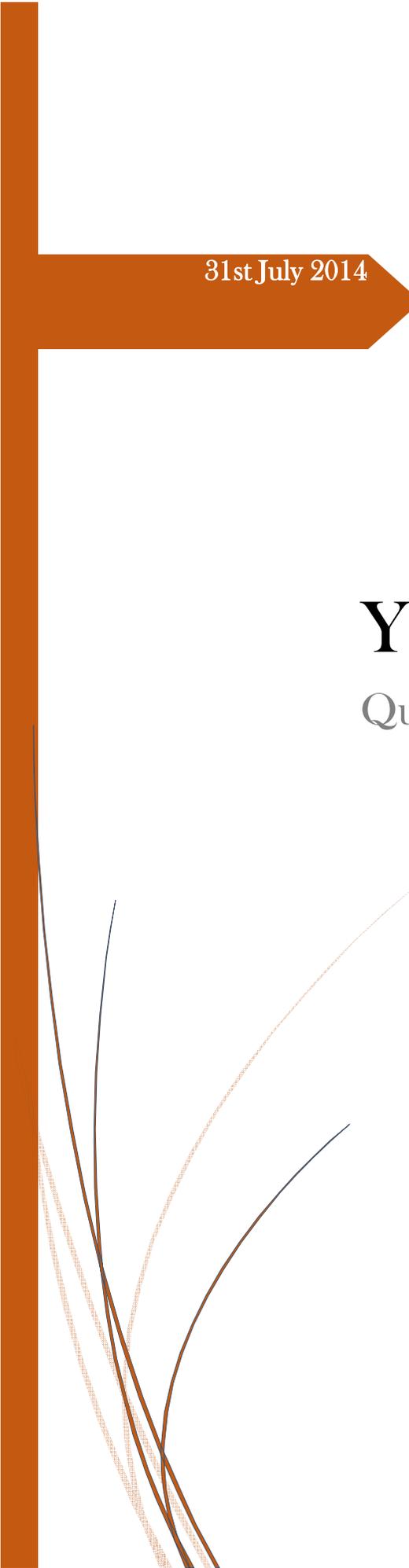




31st July 2014

Ybant Digital Limited

Quarterly Investor Conference Call



Event Date / Time: 31st July 2014, 4 PM IST

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Presentation Session

Moderator: Good afternoon ladies and gentlemen. My name is Phoebe 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 participants will be only in listen only mode. After the presentation, a question and answer session will be conducted for the participants. I would like to hand over the conference to Mr. Rajesh K. who handles the Investor Relations. Thank you and over to you sir.

Rajesh K.: Thank you Phoebe. Good afternoon everyone and thank you for being with us to discuss Ybrant Digital Limited's financial results for the Quarter ending 30 June 2014. 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 involve 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 of on company. I would like now to introduce Mr. Amreek Singh Sandhu to take this conference forward.

Amreek Singh Sandhu: Thank you Rajesh. Good afternoon to everybody and thank you for joining us on this call. We appreciate your continued trust in your company. I will just give you a brief idea about the performance of the company for the quarter ending 30th June 2014. The figures are rounded off in this statement. Revenue for the Quarter 1 financial year 2014 -2015 was 456 Crores, an increase of 12% quarter-on-quarter basis and at 13.96% year-on-year basis. As far as EBITDA is concerned, for the quarter 1 of financial year '14-'15 was 136 crores, an increase of 43% on quarter-to-quarter basis and 55% on year-to-year basis. Profit after tax for the quarter 1 was 84 crores, an increase of 138% on quarter-to-quarter basis and 35.2% on year-to-year basis. Revenue from the Digital Marketing segment for the quarter 1 was 341 crores, an increase of 15% on quarter-to-quarter basis and an increase of 22% on year-to-year basis. PBT for the Marketing segment for quarter 1 was Rs.120 crore an increase of 57% on quarter-to-quarter basis and an increase of 72% on year-to-year basis. Revenue from Software Development segment for quarter 1 was 115 crores an increase of 5% on quarter-to-quarter basis and a decrease of 4% on year-to-year basis. Good news is that your company is able to reduce overall cost during this quarter as compared to last quarter. This has resulted in an increase of margin and profit by 2%. Now, I will hand over to our Chairman and Managing Director Mr. Suresh Reddy. He will take you through the conference call about the company business updates and after that we can have questions and answers session. Thank you very much.

