

Date: 29th September, 2017

BSE Limited
P. J. Towers, Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai-400051.

Scrip Code: BSE: 532368 & NSE: LYCOS

Dear Sir,

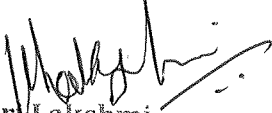
Sub: Submission of Annual Report – F.Y.2016-17

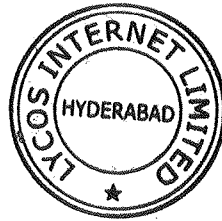
Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are forwarding herewith Annual Report for the Financial Year 2016-17 which has been duly adopted and approved at the 18th Annual General Meeting of the Company held on Wednesday, 27th September, 2017.

We request to please take the same on record and acknowledge.

Thanking you.

Yours Truly,
For LYCOS Internet Limited


V. Sri Lakshmi
Company Secretary



LYCOS INTERNET LIMITED

(Formerly Ybrant Digital Limited)

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

Tel: +91 (40) 67449910, efax: +91 (22) 66459677

CIN: L64203TG1999PLC030996

18th Annual Report

Financial Year 2016 - 2017

Simplify your Digital Life



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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

Registered Office

Floor 5, Holiday Inn Express & Suites
Road No 2, Nanakramguda,
Gachibowli, Hyderabad,
Telangana, India - 500032.
Phone: + 91 40 6744 9910
CIN: L64203TG1999PLC030996
Email: ir@lycoscorp.com www.lycos.com

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

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

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

Board of Directors

Mr. M Suresh Kumar Reddy
Mr. Vijay Kancharla
Mr. Subrato Saha
Dr. K. Jayalakshmi Kumari
Mr. Raghunath Allamsetty

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

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

LIL Projects Pvt Ltd

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

Auditors

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

Registrar and Share Transfer Agent

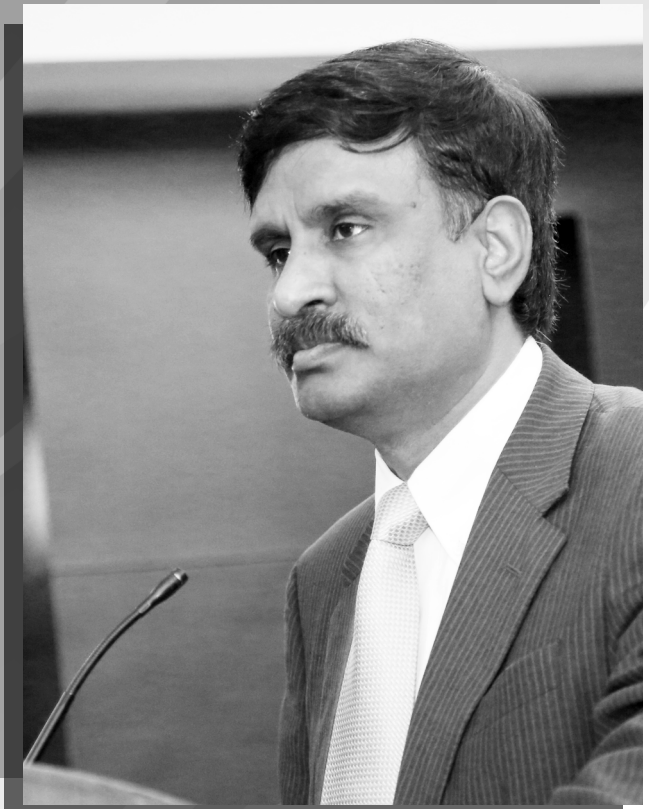
Aarthi Consultants Private Limited,
1-2-285, Domalguda, Hyderabad-500 029, Telangana, India
Phone: +91 (40) 2763 8111,
+91 (40) 2763 4445, +91 (40) 2764 2217
Email: info@aarthiconsultants.com ; Fax:+91 (40) 2763 2184

From the Chairman's Desk

We are excited because we produced better results than last year. In digital alone, we achieved almost 10% increase in revenues. We did well in a market that has been extremely challenging and volatile because of some significant changes. Some big industry players shifted. Banner advertising moved to video and mobile. Lot of competition fell off the charts. It has been a very interesting and a very challenging year.

One robust move that helped us post these results, for which I have to give full credit to our energetic team, is coming up with the solution of Brightcom - our video advertising solution which was launched during the year. This was a positive, ambitious and well-strategised move, in the way we launched it and timed it, and we are very proud about how it was readily accepted by the market. We were ranked number one last quarter on Video Seller Trust Index by Pixalate.

Mobile and Video business have grown significantly. We participated in a Mobile World Congress at Barcelona in February, which produced numerous leads and subsequent business.



On LYCOS media, we have a few updates. LYCOS media is in the beta test of Web Publishing platform based on the WordPress. We moved to a new colocation centre with Verizon facility - an important and long overdue move. We were cautious because there were a lot of legacy servers, legacy systems that we had to transition to new systems and we did it in stages.

We transitioned majority of domain registration business to Tucows to offer a more efficient email and domains purchasing platform to users. It will relieve us from a lot of day-to-day challenges there. We signed TinBu.com for newsfeed, which has been a very interesting feed across entertainment, sports, politics and news. We launched shopping.lycos.com in partnership with nextag.com.

Despite market volatility, we posted an annual revenue of Rs. 2,451.32 crores and earned a net profit of Rs.428.64 crores for the financial year ended 2017, against the previous year's revenue of Rs.2,255.90 crores and net profit of Rs.398.89 crores respectively. The digital segment revenues grew by 9.78% and overall revenue growth is 8.66% compared to last year.

