



brightcom group



LEADING THROUGH TECHNOLOGY
WINNING THROUGH PEOPLE

19th ANNUAL
REPORT
FINANCIAL YEAR 2017 - 18

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FORWARDLOOKING 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.

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CIN: L64203TG1999PLC030996
Email: ir@brightcomgroup.com
www.brightcomgroup.com

BOARD OF DIRECTORS

Mr. M Suresh Kumar Reddy
Mr. Vijay Kancharla
Mr. Raghunath Allamsetty
Dr. K. Jayalakshmi Kumari
Dr. Surabhi Sinha

SUBSIDIARIES**Online Media Solutions Limited (Oridian)**

Sapir 3 Herzlia 46733, PO Box 12637, Israel.

Ybrant Media Acquisition Inc

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

Dream ad S.A , Argentina

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

Dream ad S.A , Chile

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

Dream ad S.A, Uruguay

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

Dream ad S.A, Panama

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

Ybrant Digital (Brasil) Limited

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

LIL Projects Private Limited

Floor 5, Holiday Inn Express & Suites
Road No 2, Nanakramguda, Gachibowli,
Hyderabad, Telangana, India - 500032.

Max Interactive Pty Ltd

5 Kings Lane, Darlinghurst, NSW 2010, Australia

International Expressions Inc (VoloMP)

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

LGS Global FZE

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

Dyomo Corporation

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

Ybrant Digital Servicos De Publicidade LTDA

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

Frontier Data Management Inc (MediosOne)

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

Get Media Mexico S.A. DE CV

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

Yreach Media Private Limited

Floor 5, Holiday Inn Express & Suites
Road No 2, Nanakramguda, Gachibowli,
Hyderabad, Telangana, India - 500032.

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

AUDITORS

P C N & ASSOCIATES
CHARTERED ACCOUNTANTS
Plot No. 12, "N Heights" Ground Floor,
Software Layout Unit, Cyberabad,
Hyderabad - 500081.

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@aarthicconsultants.com Fax:+91 (40) 2763 2184



Dear Shareholders,

It gives me great pleasure to update you on your company's progress for the year 2017–18. We had a challenging year in the market, and I am happy with the overall performance of the company in spite of that.

We had a few significant announcements during the year. One is we proposed to change the name of the company to Brightcom Group Limited. A couple of reasons why we did the name change. One is, we feel that it is more reflective, more positive and brighter way of representing the company. Two, more importantly, we had a judgment in the Court of the US, concerning Lycos Inc., where the receivership of the shareholding of Lycos Inc. was handed over to the seller Daum Global Holdings. It was important not to leave any overhang, both regarding going forward or even having discussions on how to get closure. I believe it is a good move because the product with the name Brightcom we launched three years ago for programmatic buying and video advertising has been doing exceptionally well. We got an excellent reputation in the market and extending that to the overall group is going to be very helpful for the company.

Financial Review

During the year, your Company achieved a consolidated turnover of Rs. 2,420.28 Crores as against Rs. 2,452.00 Crores in the previous year with net profit of Rs. 407.00 Crores as against Rs. 429.24 Crores in the last year.

There has been a lot of consolidation, not just at your company, but also in the industry. Formats of advertising usage have changed significantly. The consumers have started to use and spend more time on video as opposed to text-based media and are more comfortable giving commands through voice as opposed to using the keyboard. Several companies lost significant business since they were not prepared for the changes. We are happy to report that we have maintained the revenue. These are interesting times for the industry because while there has been growth, the majority of that additional growth has gone to two or three leading companies. But, we think the percolative effects are beginning to come now, something like GDPR is also a good thing for us. It creates a level playing field for all the players.

Live video streaming and influencer marketing also came to life in 2017–18. New consumer technologies, like live-video, enabled users to capture the attention of their peers and build more than humble followings. These quasi-celebrity personalities are now being categorized as micro-influencers and are helping both large and small brands reach highly engaged audiences.

It was also a big year for search marketers. New result types showed that search engines were honing in on searching intent and attempting to align results that best matched that intent. Websites other than Google and Bing also looked to incorporate search into their core strategies. Pinterest's foray into visual search and Amazon's investment in audio assistants are proof of search expanding beyond traditional search engines.

