITY		146,804,634	86,515,980
	TOTAL		4,174,862,134	1,672,469,337
II	APPLICATION OF FUNDS			
	1. FIXED ASSETS			
	a. Gross Block	3	1,112,625,577	1,098,456,300
	b. Less: Depreciation		178,634,724	112,874,543
	c. Net Block (a-b)		933,990,853	985,581,757
	2. PRODUCT DEVELOPMENT		252,114,949	232,339,422
	3. INVESTMENTS		1,289,373,871	340,373,871
	4. CURRENT ASSETS, LOANS & ADVANCES			
	a. Cash and Bank Balances	4	737,100,602	235,424,384
	b. Sundry Debtors	5	225,251,326	119,186,343
	c. Loans and Advances and Deposits	6	788,057,792	170,549,551
			1,750,409,720	525,160,278
	Less: CURRENT LIABILITIES AND PROVISIONS	7	51,027,259	410,985,991
	NET CURRENT ASSETS		1,699,382,461	114,174,287
	TOTAL		4,174,862,134	1,672,469,337
	NOTES TO ACCOUNTS	9		

As per our report even date
For P. Murali & Co.

SD/-
P. Murali Mohana Rao
Partner

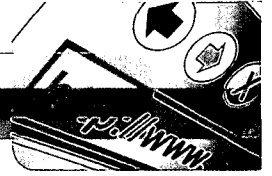
PLACE : HYDERABAD
DATE : 02-09-2009

For and on behalf of the Board
Ybrant Digital Limited

SD/-
Chairman &
Managing Director

SD/-
Director

Profit And Loss Account for the year ended 31st March 2009



S.NO.	PARTICULARS	SCHEDULE No.	YEAR ENDED 31-03-2009 (Rs.)	YEAR ENDED 31-03-2008 (Rs.)
I	INCOME			
	Export Income		495,524,183	408,638,890
	Domestic Income		189,684	218,449
	Other Income		13,013,447	47,138,331
	TOTAL		508,727,314	455,995,670
2	EXPENDITURE			
	Personnel Expenses		66,719,804	68,314,618
	Administration and other Expenses	8	132,228,401	181,601,677
	Financial charges		3,546,027	1,741,467
	Depreciation		65,760,181	64,561,792
	TOTAL		268,254,413	316,219,554
3	Profit / (Loss) before Tax and after Depreciation		240,472,901	139,776,116
4	Provision for Income Tax		26,420,070	14,902,800
5	Provision for Fringe Benefit Tax		8,091,164	9,152,887
6	Profit after Tax		205,961,667	115,720,429
7	Provision for Deferred Income Tax Liability		60,288,654	42,138,016
8	Profit after Provision for Income Tax and Deferred Tax		145,673,013	73,582,413
9	Balance brought forward from previous year		126,735,207	53,152,794
10	Balance carried forward to Balance Sheet		272,408,220	126,735,207
11	Earnings per Equity Share (Equity shares, par value Rs. 10 each)			
	Basic / Dilute		7.44	3.76
	NOTES TO ACCOUNTS	9		

As per our report even date
For P. Murali & Co.

SD/-
P. Murali Mohana Rao
Partner

PLACE : HYDERABAD
DATE : 02-09-2009

For and on behalf of the Board
Ybrant Digital Limited

SD/-
Chairman &
Managing Director

SD/-
Director

Schedules forming part of the Accounts

PARTICULARS

SCHEDULE 1

SHARE CAPITAL

AUTHORISED

2,50,00,000 Equity Shares of Rs. 10/- each
10,00,000 Preference Shares of Rs. 10/- each

Previous :

2,60,00,000 Equity Shares of Rs. 10/- each

ISSUED, SUBSCRIBED AND PAID UP :

1,95,78,420 Equity Shares of Rs. 10/- each

Previous :

1,95,77,420 Equity Shares of Rs. 10/- each

(During the year, the Company has issued 10,02,320 equity shares apart from issue of 821,400 CCPS which were converted into 25,62,100 equity shares of Rs. 10/- each fully paid)

SCHEDULE 2

RESERVES AND SURPLUS

Balance Carried Forward

Surplus in Profit and Loss Account during the year

	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2008 (Rs.)
	250,000,000	-
	10,000,000	-
	-	260,000,000
	260,000,000	260,000,000
	195,784,200	-
	-	195,774,200
	-	-
	195,784,200	195,774,200
	126,735,207	53,152,794
	145,673,013	73,582,413
	272,408,220	126,735,207

SCHEDULE 3

FIXED ASSETS

S.No.	Particulars	Gross Block as on 01-04-2008 Rs.	Additions Rs.	Gross Block as at 31-03-2009 Rs.	Depreciation as at 31-03-2008 Rs.	Depreciation during the year Rs.	Depreciation as at 31-03-2009 Rs.	Net Block as at 31-03-2009 Rs.	Net Block as at 31-03-2008 Rs.
1	Computers	106,331,414	5,573,264	111,904,678	43,294,533	18,116,644	61,411,177	50,493,501	63,036,881
2	Office Equipments	38,687,383	4,382,105	43,069,488	3,639,925	2,041,701	5,681,626	37,387,862	35,047,458
3	Furniture and Fixtures	33,297,905	1,441,531	34,739,436	4,104,194	2,198,652	6,302,846	28,436,590	29,193,711
4	Electrical Fittings	11,349,294	577,167	11,926,461	859,922	566,076	1,425,998	10,500,463	10,489,372
5	Leasehold Buildings	3,143,204	-	3,143,204	-	-	-	3,143,204	3,143,204
6	Land	-	2,195,210	2,195,210	-	-	-	2,195,210	-
7	Goodwill	905,647,100	-	905,647,100	60,975,970	42,837,108	103,813,078	801,834,022	844,671,130
		1,098,456,300	14,169,277	1,112,625,577	112,874,543	65,760,181	178,634,724	933,990,853	985,581,757