Operationally speaking, LYCOS Head Office at Hyderabad, moved into a large open space this year. Brightcom, the advertising division of LYCOS in Israel moved into a new space as well.

Our principal focus going forward continues to be building products & services related to three things, digital marketing, digital media and futuristic applications of Internet.

In terms of geographic expansion, now is the time to look at India as a solid market for potential growth. With strong in-house competencies, we are well poised to embrace the challenges ahead. Alongside we are also evaluating M & A strategy that can complement our core strategy.

Technologically speaking, we will start to work at a deeper level on embedding the power of Machine Learning, Artificial Intelligence and Internet of Things into our products in the coming year.

From the services and enterprise side, most of these computing experiences are likely to be built in the cloud. The cloud is more secure, more cost effective, and provides the ability to take advantage of the latest technological advances.

From the consumer perspective, what personal computing meant, has transitioned from desktop computers in the late 90s to laptops a decade ago, and then to mobile computing in last 3 to 5 years; post that, we saw the wearable computing craze picking momentum; However we have early indicators that say the time has come for the device to totally fade away from our lives and AI/Intelligent assistant will represent personal computing irrespective of the form factor. Exciting times!

We at LYCOS are gearing up to take on these upcoming changes and challenges surrounding that. I sincerely thank our banks, financial institutions, shareholders, and business associates for their consistent support. Our employees and partners are the real source of our growth and success. I take pride in acknowledging and placing on record their contribution and wholehearted commitment to the growth of the company.

We are very excited about the future.

Warm regards

Suresh Reddy

Chairman & Managing Director

BOARD OF DIRECTORS

SURESH REDDY

Chairman & Managing Director

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.

VIJAY KANCHARLA

Executive Director & Chief Innovation Officer

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

SUBRATO SAHA

Independent Director

Subrato holds a degree in Chemical Engineering from IIT Kharagpur. He has over 26 years of experience, with 14 years in the corporate world and 12 years managing his own businesses. He has held several responsible positions in group companies of select Fortune 100 multinationals viz. Shell, ExxonMobil, Sabic and General Electric. Besides General Administration & Management, functionally he is trained in the areas of Process Engineering, Project & Production Management, Process Integration & Business Automation along with Operations Research.

Currently, he is based in Dubai, UAE. With his partner Anand, he runs a Chemical Supply & Distribution company – Aquachemie. Formed in 2008, AquaChemie operates throughout the GCC countries with multiple corporate offices, blending plants & warehouses. It works with over 100 large corporates in Oil & Gas Drilling, Refineries, Petrochemicals, Polymers, Power & Desalination Industry.

DR. K. JAYALAKSHMI KUMARI

Independent Director

Dr. Jayalakshmi Kumari has a Ph.D. in social sciences, an M.A in Economics, M.A in Political Science, M.Phil. & M.Ed., with years of experience in teaching. With proven ability to constantly challenge and improve existing processes and systems, she has been participating and rendering voluntary services to many social organizations.

With a deep passion for teaching, Dr. Jayalakshmi brings in 15 years of experience from the educational sector having worked for leading schools and colleges in Hyderabad. Presently, she is working with the Nalanda Educational Society as a faculty in the field of social sciences. In addition to this, she regularly conducts awareness programs for women's development, entrepreneurship, health camps, and does community services towards encouragement of economically weaker women. Dr. Jayalakshmi is also an Independent director in the listed company M/s Cambridge Technology Enterprises Ltd., Hyderabad.

RAGHUNATH ALLAMSETTY

Independent Director

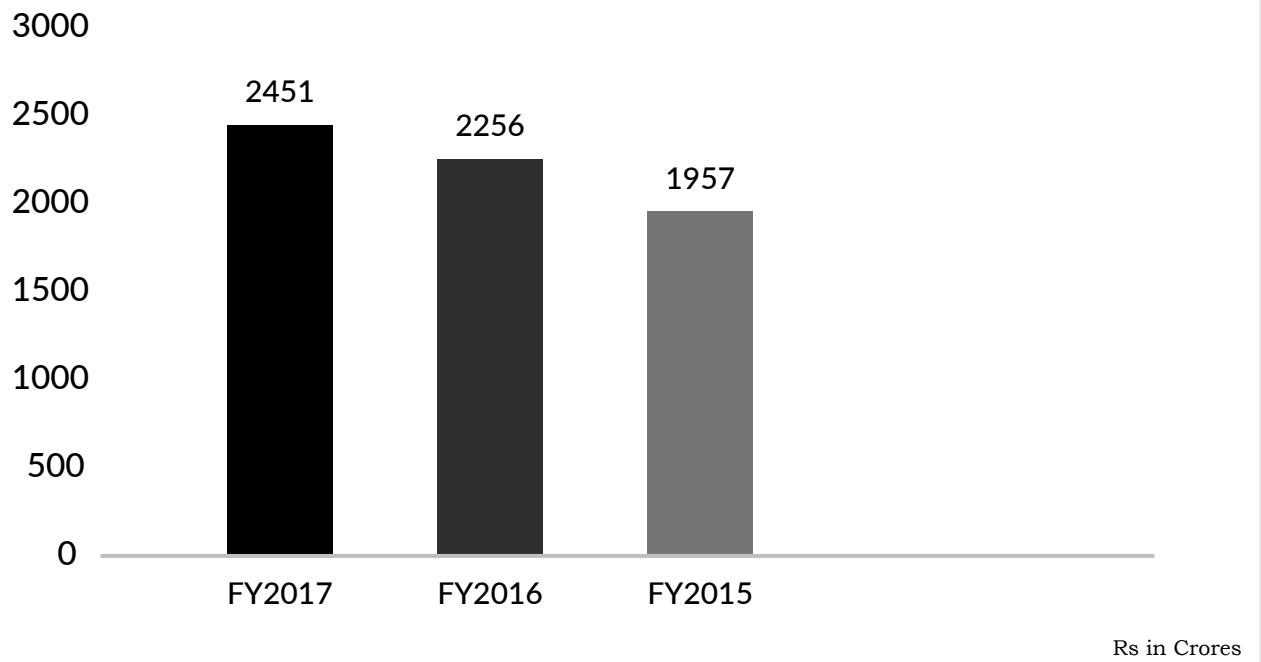
Raghunath Allamsetty, is one of the veteran IT professionals in the country, who co-founded many US-based technology start-ups in India. Raghu is the co-founder of Platys Communications in India, which is one of the first Fab-less digital high speed ASIC (Chip) design house in Hyderabad, that was acquired by Adaptec Inc., CA USA.