We have actively invested in branding to maintain our market position as a trusted partner. Our offerings boast of high-quality premium inventory along with high viewability. We continued to improve our ad quality tools and were leading the pack regarding the IAB's ads.txt initiative. Most of our publishers have included Brightcom in their ads.txt files.

We conducted two roadshows in the US, one with publishers focus in California and New York, and one with focus on demand partners in New York, and one in Europe.

Traffic Quality

We Invested in traffic quality ("TQ") technology and automated tools to protect our demand partners and to position Brightcom as a trusted supplier in the market. We saw great success in preventing TQ issues and increased our share with leading demand partners. We developed in-house pre-bid traffic quality tool to further enhance our control over our inventory across the different supply. We integrated Pixelate and Fraudlogix into Brightcom's ad quality tools. We improved our ad quality measurements ("AQ") through internal processes to keep existing publishers happy as well as recruit new publishers

Optimization

We have invested in strengthening our operations' automated tools to support campaign optimisation to get ready for 2018–19. We Integrated Header Bidding to Compass, our Display SSP, which allows us to gather more data and make better decisions concerning optimisation is yielding better results for our publishers.

Engagement

We also launched a solution called Perspective Engage which improves consumer engagement when you run Video Ads online. We started a new content platform with Tinbu (www.tinbu.com) to provide more exciting and engaging content to our users.

Third Party Validation

During the year in programmatic advertising Industry, we were rated as number one in the world on consumer trust index in March of this year by Pixelate.

Artificial Intelligence

Perhaps one of the biggest marketing buzzwords of 2017–18 has been "AI" (Artificial Intelligence). The potential of AI is quite exciting to science fiction writers and marketers alike. AI is an answer to numerous difficulties that marketers have faced in scaling efforts to meet consumer needs and improve upon marketing practices. We have started to work on some projects which are very interesting and show a lot of promise for this technology.

GDPR

Big update on data protection this year has been the implementation of what is called the GDPR, which is General Data Protection Regulation of Europe and all the publishers needed to comply with that. This spurred up significant activity for companies across the industry. We were well prepared and ready to take it on. The initial first month, there was some slowdown because our advertisers were watching to see the impact, so there was a holdback on the budget, but later it is turning out to be a great positive for us. Mainly since it is acting as a means to neutralize any unfair advantages that few players enjoyed in the past.

Moving Forward

Much of what drove industry change in 2017–2018 is set to continue affecting marketing in 2018–19. Personalization may finally come to a head as AI, and machine learning lead the way in enhancing consumer communication. More profound marketing insights and a digital-first approach to advertising will give business leaders the ability to make a real impact on their conversations. Transparency is key to digital advertising as an industry. Without it, business leaders will not be able to trust in the results they are seeing from their internal departments and external partners.

Consumer behavior will also continue to change in 2018–19. Voice search promises to alter the way consumers engage with the web and in turn affect the way content managers think about their websites. Titanic shifts in traditional entertainment media is going to change the audio and video industries forever. 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 the business.

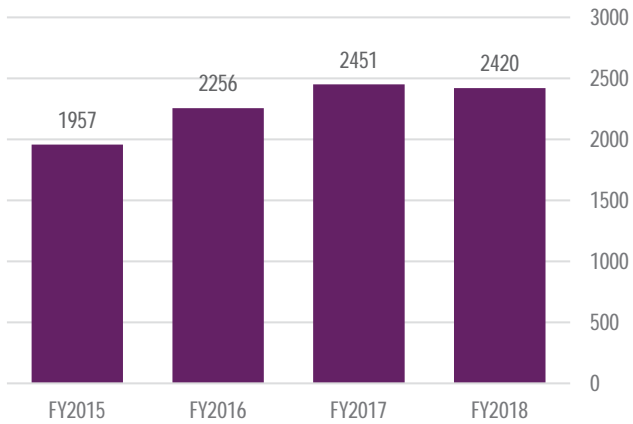
In summary, the game plan continues to leverage the steady growth of the digital media markets and build out the AI/IoT business to be ready for the explosive growth anticipated there. We intend to achieve this through smart and nimble teams that will innovate to create world-class services and products. Preparing for change, we will strive to stay ahead of the curve, by keeping a close eye on trends that reveal themselves as the year unfolds.