DEPRECIATION STATEMENT AS PER INCOME TAX ACT 1961

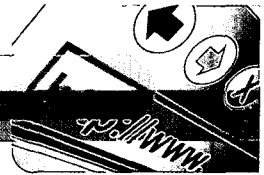
S.No.	Particulars	As On	ADDITIONS		As On	Depreciation	Net Block As at 31-03-2009 Rs.
		01-04-2008 Rs.	More than 180 Days Rs.	Less than 180 Days Rs.	31-03-2009 Rs.		
1	Computers	52,806,405	5,573,264	-	58,379,669	35,027,801	23,351,868
2	Office Equipments	33,259,095	4,312,655	69,450	37,641,200	5,640,971	32,000,229
3	Furniture and Fixtures	29,950,949	1,441,531	-	31,392,480	3,139,248	28,253,232
4	Electrical Fittings	10,464,048	577,167	-	11,041,215	1,104,121	9,937,094
5	Leasehold Buildings	3,143,204	-	-	3,143,204	-	3,143,204
6	Land	-	2,195,210	-	2,195,210	-	2,195,210
7	Goodwill	792,879,105	-	-	792,879,105	198,219,776	594,659,329
		922,502,806	14,099,827	69,450	936,672,083	243,131,918	693,540,165

Schedules forming part of the Accounts

Schedules forming part of the Accounts

PARTICULARS	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2008 (Rs.)
SCHEDULE 4		
CASH AND BANK BALANCES		
Cash on Hand	17,133	44,879
Bank Balances	737,083,469	235,379,505
	737,100,602	235,424,384
SCHEDULE 5		
SUNDRY DEBTORS		
Debts within six months (considered good)	225,251,326	119,186,343
	225,251,326	119,186,343
SCHEDULE 6		
LOANS, ADVANCES and DEPOSITS		
Deposits	995,256	989,256
Advances	149,109,499	152,726,508
Advances for Acquisition	501,857,500	-
Acquisition Related Expenses (Asset)	119,261,750	-
Public Issue Related Expenses (Asset)	16,833,787	16,833,787
	788,057,792	170,549,551
SCHEDULE 7		
CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors and others	-	1,986,448
Creditors of Expenses	316,643	1,003,270
Provisions and Outstanding Expenses	50,710,616	33,886,273
Demand Promisory Notes	-	374,110,000
	51,027,259	410,985,991
SCHEDULE 8		
ADMINISTRATION AND OTHER EXPENSES		
Rent, Rates and Taxes	4,358,068	3,832,629
Printing and Stationery	387,523	650,342
Postage, Telephones and Internet Charges	3,474,368	1,145,631
Traveling and Conveyance	1,892,262	8,766,380
Electricity charges	2,179,439	1,700,677
Office Maintenance	1,214,200	1,264,307
Directors Remuneration	7,200,000	7,200,000
Auditors Remuneration	220,600	112,360
Professional Charges	7,229,160	36,358,606
Computer Maintenance Charges	285,250	1,083,422
Sales and Marketing Expenses	102,699,830	116,837,122
Other Administrative Expenses	1,087,701	2,650,201
	132,228,401	181,601,677

Schedules forming part of the Accounts



Schedule 9

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

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

1. Company overview

Ybrant Digital Limited, "the Company" offers Digital Marketing solutions to Businesses, Agencies, and Online Publishers worldwide. Ybrant Digital Technology platforms help leverage the full capabilities of Digital Media. Ybrant Digital has a global presence, with offices in 16 countries. The Company was incorporated on 28th March 2000, in Hyderabad, Andhra Pradesh, India.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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

2.2 Use of estimates

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

Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

2.3 Revenue recognition

Income from Software and Consultancy Revenue

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

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

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

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

Other income

Other Incomes are recognized on an accrual basis.

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

2.4 Fixed assets

Tangible assets

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

Intangible assets

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

Depreciation

Depreciation on the Tangible Fixed Assets of the Company is provided on Straight Line Method on pro-rata basis and at the rates and manner as per Schedule XIV of the Companies Act,

Schedules forming part of the Accounts

1956. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

2.5 Investments

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

2.6 Foreign currency transactions and translation

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

2.7 Taxes on income

Tax expense for the year comprises of current tax, deferred tax and Fringe Benefit Expense.

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

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

recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Consequent to the introduction of Fringe Benefit Tax (FBT) effective 1st April, 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Company has made provision for FBT under income taxes.

2.8 Earnings per share

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

2.9 Retirement benefits to employees

Gratuity

The Company has not made any provision for Gratuity to its Employees. Gratuity payable will be accounted as and when payments are made and as such the liability has not been ascertained.

Provident fund

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

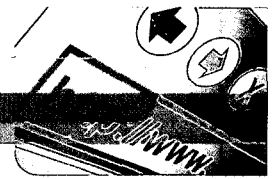
2.10 Accounting for amalgamations

The Accounting Standard regarding merger is not applicable to the Company.

2.11 Segment reporting

The Company operates only in one segment i.e., Software Development.

