

SIMPLIFY YOUR
DIGITAL LIFE

16th ANNUAL
REPORT
FINANCIAL YEAR 2014-15

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Forward looking statement

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

Plot No.7A, MLA Colony, Road No.12, Banjara Hills,
Hyderabad - 500 034 Telangana, India.
Phone: +91 (40) 4567 8999 FAX: +91 (22) 66459677
CIN: L64203TG1999PLC030996
Email: ir@lycoscorp.com
www.lycos.com

Mr. M Suresh Kumar Reddy
Mr. Vijay Kancharla
Mr. M Vijaya Bhasker Reddy
Mr. Y Ramesh Reddy
Mr. Raghunath Allamsetty
Mrs. S.V Rajyalaxmi Reddy
Mr. Subrato Saha
Mr. Michael Loren Mauldin

SUBSIDIARIES

Ybrant Media Acquisition Inc

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

International Expressions Inc (VoloMP)

108 West, 13th Street, Wilmington,
Delaware 19801, USA.

Ybrant Digital Servicos De Publicidade LTDA

12995, Andar 18 Sala 36, 04.578-000, Brooklin
Novo, Sao Paulo, SP, Brazil.

Ybrant Digital (Brasil) Limited

188721, 333, North Bridge Road, #08-00,
KH KHEA Building, Singapore.

Dream ad S.A , Argentina

Av. Corrientes, 327 Piso 11,
Buenos Aires, Argentina.

Get Media Mexico S.A. DE CV

Presidente Masaryk No. 111, 1er. Piso, Col
Chapultepec, Morales, Mexico D.F.

Yreach Media Pvt Ltd

Plot No.7A, Road No.12, MLA Colony,
Banjara Hills, Hyderabad - 500 034 AP, India.

Max Interactive Pty Ltd

5 Kings Lane,
Darlinghurst, NSW 2010,
Australia

Bankers

Axis Bank Limited
Canara Bank
State Bank of India
ICICI Bank Limited

Chief Financial Officer

CA Y. Srinivasa Rao

Company Secretary

CS K Anusha

Online Media Solutions Limited (Oridian)

Sapir 3 Herzlia 46733,
PO Box 12637, Israel.

Dream ad S.A. Panama

av. Samuel Lewis y Calle 50,
Panama city, Panama.

LGS Global FZE

Ras Al Khaimah Free Trade Zone,
Ras Al Khaimah, UAE

Frontier Data Management Inc (MediosOne)

108 West, 13th Street, Wilmington,
Delaware 19801, USA.

Dyomo Corporation

16192, Coastal Highway, Lewes,
Delaware 19958-9776, County of Sussex, USA

Dream ad S.A. Chile

Padre tMariano 103 Of. 207,
Providencia Santiago de Chile, Chile.

Dream ad S.A, Uruguay

Ellaury 357, Of. 50, 2Piso, Montevideo,
Uruguay CP. 11300.