M Suresh Kumar Reddy

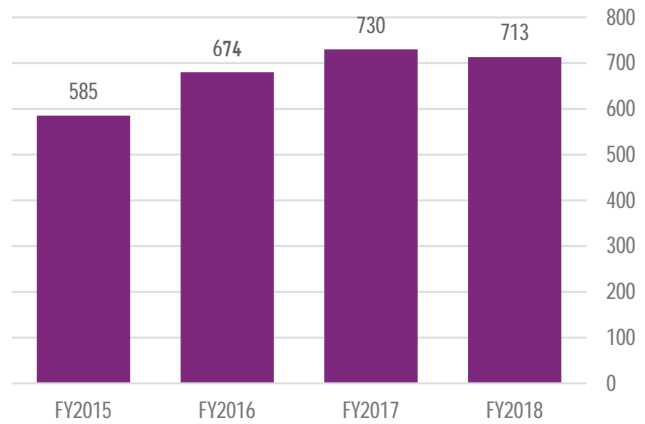
Chairman and Managing Director

KEY METRICS

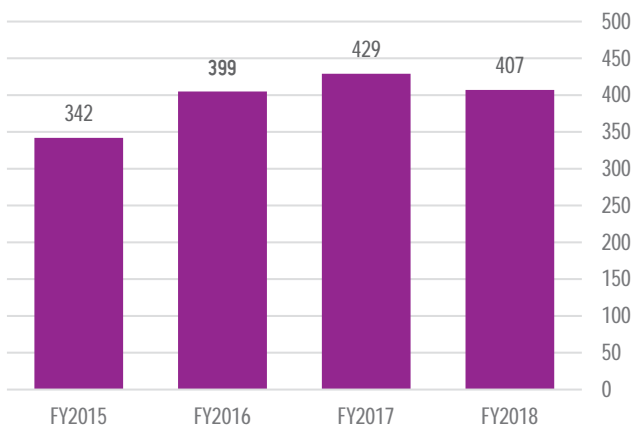
Revenue



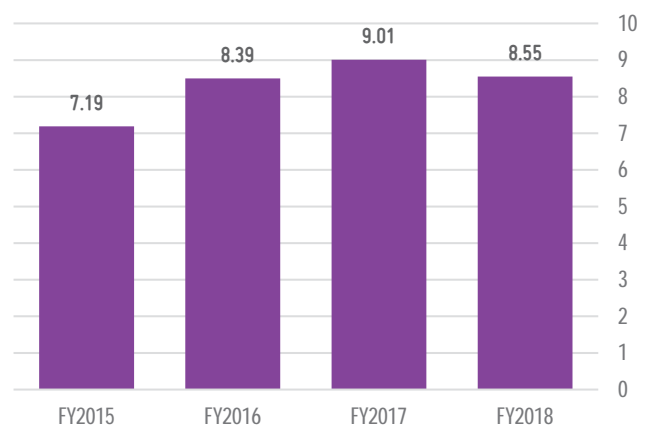
EBIDTA



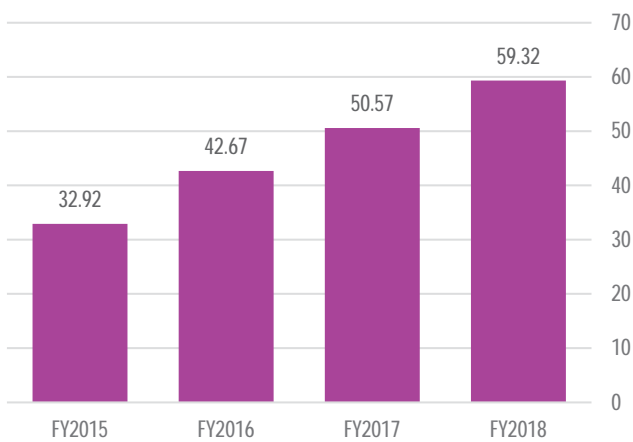
PAT



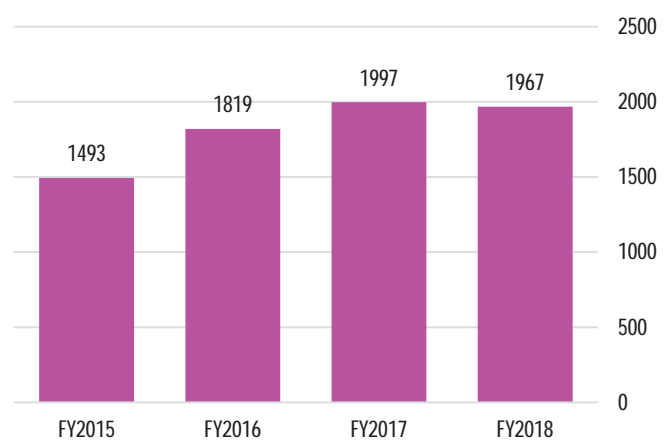
EPS



Book Value

















Digital Marketing Revenue

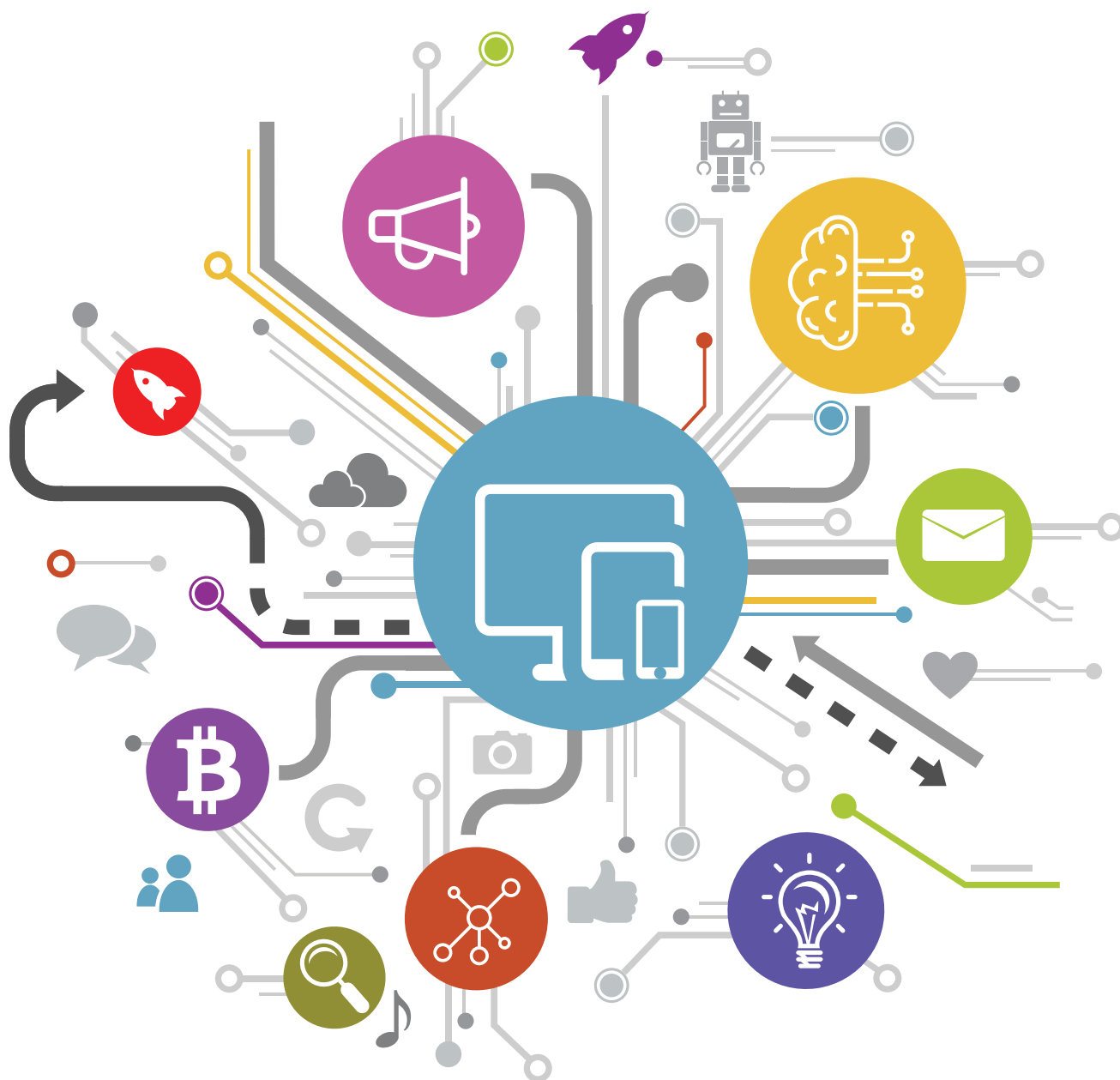


-  Lycos Internet Limited was officially renamed to Brightcom Group Limited.
-  Brightcom participated at the world converges at dmexco.
-  Brightcom Group at position #345 in The BW Real 500 list.
-  Integrated Pixalate and Fraudlogix into Brightcom's ad quality.
-  Integrated Header Bidding to Compass, our Display SSP.





BUSINESS REVIEW

Advertising

-  We actively invested in branding to maintain our market position as a trusted partner, with high quality, premium inventory with high view ability.
-  We continued to improve our ad quality tools, and were leading the pack in terms of the IAB ads.txt initiative, as most of our publishers have included Brightcom in their ads.txt files. We witnessed success in our ads.txt initiative, and we have 60+ publishers who have already implemented Brightcom in their ads.txt files.
-  Conducted two roadshows in the US, one with publishers focus in California and New York, and one with focus on demand partners in NYC, and one in Europe.