Schedules forming part of the Accounts



2.12 Provisions, Contingent liabilities and Contingent assets

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

3. Notes on Accounts

3.1 Details of investments

i) Details of investments

	Year ended March 31	
	2009	2008
Investment in Subsidiaries	1,289,373,871	340,373,871
Long term investments		

3.2 Related party transactions

Key Management Personnel

M Suresh Kumar Reddy	Chairman and CEO
Vijay Kancharla	Whole time Director – President Technology Platforms

Nature of Transaction	Year ended March 31	
	2009	2008
Transactions with key management personnel		
Remuneration		
- M Suresh Kumar Reddy	3,600,000	3,600,000
- Vijay Kancharla	3,600,000	3,600,000

Loans and Advances

Nature of Transaction	Year Ended March 31	
	2009	2008
Loans taken from Subsidiaries		
Frontier Data Management Inc	66,264,806	Nil
International Expressions Inc	53,584,930	Nil
Online Media Solutions Limited	43,511,300	Nil
Ybrant Media Acquisition LLC	1,018,954,094	Nil
Total	1,182,315,130	Nil

3.3 Leases

Operating Lease

The Company leases office premises under operating lease agreement that is renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under those leases was Rs.41,80,255 (Previous year Rs.36,92,775).

3.4 Segment reporting

As required by the Accounting Standard - 17, 'Segment reporting', the Company is mainly engaged in the area of software development and related services. Hence segment reporting is not applicable to the Company and to the nature of business. The Company's total exports are to the United States of America.

3.5 Managerial remuneration

The key management personnel comprise our directors. Particulars of remuneration and other benefits provided to key management personnel during the year ended March 31, 2009 and 2008 are as follows:

	Year ended March 31	
	2009	2008
Remuneration	7,200,000	7,200,000
Perquisites and Allowances	-	-
Directors sitting fee	-	-

3.6 Supplementary information

i) Earnings in foreign currency

	Year ended March 31	
	2009	2008
Software development and services	70,434,509	37,213,938
Equity	1,114,116,000	821,431,497
Total	1,184,550,509	858,645,435

ii) Expenditure in foreign currency

	Year ended March 31	
	2009	2008
Acquisition Payments	1,273,360,000	898,524,065
Expenses	Nil	45,927,290
Total	1,273,360,000	944,451,355

Schedules forming part of the Accounts

3.7 Payables to micro enterprises and small enterprises

There were no overdue principal amounts (and interest thereon) payable to micro enterprises and small enterprises, as at March 31st, 2009.

3.8 Quantitative details

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

3.9 In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.6,02,88,654 towards deferred income tax liability (Previous Year Rs. 4,21,38,016/- towards deferred income tax liability)

3.10 Prior year comparatives

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

3.11 The figures have been rounded off to the nearest Rupee

For P. Murali & Co.
Chartered Accountants

SD/-
Partner - P. Murali Mohana Rao
Membership No : 23412

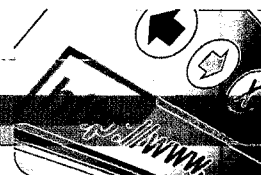
PLACE : HYDERABAD
DATE : 02-09-2009

For and on behalf of the Board
Ybrant Digital Limited

SD/-
Chairman &
Managing Director

SD/-
Director

Cash Flow Statement for the year ended 31st March 2009



S. No. PARTICULARS	2009 (Rs. in Lakhs)	2008 (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before taxation, and extraordinary Items	2404.73	1397.76
Adjustments for:		
Depreciation	657.60	645.62
Interest expenses	35.46	17.41
Operating Profit before working capital changes	3097.79	2060.79
Trade and other receivables	(1060.65)	(257.14)
Loans and advances	(6175.08)	(1647.20)
Product development	(197.76)	(1592.67)
Trade payables	(3944.70)	(2226.08)
Cash generated from operations	(8280.40)	(3662.30)
Interest paid	(35.46)	(17.41)
NET CASH FLOW OPERATING ACTIVITIES (A)	(8315.86)	(3679.71)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(141.69)	(4873.46)
Investments	(9490.00)	(1153.95)
NET CASH USED IN INVESTING ACTIVITIES (B)	(9631.69)	(6027.41)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from share capital	0.10	356.44
Preference Capital	11136.25	0.00
Unsecured Loan	11823.15	0.00
Other income	0.00	0.00
Share Premium and General Reserve	4.81	11616.20
NET CASH USED IN FINANCING ACTIVITIES (C)	22964.31	11972.64
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	5016.76	2265.52
Cash and Cash equivalents as at (Opening Balance)	2354.24	88.72
Cash and Cash equivalents as at (Closing Balance)	7371.01	2354.24

As per our report even date
For P. Murali & Co.

For and on behalf of the Board
Ybrant Digital Limited

PLACE : HYDERABAD
DATE : 02-09-2009

SD/-
Chairman &
Managing Director

SD/-
Director

To
The Board of Directors
Ybrant Digital Limited

We have examined the attached Cash Flow Statement for the year ended 31st March 2009. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 02nd September 2009 to the members.