Auditors

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

Registrar and Share Transfer Agent

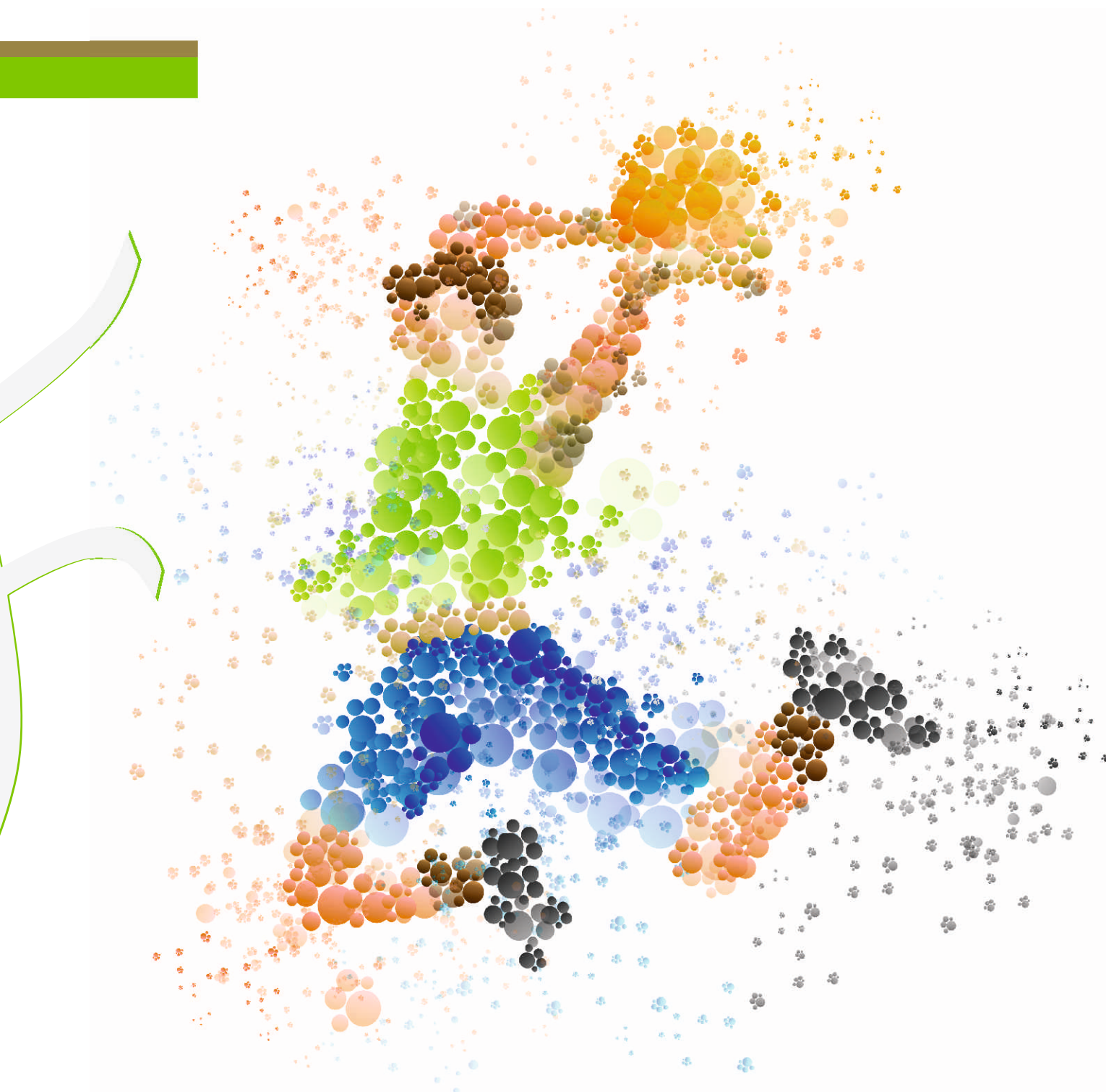
Aarthi Consultants Private Limited,
1-2-285, Domalguda,
Hyderabad-500 029, Telangana, India
Phone: +91 (40) 2763 8111,
+91 (40) 2763 4445, +91 (40) 2764 2217
Email: info@arthiconsultants.com ; Fax: +91 (40) 2763 2184

INNOVATION

DETERMINED GROWTH

LYCOS Emphasizes INNOVATION

WE ENABLE
INNOVATION FOR
OUR
LONG TERM FUTURE



- ▶ Ybrant Digital was officially renamed to Lycos Internet Limited.
- ▶ LYCOS Gets Listed on the National Stock Exchange of India
- ▶ EdNoel appointed as new GM of Lycos Media (US)
- ▶ Lycos TV–With Lycos TV implementation, we have added new channel for gaming using Social tron feed.

LYCOS ADVERTISING

- ▶ Compass (OneTag) - Compass is the new name of One Tag, our in-house solution for managing publishers using a new-generation system, providing a turn-key solution that simplifies the publisher's integration and monetization tracking through a single platform and single tag. The Compass solution enables traffic monetization through different platforms on a single click. Our Account managers are now able to manage all their publishers' traffic in one place instead of managing their activity on multiple platforms, such as different ad servers and trading exchanges. The platform also has advanced automatic capabilities to handle technical and optimization related tasks.
- ▶ Video-During Q2, we have signed a deal with "Yashi" – A platform focused on programmatic video advertising on large players, targeting the geographies US, UK, CA, AU. The activity with Yashi is expected to expand significantly in Q3 and Q4. We are also co operating with most of the leading Video Advertisers and Video Ad Networks (Including: Tremor, Bright Roll, Spot X change, Ad ap. Tv and Live Rail).
- ▶ Bright Roll Video Summit-The participation and sponsorship of this event has enabled the company to get the latest in sights from advertisers when it comes to implementing programmatic buying and view ability .With a strong and growing relationship with Bright Roll which is a major player on the Online Video Advertising industry, Ybrant present edits latest developments on the video advertising arena for a large audience comprising of brand marketers, top agency executives and top quality publishers and technology providers.
- ▶ Sequential Targeting-We have implemented Sequential Targeting ability to match the one announced by Facebook last quarter. The next leap in advertising is literally the ability to leap across screens. Picture a brand's multi part marketing story that begins on your tablet and ends on your smart phone.
- ▶ Business Intelligence-This integration allows pulling and presenting important data that could be analyzed in one place. Then ew BI solution saves crucial time on manual work mainly when it comes to analysis and optimization of multiple data sources. We competed our first Bi integration platform for its Display and Video divisions using cutting edge technology and end-to-end solution on Google eco system. The platform includes advanced DB technology (using Google Big Quarry) and is integrated with multiple tech platforms. Ybrant division is expected to release several more BI solutions during Q3 and during 2015.
- ▶ Yield optimization platform (Waterfall) – A new - generation platform that open the doors to premium market places (including tier 1& tier 2 world wide publishers). This new solution will enable Ybrant and its publishers to increase their profit ability and to get higher results.