Raghu is well-connected and is the recipient of many key achievement awards from different forums. He was the Chairman of AMCHAM (American Chamber of Commerce) of the Hyderabad Chapter for the year 2004 and was re-elected in 2005. He is a very active member of the Organising Committee of the Hyderabad section of IEEE (Institute of Electrical and Electronic Engineers), Secretary – Japanese Business Council, affiliated to Indo-Japanese Chambers of Commerce in India, and Charter Member of TiE (The Indus Entrepreneurs). Raghu's past assignments include Vice President – Asia Pacific, for Intrepid Global Security Solutions Inc., based out of Miami, USA,; Managing Director of Apere India Private Limited, an Identity Management Solutions Company, Managing Director of Adaptec India Pvt. Ltd., and Co-founder & CEO of various organizations.

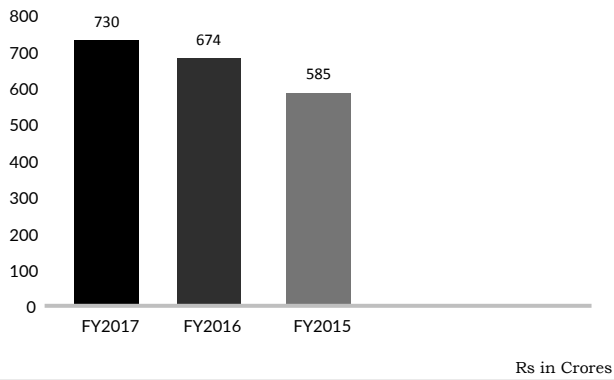
A people's person at heart and a manner of being extremely down to earth, he has brought in the best talent into the organisations and holds a coveted record of a hundred percent resource retention in aggressive market conditions.

KEY METRICS

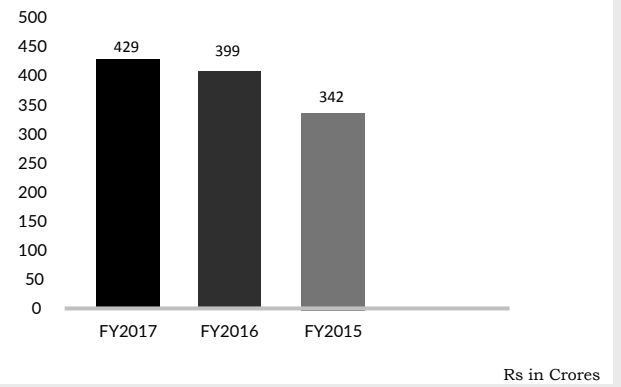
REVENUE



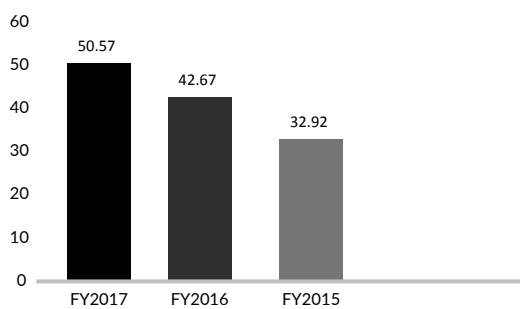
EBIDTA



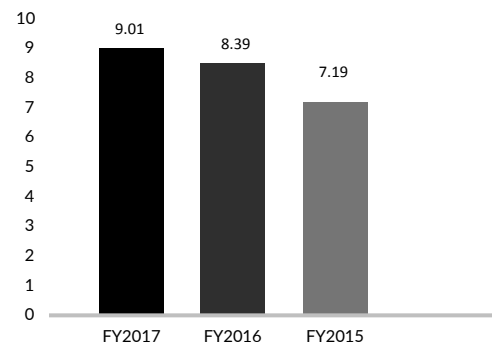
PAT



BOOK VALUE

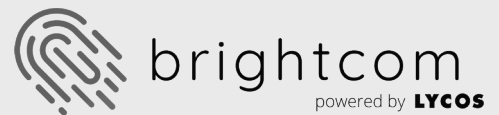


EPS



Business Review

Brightcom, Powered by LYCOS



Video Advertising

- Brightcom topped the Picalate's Video Trust Index (International)
- Brightcom released a new ad format – Anchored Ads. These high-impact ad units are anchored, meaning they remain visible even as users scroll up or down. They guarantee 70%-100% viewability, user-friendliness, and a visible "x" closes the ad.
- Header Bidding: The new header bidding solution helps publishers optimize their entire inventory by enabling all their demand partners to bid based on the real market value of each single impression.
- In-View: It is a highly viewable out-stream video format which generates additional video inventory on a website, allowing publishers to monetize non- video content with video ads. The In-View player expands and begins to play only when the player is more than 50% in view, giving users a non- intrusive viewing experience.