For P. Murali & Co.
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 02-09-2009

SD/-
(P. MURALI MOHANA RAO)
PARTNER

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

0 1 3 4 0 4 5

State Code : 0 1 (Refer Code List)

Balance Sheet Date

Date

Month

Year

3 1

0 3

0 9

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

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

1 1 1 4 1 1 6

III Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities

4 1 7 4 8 6 2

Total Assets

4 1 7 4 8 6 2

Sources of Funds

Capital Fund

1 3 0 9 4 0 9

Reserves and Surplus

1 5 3 6 3 3 3

Secured Loans

N I L

Unsecured Loans

1 1 8 2 3 1 5

Deferred Tax Liability

1 4 6 8 0 5

Application of Funds

Net Fixed Assets

9 3 3 9 9 1

Investments

1 2 8 9 3 7 4

Net Current Assets

1 6 9 9 3 8 2

Misc. Expenditure

N I L

Product Development

2 5 2 1 1 5

IV Performance of Company (Amount in Rs. Thousands)

Turnover

5 0 8 7 2 7

Total Expenditure

2 6 8 2 5 4

+ - Profit / Loss Before Tax

✓ 2 4 0 4 7 1

+ - Profit / Loss After Tax

✓ 1 4 5 6 7 3

(Please tick appropriate box + for profit, - for loss)

+ - Earnings Per Share in Rs.

✓ 7 . 4 4

+ - Dividend rate %

✓ N A

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

Item Code No.

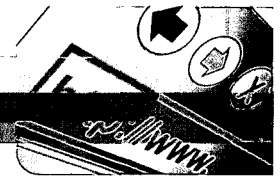
N A

(ITC Code)

Product Description

S O F T W A R E D E V E L O P M E N T

Auditors' Report - Consolidated Financials



To
The Board of Directors
YBRANT DIGITAL LIMITED

We have audited the attached Consolidated Balance Sheet of YBRANT DIGITAL LIMITED and its subsidiaries (the Group) as at 31st March, 2009 and the consolidated Profit & Loss Account for the period ended on the date annexed thereto and consolidated Cash Flow statement for the period ended on that date. These consolidated financial statements are the responsibility of the Ybrant Digital Limited Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

The financial statements of the Subsidiaries have also been audited by us. In case of Online Media Solutions Limited, we did not audit the financial statements. These financial statements and other information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the Ybrant Digital Limited management in accordance with the requirements of Accounting Standard (AS21), Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and other financial information of the components in our opinion and accounting to the best of our information and according to the information and explanations given to us, the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) In the case of the consolidated Balance Sheet, of the state of affairs of the Ybrant Digital Limited Group as at March 31, 2009; and
- ii) In the case of the Profit & Loss Account, of the Profit of the group for the year ended on that date;
- iii) In the case of the Cash Flow, of the Cash flows for the period ended on that date.

For P. Murali & Co.
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 02-09-2009

SD/-
(P. MURALI MOHANA RAO)
PARTNER

Consolidated Balance Sheet as at 31st March 2009

S.NO.	PARTICULARS	SCHEDULE No.	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2008 (Rs.)
I	SOURCES OF FUNDS			
	1. SHAREHOLDERS' FUNDS			
	a. Share Capital	1	195,784,200	195,774,200
	b. Share Premium		1,263,924,946	1,263,443,950
	c. Preference Capital		1,113,625,004	-
	d. Reserves and Surplus	2	1,106,822,962	654,315,782
	2. LOAN FUNDS			
	a. Secured Loans	3	-	3,419,473
	3. DEFERRED TAX LIABILITY		146,804,634	86,515,980
	TOTAL		3,826,961,746	2,203,469,385
II	APPLICATION OF FUNDS			
	1. FIXED ASSETS			
	a. Gross Block	4	1,337,052,380	1,256,356,626
	b. Less: Depreciation		232,557,200	140,776,363
	c. Net Block		1,104,495,180	1,115,580,263
	2. PRODUCT DEVELOPMENT		590,940,041	480,227,726
	3. CURRENT ASSETS, LOANS & ADVANCES			
	a. Cash and Bank Balances	5	943,624,287	384,568,282
	b. Sundry Debtors	6	852,981,343	540,902,503
	c. Loans and Advances and Deposits	7	871,201,061	175,809,552
	d. Other Assets	8	150,621,448	154,007,648
	e. Foreign Currency Translation Reserve		(270,436,417)	75,234,432
			2,547,991,722	1,330,522,417
	Less: CURRENT LIABILITIES AND PROVISIONS	9	416,465,197	722,861,021
	NET CURRENT ASSETS		2,131,526,525	607,661,396
	TOTAL		3,826,961,746	2,203,469,385
	Notes to Accounts	11		

As per our report even date
For P. Murali & Co.

For and on behalf of the Board
Ybrant Digital Limited

SD/-
P. Murali Mohana Rao
Partner

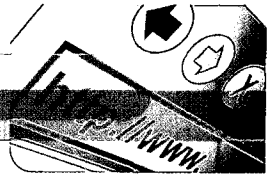
SD/-
Chairman &
Managing Director

SD/-
Director

PLACE : HYDERABAD
DATE : 02-09-2009

Consolidated Profit And Loss Account

for the year ended 31st March 2009



PARTICULARS	SCHEDULE No.	YEAR ENDED 31-03-2009 (Rs.)	YEAR ENDED 31-03-2008 (Rs.)
INCOME			
Revenue		2,694,846,739	2,228,870,114
Less: Cost of Goods Sold		1,174,055,787	832,820,118
GROSS PROFIT		1,520,790,952	1,396,049,996
Personnel Expenses		66,719,804	68,314,618
Administration and other Expenses	10	672,310,896	680,796,664
OPERATING EXPENSES		739,030,700	749,111,282
EBIDTA		781,760,252	646,938,714
Financial charges		13,399,644	3,364,225
Depreciation		84,116,041	78,961,744
PROFIT BEFORE TAX (PBT)		684,244,567	564,612,745
Provision for Income Tax		163,357,569	82,321,945
Provision for FBT		8,091,164	9,152,887
PROFIT AFTER TAX (PAT)		512,795,834	473,137,913
Earnings per Equity Share (Equity shares, par value Rs.10 each)			
Basic / Dilute		23.11	22.02
Notes to Accounts	11		

As per our report even date
For P. Murali & Co.