Suresh Reddy: Thank you Amreek ji. Thank you all for being on the call. We really appreciate your continued support to the company. Basically today I want to keep the discussion on the business front little lighter and then have a longer Q&A because I believe there are quite a few questions. So that being said, the key things I want to talk about are on the digital side with an update on the network business, which is how the technology has helped us in terms of keeping the cost low and improving our profitability. That is one significant move forward for us. Then, #2, of course we want to talk on Lycos, new product initiative that we have taken up, and some of them are in alpha stage, will just talk a bit on them and we plan to start launching

them starting next quarter. We have done some testing and will give you some updates on that. And the third part, I want to talk about a new technology, a new approach Facebook has announced and I thought, a couple of questions which have come up on that, it is very interesting. I want to just bring it up to your notice, so that you have a sense on how the company is thinking about it. So these are the three areas that I want to talk about and then open up for questions after that.

To start with, on the update towards the digital side, we are very pleased with the effort the team has put together in terms of pushing the sales forward and actually getting really good sales this quarter and our revenues are cyclical in nature, our best quarter being December quarter. The first and third quarter, third quarter is the best, then comes first, then second, and then the fourth. So that's how it is going to play out. And if we do better then of course it overshadows. So, we are hoping to do better going forward with some of the initiatives we have. So that being said, some of the significant gains that we have got in this quarter is we have signed up a new sportswear client out of Europe, again through an agency, which is doing a lot of spend on the video side, it has actually helped us keep things sane and stable. We are very happy about that addition. Then we also have a new consumer electronics client from the US, and then our publisher recruitment team has made a few changes in their approach and we are hoping to add a few more new publishers. We are also working on a new video delivery system. We are signing up again with a partner there. There was a question regarding our social media relationship with Facebook. Just wanted to clarify, we are very independent, there is nothing that ties us down to any one social media player. We do not have any exclusivity with Facebook, in terms of- only we should work with Facebook and nobody else. In fact we work with Twitter, we work with LinkedIn, we work with, I mean whoever, new company is there and we have an open contract with all the partners that we have.

And we are looking at a few organizational changes, just to move things around and make ourselves more efficient, especially with respect to some of the automated stuff that happens in the business, they separate out agency business from programmatic buying, so that we are more efficient and manage profitability on both sides. We can have another, maybe next call I can talk more on the programmatic buying, which is an interesting part of our business and it continues to grow in the market. So, then coming to our product initiatives on Lycos, we have taken a design approach here, which is of minimalistic design with a flat design. We have a new approach to putting our look and feel together and our user experience that one experiences when going through our network of Lycos. The first step, we did is the home page redesign and I hope some of you have seen it and if not, you should. We are very proud of the simple, clean design that we have come up with. The idea here is to take that and percolate through other areas of the Lycos network. We have launched on the alpha level a new shopping experience, Lycos Shopping. We are testing a lot of things there, which are still in alpha stage and the system is pretty efficient. We are partnered there with Ziftr and we will be able to launch that in various countries in a very simple and easy manner with various vendors who are out there. We sign up, and then we will create a comparison solution for our users who come to the network. That is to be launched again in the next quarter or so.