Programmatic

- Brightcom was chosen as a Top Alternative Ad Network in MonetizeMore's 2016 roundup
- Brightcom released a new ad format – Anchored Ads.
- Participated in a Mobile World Congress at Barcelona in February.
- Brightcom's Compass Platform was nominated as finalist for Best Ad Tech Tool at Cynopsis Model D Awards 2016.
- In October, the team participated in Digiday publishing summit in Miami.
- In November, the team participated in Programmatic Video and TV advertising summit in NY.

Compass

Launched Compass to combine Programmatic Video and Display Advertising into yield optimization & Ad Management Platform for:

- Ad server capabilities
- Real-time bidding (RTB) Tag integration
- Header Bidding Flexibility

Media Buying

- Launched post-bid.com landing page geared to potential Demand side partners
<https://www.post-bid.com>
- Integrated the top four ad quality tools into Brightcom's inventory and demand sources, a move which was also promoted extensively through the company's various marketing venues.



Technology

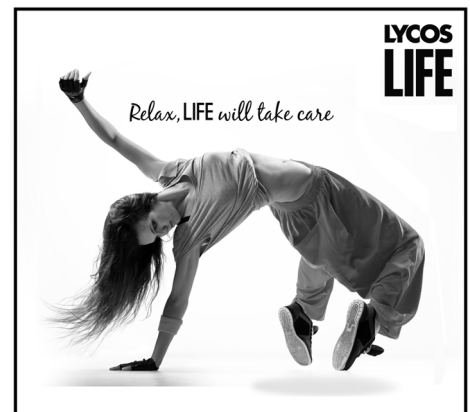
- Announced new integrations with GeoEdge and Forensiq to enhance viewability measurement and improve fraud detection capabilities for clients.
- GeoEdge, an ad-verification provider, has a similar role, but from a publisher perspective. It checks for malicious creatives, improving transparency between the advertiser and publisher.

LYCOS Media

- Announced signing up with ADX, leads to improved fill rates for the network.
- We have transitioned majority of our domain reselling business to our partnership with Tucows to offer a more efficient email and domains purchasing platform to our users.
- We have also signed tribu.com for our newsfeed, which has been a very interesting news across entertainment, news and across various verticals.
- LYCOS Sports was powered by Breaking Data to offer personalized game reporting, team news and social commentary.
- LYCOS Media is in the beta test of Web Publishing platform based on the Wordpress platform.
- Signed an agreement with Tinbu.com to expand our news content offerings
- Launched shopping.lycos.com in partnership with nextag.com.

LYCOS Life

- Product features are enhanced to be tested for Phase II initiative of the product.
- New product designs and enhanced improvements to the existing one and being looked into and evaluated.
- Following the soft launch, the team is working towards a full-fledged Launch of the brand once the new designs and product enhancements are in place.



Apollo Lycos Netcommerce (APLY)

- A client from the textiles business signed up for the development of end-to-end ecommerce portal with fulfilment needs.
- Apollo Leathers – Corporate website has been deployed.
- A multi-channel platform capability is in place to face the new challenges of clients from various verticals. Complete cycle of online presence, visibility, promotions and logistics fulfilment are integrated to target premium clients.



LYCOS INTERNET LIMITED

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of LYCOS Internet Limited will be held on Wednesday, September 27, 2017 at 11:30 A.M at Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad – 500032, Telangana to transact the following business.

ORDINARY BUSINESS:

1. Adoption of Financial Statements:

To receive, consider and adopt:

- (a) the audited financial statements of the company for the financial year ended 31st March, 2017, together with the reports of the Board of Directors and the Auditors thereon
- (b) the audited consolidated financial statements of the company for the financial year ended 31st March, 2017, together with the report of the Auditors thereon.

2. To appoint a Director in place of Mr. M. Suresh Kumar Reddy (DIN: 00140515) who retires by rotation and being eligible, offers himself for reappointment.

3. Appointment of Statutory Auditors of the Company

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 (“Act”) read with the Rules framed there under including any statutory modifications(s) or re-enactment(s) thereof for the time

being in force, M/s. Chandra Babu Naidu & Co., Chartered Accountants (Firm Registration No.016016S), be and are hereby appointed as the Statutory Auditors of the Company for a term of 5 (Five) consecutive years commencing from the conclusion of the 18th Annual General Meeting upto the conclusion of the 23rd Annual General Meeting of the Company (subject to ratification of their appointment at every AGM to the extent required under the Act) at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors”.

SPECIAL BUSINESS:

4. To Appoint Mr. Raghunath Allamsetty as an Independent Director.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of sections 149, 150, 152, and other applicable provisions of the Companies Act, 2013 and the Rules made there under read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable regulations of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, Mr. Raghunath Allamsetty (DIN: 00060018) who was appointed as an Additional Director (Independent) of the Company with effect from 27th December, 2016 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and Mr. Raghunath Allamsetty shall hold office for a term upto five consecutive years commencing from 27th December, 2016.”