SD/-
P. Murali Mohana Rao
Partner

PLACE : HYDERABAD
DATE : 02-09-2009

For and on behalf of the Board
Ybrant Digital Limited

SD/-
Chairman &
Managing Director

SD/-
Director

Consolidated Schedules forming part of the Accounts

PARTICULARS

SCHEDULE I

SHARE CAPITAL

Authorised Capital

2,50,00,000 Equity Shares of Rs.10/- each

10,00,000 Preference Shares of Rs.10/- each

Previous:

2,50,00,000 Equity Shares of Rs.10/- each

10,00,000 Preference Shares of Rs.10/- each

Issued, Subscribed and Paid Up Capital

1,95,78,420 Equity Shares of Rs.10/- each

Previous:

1,95,77,420 Equity Shares of Rs.10/- each

SCHEDULE 2

RESERVES AND SURPLUS

Balance Carried Forward

Surplus in Profit and Loss Account during the year

Provision for Deferred Tax Liability - Current year

SCHEDULE 3

SECURED LOANS

Vehicle Loans

	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2008 (Rs.)
	250,000,000	
	10,000,000	
	-	250,000,000
		10,000,000
	260,000,000	260,000,000
	195,784,200	-
	-	195,774,200
	195,784,200	195,774,200
	654,315,782	223,315,885
	512,795,834	473,137,913
	(60,288,654)	(42,138,016)
	1,106,822,962	654,315,782
	-	3,419,473
	-	3,419,473

SCHEDULE 4

CONSOLIDATED FIXED ASSETS - 2008-09

(Amount in Rs.)

S.No.	Particulars	Gross Block as on 01-04-2008	Additions	Gross Block as at 31-03-2009	Depreciation as at 31-03-2008	Depreciation during the year	Depreciation as at 31-03-2009	Net Block as at 31-03-2009	Net Block as at 31-03-2008
1	Computer Equipment	286,722,641	24,782,688	311,505,329	74,464,418	33,450,557	107,914,975	203,590,354	212,258,223
2	Computer Software	3,107,950	2,114,425	5,222,375	-	-	-	5,222,375	3,107,950
3	Office Equipments	41,511,643	6,068,448	47,580,091	5,274,911	3,126,070	8,400,981	39,179,110	36,236,732
4	Furniture and Fixtures	33,297,905	1,441,531	34,739,436	4,104,194	2,198,652	6,302,846	28,436,590	29,193,711
5	Electrical Fittings	11,349,294	577,167	11,926,461	859,922	566,076	1,425,998	10,500,463	10,489,372
6	Leasehold Buildings	3,143,204	-	3,143,204	-	-	-	3,143,204	3,143,204
7	Automobiles	7,900,460	-	7,900,460	2,761,745	1,937,578	4,699,323	3,201,137	5,138,715
8	Property and Equipment	7,052,601	140,113	7,192,714	-	-	-	7,192,714	7,052,601
9	Land	-	2,195,210	2,195,210	-	-	-	2,195,210	-
10	Goodwill	905,647,100	-	905,647,100	60,975,970	42,837,108	103,813,078	801,834,022	844,671,130
		1,299,732,798	37,319,582	1,337,052,380	148,441,160	84,116,041	232,557,200	1,104,495,180	1,151,291,639

Consolidated Schedules forming part of the Accounts



Consolidated Schedules forming part of the Accounts

PARTICULARS

SCHEDULE 5

CASH AND BANK BALANCES

Cash on Hand
Bank Balances

	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2008 (Rs.)
	17,133	44,879
	943,607,154	384,523,403
	943,624,287	384,568,282
	852,981,343	540,902,503
	852,981,343	540,902,503
	995,256	989,256
	327,042,515	170,395,127
	5,640,790	4,425,169
	537,522,500	-
	871,201,061	175,809,552
	150,621,448	154,007,648
	150,621,448	154,007,648
	183,422,528	185,235,455
	316,643	1,003,270
	169,400,984	99,763,054
	-	374,110,000
	63,325,042	62,749,242
	416,465,197	722,861,021

SCHEDULE 6

SUNDRY DEBTORS

Unsecured, considered good
Debts not exceeding a period of Six months

SCHEDULE 7

LOANS, ADVANCES AND DEPOSITS

Deposits
Advances
Security Deposit
Investments in Affiliates

SCHEDULE 8

OTHER ASSETS

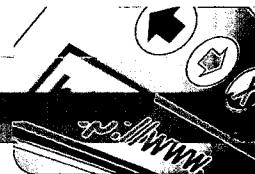
Other Assets

SCHEDULE 9

CURRENT LIABILITIES AND PROVISIONS

Accounts Payable
Creditors of Expenses
Provisions for Taxation
Demand Promisory notes
Other Current Liabilities

Consolidated Schedules forming part of the Accounts


PARTICULARS
SCHEDULE 10
ADMINISTRATION AND OTHER EXPENSES

	YEAR ENDED 31-03-2009 (Rs.)	YEAR ENDED 31-03-2008 (Rs.)
Rent, Rates and Taxes	4,358,068	3,832,629
Printing and Stationery	387,523	650,342
Postage, Telephones and Internet Charges	3,474,368	1,145,631
Traveling and Conveyance	1,892,262	8,766,380
Electricity charges	2,179,439	1,700,677
Office Maintenance	1,214,200	1,264,307
Directors Remuneration	7,200,000	7,200,000
Auditors Remuneration	220,600	112,360
Professional Charges	7,229,160	36,358,606
Computer Maintenance Charges	285,250	1,083,422
Sales and Marketing Expenses	102,699,830	116,837,122
Other Administrative Expenses	1,087,701	2,650,201
General and Administrative Expenses	540,082,495	499,194,987
	672,310,896	680,796,664