Then, Lycos News is another piece that we have launched. This is also getting a lot of good feedback and we are taking some of those ideas that are outside of what we have already done. And the fourth one is our Lycos TV, which is a new concept we are trying. We are signing up with various partners there, we have already signed up with CNN to give us content, we have also signed up with Reuters to give us content, currently we have only launched News and Entertainment sections and we are looking to add more as we go and this is a novel idea where we are able to look at ROI positive the day we launch. We are testing that system; we are seeing extremely good results on that. There are a few new ideas we are not yet ready to talk about, we have

two more ideas that are being worked upon. Hopefully I will be able to explain in detail on those ideas on the next call.

And then, talking about the new methodology that Facebook recently announced, called Sequentially Targeted Ads, I had some enquiries about it. I am really pleased and surprised about the level of understanding some of you have on what is going on and I am really appreciative of your interaction with the company at that level. Fundamentally, it is a fairly simple concept. Today, when we access the Internet or we access video content, we go from device to device. Whether you are watching a video on your mobile device or you are watching it on your tablet or you are going forward and watching it back on your desktop. How do you ensure it is the same user going from point to point? Your ability to target ads at various stages of a sell process. The first one, you have a pitch video, then you have a sell video, and then it could be a closure on completion of a transaction. So on those lines Facebook launched the solution and while we have not been part of that, obviously it is an internal launch, we are closely on their heels. We are embedding that into our solution as we speak, we should be able to launch that in a week or 10 days from now, and we are on top of the technology itself, we are also adding some granularity to this concept. So, we are hoping to see good results from that as well. So, with that I will stop and then open up for questions.

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 question please press * and 1 on your telephone keypad.

The first question we have is from Mr. Imran Ghani from New Delhi. Please go ahead.

Imran Ghani: Good evening to you all.

Suresh Reddy: Good evening sir.

Imran Ghani: Yeah. I have two - three questions and before that I must congratulate you for delivering a great set of numbers.

Suresh Reddy: Thank you.

Imran Ghani: My first question will be on the cost of borrowings, which is around approximately 15% and it proved to be too high. What chance we have to reduce that and how much reduction can we have on the savings per annum on that front?

Suresh Reddy: I will just touch on the high level idea may be if you have more detailed question, Mr. Amreek can answer this. We do understand the cost of it is pretty high and we are looking at various proposals on how we can bring that down. One is we have been paying down on the debt using some of the cash flows in the past. We will continue to do that from part of the profits. Number 2 is, we are looking at a low cost borrowing option. Since our business is quite international, so we are trying to see if we can get low cost borrowing outside of the country. We have a couple of options we are looking at. But some of them we are just trying to work out on the terms. I do have term sheet from somebody in the US and then in talks with few people in Europe, but you know we have not finalized on that.

Imran Ghani: How soon we can do that, because we are losing money. As a stakeholder I am asking, these are mine. Your stakes are high, I know...

Suresh Reddy: Yeah, I completely agree with you, but some of these things take time and you know, and we should not risk the company into something which is not well thought through. So we are trying to take steps carefully so that we take the right move forward.

Imran Ghani: Without any offence to anyone, but stopping of a higher cost debt through a lower cost is no risk to accomplish at all, we are already paying 15%, which is equal to 4, 3, 5, 7, 8% that is not a risk at all to the company.

Suresh Reddy: No, no, that's not...you are absolutely right. But there are other factors...usually all these have various other things tied up with it, so we have to look at other terms. I mean, obviously the cost is affected, you are right, but there are other terms that we are looking at, which could be a risk to the overall company. If they want first charge, they want all kinds of different things, various parts of the business, so we are trying to negotiate those parts. These are the other terms that we are negotiating.

Imran Ghani: Okay, good. The next question would be on Lycos revenue. How much is the share of Lycos revenue in quarter 1 turnover, because it is already generating revenues you said in last quarter.

Suresh Reddy: Yeah, yeah. See, typically, no, on an annual basis, we were doing about 30 - 33 million, which is still a small fraction...

Imran Ghani: Millions you said, right?

