



YBRANT DIGITAL LIMITED

ANNUAL RESULTS CONFERENCE CALL

May 31, 2014

Conference Call of Ybrant Digital

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Presentation Session

Moderator: Good afternoon ladies and gentlemen. My name is Moumita, and I will be the operator for this conference. Welcome to the Ybrant Digital Investor conference call. The duration of this call will be 45 minutes. For the duration of the presentation all participant lines will be in the listen mode only. After the presentation, a question and answer session will be conducted for the participants. I would like to now hand over the conference to Mr. Rajesh Kavuri who handles the Investor Relations. Thank you and over to you sir.

Rajesh Kavuri: Thank you Moumita. Good afternoon everyone and thank you for being with us today to discuss Ybrant Digital's financial results for the fiscal year 2013-14. Today we have with us Mr. Suresh Reddy, our Chairman and Managing Director and Mr. Amreek Singh Sandhu, our Chief Financial Officer. Mr. Suresh Reddy will give us an update on business front and Mr. Amreek Singh Sandhu will give us the financial highlights. Before I hand over to Mr. Amreek, I would like to mention that during the conference call, except for the historical information and discussions contained herein, the statements may constitute forward-looking statements. These statements include description regarding the intent, belief or current expectations of the company with respect to the results of operations and the financial conditions of the company. Such forward-looking statements are not guarantees of future performance and involves risks and uncertainties and actual results may differ from those in such forward-looking statements as a result of various factors and assuming which the company believes to be reasonable in light of operating experience in recent years. The risks and uncertainties relating to these statements include, but not limited to regarding fluctuations in earnings, the company's ability to manage growth, competition, government policies, regulations and etc. The company does not undertake to revise any forward-looking statements that may be made from time to time on behalf or on company. I would like now to introduce Mr. Amreek Singh Sandhu to take this conference forward.

Amreek Singh Sandhu: Good afternoon to everyone and thank you for joining us on this call. We appreciate your continued trust in our company. I will just give you a brief idea about the performance of our company for the financial year ending 31st March 2014. The figures are rounded off in this statement. Overall revenues for the year is 1673 crores as against Rs.1601 crores last year, there is increase of 4.5% against the last year. The operating profit for the year was 298 crores as against Rs.81 crores last year. There is an increase of over 270%. After considering write off current year and last year, the profit after tax for the year was 221 crores as against 51 crores, an increase of 273% over the last year. I will just compare the figures, if we add the write off of last year and current year, if you were to give an apple to apple comparison for operating profits; it is 340 crores this year as against 215 crores last year that is an increase of approximately 7% in the margins. The revenues from digital division for the year was 1216 crores, an increase of 41% year-on-year basis. Revenues from software division was Rs. 458 crores, there was a decrease of 39% on year-on-year basis, but overall ROC for the full year is 22% and earnings per share for the year is Rs.4.64 paisa as against Rs.1.07. Now, our Chairman and Managing Director Mr. Suresh Reddy will take this conference forward with the company's business updates. And after that we can have questions and answer session. We have got few questions on mail, which we will answer. Thank you very much. Over to Mr. Suresh Reddy.

Suresh Reddy: Thank you Amreek ji. Good afternoon all of you. First of all let me welcome all of you to this call. It is afternoon on a Saturday and you are so interested in the company, I really, really appreciate that and I respect you supporting the company all through. I would like to focus this call fundamentally on the yearly roundup of the affairs and then on the quarter. I will first have four areas that we will talk about. The first one, quick update on the industry. We did talk quite a bit on the industry last time, but I will talk some new points that are relevant at this area. The second one, I will give you a business update for the year at a very high level and then touch upon the quarterly update, thirdly, this is the interesting part, and we want to talk about the process of our result announcement and specific steps we want to take to ensure no miscommunication happens in the future. I know, lot of investors got perturbed after the way it was announced, and we will take steps to ensure that we are more careful in how we announce and being clearer on some of the things we announce. We do realize that, we will talk

a little bit about that. Fourth, I will talk on the future of Ybrant, future of Lycos, and how we want to build this from here. I can only talk at a very high level, cannot get into the details because of various competitive reasons, and will also touch upon it during my Q&A. I hope these four areas should give us a good sense about what we are expecting to hear on this call.