**BY ORDER OF THE BOARD OF DIRECTORS
For LYCOS INTERNET LIMITED**

**M SURESH KUMAR REDDY
CHAIRMAN AND MANAGING DIRECTOR**

Place: Hyderabad
Date: August 21, 2017

Registered Office:
Floor: 5, Holiday Inn Express & Suites,
Road No: 2, Nanakramguda, Gachibowli,
Hyderabad – 500032, Telangana, India.
CIN:L64203TG1999PLC030996
Email:ir@lycoscorp.com;www.lycos.com
Tel:+91 40 67449910 efax: +91 22 66459677

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective, should reach the registered office of the Company at least 48 hours before the time of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. *The holder of proxy shall prove his identity at the time of attending the Meeting.*

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer books of the Company will remain closed from Thursday, the 21st September, 2017 to Wednesday, the 27th September, 2017 (both days inclusive).
5. Shareholders are requested to bring their folio number/demat account number/DPID-Client ID and are requested to sign at the place provided on the attendance slip and hand it over at the entrance to the venue of the Annual General Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
8. Members who hold shares in the dematerialized form and want to change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR Code of their bank to their Depository Participants. The Company will not entertain any direct request from such members

for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. While making payment of Dividend, Registrar is obliged to use only the data provided by the Depositories, in case of such demat shares.

9. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, M/s Aarthi Consultants Private Limited, Unit: Lycos Internet Limited, 1-2-285, Domalguda, Hyderabad - 500 029.
10. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant provisions of Companies (Management and Administration) Rules, 2014, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company are requested to submit their request with their valid e-mail address to M/s. Aarthi Consultants Private Limited. Members holding shares in demat form are requested to register/update their e-mail address with their Depository Participant(s) directly. Members of the Company, who have registered their email address, are entitled to receive such communication in physical form upon request.
11. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the 18th Annual General Meeting.
12. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to Members to exercise their right to vote by electronic means. The complete instructions on e-voting facility provided by the Company are annexed to this notice. Such remote e-voting facility is in addition to voting that may take place at the meeting venue on September 27, 2017.
13. The facility for voting through polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

14. The Company has appointed Mr. A Sridhar, Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.
15. Pursuant to Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting of the Company are provided in "Annexure to Notice". The Company has received the consents / declarations for their appointments / re-appointments under the Companies Act, 2013 and the rules there under.
16. Keeping in view the requirements set out in the Companies Act, 2013 read with the Rules framed there under, the Audit Committee and Board of Directors of the Company have recommended appointment of M/s. Chandra Babu Naidu & Co., Chartered Accountants (Firm Registration No. 016016S) as Statutory Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 23rd Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Company. The Board commends the Ordinary Resolution set out at Item No. 3 of the Notice for the approval of the members.

INSTRUCTIONS ON E-VOTING FACILITY:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 24, 2017 at 09:00 a.m. and ends on September 26, 2017 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 20, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Dividend Bank Details OR Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <LYCOS INTERNET LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- The Scrutinizer, after scrutinizing the votes cast at the meeting (Poll) and through remote e-voting, will, not later than 48 hours of conclusion of the Annual General Meeting, make a consolidated scrutinizer’s report and submit the same to the Chairman. Thereafter, the Chairman or any other person authorized by the Chairman shall declare the result of the voting forthwith.
- The Voting Results on above resolutions along with the Scrutinizer’s Report shall be placed on the Company’s website www.lycos.com and on the CDSL website www.evotingindia.com and be submitted to the BSE Limited and the National Stock Exchange of India Limited within 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.

Annexure to Notice

Details of Directors retiring by rotation / seeking appointment / re-appointment at the 18th Annual General Meeting

Name of Director	Mr. M. Suresh Kumar Reddy	Mr. Raghunath Allamsetty
Date of Birth	25.10.1966	21.02.1967
Date of Joining the Board	26.06.2012	27.12.2016
Category	Chairman & Managing Director	Non-Executive & Independent Director
Relationship with other Directors	None	None
Expertise in specific functional area	Software Industry and Business Intelligence Development	Project and Business Development and Technical Management
Qualification	Master of Science from Iowa State University and B.Tech from IIT, Kharagpur	Bachelor of Technology in Electronics and Communication from Osmania University and a Degree in Marketing from IGNOU
List of other directorship(s) held as on 31.03.2017 *	NIL	NIL
Chairman / Member of the Committee of the Board of Directors of the Company	Member of Stakeholders Relationship Committee and Corporate Social Responsibility	Chairman of the Audit Committee Member of the Stakeholders Relationship Committee and Nomination & Remuneration Committee
Chairman / Member of the Committees in other companies in which he/she is a Director	NIL	NIL
Number of shares held in the Company as on 31.03.2017	7,50,84,653	NIL

*(Excluding Private, Section 8 Companies & Foreign Companies)

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**ITEM NO.4**

Based on the recommendations of the Nomination & Remuneration Committee ("NRC"), the Board of Directors of the Company have appointed Mr. Raghunath Allamsetty, (DIN: 00060018) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

In terms of section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Raghunath Allamsetty being eligible and having given his consent, is proposed to be appointed as an Independent Director for a term of five years. The Company has received declaration from Mr. Raghunath Allamsetty that he meets the criteria of independence as prescribed both under Section 149 read with schedule IV of the Companies Act, 2013 and applicable Regulations of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with requisite deposit proposing the candidature of Mr. Raghunath Allamsetty for the office of Independent Director, to be appointed as such under the provisions of Section 149(6) of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr. Raghunath Allamsetty, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the rules made thereunder and he is independent of the Management. A copy of the letter for the appointment of Mr. Raghunath Allamsetty as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the registered office of the company during normal business hours on working days up to the date of AGM.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Mr. Raghunath Allamsetty as an Independent Director.

Excepting Mr. Raghunath Allamsetty, who is interested in his appointment, no other Director or Key Managerial Personnel or their relatives, is concerned or interested in the said appointment.