Consolidated Schedules forming part of the Accounts

SCHEDULE -11

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

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

1. Group overview

Ybrant Digital Limited ("the Company"), its subsidiaries (collectively referred to as "the Group") offers Digital Marketing solutions to Businesses, Agencies, and Online Publishers worldwide. Ybrant partners with some of the prominent online publishers and have direct access to over 100 top Ad Agencies. This makes Ybrant a Network of choice for the online publishing community to maximize their revenue potential. Ybrant Technology platforms help leverage the full capabilities of Digital Media, which enable businesses to reach out to the right audience with the right offer. Ybrant Digital has a global presence, with offices in 16 countries including North America, Argentina, Chile, Uruguay, Mexico, UK, France, Germany, Serbia, Israel, India and Australia, and representatives in Scandinavia, Poland, Italy and Greece.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting

standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

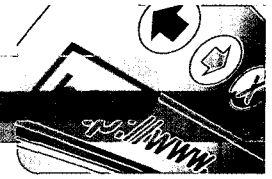
2.2 Basis of consolidation

The Group financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Group financial statements incorporate the financial information of Ybrant Digital Limited, its subsidiaries made up to March 31, 2009. Subsidiaries are those entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is acquired by the Group and no longer consolidated from the date such control ceases. The financial statements of the parent Company and subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and any resulting unrealized gain / loss arising from intra group transactions. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

The subsidiaries considered in the preparation of these consolidated financial statements are:

Name of subsidiary	Country of Incorporation	Percentage of Ownership interest	
		March 31, 2009	March 31, 2008
Subsidiaries of Ybrant Digital Limited			
Frontier Data Management Inc	United States of America	100%	100%
International Expressions Inc	USA	100%	100%
Pennyweb Inc	USA	100%	100%
Ybrant Media Acquisition LLC	USA	100%	-
Online Media Solutions Limited *	Israel	100%	100%
*Subsidiaries of Online Media Solutions Limited			
Oridian UK	United Kingdom	100%	100%
Oridian France	France	100%	100%
Oridian GmBH	Germany	100%	100%
Oridian, USA	USA	100%	100%

Consolidated Schedules forming part of the Accounts



2.3 Use of estimates

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

2.4 Revenue recognition

Software & Consultancy Revenue

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

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

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

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

Interest

Interest is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.

Revenue recognition in case of subsidiaries

The Company recognizes revenue on time-and-materials contracts as the services are performed for clients. Revenues on fixed-price contracts are recognized using the percentage of completion method. Percentage of completion is determined by relating the actual cost of work performed to date to the estimated total cost for each contract. If the estimate indicates a loss on a particular contract, a provision is made for the entire estimated loss without reference to the percentage of completion.

Revenue recognition in case of Online Media Solutions Limited, Israel

The Company records revenues based on the gross amount collected from its customers. The Company pays third parties a fee for providing advertising space.

Revenues are recognized, upon execution of advertisements campaigns, when persuasive evidence of an arrangement exists, when the vendor's fee is fixed or determinable, and when collectability is probable. If one of the above criteria is not met, revenue is recognized on a cash basis.

2.5 Fixed assets

Tangible assets

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

Intangible assets

Internally developed software products are valued based on costs directly attributable to the development of such software and allocated indirect cost and they are capitalised individually once their technical feasibility is established in accordance with the requirements of Accounting Standard 26, 'Intangible Asset' issued by Institute of Chartered Accountants of India.

Expenses incurred during research phase till the establishment of commercial feasibility is charged off to Profit and Loss Account.

Products capitalised are being amortized over a period of three to five years from the launch date and the unamortised product costs as at Balance Sheet date are shown under Assets separately.

Consolidated Schedules forming part of the Accounts

Depreciation

Depreciation on the Tangible Fixed Assets of the Group is provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis for the following block of assets.

	Estimated useful lives
Computers	1 to 5 years
Office Equipments	2 to 3 years
Furniture, Fixtures and Interiors	1 to 2 years
Leasehold improvements	Shorter of lease period or estimated useful lives

Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account. Lease payments under operating lease are recognized as an expense in the profit and loss account. An impairment loss is recognized wherever the carrying amount of the fixed assets exceeds its recoverable amount.

2.6 Goodwill

Goodwill comprises of the excess of purchase consideration comprising of initial guaranteed consideration and deferred earn outs over the book value of the net assets of the acquired enterprise. Impairment of goodwill is evaluated annually, unless it indicates some more frequent evaluation. Impairment recorded in the profit and loss account to the extent the net discounted cash flows from the continuance of the acquisition are lower than its carrying value.

2.7 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. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.8 Foreign currency transactions and translation

As per Accounting Standard (AS-11) – The effects of changes in Foreign Exchange rates, for the purposes of consolidation the operations of overseas subsidiaries are considered as non-integral in nature and accordingly their assets and liabilities of non-Indian subsidiaries are translated at the period-end exchange rate and income and expenditure items are translated at the average rates

during the period. The resultant translation adjustment is reflected as a separate component of Shareholders' funds as 'Foreign currency translation reserve'.

