



LYCOS INTERNET LIMITED

SIMPLIFY YOUR DIGITAL LIFE

17TH ANNUAL REPORT
FINANCIAL YEAR 2015-2016



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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.

CORPORATE INFORMATION

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Board of Directors

Mr. M Suresh Kumar Reddy
Mr. Vijay Kancharla
Mr. Y. Ramesh Reddy
Mr. Subrato Saha
Dr. K. Jayalakshmi Kumari

SUBSIDIARIES

Ybrant Media Acquisition Inc

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

International Expressions Inc (VoloMP)

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Delaware 19801, USA.

Ybrant Digital Servicos De Publicidade LTDA

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Ybrant Digital (Brasil) Limited

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Dream ad S.A , Argentina

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Get Media Mexico S.A. DE CV

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Chapultepec, Morales, Mexico D.F.

Yreach Media Pvt Ltd

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Max Interactive Pty Ltd

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Bankers

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

Chief Financial Officer

CA Y. Srinivasa Rao

Company Secretary

CS V. Sri Lakshmi

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

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Delaware 19958-9776, County of Sussex, USA

Dream ad S.A , Chile

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Providencia Santiago de Chile, Chile.

Dream ad S.A, Uruguay

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Uruguay CP. 11300.

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M/s. P. MURALI & CO
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Registrar and Share Transfer Agent

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Letter from the Chairman's Desk

We had a very strong year and pleased with the performance this year. I have to thank the various teams that had to push harder, work extra hard to make this happen. Amongst the significant developments this year, we launched programmatic product Brightcom, bringing together the legacy of 'Ybrant Digital' alongside the 'Brightcom' Media initiative. We also renewed another year of relationship with Yahoo! across the globe for contextual advertising and our LYCOS Life product featured among the top ten fitness bands in India.



Business Review:

Coming to business during the year, marketing was always driven by how users accessed the Internet media. Years ago, it was driven through a keyboard, through displays of desktop, laptop, tablet, all that is shifting at a very high level. It is going from static images to very dynamic moving videos. People are looking for more engaging content. You can see at the content distribution level, whether it is Facebook or Twitter or Google, all are shifting towards video, we are seeing more and more usage on the video side. Consequently, we see the advertisers are also shifting towards advertising on the video. This puts us in a very unique position as we saw that coming last year. While we had a sense, we didn't expect the speed at which the advertisers picked up. One of the interesting things about video is that it is very engaging content. So, obviously conversion rates have been significantly better. The mobile-based videos have picked up and as an intermediate medium, social media continues to pick up. These are the few things that are really changing and shifting things, in going from text based to video based consumption of media. We expect as we go forward that more voice based commands will drive this.

We witnessed growth in video advertising. We saw massive growth in the programmatic buying, which is automated buying through programs. Automated trading, buying and selling of media through online platform for advertisers and publishers. To address that market, LYCOS launched a new division called BRIGHTCOM this year. Brightcom brings together the legacy of 'Ybrant Digital' alongside the 'Brightcom' Media initiative. This combines data-driven technology together with the company's strong bonds with advertisers and publishers, all in one consolidated platform. Gali Arnon took on the role of CEO of Brightcom. She was transition out of her previous role as the General Manager of the Advertising division of LYCOS. Brightcom ranked number four globally in the Video Seller Trust Index done by Pixellate and also featured amongst the top Alternate Ad networks published by MonetizeMore.com.

Through Brightcom we signed up with Medula, a large conglomerate targeting US Hispanic population. We are happy to tell you that we have made this partnership. We have made partnership across all the devices at all levels, including display, video, mobile and social, all the areas.

We launched a product called Vid-In, a video advertising solution that we have offered both to our publishers and advertisers. The key feature that really worked for us, we had a nice solution to address above the fold, which is view-ability and another feature that really worked for us is the ability to have custom sizes. We were able to create custom size video ads, based on where and how the ad demands. The big part of which is the 'video on mobile' format.

In other significant developments, majors steps were taken to cut out any sort of fraudulent bot-based traffic. We have signed up with GeoEdge to improve ad verification and then for fraud detection. So, it overall it again gives a very important security to the advertisers that this is a clean proper traffic that they can easily advertise. In this challenging environment, we are very proud to say, our team has been able to sustain and grow.

In terms of LYCOS Media, we have renewed a contract with Yahoo for global contextual advertising and we are pretty excited about it. We see that as a big opportunity to grow revenue globally with advertiser fee that we get from Yahoo. Plus, we have partnered with Ezoic, which is part of the Google relationship, which will give us additional business. We have added a local ad feed from Dex Media.

Coming to the products, we added VAST engine to Compass to sell video traffic to DSPs (Demand Side Platforms) via RTB (Real Time Bidding).