Suresh Reddy: Yeah, 33 million US dollars, which is about, I would say 13% to 14% of the overall business. What we are trying to do with some of the new product launches, there are two parts to this, the way we are looking at revenue today is, there is a steady growth plan and a steady business which is your Digital Marketing business, and then the second part is your Lycos part, which is, if we have some of the products that we are launching, build traction and start getting user base in to it. We are putting all efforts to get out the right product out there with all the right experience, so that we can start increasing users. So that's the goal. If that starts to happen then, you know, for all you know Lycos revenue should go beyond the rest of it. That's our lottery ticket and this is our insurance.

Imran Ghani: Okay. Down the line, like two to three years, what would be the percentage of revenue of Lycos in overall turnover?

Suresh Reddy: I really don't have an answer for that because it is two, three years down the road. My hopes I can tell you, I have big dreams for the overall business, putting ourselves on a global scale. We really feel that we can compete on a global scale and play alongside the big boys of today. So, it is a matter of proving ourselves and getting there. So that could be a very large revenue and make Lycos it could be big percentage of revenue and it is very hard to put a number right now, but the aspirations are really high.

Imran Ghani: Okay. We respect that and value that to be honest, and that is why we are with you, to be honest.

Suresh Reddy: Thank you very much sir. We appreciate you being with us.

Imran Ghani: The next question will be on taxes, how much advance tax the company has paid out of this. 40 odd crores or something like that?

Amreek Singh Sandhu: 41 crores is a consolidated figure, the Indian standalone figure is very small amount.

Imran Ghani: What is the breakup of that?

Amreek Singh Sandhu: I can tell you for Standalone. For 31st March it's between Rs. 2 to 3 lakhs, and consolidated is 39 crores.

Imran Ghani: I am talking about this current financial year, Advance tax...

Amreek Singh Sandhu: For current year it is nothing as of now.

Imran Ghani: We have paid no advance tax at all?

Amreek Singh Sandhu: No, we have not paid this year, last year we have paid. TDS net off is there.

Imran Ghani: Okay, I got it.

Amreek Singh Sandhu: So that's why we don't need to pay.

Imran Ghani: Right, I understand. And the next question would be on NSE listing. What is the status of application as of now?

Amreek Singh Sandhu: NSE listing, we have filed documents; they have asked for some more documents, we are in the process of filing these documents. May be next week we will file. The list is very big; they keep on coming up with the latest information and all that.

Imran Ghani: Don't they give the complete list in one go? So that one can submit the entire documents in one go. Now we since we applied fresh application again they are asking for the documents? So, we have all those documents, right?

Amreek Singh Sandhu: Yeah, yeah. Earlier also we filed but they have asked for fresh board regulation, fresh documents for that.

Imran Ghani: Okay. So next week we are filing the rest of the documents.

Amreek Singh Sandhu: Yeah, yeah.

Suresh Reddy: On the NSE, just to add a point, we do see it is important given the size of the business, it is very critical to be on both exchanges, so we have actually started to push hard on trying to get this done sooner than later. There is a serious emphasis on moving that faster. There have been delays for various reasons. We are trying to rectify that and we will update you once that is done.

Imran Ghani: Thank you. NSE for me is a small step, to be honest, I am looking...

Suresh Reddy: Yeah, I know. We understand the importance totally.

Imran Ghani: I am looking for NASDAQ listing, NSE listing, and things like that. And if you can share out last question may be...

Suresh Reddy: I think we should give a chance to others also. If this is the last question...

Imran Ghani: One small question. May be I am representing others here...?

Suresh Reddy: Please go ahead.

Imran Ghani: Who are the big investors you have added after June 30th, this 30 lakhs block deal that you have told, can you share the name of the person or the organization?

Suresh Reddy: I think we are sending the shareholding info out every quarter.

Amreek Singh Sandhu: 30th June shareholding is filed.

Suresh Reddy: Yeah, it should be there as part of that. It is one of those new people who got added there.

Imran Ghani: Yeah. Is it the same one, of this 36 lakh sale?

Suresh Reddy: Yeah.