- the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation has been translated at the closing rate;
- income and expense items of the non-integral foreign operation has been translated at average rates during the period; and
- all resulting exchange differences has been accumulated in a foreign currency translation reserve

2.9 Taxes on income

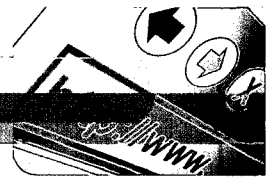
Tax expense for the year comprises of current tax, deferred tax and Fringe Benefit Expense.

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

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

Consequent to the introduction of Fringe Benefit Tax (FBT) effective 1 April, 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Group has made provision for FBT under income taxes.

Consolidated Schedules forming part of the Accounts



2.10 Earnings per share

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

2.11 Retirement benefits to employees

Provident fund

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

2.12 Operating lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

2.13 Provisions

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

2.14 Cash and cash equivalents

Cash and cash equivalents in the cash flow statements comprise cash at bank and in hand and short-term investment with an original maturity of three months or less.

3. Notes on Accounts

3.1 Related party transactions

Key Management Personnel

M Suresh Kumar Reddy	Chairman and CEO
Vijay Kancharla	Whole time Director President Technology Platforms

Nature of Transaction	Nature of Relation	Year ended March 31	
		2009	2008
Transactions with key management personnel			
M Suresh Kumar Reddy	Remuneration	3,600,000	3,600,000
Vijay Kancharla	Remuneration	3,600,000	3,600,000

Loans and Advances

Nature of Transaction	Year Ended March 31	
	2009	2008
Loans from Subsidiaries		
Ybrant Digital Limited		
Frontier Data Management Inc	66,264,806	Nil
International Expressions Inc	53,584,930	Nil
Online Media Solutions Limited	43,511,300	Nil
Ybrant Media Acquisition LLC	1,018,954,094	Nil
Total	1,182,315,130	Nil

3.2 Segment reporting

As required by the Accounting Standard - 17, 'Segment reporting', the Group is mainly engaged in the area of software development and related services. Hence segment reporting is not applicable to the Group and to the nature of business.

3.3 Managerial remuneration

The key management personnel comprise our directors. Particulars of remuneration and other benefits provided to key management personnel during the year ended March 31, 2009 and 2008 are as follows:

	Year ended March 31	
	2009	2008
Remuneration	7,200,000	7,200,000
Perquisites and Allowances	-	-
Directors sitting fee	-	-

Consolidated Schedules forming part of the Accounts

3.4 Supplementary information

i) Earnings in foreign currency

	Year ended March 31	
	2009	2008
Software development and services	70,434,509	37,213,938
Capital	1,114,116,000	821,431,497
Total	1,184,550,509	858,645,435

ii) Expenditure in foreign currency,

	Year ended March 31	
	2009	2008
Acquisition Payments	1,273,360,000	898,524,065
Expenses	Nil	45,927,290
Total	1,273,360,000	944,451,355

3.5 Share Capital

Preference and Equity Share Capital

The Parent Company (i.e, Ybrant Digital Limited) has entered into a subscription cum shareholders agreement dated October 31, 2008 with Everest Capital (M) Limited, Mauritius. As per the terms and conditions mentioned in the agreement, Everest Capital (M) Limited disbursed an amount of USD 22,700,000 towards subscription of equity shares, Compulsory Convertible Preference Shares (CCPS) and warrants of the Company. Accordingly, Everest Capital (M) Limited has subscribed for 1000 Equity Shares of Rs.10 each at a premium of Rs.481 per equity share, 2,268,092 CCPS of Rs.491/- per CCPS and 1,000,000 warrants.

3.6 Payables to micro enterprises and small enterprises

There were no overdue principal amounts (and interest thereon) payable to micro enterprises and small enterprises, as at March 31, 2009.

3.11 Earnings per share

Earnings per share are computed based on the following:

S.No.	Particulars	March 31, 2009	March 31, 2008
A	Profit / (Loss) after taxation considered for calculation of basic earnings per share	452,507,180	430,999,897
B	Weighted average number of equity shares considered for calculation of basic earnings per share	19,577,836	17,697,979
C	Weighted average number of equity shares considered for calculation of diluted earnings per share	-	-
D	Basic Earnings per Share	23.11	24.35
E	Diluted Earning per Share	-	-

3.7 Inter company transactions

a) Income and Expenditure

\$ 923,465 (equivalent to Rs.42,396,278/-) revenue was generated by Ybrant Digital Limited (taken in export sales) from Online Media Solutions Limited (taken in cost of revenue) during the financial year March 2009. The same has been eliminated during consolidation of accounts.

b) The Company has taken loans from its Subsidiaries equivalent to Rs.1,182,315,130/-.

c) All intercompany transactions are eliminated while consolidating the Accounts.

3.8 Quantitative details

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

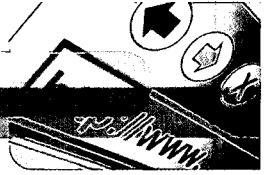
3.9 Lease commitments

The Company and its subsidiaries lease their facilities under non-cancelable operating lease agreements, which expire on various dates. Future minimum payments under non-cancelable operating lease agreements, as of March 31, 2009, are as follows:

Financial Year	Ybrant Digital Ltd (INR)	Subsidiaries (USD)
FY 2010	6,135,000	274,000
FY 2011	6,088,500	153,667

3.10 In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.6,02,88,654 towards deferred income tax liability (Previous Year Rs. 4,21,38,016/- towards deferred income tax liability).