Starting with industry itself, six points here, the Digital ads spend this year is expected to cross 135 billion, that continues to grow, the spread North America, US, continues to be the leader, it is about 39%, Asia-Pacific is expected to be around 28.6, Western Europe is 23.1%, Latin America, while it is still small, but it is growing at a very rapid pace, it reached 4% this year. And then another interesting point about Digital Ad spend is for the first time in year 2013 the amount of money spent for digital media advertising crossed Broadcast TV. That's a moment for us to celebrate, specifically because we are in the area of digital advertising, that is an indicator of how the world has come, and this is the US alone. Then coming to other things, Ecommerce purchases in Asia-Pacific have really started to pick up. We are seeing that now they are the largest Ecommerce market compared to North America. China and India are the markets, and you see a lot of news and lot of updates and lot of new businesses starting to do various things on the Ecommerce side. And that is an interesting observation and we have to see what we can do with that information. And then, another important point is social media users are continuing to grow year-on-year. This year number of social media users will cross 2 billion. It is also indicator of how rampant digital media itself is growing and I am sure you must have seen how social media and advertising through social media has impacted elections in our country this year. These are very interesting times and it is just indicator that we are in the right space and doing the right things. And another point which is interesting to note is Internet ad spend in India will cross 500 million dollars this year.

Coming to the business update, on a very high level, the order for this financial year for us when we were running the business, we focused on three things. We said the key here is this year we have to pick up our digital revenues up because that is the core competence, build that. The second one is to consolidate and simplify operations and I will talk a little bit about how you can see that translated into numbers. And third is build a competitive advantage through initiatives, whether it is technology or otherwise. We have done a few things and

in fact a deal that was announced in the last quarter also contributes to that, this kind of building a competitive advantage. So these are the three things that we thought about for the year and the team has answered back with solid performance. I am very proud about the performance. We have delivered 1673 crores as Mr. Sandhu was talking about, the top line revenue, with a 5% increase compared to last year, but the bigger story is elsewhere, we were able to bring down the cost of goods from 1062 crores to 997 crores attributing to our initiatives and better technology, more efficient systems. And what makes me really, really proud is that we have delivered on our digital ad promise. Our Digital Ad numbers increased over 40% from close to 860 crores to about 1250 crores, that in our mind, is a big jump and big validation of our effort and our energy going in the right direction.

Significant major achievements that we were able to successfully achieve as a team across all the places we exist and all the places we operate out of, we have been very nimble with a ear to the ground by catching the early shifts in ad spend. Whether it is towards video or whether it is towards new age social or whether it is towards mobility, I really have to thank my sales feedback team for an excellent work there. That system really worked very well and we were completely there in terms of ahead of the curve. So we are very, very proud of that. Also I would like to give credit to the technology team and operations in India for taking up more and more work and reducing costs and helping the system be more efficient and being nimble in taking on what is happening in the market. It is a nice left-brain, right brain combination that worked for us. Then, in the last six there have been some really interesting new initiatives that the Lycos team has been really working up. I really don't have a whole lot to report as of now in terms of, because we are not able to announce that yet, but these are in the pipeline and you will start seeing the results of great work. You might have seen the first glimpse, I think, few days ago where the home page came out and it has an extremely interesting theme and new design. And that's just tip of the iceberg, a part of new things going on there and we are hoping to start bringing them out as we enter August-September timeframe. That's a very, very high level business update for you.

Coming to this quarter specifically, we launched new Ybrant mobile site, which focuses more on traffic monetization and of course a lot more mobile apps coming up; that is another area that we will be focusing on that arena. And one

of the interesting deals that we did this year was Jobokit deal out of Israel. I think it got quite some coverage, Jobokit being a listed company as well. There are two aspects to it, one is the media representation rights, Jobokit controls a lot of media for which we got representation rights and with a higher percentage payout to Ybrant, that again is improving efficiency. That is one of the initiatives we should see results going forward. And the second one is, we also ended up getting a stake in the company. And then the third point for this quarter is we again trying to keep a ear to the ground, we are watching what is going on, we were at the Facebook Developers Conference in San Francisco in April, looking at a lot of new initiatives that Facebook is coming up with and we wanted to be on top of those changes. This is a very high level update on the company.