The Board recommends the resolution set forth in item No. 4 for the approval of the members.

**BY ORDER OF THE BOARD OF DIRECTORS
For LYCOS INTERNET LIMITED**

**M SURESH KUMAR REDDY
CHAIRMAN AND MANAGING DIRECTOR**

Place: Hyderabad
Date: August 21, 2017

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 18th Annual Report of the Company together with the Audited Financial Statements, for the financial year ended March 31, 2017.

Financial Highlights	(Rs. in Lakhs)			
Particulars	Consolidated FY 2016-17	Consolidated FY 2015-16	Standalone FY 2016-17	Standalone FY 2015-16
Total Revenue	2,45,200.48	2,25,585.58	46,623.05	45,940.62
Gross Profit before Interest, Depreciation & Tax	72,999.90	67,361.55	1,342.82	1,057.98
Less: Interest	1,524.13	1,589.69	1,523.27	1,588.72
Depreciation	9,574.25	6,364.72	142.71	217.84
Profit before Tax	61,901.53	59,407.14	(323.17)	(748.58)
Less: Provision for Tax	19,025.31	19,518.80	11.02	11.19
Less: Deferred Tax	(48.41)	(62.81)	(53.39)	(106.23)
Profit after Tax	42,924.62	39,951.14	(280.79)	(653.54)
Add: Other comprehensive income	(60.54)	(62.31)	(7.59)	(12.46)
Total comprehensive income for the period	42,864.09	39,888.84	(288.38)	(666.00)
Balance Brought forward from the previous year	1,35,244.21	95,356.40	7,786.21	8,453.24
Profit available for appropriations	1,78,108.29	1,35,245.23	7,497.83	7,787.24
Less: Dividend	476.25	-	476.25	-
Less: Tax on Dividends	96.96	-	96.95	-
Less: Amount transferred to retained earnings as per Schedule II of Companies Act, 2013		-	-	-
Less: Transferred to General Reserve	-	1.03	-	1.03
Profit Carried to Balance Sheet	1,77,535.08	1,35,244.21	6,924.63	7,786.21

Performance Review

During the year under review, your Company achieved a consolidated turnover of Rs. 2,45,200.48 lakhs as against Rs. 2,25,585.58 lakhs in the previous year. Your Company has earned a consolidated gross profit of Rs. 72,999.90 lakhs before interest, depreciation and tax as against Rs.67,361.55 lakhs in the previous year. After deducting financial charges of Rs.1,524.13 lakhs, depreciation of Rs.9,574.25 lakhs and provision for tax of Rs.19,025.31 lakhs, the operations resulted in

a net profit of Rs.42,924.62 lakhs as against Rs. 39,951.14lakhs in the previous year.

The digital segment revenues grew by 9.78 % and overall revenue growth is 8.66 % compared to previous year.

There is no change in the nature of business carried on by the Company during the year under review. Further information on the Business Overview and Outlook and the state of the affairs of the Company

and the Industry in which it operates, is discussed in detail in the Management Discussion & Analysis segment annexed to this report.

There are no Material Changes and Commitments affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this Report.

Deposits:

During the year, the Company has not accepted any public deposits..

Loans, Guarantees or Investments

The particulars of loans, guarantees, and investments have been disclosed in the financial statements.

Subsidiary Companies

The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing Agreement. The said policy is available at the Company website www.lycos.com.

Pursuant to Proviso to Section 129(3) of the Act, a statement containing the brief details of performance and financials of the Subsidiary Companies for the financial year ended March 31, 2017 is attached to Financial Statements of the Company.

During the year under review, the Company formed a wholly owned subsidiary "LIL Projects Private Limited".

Consolidated financial statements

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and in compliance with the provisions of Section 129(3) and other applicable provisions of the Companies Act, 2013 and the Accounting Standards on consolidated financial statements, your Directors have pleasure in attaching the consolidated financial statements for the financial year ended March 31, 2017, which forms part of the Annual Report.

Management's discussion and analysis

Management's discussion and analysis forms part of this annual report and is annexed to the Board's report.

Corporate Governance

Pursuant to the provisions of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate

Governance has been incorporated in the Annual Report for the information of the shareholders. A certificate from the Practicing Company Secretary regarding compliance with the conditions of Corporate Governance as stipulated under the said Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Annual Report.

Transfer of Un-Claimed Dividend to the Investor Education and Protection Fund.

Your Company during the year under review transferred the Unclaimed Dividend pertaining to the Financial Year 2008-09 to the Investor Education and Protection Fund in compliance with the provisions of Section 125 of the Companies Act, 2013.

Directors and key Managerial Personnel

In pursuance of Section 152 of the Companies Act, 2013 and the Rules framed there under, Mr. M. Suresh Kumar Reddy, CMD is liable to retire by rotation, at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

At the 17th Annual General Meeting of the Company held on 27th December, 2016 the Company has appointed Dr. K. Jayalakshmi Kumari as Independent Director under the Companies Act, 2013 for 5 years term which ends on 16th May, 2021 and Mr. Y. Ramesh Reddy as Executive Director (Finance) & Group CFO for a period of 5 years w.e.f. 09.05.2016.

A declaration of Independence in compliance with Section 149(6) of the Companies Act, 2013, has been taken on record from all the independent directors of the Company.

Mr. Y. Ramesh Reddy resigned as Independent Director w.e.f. 09th May, 2016. Mrs. S. V. Rajyalaxmi Reddy has resigned as Director of the Company w.e.f. 18th May, 2016. The Board of Directors records its sincere appreciation and recognition of the valuable contribution and services rendered by both during their association with the Company.