- o 'Play Buzz' which is one of the most popular social content publishing platforms.
- o 'The Denver Post' the leading daily news paper in Colorado and one of the largest circulated news papers in the US.
- o 'Gannett Broadcasting', one of the largest local content providers in the US.
- o 'MediaMath', one of the largest programmatic DSPs worldwide.

MediaBuy(Publishers)-

ExchangesTrading-

Brands(directcustomers)-

LYCOS LIFE

New products launched, Lycos Band & Lycos Ring.

M Suresh Kumar Reddy

Chairman and Managing Director



Dear Shareholders,

It gives me immense pleasure to update you on your company's progress for the year 2014-15. We had a fantastic year and I am very happy with the overall performance of the company. We have achieved over 22% growth in revenues from Digital marketing and media division. All of our businesses have delivered on the promise of strong revenues for the quarters gone by.

Business Review:

During the year your company achieved a turnover of Rs.1957 crores as against Rs.1673 crores in the last year. This is an increase of 16.95% against last year. The profit after tax for the year was Rs.342.22 crores as against Rs. 262 crores (excluding extraordinary items) last year; an increase of over 30.6% year-on-year. The earnings per share for the year were Rs. 7.19 as against Rs.4.64 last year. We had free cash flow of Rs. 81 crores this year. We've used about Rs. 68 crores of that money to pay banks. We paid off a sizeable portion of the long term and short term bank loans.

As you observe, the results for this financial year were very strong. Growth is never by mere chance; it is the result of forces working together. Our teams executed well in building solid revenue streams by aligning relevant technologies around best growth opportunities. We continue to focus on providing a simple yet powerful Internet experience to our users and clients. With the launch of LYCOS Life division, our entry into IoT space has opened up additional avenues.

The name change of your company from Ybrant Digital to LYCOS Internet Limited is helping us capitalize on the popularity of the name 'LYCOS' in the global marketplace and the recognition we are getting among the media and marketers especially in the US is exciting.

The Internet of Things (IoT) is the next mega-trend. IoT is emerging as the third wave in the development of the Internet. The 1990's fixed Internet wave connected 1 billion users while the 2000's mobile wave connected another 2 billion. The IoT has the potential to connect 10X as many (28 billion) 'things' to the Internet by 2020, ranging from bracelets to cars.

Gartner Inc., predicts today's 4.9 billion connected devices will grow five-fold to 25-28 billion by 2020. 'IoT services' spending is set to increase to \$263 billion over the next five years from \$69.5 billion in 2015. We are upbeat on IoT as a market and looking to capitalize on this growth opportunity.

With regards to digital media, around the world, advertisers will spend \$592.43 billion in 2015, according to new figures from eMarketer, an increase of 6.0% over 2014.

Currently, the top five spenders in each advertising category -- total paid media, digital and mobile, are the US, China, Japan, Germany and the UK. While the UK lags Japan and Germany in total media spending, its digital ad market outpaces both, with digital and mobile ads representing significantly higher shares of overall advertising than its two predecessors in the overall market. Otherwise, the rankings are consistent across all media markets.

The US remains the dominant advertising market worldwide. Next year, marketers will spend \$189.06 billion on ads in the US, an amount that represents 31.9% of the global ad market. That figure is also higher than the aggregated total for China, Japan, Germany and the UK. Through 2018, the US will essentially maintain that share, dipping to only 31.1%, and will continue to account for more in total media ad spending than the rest of the top five combined.

Mobile advertising is the key driver of growth around the world, and advertisers will spend \$64.25 billion worldwide on mobile in 2015, an increase of nearly 60% over 2014. That figure will reach \$158.55 billion by 2018, when mobile ads will account for 22.3% of all advertising spending worldwide.

The way the industry is progressing and the way the industry is changing, we believe that there is a paradigm shift. Our company being an Internet company, we have a clear sense of the direction the whole space is evolving into...

- Name change of the company to 'LYCOS Internet Limited' to capitalize on the brand 'LYCOS'.
- Listing of LYCOS on the NSE.
- Revamping of the Board. Significant being the inclusion of the Inventor and Founder of LYCOS, Michael L. Mauldin into your company board.
- LYCOS ranked 8th amongst the 'India's Next 500' companies.
- Launch of the LYCOS Life division focussed on consumer internet products.