LYCOS Life band, which is one of the wearable products that we have been working on. We have already started selling on Amazon, Flipkart and Snapdeal in India and on the Amazon in the US. This product was picked as one of the top ten fitness bands by IOT India Magazine. We are pretty excited about LYCOS Life as a division.

In terms of key appointments that have happened this year, Mr. Ramesh Reddy has been appointed as Group Chief Financial Officer. He brings in a lot of experience, expertise and knowledge, from what the

shareholders need and how to run a global enterprise. He has always been a friend and advisor to Lycos over the years. The second one is Dr. Jayalakshmi Kumari came in as an Independent Director. Dr. Jayalakshmi also comes from a very different background. She brings in an alternate view and added strength to the board. And the third important appointment this year is Ms. Gali Arnon in Israel. She was already a part of the team. She was the General Manager of the LYCOS advertising group.

Moving Forward:

We are looking at improving our tools to make online marketing more relevant and current with the changing market conditions. Emergence of video and social media included. The areas of digital marketing that continue to intrigue us are Influencer marketing, Ad viewability and Wearables/IOT. We believe these areas will pick momentum this year and expect to capitalize on it.

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

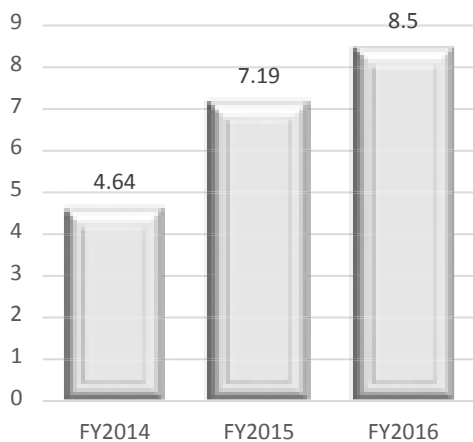
Warm Regards,

Suresh Reddy
Chairman and Managing Director

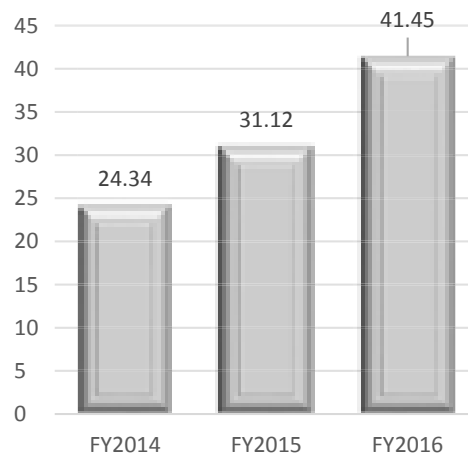
Handwriting practice lines consisting of 20 sets of three horizontal dashed lines.