The Board of Directors appointed Mr. Raghunath Allamsetty as an Independent Director of the Company w.e.f. 27th December, 2016.

The resolution seeking approval of the Members for the appointment of Mr. Raghunath Allamsetty as an Independent Director for a term of five years have been incorporated in the notice of the annual general meeting of the Company.

The Company has received notice under Section 160 of the Act along with the requisite deposit proposing the appointment of Mr. Raghunath Allamsetty as an Independent Director.

The Policy on appointment and remuneration for Directors, Key Managerial Personnel and other employees as specified under Section 178(3) of the Act has been disclosed in Corporate Governance Report.

Board Evaluation

As required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an evaluation of all the directors, the Board as a whole and its committees was conducted based on the criteria and framework adopted by the Board.

The details of the said evaluation have been enumerated in the Corporate Governance Report, which is annexed to the Boards' Report.

Nomination and Remuneration Policy

The Company has adopted the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Companies Act, 2013 and SEBI(LODR) Regulations, 2015.

The Nomination and Remuneration Committee has considered the following factors while formulating the Policy:

- (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and all other employees is as per the Remuneration Policy of the Company. Details of the Remuneration Policy are given in the Corporate Governance Report.

Board and Committee Meetings

Nine meetings of the Board were held during the year. Detailed information regarding the meetings of the Board are included in the report on Corporate Governance, which forms part of the Board's Report.

The details of Boards Committees – the Audit Committee, the Nomination and Remuneration Committee, Stakeholders Relationship Committee and the Corporate Social Responsibility Committee have been disclosed separately in the Corporate Governance Report which is annexed to and forms part of this annual report.

The Audit Committee comprises Mr. Raghunath Allamsetty, Mr. Subrato Saha, Mr. Vijay Kancharla and Dr. K. Jayalakshmi Kumari as Members. There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board.

Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Act and the SEBI (LODR) Regulations, 2015.

Related Party Transactions

All related party transactions that were entered into during the financial year were in the ordinary course of the business of the Company and were on an arm's length basis. There were no materially significant related party transactions entered by the Company during the year with the Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

The policy on related party transactions as approved by the Audit Committee and the Board of Directors is hosted on the website of the Company www.lycos.com. Prior omnibus approvals from the Audit Committee are obtained for transactions which are repetitive and also normal in nature. Further, disclosures are made to the Committee and the Board on a quarterly basis.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, the requirement of furnishing the requisite details in Form AOC-2 is not applicable to the Company.

Details of the transactions with Related Parties are provided in the accompanying financial statements.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are as follows:

A. Details of Conservation of Energy

The operations of your company do not consume high levels of energy. The Company uses electric energy for its equipment such as computer terminals, air conditioners, lighting and utilities in the work premises. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipment with the latest technologies.

However, the requirement of disclosure of particulars with respect to conservation of energy as prescribed in the Section 134(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014 are not applicable to the Company and hence not provided.

B. Technology Absorption

The Information Technology (IT) and Information Technology Enabled Services (ITES) Industry are subject to high rate of technological obsolescence. The Company's business is Digital Marketing and Software Development. The change in the industry paradigm is dynamic. The Company is continuously updating these changes and constantly evaluating these developments to improve its capabilities towards the industry. Accordingly, research and development of new services, display advertising, platforms and methodologies, continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous improvements and innovations. As part of the continuous thrust on R&D, the company is also focused on Solutions Research and Vertical Focus Research. These would identify new ideas which would enable business process improvement for customers and would be aligned with the business strategy and growth opportunities of the organization. Our R & D activities are not capital intensive and we do not specifically provide for the same in our books.

C. Foreign Exchange Earnings and outgo

The particulars of earnings and expenditure in foreign exchange during the year are given in notes to Standalone financial statements.

Auditors

Statutory Auditors

M/s. P. Murali & Co., the statutory auditors of the Company hold office till the conclusion of the 18th Annual General Meeting of the Company. The Board has recommended the appointment of M/s. Chandra Babu Naidu & Co., as the statutory auditors of the Company in their place, for a term of five consecutive years, from the conclusion of the 18th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 23rd Annual General Meeting to be held in the year 2022, for approval of shareholders of the Company, based on the recommendation of the Audit Committee.

The Independent Auditors' Report to the Members of the Company on the Financial Statements for the Financial Year ended March 31, 2017 does not contain any qualification(s) or adverse observations.

The Board places on record its sincere appreciation of the services rendered by M/s. P. Murali & Co.,

Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

Secretarial Auditors

In compliance with the provisions of Section 204(1) of the Companies Act, 2013, the Company has appointed Mr. A. Sridhar, Practicing Company Secretary to conduct Secretarial Audit of the records and documents of the Company for the Financial Year 2016-17. The Secretarial Audit Report for the Financial Year ended 31st March, 2017 in Form MR-3 is annexed to the Board's Report - Annexure -A and forms part of this Report. The Secretarial Auditors' Report to the Members of the Company for the Financial Year ended March 31, 2017 does not contain any qualification(s) or adverse observations

Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

Extract of Annual Return

The extract of the Annual Return of the Company in Form MGT-9 in compliance with Section 92 of the Companies Act 2013 read with applicable Rules made there under is annexed to this Report as Annexure- B.

Internal Financial Controls and Risk Management

The details relating to internal financial controls and their adequacy and Risk Management are included in the Management Discussion and Analysis Report.

Vigil Mechanism/ Whistle Blower Policy

The Company had implemented a vigil mechanism, whereby employees, directors and other stakeholders can report matters such as unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Vigil Mechanism Policy is available on the Company's website www.lycos.com.