Next coming to improving communications that is the third aspect I was talking about. When we announced the results, few things that we observed, first of all we had our board meeting, audit review, all that towards the end of the day and these board meetings do take time and it went late and by the time we got everything together and sent it to BSE that was end of the day and the announcement showed up publicly only in the morning after trading hours started and the market did not have enough time to understand and digest. And there was some knee jerk reaction that happened partly due to lack of clarity in how we presented it and we could have put more details into it. So this is something that we really feel that going forward we should fix. Specifically around I think amortization and depreciation expense and I am sure, there are lot of questions on that, which is more to do with some of the legacy items in the balance sheet that the audit committee decided to remove it, given the fact that we had a really spectacular year, it made sense to take it off and move on so that we have much cleaner and positive outlook for the future. And second part is, the way we announced the board meeting, I think it was a little unclear and we said to consider dividend and obviously we did consider dividend with the board, and while it was very clear most of the growth and most of the opportunity was outside the country and it was something that the board collectively felt in the interest of the shareholders to use the money to really grow the business faster as opposed to take the money out and distribute it. And so we felt that it is not appropriate to do that yet as a board,we did not go with the dividend. So, there was some confusion and there were some expectations, again, something that we should watch going forward. Then, in

terms of how we plan to correct it, I have a team looking at that, we will come up with much more standardized way of doing it, and ensure that such mix ups don't happen. That's the part I really wanted to bring to the notice I know quite a few of you are looking to get answers on this.

Then, coming finally to the future and how we see Ybrant and where we want Ybrant going forward. I have, especially this time around spent some time on the Lycos aspect as well as the Ybrant aspect. The way we have set up things now, it is the monetization engine, a well-oiled engine of Ybrant sales force spread across the world helping various publishers monetize their advertising traffic and then building great relationships with advertisers, ad agencies, and bringing all those to the table. So that part is one aspect of our business, which still continues to be a big part of it. The second part is, why did we buy Lycos and what is the relevance of it. There is that element and how Lycos is relevant to today, is it going to be a search engine, what should it be? So personally I got involved, have gone out and met some of the people. I did meet with the founder of Lycos to understand exactly what their mindset was when they put the Lycos network together. What I figured out; is that a search engine today is Google or a search engine today is a Yahoo and there are lot of users going to that and then we have Lycos as a search engine and we do have still users coming to us. And it is all about a solution to a current problem. And if you look at a solution to a current problem, back in 2000, back in 1998, '99, whatever that timeframe, there were various websites that were created, there were various information source websites across the web and there was no easy way to locate them unless they were nicely catalogued. So various companies took various approaches, Yahoo took the approach of cataloguing it, Lycos took the approach of searching it using a key word, and Ask Jeeves took another approach of solving it. So there were various companies playing the search game differently. So how is it relevant today? Today what we have is that we have various apps that are coming up across devices, be it your phone or your tablet and then you have various gadgets that are coming up that are now being hooked on to the Internet, whether it is your TV, whether it is your switch, your thermostat, whatever it is that you are trying to access through the Internet. So this is going to cause the next confusion in our view. The solution that Lycos is looking to address in the longer term is to come up with the solutions to solve this new problem. And you are already beginning to see a flood of very interesting apps and devices, which monitor all the way up to your body

temperature, your blood pressure, your sugar levels, and such, all the way to where you want to go. So in this world of how things are changing we believe that we have all the right tools to be successful. One is, we have the ability to come up with solutions, which will attract users to us, which is the job of Lycos, not necessarily a search engine, but a solution that solves people's problems and do things and second is, the monetizing engine, which has been built over the years by Ybrant. This combination is what we see would put us in the global leadership position give it five years as things pan out. So that is how we are trying to fill this gap and that's the course we are taking for the future. With that I will stop and then we can go for Q&A.

Question and Answer Session

Moderator:

Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. Sir, our first question comes from Sanjay Kaul from Delhi. Please go ahead.

Sanjay Kaul:

Good afternoon Mr. Reddy.

Amreek Singh Sandhu:

Good afternoon, this is Sandhu.