Imran Ghani: Okay, thanks a lot and May God bless you all and we grow together.

Suresh Reddy: Thank you very much sir.

Moderator: Thank you, sir. The next question we have from Mr. Ray NPM from Chennai. Please go ahead.

Ray NPM: Good evening, Suresh.

Suresh Reddy: Good evening, sir, how are you?

Ray NPM: Yeah, I am doing well and thanks a lot for addressing some of those queries that I had up front.

Suresh Reddy: Exactly.

Ray NPM: Yeah, especially on your relationship with Facebook. I was a little worried whether...I see an overlap of the way Ybrant is positioning itself in the future, there could be some kind of an overlap with even Facebook, so that was one concern I had and the other thing is that this Amazon, Amazon is the other company. Definitely when you are going to go live on Lycos, you are going to also compete with Amazon, that is why those two questions. I really appreciate your candid answers on that. The other question that I have, now that you have answered that, I will quickly jump over, is that how do you wish to position Lycos, what kind of geo's are you targeting and what kind of a strategy in the sense, obviously you wouldn't want to go with the inventory model and is it something, are you trying to take a leaf out of Alibaba in the US or how would you differentiate Lycos from some of the other shopping companies like even (*inaudible*) or any of these companies, though (*inaudible*) is native to China, what is your bigger strategy and why is India not a

part of this, are you only looking at the dollar revenues and that is my question to you and I think some of the recent clients, ones that you have highlighted, are I think on the basis of oneTag so that is very impressive and let me congratulate your entire team on that. So, if you can only enumerate on Lycos for me that is more than sufficient.

Suresh Reddy: Beautiful, yeah, thank you Ray, I think your questions have been, that's one of the points I mentioned in my earlier when I first started the conversation. Again I am amazed at the level of understanding you have about the industry and the technology. Thank you so much because while we are part of it, from the outside you are able to see where it is going. I appreciate all the input. The important thing in terms of Lycos positioning is, again it is like there is a strategy which is very clear in our heads on how to go out there and put it up there. Like any other strategy in the world while we want to share with our partners, with our shareholders, we are wary of revealing too much to the competition and putting ourselves in a back foot. So please understand I will try my best to explain at a very high level. I may not be able to talk at a very detailed level. You compared Lycos, you said how do you position yourself with respect to an Amazon or an Alibaba or any of those other guys? Fundamentally, like I think I talked about it last time also, the way we are seeing it is there is a... Lycos when it started off was a search engine. The idea there was to solve a problem that the users of internet have. The problem, that they were having then, was too many websites in the world and there was so much clutter. What is the reason for the existence of Lycos and Ybrant, this combination is what we actually introspected and what we came up with is, we need to go out there and simplify the user experience and get rid of clutter from user experience as the internet and as the whole digital media evolves. So that is our purpose. With that clear definition we are addressing, we are going in there and looking at what we can do. What is the issue today versus what was the issue back when Lycos was launched? And what is the issue tomorrow? Now, given the fact there would be connected devices, internet of everything, a lot of new apps and then there is the social paradigm and how do you take all these different disparate things happening across the world and put them all under one framework. Our approach to Lycos has been to create this framework, work on this

framework, put that together and start building around that. Are we an e-commerce solution like an Amazon? Probably not. Are we a search engine like a Google? Probably not. So it is more of a framework where it simplifies, it is a one simple place you can come in and it makes life easy for you to do all the things you want to do, through this medium. That is a very high level goal of Lycos. I am sure this doesn't answer all your questions, but that is the maximum I can talk about at this point. Now coming to is it US dollars alone or is it international? We are absolutely clear, this is an international play, but US is a testing ground. We want to ensure that we understand and we deploy it in the way that works in a country where the Internet penetration is high. Once we get a sense of that, we will start launching in various countries. On our next destination, we have two options, one is to go South America, two is to come to India. This path we are debating internally because these are the two areas that we have lot of feet on the ground that can give us feedback on how to go about it. So obviously first of all we need to ensure that the products we are launching will work in the US side, and then we start taking it out, that's the game plan in terms of tactically how we go about building that business. So on a very high level that is what it is and if I have not answered anything please feel free to ask me.