-  Invested in traffic quality ("TQ") technology and automated tools in order to protect our demand partners and to position Brightcom as a trusted supplier in the market.
-  We saw great success in preventing TQ issues and increased our share with leading demand partners.
-  We implemented an ad quality system. We improved our ad quality measurements ("AQ") through internal processes and managed to maintain existing publishers as well as recruit new well-known publishers. Recruited new supply and demand partners to reduce our dependency on specific publishers and demand partners. We are in the process of strengthening our operations' automated tools to support 24/7 optimization to get ready for 2018.
-  In September, the team participated in Dmexco in Germany.
-  In October, the team participated in Google think partners conference that took place in Ireland.
-  We strengthened our demand stack by adding leading demand partners to both our display and video activities.
-  We continue to focus on our direct publisher strategy and it is our highest priority.
-  Brightcom is joining forces behind the ads.txt initiative, and believes it will enable us to strengthen our leading position in the market.
-  We continue to atomize and optimize the daily work flow using new developments and algorithms.
-  Also launched and improved post-bid.com landing page geared to potential Demand side partners <https://www.post-bid.com/>
-  Working on a summer release of a new Web Publishing platform based on the Wordpress platform. There has been a lot of progress. This will provide more tools and functionality for our users. New equipment upgrade is in process as well in the new Equinix facility.



Technology

-  Our ongoing investment in traffic quality tools helped Brightcom grow as a significant supplier for many of our leading demand partners. It also improved our brand, and allowed us to gain traction with more publishers and demand partners.
-  Developed in-house pre-bid traffic quality tool to further enhance our control over our inventory across the different supply.
-  Integrated Header Bidding to Compass, our Display SSP, which allows us to gather more data and take better decisions in terms of optimization, yielding better results for our publishers.
-  Signed business agreements with additional mobile and desktop RTB partners to strengthen our demand.



Suresh Reddy

Chairman and CEO

Suresh is the Chairman & CEO of Brightcom Group. 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, 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 USA-Greetings 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.



Vijay Kancharla

Chief Innovation Officer

Vijay leads the innovations at Brightcom Group. 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.