Sanjay Kaul:

Great set of numbers and I am only looking at the digital part of it, because I am quite sure that software will die down at some point of time. Mr. Reddy, you had mentioned about the Facebook Conference you had gone to, it is open to everybody or restricted to a select few?

Suresh Reddy:

I believe it is open to all the developers' sir, any developer, because they are talking about new initiatives and then the developers use that information to come back and build up new applications based on that info.

Sanjay Kaul:

And second thing what about the listing on the National Stock Exchange, this is a big company and why it is not on the National Stock Exchange.

Amreek Singh Sandhu: Okay, I will brief you Sanjay ji, that we have earlier submitted the application to NSE last year. Now, again, last month they have sent a advice check list and there are few extra documents, but they are asking a whole set of documents to be resubmitted. Old applications will not be considered, therefore we are obtaining all the documents based on this 31st March there was a requirement of compliance of the chair and MD so that last board meeting...

Sanjay Kaul: Okay still in process and will get done okay. Thanks. So what is the net debt level that we are looking at now for March 2014, where are we?

Amreek Singh Sandhu: That is there in the balance sheet, I will just look, because long term, short term both are there, both if you merge, long term borrowing is 70 crore plus short term is 89 crore, both have to be added because 89 is which is payable within one year, it is 159 crores.

Sanjay Kaul: Okay thank you, thank you very much.

Suresh Reddy: Thank you sir.

Moderator: Thank you. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. The next question comes from Mr. Prem Doshi from Kolkata.

Prem Doshi: Good afternoon, sir.

Suresh Reddy: Good afternoon, sir. How are you?

Prem Doshi: Yes, all good. Sir, my query is related to the stock price movement.

Suresh Reddy: Yes, sir.

Prem Doshi: I think the results are very fantastic, but I don't understand why the prices are (not clear).

Suresh Reddy: I mean, again we are also not sure what happened, but we think the way we should present should have been better than the way we have done, that is what I was talking about earlier. Other than that it is very hard for us to predict how

the market reacts, I mean, we come from a school of thought of building the right company and communicating it right, but we find there has been any ambiguity in the way we have communicated we are happy to fix it.

Prem Doshi: Fine, sir and that's all I have.

Moderator: Thank you, sir. Sir, our next question is from Mr. Rajeev Sehgal from UAE. Please go ahead.

Rajeev Sehgal: Good afternoon, sir.

Suresh Reddy: Good afternoon, Mr. Rajeev.

Rajeev Sehgal: Volatility in the stock markets is to be expected, however, in the case of the stock price movements of Ybrant Digital, the volatility is very extreme. For days together we see an upside circuit, for days together we see a downside circuit; has the company investigated this matter to see if there are any vested interests that are causing this behavior?

Suresh Reddy: We are also concerned, it is a very valid point, we are very concerned about...

Rajeev Sehgal: And this is despite the fact that you have a large capital base we are seeing these kind of movements, which is disturbing, so I would just like to hear your comments on this.

Suresh Reddy: Yeah, I will just give you my comments and the way we are seeing it and then we will have to figure out why it is happening and how it is happening. Number one is we did see an initial drop, we understood why the initial drop, just analyzing how things have happened, the initial drop that happened and it went back all the way to whatever about Rs.3 or something that was because a few FIIs were selling so we understand how that happened. Post that there was the exchange imposed restriction of 2%, so people were trying to buy because they thought it was very undervalued, I think people started to buy and hence we saw a continued upper circuit and after a point the exchange decided to increase the circuit limit and then we saw a bigger improvement and then kept going up and after some point, so we also analyzed who is buying, what is going on, we did have a small team to see if there is any vested interest. Really

we could not find any patterns of somebody trying to play, we have a whole database, our investor relations team is looking at it and then we have a specific plan to see if there is somebody who is trying to buy-sell and play with the stock. We were unable to zero down on any single investor who is doing this continuously buying, continuously selling. We do get this weekly update on who is buying and who is selling, so we have plugged that into our database and our team is doing some analysis to figure out if there are any patterns. So, that is where we stand, but going forward again this is something that can be addressed by improved investor communications and this initiative is specifically is to do that and now that we have full year numbers now, our investor relationship team will go out and start meeting analysts or start doing analysts conferences and things of that nature. Once we broad base the investor base then we will see less of these controlled ways stock price fluctuations.