Ray NPM: No, no, that is perfect, I understand your constraints and I think it answers quite a bit for me. At this point I think...thanks a lot, thanks for your time.

Suresh Reddy: Thank you very much, sir thanks a lot.

Moderator: Thank you, sir. The next question we have from Sumin Kawatra, Delhi. Please go ahead. Sir, you may please go ahead.

Sumin Kawatra: Can I assume that all the three things you are planning to do since you own the Lycos model, that the various things we are trying to do on Lycos, like Lycos shopping, Lycos News or Lycos TV, can I assume that since you own the Lycos brand, you are the only ones who can attempt these things and many other competitors cannot enter these kinds of activities?

Suresh Reddy: Thank you. Obviously others can enter these activities, there is nothing that stops them, but they cannot have a Lycos TV, because Lycos is ours, that's the only difference.

Sumin Kawatra: Others, since you own a search engine, so others can enter this space, open to competition, all these activities are open to competition?

Suresh Reddy: Correct, sir.

Sumin Kawatra: Thank you.

Moderator: Thank you sir. The next question we have from Mr. Vijay Rawat from Pune, please go ahead.

Vijay Rawat: Hi, good afternoon, Mr. Reddy.

Suresh Reddy: Good afternoon, Mr. Vijay, how are you?

Vijay Rawat: Yeah, I am fine sir and first of all congratulations to you for building such a lovely organization.

Suresh Reddy: Thank you.

Vijay Rawat: Which is on the growth track and we can also participate in the growth.

Suresh Reddy: Thank you so much, I appreciate your thoughts,

Vijay Rawat: My question is sir that there is an equity dilution in the last two years there was about approximately 20%, so what was the reason for the equity dilution?

Suresh Reddy: Equity dilution in what, in the company?

Vijay Rawat: Promoter holdings, promoter holding was near about...

Suresh Reddy: I don't think your numbers are right, sir.

Vijay Rawat: Okay, I will skip this question; I will come to the next question. Sir, your stock price fell from 100 to Rs.3 from 2012 to March 2014, right?

Suresh Reddy: Right.

Vijay Rawat: So, what was the reason, because in the last your con call transcript I had read that you have mentioned FII exiting the stock was the reason, but in lot of other stocks, FII exit but this kind of deterioration was not there? So what were the other reasons which had so much of deterioration in your stock price?

Suresh Reddy: First thing is I am happy we have passed that stage; I think we should be looking forward and moving forward. The second thing is if you are concerned about what is it that we did not disclose that could have happened, we have disclosed everything exactly what the way it is, we have kept a very open communication channel there. Whatever we have mentioned is exactly what has happened. Continuously there was a sale by a few FIIs because for whatever reasons, nothing to do with the business itself, but more to do with their constraints that they had to just put it out in the market and i think usually what happens is you go out there and try to get a parallel investor to pick that up, which we did not effectively do at that time and then during that period to go back and think back, why is it that we were not able to effectively bring in, it was not a simple task by any means.

Vijay Rawat: So what happens, it had a lot of bad memories, because if the company has to go to the next level it has to perform in stock markets and it has to definitely have a confidence of shareholders, so definitely if you are taking measures in the future that is good enough.

Suresh Reddy: That is exactly what we are doing now.

Vijay Rawat: Definitely, so at least the volatility should not be so much that people cannot have their holdings intact. They will be so much restless or worried that what is happening with the stock.