Consolidated Schedules forming part of the Accounts



3.12 Prior year comparatives

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

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

For P. Murali & Co.
Chartered Accountants

Partner - P. Murali Mohana Rao
Membership No: 23412

PLACE : HYDERABAD
DATE : 02-09-2009

For and on behalf of the Board

SD/-
Chairman &
Managing Director

SD/-
Director

Consolidated Cash Flow Statement

for the year ended 31st March 2009

PARTICULARS	2009 (Rs. in Lakhs)	2008 (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss)before taxation, and extraordinary Items	6842.45	5646.13
Adjustments for:		
Depreciation	917.81	777.39
Interest expenses	134.00	33.64
Operating Profit before working capital changes	7894.25	6457.16
Trade and other receivables	(3120.79)	(3604.83)
Other assets	33.86	(85.71)
Loans and advances	(6953.92)	(1651.54)
Product development	(1107.12)	(3747.83)
Trade payables	(4778.45)	(403.64)
Cash generated from operations	(8032.16)	(3036.39)
Interest paid	(134.00)	(33.64)
NET CASH FLOW OPERATING ACTIVITIES	(8166.16)	(3070.03)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(806.96)	(5100.82)
Capital work in process,preoperative		
Investments		
Sale/adjustment of Fixed Assets		
NET CASH USED IN INVESTING ACTIVITIES	(806.96)	(5100.82)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from share capital	0.10	356.44
Secured loan Taken	(34.19)	(15.20)
Preference Capital	11136.25	0.00
Foreign Exchange reserve	3456.71	(683.61)
Share Premium and Genereal reserve	4.81	11616.20
NET CASH USED IN FINANCING ACTIVITIES	14563.67	11273.83
NET INCREASE IN CASH AND CASH EQUIVALENTS	5590.56	3102.98
Cash and Cash equivalents as at (Opening Balance)	3845.68	742.70
Cash and Cash equivalents as at (Closing Balance)	9436.24	3845.68

For and on behalf of the Board
Ybrant Digital Limited

PLACE : HYDERABAD
DATE : 02-09-2009

SD/-
Chairman &
Managing Director

SD/-
Director

To
The Board of Directors
Ybrant Digital Limited

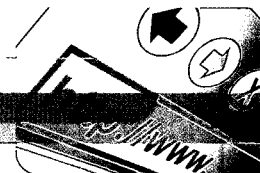
We have examined the attached Consolidated Cash Flow Statement for the year ended 31st March 2009. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 02nd September 2009 to the members.

For P. Murali & Co.
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 02-09-2009

SD/-
(P. MURALI MOHANA RAO)
PARTNER

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



S.No.	Particulars	Subsidiary Companies				
		Frontier Data Management	International Expressions, USA	Pennyweb Inc, USA	Online Media Solutions Limited, Israel	Ybrant Media Acquisition LLC
1.	Financial Year	April to March	April to March	April to March	April to March	April to March
2.	Shares of the Subsidiary held by the Company on the above date:					
	a) Number and face value	1500 shares at no par value	1500 shares at no par value	6525100 shares at no par value	14,624,541 shares of no per value	1500 shares at no par value
	b) Extent of Holding	100%	100%	100%	100%	100%
3.	The net aggregate of profit/(loss) of the subsidiary for the above financial year so far as they concern the members of the Company and is not dealt with in the accounts of the Company:					
	a) For the financial year ended 31st March 2009	N.A.	N.A.	N.A.	N.A.	N.A.
	b) For the previous financial year of the subsidiaries since it became a subsidiary	N.A.	N.A.	N.A.	N.A.	N.A.
4.	The net aggregate of profit/(loss) of the subsidiary for the above financial year so far as they concern the members of the Company and is dealt with in the accounts of the Company:					
	a) For the financial year ended 31st March 2009 (Rs.in Lakhs)	1143.57	469.18	327.77	1127.83	Nil
	b) For the previous financial year of the subsidiaries since it became a subsidiary (Rs.in Lakhs)	808.06	451.09	740.54	1574.48	Nil
5.	Change in the holding Company's interest in the subsidiaries between the end of the financial year of the subsidiary and the end of the holding Company's financial year.	No Change	No Change	No Change	No Change	No Change
6.	Material changes which have occurred between the end of the aforesaid financial year of the subsidiaries and the end of the holding Company's financial year in respect:					
	a) the subsidiaries fixed assets					
	b) its investments					
	c) money lent by the subsidiary Company					
	d) the money borrowed by it for any purpose other than that of meeting current liabilities					

YBRANT DIGITAL LIMITED

Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034

Proxy Form

Regd. Folio no.: No. of shares

DP ID no. Client ID no.

I/We of being Member /Members of Ybrant Digital Limited hereby appoint of as my/our proxy to attend and vote for me/us on my/our behalf at the 9th Annual General Meeting of the Company to be held on Wednesday, 30th September 2009 at 11.00 a.m. at Plot No.7A, Road No.12, MLA Colony, Banjara Hills, Hyderabad – 500 034 and at any adjournment thereof.

As witness my/our hand (s) this day of of 2009

Signed by the said



YBRANT DIGITAL LIMITED

Plot No.7A, MLA Colony, Road No.12, Banjara Hills, Hyderabad – 500 034

Admission Slip

Date

30th September, 2009

Venue

Plot No.7A, MLA Colony,
Road No.12, Banjara Hills
Hyderabad – 500 034

Time

11.00 AM

Name of the shareholder	Folio no. / DPID and Client ID no.	No. of shares

I certify that I am a registered shareholder of the Company and hold above-mentioned shares in the Company and hereby record my present at the 9th Annual General Meeting of the Company.

Member's/Proxy signature

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.

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 is 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 bear this in mind.