Rajeev Sehgal:

Thank you.

Suresh Reddy:

Thank you.

Moderator:

Thank you sir. The next question comes from Raymond Paul from Chennai. Please go ahead.

Raymond Paul:

Yeah, good afternoon to you all. I have two or three questions which are related to the product. One is, I wanted to understand how is One Tag doing? This seems to be a very innovative solution for publishers and certain kinds of clients and is there a lot of traction in One Tag and did you have significant client wins in the last quarter?

Suresh Reddy:

Yes, I will talk about it. Thank you, Mr. Raymond; it is good to talk to you today, thanks for calling in. We appreciate that you are able to see the value of this product that was again, I talked about, which is some of the new technology products that we have come up with using state-of-the-art cutting edge ways of doing things have really, really put us ahead of the curve, ahead of the competition, so this has given us significant wins. So, I mean, the core of One Tag is basically if I may get a little technical here is let us look at the utility side of it, let us look at the scalability side of it. The scalability side of it is we are using no-SQL database like couchbase, which actually helps us scale

very rapidly, very quickly and the bigger part is it makes it very flexible and allows for big data analysis of what goes on. These are some of the initiatives started by our CTO in Israel and he came up with the concept and it has been built across our entire teams, whether it is in India or in Israel, so we are very proud of the product. In terms of the utility of the product, as you know, we are in the business of facilitating best solutions for our publishers. Let us say you are a publisher and then you have a lot of traffic flowing to you, let us take an Indian publisher who is getting traffic from Bombay, from Chennai, from Delhi and then you have more details about the end users and you want to have the best advertiser who can give you the maximum money for your traffic that is flowing through your website. So, if people are coming from Bombay if you have ads relevant to that individual coming from Bombay, let us say you display Pizza Hut Ad in Bombay, that is the core of what we do, that is the targeting aspect. Now the power that we are handing off now to the publisher is, they have the ability to get multiple advertiser tags, meaning they have multiple advertiser options and using this system they are able to pick the right one. Say this is the best paying Ad and it is not being done manually, the system is doing it for them. That feature has really created an uproar and lot of users and then we are able to feed in lot of advertiser feeds as well, more the choices you have it becomes better for the publisher. At the same time we are giving the advertiser an option of really targeting exactly what he wants and plugging that in from the other side.

So, this discussion can go on and on, but on a very high level our One Tag product, we are extremely excited about, there are a lot of new features that are going into it making it more and more useful to our clients and our publishers. I hope I answered your question, Mr. Raymond.

Raymond Paul:

Yes, you did. Another question related to that is, when it comes to One Tag would you place yourself as a commerce, as a service provider similarly to the lines of companies in US like Digital River or Conversant, would you deem them as your competitors or you would see yourself differently?

Suresh Reddy:

Yeah, this question has come up in our last conference call as well. There is a subtle difference between commerce as a service and what we do. Commerce as a service does package things and it is a service, you are basically able to reach out and do lot of things as a service where you can get the revenue as a

publisher. We want to be seen as a little more hands on with our publisher and we work with the large publishers on helping that happen and commerce as a service has got various aspects of it which we actually do through this system, but there are areas we don't go into for strategic reasons. For example, let us say you want to go in and start offering commerce as a service for Ecommerce. There are aspects of it where you find products, there are aspects of it where you have a payment gateway, there your aspects of it, there is logistics, there is lot of other features that can be clubbed in to make it completely seamless for the client. We are staying away from the logistics aspect of it. We focused on the areas that we are strong on which is the digital marketing. We don't want to be clubbed under commerce as a service provider, but we are happy to cover most of their requirements. I am not sure if I am clear with that.

Raymond Paul:

No, it answers perfectly. The other thing is, Suresh, while you spoke you said that Lycos you have a vision for five years, does it mean that Lycos is going to take so much time to make revenue or you would see that time to make it a full-fledged product and would Lycos being such a huge thing, does it mean that it could be spun off as a separate company and will it lead to something like a NASDAQ listing, maybe I am jumping the gun here, but those seems like logical routes that the company can take.