Suresh Reddy: I will give you a little sense on it because, so that you add more perspective to that. See, what has happened is Ybrant was a privately held company and I know I have gone through it before but at the cost of repeating, we merged with a listed company and Ybrant, we have had shareholders for a long period of time and some of these shareholders have acquired shares for a very low price and so for some of them they decided to get out and so right now the wave is turning back, it is starting from the basest level and people are

coming at various levels, this is how things stand which is actually very strong and gives a good base for us and I don't proclaim to be a stock market expert by any means, but this is what I understand. I feel now we are much stronger irrespective, in a way it is actually we were able to clear up the volatile parts of the holding and now we have a stronger hand in the plate, is how we see it and we will continue to work on the same lines.

Vijay Rawat: No definitely, it is good, you are directly interacting with the shareholders, so all the information is direct now, so definitely, otherwise the feel what it gives is some operator is behind it, the company is not in the interest of shareholders, that kind of feel it gives, so any way this is fine sir, you are taking some steps. One more suggestion is there, annual report for FY14 is still not out.

Suresh Reddy: Yeah, we are in the works, we are just trying to do a good job of getting very clear information out there, you should see that out fairly soon and so that will all be part of, I think next month or so it should come out.

Vijay Rawat: Yeah, and NSE listing will definitely be a very...a feather in your cap, that will boost the confidence of stock holders. Yeah, so that should come soon.

Suresh Reddy: Definitely.

Vijay Rawat: So sir, the final question, maybe second last is how much debt we have reduced in FY14, because we don't have the detailed balance sheet, so we cannot see.

Suresh Reddy: I will have to see, top of my head I don't want to give you a wrong number, I can get back to you. Can we send that back, Rajesh to Mr. Vijay?

Vijay Rawat: Yeah, you can mail me; I have sent you a mail.

Vijay Rawat: So sir, the last question is, you said that Lycos revenue is 33 million or 3 million in FY14?

Suresh Reddy: Appx 30 million US dollars.

Vijay Rawat: Okay, that was in FY14 for the entire year?

Suresh Reddy: Correct.

Vijay Rawat: Right sir, so these were my questions and thank you so much.

Suresh Reddy: Thank you, Mr. Vijay.

Moderator: Thank you, sir. Dear participants if you have a question, please press * and 1 on your telephone keypad. I repeat, please press * and 1 on your telephone keypad. The next question we have from Mr. P. P. Purushothaman from Kerala, please go ahead.

P. P. Purushothaman: Good afternoon.

Suresh Reddy: Good afternoon, sir.

P. P. Purushothaman: Hello, good afternoon Reddy sir. See the last con call and the write off in the last three quarter has made so much of confusion, this time at least you have made the timing and other thing, it is, you have done it wonderfully, but the thing is that prior to that meeting, you have promised to all the people that some more write off will be there, so any, going forward in the next March are we again to see some write off things. What you anticipate or anything you want to apprise the shareholders?

Suresh Reddy: Yeah, I don't anticipate any write offs with respect to receivables. I am not an expert on all the components of the balance sheet and I think this was something that happened in the last quarter, which is what a small piece came off, otherwise there was no, this was not receivable, it is more of a balance sheet item which was sitting in the old legacy LGS, so which we thought did not make sense anymore. So, I think the way we are conducting business now we are very careful on who we signup as the client, we do our credit checks before hand and we want to ensure these are all collectable businesses that we are working with.

P. P. Purushothaman: One more question sir. All your foreign subsidiaries you have amalgamated and you have made a new subsidiary, how is it, in the industry perspective, how we will see better for the company?

Suresh Reddy: Yeah, thank you for bringing that up actually, yes it is a good question actually, I missed talking about it; in fact that is a really good question. We had announced that we had setup a subsidiary in Cayman Islands. The idea was to take all the digital assets and put it under the Cayman entity for various

efficiency purposes and that was the reason for doing that and it also gives us flexibility of taking that as a separate business and looking at potentially...

P. P. Purushothaman: You mean to say that all these yours, across Europe, America and all these numbers are to be consolidated to the Cayman Island and that is why this time you have come up with the result so quickly?

Suresh Reddy: That is still in works right now, but the idea here is to improve efficiencies both from operational and tax purposes.