Key Metrics

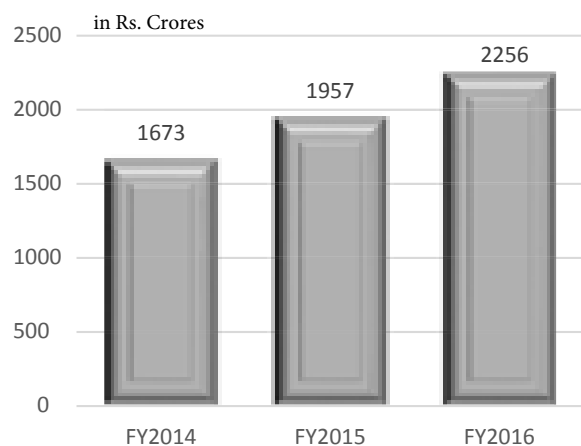
EPS



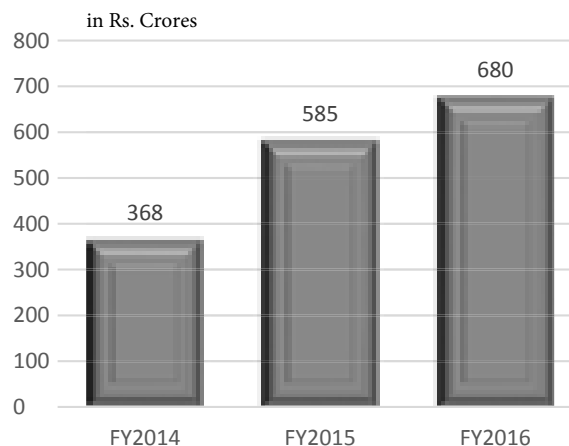
Book Value



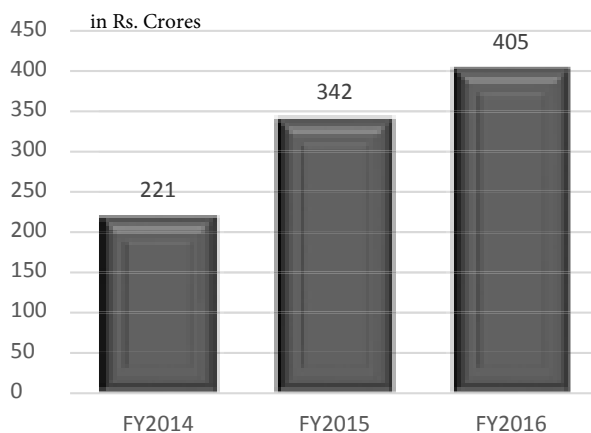
Revenue



EBIDTA



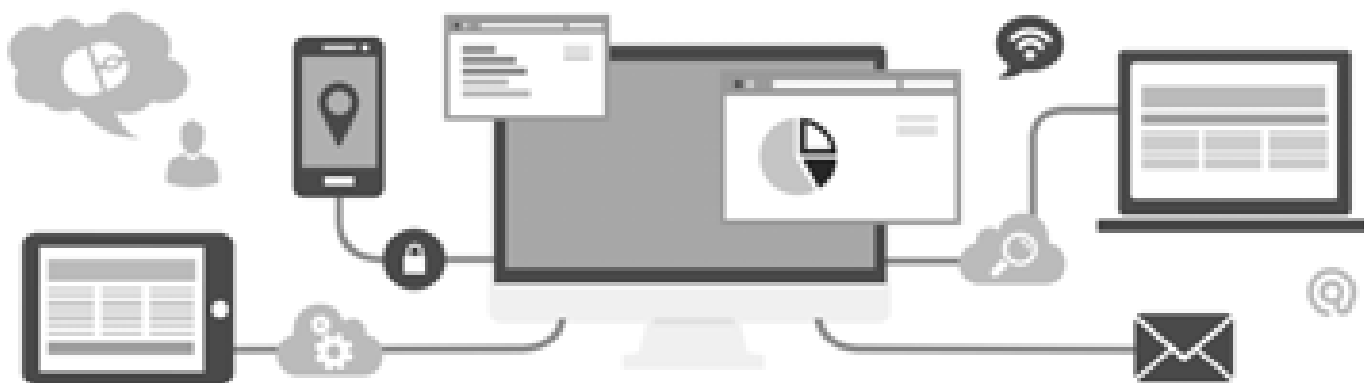
PAT



BUSINESS REVIEW

LYCOS ADVERTISING:

- ❖ **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.
- ❖ 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.
- ❖ **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. We added New VAST engine to Compass to sell video traffic to DSPs (Demand Side Platforms) via RTB (Ringback Tone Advertising).



- ❖ Started Microsoft Ad operations for the Latin American Pan Regional Market.
- ❖ Started operating inventory of Medula, a 100% publisher owned and operated, and one of the largest editorial houses in Latin America.
- ❖ Two products were introduced to the publishers - anti-ad blockers solution and search in-site engaging solutions.
- ❖ A new product, 'Vid-In' was launched that helps publishers monetize their inventory in unique ways by providing them a customizable large video player and tailor-made content.
- ❖ A significant delegation participated in Dmexco, the biggest event in the ad-tech industry, this generated substantial new business opportunities and revitalized existing partnerships. Technology

- ❖ **Business Intelligence:** We completed the development and QA of 2 essential data platforms for the small player and Media Buyers dashboards.
- ❖ Started working together with a European SSP (Sell Side Platform) for European demand. In addition, one of our main and well-known demand partners approved our mobile supply.
- ❖ **LYCOS launches Brightcom:** Brightcom brings together the legacy of 'Ybrant Digital' alongside the 'Brightcom' Media initiative. This combines data-driven technology together with the company's strong bonds with advertisers and publishers, all in one consolidated platform.

LYCOS MEDIA:

- ❖ Rebranded and launched 10 new Search verticals including: Business, Economy, Money Matters, Show Biz, Entertainment, Health, Money, Sports, Technology and Travel. Users can now select Lycos and these verticals as there start pages which result in increased search traffic.
- ❖ Launched a new deal with Dex Online with a new Supermedia (local) feed. It is live on whowhere.com.
- ❖ Renewed the deal with Google for contextual advertising which increases our revenue share with them.
- ❖ The Boston team attended the 'Yahoo Partner Day' at Levis Stadium in San Jose, CA. The team is working on several new initiatives resulting from those meeting including LYCOS email platform and domain monetization ideas.
- ❖ Signed a deal with a content provider (Tinbu) whereby we will be launching 8 additional verticals of various topics including: lottery, horoscopes, celebrity, gas prices, weather, daily comics, 'today in history' and suduko.
- ❖ Partnered with Ezoic as part of the global Google relationship