Suresh Reddy:

Yes. You have hit the nail on the head. Number one, Lycos is producing revenue today, it is profitable and it continues to grow, but it is still a small part of what we do. This year we believe it will really takeoff, I was just talking about few products that will come to fruition this year and the vision part I was talking about is company as a whole, not just Lycos, company as a whole where all these components would act in tandem to put us into global leadership position. See, our dream here is to be a global leader where we compete with the big boys, we don't see ourselves beneath or above them, but we want to be ahead in terms of thinking and we believe as things flow and we find ourselves ahead of everybody else then there is no reason why we cannot take the leadership position. That is how we are seeing it today and so we are lining up the ducks if you may, to get there. That is why I am talking about five years down the road and not I am saying will only see the results in five years. So, but if you think about based on the roadmap how

things are going to change, how the markets are going to change, it will give you some sense on how we plan for that.

Raymond Paul: Sure, thank you, thanks a lot.

Suresh Reddy: Thank you very much.

Moderator: Ladies and gentlemen if you have any questions, please press * and 1 on your telephone keypad. Sir, our next question comes from Danson D'costa from Mumbai. Please go ahead.

Danson D'costa: Hello, Reddy sir.

Suresh Reddy: Hello sir, how are you.

Danson D'costa: Yes sir, I am good. First of all I would like to congratulate you for a consistent performance every quarter and this year-on-year.

Suresh Reddy: Thank you.

Danson D'costa: Results are very good compared to last year.

Suresh Reddy: Yes sir.

Danson D'costa: I am basically a small investor, a long-term investor and most of my questions which have been answered. I have a few questions for you, do we have any acquisitions coming up in the pipeline and who are the other competitors for Ybrant Digital in digital sector and how are we going to tackle them?

Suresh Reddy: Okay, excellent. First one, on acquisitions in the pipeline, we do have a lot of inbound requests that come to us given the fact that we have done quite a few acquisitions and we are seen as a consolidator on a global scale. We have a few in the pipeline that are going through the process, but we cannot comment on it till it reaches fruition where both parties come to an agreement on the terms. There are non-disclosures that we have to sign and so unfortunately I cannot tell more about them. But they are always there, some take more time, some drop off because we cannot come to terms. The vision I talked about,

actually lays the framework for us to look at the right companies that can fill in the gaps to get to that vision. That is the reason, this year, we wanted to focus more on getting a grasp on where the industry is going and where we want to see ourselves. Based on that understanding you should start seeing some more solid consolidation happening from our side. We would get a little more aggressive maybe in two quarters from now in looking for acquisitions on that front. Right away I don't think you should see any major acquisitions, you may see some investments here, some stakes there, to keep things going. I am not sure if I answered all your questions, you had a question I missed on.

Danson D'costa:

Yeah, I had the other one, yeah. Sorry, go ahead.

Suresh Reddy:

What was the other question, in the flow of things I...

Danson D'costa:

The other one is like, which are the other competitors for Ybrant Digital in digital sector and how we are tackling those?

Suresh Reddy:

Yeah, primarily we compete with various people in various markets, sir. We compete in the US with the likes of Value Click, Specific Media, Tribal Fusion, and such; there is some large players that we compete with. Then we compete in Europe with a different set of players. The same people, like for example, Tribal Fusion has a presence in Europe (not clear) and in Indian markets there is somebody like Komli Media or somebody like InMobi, while they are very specific to mobile marketing alone, we are more. These are just a few names.

Danson D'costa:

Okay. I would like to ask you one more thing, like how has the progress been in the last few months, like after the results, we had the results up to 31st March and then April and May, how aggressive have we been, like and this will determine the next results, right for June quarter?

Suresh Reddy:

Yeah, things have been good, end of the day in this business there is a cyclical element in it, sir. Usually the best quarters are the December quarters, okay, so immediately after the December quarter there is a fatigue of overspend because they were targeting Christmas sales and such. So, you usually see in the first calendar quarter not as good a performance as the December quarter which is normal and now I think we should start seeing some of it coming back and things are very much in line. We are not foreseeing any major surprises.

Danson D'costa: Okay sir, that means the long term and the short term investors are going to be rewarded in the future?

Suresh Reddy: Yes, sir, definitely.

Danson D'costa: Okay, thank you very much, sir. All the best to your team, sir, that's all from me.