- **Business Intelligence:** Platforms enabled by integration of first party data to online campaigns to optimize several video players were added.
- **Media Buying operation:** New enhanced solution to understand, evaluate and improve their performance on a daily basis was introduced.
- **Auto-bid development:** New auto tools, enabling advanced abilities were introduced for managing multiple publishers and advertisers with an added advantage of bid optimization which automatically finds the optimal bid in different demand side platforms.
- **Compass:** Investments on our in-house tool were focused on the deployment of the new Real Time Bidding technology as part of Compass Version 5.
- **Media Buying (Publishers):** Leading global publishers from various verticals such as entertainment, life-style, gaming, news, travel and more were added.
- **Video Advertising:** New RTB integration with one of the leading demand partners in US and partnership with Google were added for our video solutions.
- Mobile video advertising witnessed new partners. We also sponsored the 'BrightRoll summit' that took place in New York during April and participated in 'Ad-tech San Francisco' in order to meet new customers and to capitalize on new opportunities.
- Some of the of leading publishers were added this year by our Media Buying (Publishers/DSPs):
- PlayBuzz, one of the most popular social content publishing platforms. The Denver Post, the leading daily newspaper in Colorado and one of the largest circulated newspaper in the US. Gannett Broadcasting, one of the largest local content providers in the US. MediaMath, one of the largest programmatic DSP's worldwide. Daily News, one of the top US news magazines. MyFoxTV, a top entertainment US website. NY Post, one of US's top portals, and Medula Networks, a big LATAM Media House that operates major websites across Latin America.

- Improving on enhanced search advertising and increases in revenue has been noteworthy from last year.
- Exchanges Trading - We have joined AOL's marketplace as a premium traffic provider through their AdTech exchange.
- Brands (direct customers) –The division signed agreements with 'eBay' a leading eCommerce arena and Mobileye", world leader for vehicle safety technology.

- The new division focussing on consumer internet products (IoT) was launched in June 2015. LYCOS launched its IoT-enabled suite of products under the LYCOS Life label – The Band and the Ring along with an Android-based App.
- In July, LYCOS announced its LYCOS Life Band compatible with iOS devices and with advanced fitness features. The LYCOS Life activity tracker allows users to easily monitor steps, calories burned, distance and heart rate. LYCOS Life helps users meet their goals and its reminders motivate them to get up and get moving.
- Presently, the LYCOS Life products are available for purchase at: www.amazon.in

The video segment of our digital media business is being enhanced to capitalize on the fast growing video monetization segment. Presently, your company is streamlining its operations globally to focus more on the priority segments of business with renewed focus.

We will continue to test the high potential segment of IoT through its LYCOS Life products. The market has been very positive of the products both in India and in the US.

In summary, the game plan is continue to leverage the steady growth of the digital media markets and build out the IoT business to be ready for the explosive growth anticipated there. We intend to achieve this through smart and nimble teams that will innovate to create world class services and products.

Thank you all.

Warm Regards,
Suresh Reddy
Chairman and Managing Director



Mr. M Suresh Kumar Reddy
Chairman & Managing Director

Suresh is the Chairman & MD of Lycos. An entrepreneur with a commitment to building high value businesses, Suresh is responsible for promoting the success of the group and its worldwide functions and sustainability. With over a decade of online marketing and advertising experience, he has a strong understanding of building effective cross-country and cross-cultural business operations. He directs and supervises the group's strategy and its implementation globally.

Suresh founded two successful companies USAGreetings and Ybrant Technologies. He maintains a global network of trusted relationships with peer entrepreneurs, corporates, partners, institutions and the media. He has consummated, completed and integrated 10 major acquisitions for Ybrant Digital (presently Lycos), coupled with fund raising. The group under his leadership has raised \$100 million in equity and debt over a period of 7 years. Prior to co-founding two successful companies USAGreetings and Ybrant Technologies, he worked in various roles across different industries in Fortune 500 companies, such as Caterpillar, Chrysler, SBC(PacBell) and Charles Schwab. Suresh holds an M. S. in Engineering from the Iowa State University and a B. Tech. in Mechanical Engineering from the Indian Institute of Technology, Kharagpur, India.



Mr. Vijay Kancharla
Director

Vijay leads the innovations at Lycos. He is responsible for the company's worldwide technology enhancements and innovations. Vijay has been at the forefront of the internet revolution and has vast experience in building innovative solutions for the online market.

Prior to co-founding USAGreetings and Ybrant Technologies, he worked with some of the Fortune 500 companies, such as Hewlett Packard and Pacific Bell.

Vijay holds an M. S. in Computer Science from the University of Louisville and a B. Tech. from the Jawaharlal Nehru Technological University, Hyderabad, India.