P. P. Purushothaman: Whether it has not reflected so far?

Suresh Reddy: We have not yet.

P. P. Purushothaman: It is another question, Lycos there are lot of expectations from company as well as the shareholders like me, going forward, say I am not telling one or two years, what is the optimum level of Lycos launching, will it be attainable in one year time down the line or it will take more time?

Suresh Reddy: It should be within one year for sure.

P. P. Purushothaman: Yeah, one year let us take the maximum one year, then by that time the annual revenue of around 1600 crore what you are generating now, will it be hopeful of doubling it top and bottom line doubly or you are expectation is much beyond or...?

Suresh Reddy: No, I don't want to comment on that, because I don't want to comment on something I don't know. I was actually on a TV show the other day where they asked me a similar question.

My response was that all the information I have talked about 'as is business' we have without taking into account the additional profits and revenues we can get from Lycos, I am just talking as is and those are things which would be like I said it will be gravy on top, right. We have the basic and then on top of it you add gravy.

P. P. Purushothaman: Okay, one more thing sir, there are lot of new competition from India itself like TCS and all...digital divisions they are opening, how does that pose a threat to your business and I mean to say that all those people will not be a threat for our company?

Suresh Reddy: No. I have seen some of these discussions happening both in the news and amongst the people I am talking to, there are two aspects to it, I think people are talking about digital in a very generic sense. Government of India is talking about digitizing everything, so what that means is taking everything and making a digital equivalent of it, which is nothing but automating and putting on our computers, that is one aspect of it. The second aspect of it is digital marketing, digital media, social media and stuff. To give you some perspective, we are in this business for almost 15 years and we know people, we have built relationships in the US and across the world over the years and collectively we have a lot of years of experience, a lot of hands who are working on trying to make this happen and more importantly we are known in the market place clearly as one of the leaders doing digital marketing in various parts of the world. This is a clear advantage we have. In terms of efficiency and technology, we already have built now so we understand exactly what it takes for a campaign to work, exactly what it takes to help the end client. The second aspect is we have a...

P. P. Purushothaman: And digital advertising and market, what is the per year, I mean, at what percentage rate increase in all over the world, the business is increasing at what rate, sir?

Suresh Reddy: This is a huge market sir, it is a 100 billion dollar business turnover and year-on-year it has been growing consistently. I believe about 25 to 30% since 2000 and the world is changing, the world is accepting that as the way. The reason I will tell you, the core reason why digital marketing has actually grown is when you run an ad on TV you don't know if the ad works or not, the difference if you run the same ad through the digital media, when I say digital media, I talk about interactive closed loop system like internet, like your mobile, somebody uses it, somebody sees it, somebody clicks it, instantly you are able to say how many people have viewed your campaign or your service that you are advertising, how many people have shown interest, how many people have clicked it, how many people have made a sale. So all that data comes

back, so it is a closed loop system, so because of which worldwide advertisers are saying this is a better way to spend because I know, for the money I spend I know what I am getting back. Compared to your spending and only half of the money you spend you know works and you just don't know which half works. There is a clear advantage to advertising through the digital media and because of which worldwide it has grown significantly year-on-year, so we need to be part of this space and really be part of the growth along with the business and all in all in a very nutshell, it is a evolved mature market in the US and Europe whereas when you take the rest of the world, it is the fastest growing area and we as Ybrant identified this before anybody else in the marketplace. In fact the latest results out, if you can take a look at what Google got out, their rest of the world outside US and Europe have suddenly started to go beyond these two. So it just shows you that the trends that we caught are absolutely in line with what is going to happen going forward. So we are very hopeful and wanting to continue to improve our footprint globally to capture that opportunity.

P. P. Purushothaman: Thank you, sir.

Moderator: Thank you, sir. Ladies and gentlemen, this concludes your conference call 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. Thank you.

Suresh Reddy: Thank you.

Note: 1.This document has been edited to improve readability.