Suresh Reddy: Thank you very much, sir. Thanks for your support sir, thank you very much.

Danson D'costa: Yeah, anytime.

Moderator: Thank you. Sir, the next question comes from Ankur Munjal from New Delhi. Please go ahead.

Ankur Munjal: Good afternoon, sir. I am Ankur calling from New Delhi.

Suresh Reddy: Hello sir, how are you Mr. Ankur?

Ankur Munjal: I am absolutely fine, hope you guys are doing good too and couple of things I would like to say, I am looking at the digital market growth is simply remarkable, phenomenal and at the same time if I look at the stock it is in the diminishing mode, because digital I am pretty sure about that it is going to perform well, I mean, you guys are superior in that.

Suresh Reddy: Yes, sir. So, your question is about digital or the software side?

Ankur Munjal: Software.

Suresh Reddy: The software side, sir we like I told you in the beginning of the call, the core focus is on the core competence, the software we inherited through the merger with LGS, so it continues to stay where it is and we are happy if somebody comes and helps us to trade that. If somebody says, okay, you take the digital revenue equivalent to this and take away the software, we are happy to trade that, because on the digital side we have better margins, we have better control; we have ways to improve things compared to the software side. Software side has

much competition there and the size of the business compared to the big boys is very small, so we really don't think that we really want to focus on growing that. For growth we will continue to grow on the digital side.

Ankur Munjal:

That is fine, another thing I would like to ask is, I mean, I don't know whether you will be able to answer or not right now, there has been a block deal yesterday, so is it possible for you to disclose that?

Suresh Reddy:

I don't know, because I won't have that information, so we will probably get it next and I would let the exchange do that job. Whatever the exchange thinks appropriate, they will disclose and we have no say on such things.

Ankur Munjal:

Right, that is all and wish you all the best in the future, thank you so much.

Suresh Reddy:

Thank you, Mr. Ankur, thanks very much.

Moderator:

Sir and the last question for the day comes from Lalit Tomar from Noida. Please go ahead.

Lalit Tomar:

Good afternoon, sir. This is Lalit from Noida.

Suresh Reddy:

Good afternoon, Mr. Lalit, how are you?

Lalit Tomar:

I am fine sir, thank you. Sir, my question is regarding legacy items, which was considered under depreciation column, I mean, I want to ask is this some kind of write off?

Suresh Reddy:

Mr. Amreek, can you explain exactly the breakup there?

Amreek Singh Sandhu:

Yeah, I will tell you.

Lalit Tomar:

My question is regarding removing legacy items, which was considered under depreciation column, the same has been explained by you in the presentation.

Suresh Reddy:

That is what he is going to explain.

Amreek Singh Sandhu:

Yeah, we have, the board has considered...

Lalit Tomar: Is it some kind of a write off again?

Suresh Reddy: On the last call, this question had popped up and people had asked me, are you going to have any further write offs. We had answered we don't expect any write off. What we meant by that is the receivables write off. We have been very careful on the business we sign up with and who we are working with so that we don't get into the situation of building up revenue and then go back and write it off. We don't want to do that. Now, these particular things that were removed are more to do with the balance sheet items which have been there on the balance sheet for a long time and so audit committee felt it is better to remove them when we have a good profit, good year to remove that off so that you have fresher and less weight to carry, going forward. So, these are the intangible assets, maybe Amreek can explain more on that.

Amreek Singh Sandhu: Yeah, we have written off 41 crore of intangible assets which consist of computer products and computer license rights and goodwill and some intangible assets are there. These are there for long, four, five years; all these are written off by the board of directors.

Lalit Tomar: Okay, thank you sir.

Suresh Reddy: Thank you.

Moderator: Thank you sir.

Suresh Reddy: Thank you very much to all of you for being on this call on a Saturday. Have a good weekend.

Moderator: Thank you sir. Rajesh sir, would you like to give a conclusion remark?

Rajesh Kavuri: Thank you for all participants. We do have few e-mails and questions that need to be answered. Just forward us all the questions that need to be answered to IR@Ybrantdigital.com. We will put it in that call transcript and upload in the website. Thank you very much.

Moderator:

Thank you sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good day everyone.