Particulars of Employees and related disclosures:

No Salary is being paid to Directors of the Company including Managing Director other than sitting fee to Independent Directors and hence the details as required to be disclosed under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration to Key Managerial Personnel) Rules, 2014 is not applicable.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

There was no employee employed throughout the year, who was in receipt of remuneration, in aggregate, more than One Crore Two Lakh Rupees. There was no employee employed throughout the year or any part thereof, who was in receipt of remuneration, at a rate, in aggregate, more than Eight Lakh Fifty thousand Rupees per month.

Corporate Social Responsibility

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company as it ceased to be a Company covered under subsection (1) of Section 135 of the Companies Act, 2013 in the reporting financial year; hence disclosure in this regard is not provided.

Sexual Harassment

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2017, the Company has not received any complaints pertaining to Sexual Harassment.

Directors' Responsibility Statement:

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors to the best of their knowledge and ability confirm as under:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The directors have laid down internal financial controls based on internal controls framework established by the Company, which in all material respects were adequate and operating effectively.
- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgment:

Your Directors place on record their sincere appreciation and thanks for the valuable cooperation and support received from the employees of the Company at all levels, Company's Bankers, Associates, partners, clients, vendors, and Members of the Company and look forward for the same in equal measure in the coming years.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: August 21, 2017

(M. Suresh Kumar Reddy)
Chairman and Managing Director

Form No. MR - 3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Lycos Internet Limited
Hyderabad.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Lycos Internet Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended on March 31, 2017 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India ((Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable to the Company during the Audit Period);
 - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period);

The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period);

(vi) Other Laws Applicable Specifically to the Company namely:

a) Information Technology Act, 2000 and the rules made thereunder

For the compliances of Labour Laws & other General Laws, my examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations as provided to me, by the officers and management of the company and to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

I have also examined compliances with the applicable clauses of Secretarial Standards (SS-1& SS-2) issued by the Institute of Company Secretaries of India and it was noted that the Company has complied with the same to the extent possible, however the stricter applicability of the Secretarial Standards is to be observed by the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

As per the information furnished, adequate notice(s) were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings were duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

As per the records, the Company generally filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies ('ROC') within the stipulated time.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

CS A. SRIDHAR
Practicing Company Secretary
C P No.: 12011

Place: Hyderabad
Date: 01.08.2017

This report is to be read with my letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

Annexure A'

To,
The Members,
Lycos Internet Limited
Hyderabad.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS A. SRIDHAR
Practicing Company Secretary
C P No.: 12011

Place: Hyderabad
Date: 01.08.2017

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L64203TG1999PLC030996
ii.	Registration Date	28-Jan-1999
iii.	Name of the Company	LYCOS INTERNET LIMITED
iv.	Category/Sub-Category of the Company	Company Limited by Shares / Non-Government Company
v.	Address of the Registered office and contact details	Floor: 5, Holiday Inn Express & Suites, Road No: 2, Nanakramguda, Gachibowli, Hyderabad – 500032, Telangana, India. Ph. +91 40 6744 9910 e-Mail: ir@lycoscorp.com Website: www.lycos.com
vi.	Whether listed company Yes/No	Yes.
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad – 500029. Ph. + 91 40 2763 8111; 2763 4445

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Software Services and Digital Marketing	Division 62 and Division 63	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No.	Name of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	YReach Media Private Limited	U92412TG2012PTC082116	Subsidiary	99	2(87)
2.	LIL Projects Private Limited	U72900TG2016PTC110656	Subsidiary	100	2(87)
3.	Frontier Data Management Inc., USA	-	Subsidiary	100	2(87)
4.	International Expressions Inc., USA	-	Subsidiary	100	2(87)
5.	Online Media Solutions Limited, Israel	-	Subsidiary	100	2(87)
6.	Ybrant Media Acquisition Inc., USA	-	Subsidiary	100	2(87)
7.	Dyomo Corporation, USA	-	Subsidiary	100	2(87)
8.	Max Interactive Pty Ltd., Australia	-	Subsidiary	100	2(87)
9.	DreamAd, SA Argentina	-	Subsidiary	100	2(87)
10.	DreamAd, SA Chile	-	Subsidiary	100	2(87)

11.	Get Media Mexico Sociedad Anonima De Capital Variable, Mexico	-	Subsidiary	100	2(87)
12.	DreamAd, SA Panama	-	Subsidiary	100	2(87)
13.	DreamAd, SA Uruguay	-	Subsidiary	100	2(87)
14.	Ybrant Digital Services De Publicidade Ltd., Brasil	-	Subsidiary	100	2(87)
15.	Ybrant Digital (Brasil) Ltd, Singapore	-	Subsidiary	100	2(87)
16.	LGS Global FZE, UAE	-	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	5273063	0	5273063	1.11	67327627	0	67327627	14.14	13.03
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	5273063	0	5273063	1.11	67327627	0	67327627	14.14	13.03
2) Foreign									
a) NRIs-Individuals	153975703	0	153975703	32.33	91973599	0	91973599	19.31	-13.02
b)Other-Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corp.	2186487	0	2186487	0.46	2186487	0	2186487	0.46	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e)Any Other	-	-	-	-	-	-	-	-	-
Overseas corporate bodies	24766812	0	24766812	5.2	24766812	0	24766812	5.2	-
Sub-total(A)(2):-	180929002	0	180929002	37.99	118926898	0	118926898	24.97	-13.02
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	186202065	0	186202065	39.1	186254525	0	186254525	39.11	0.01
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	141659	0	141659	0.03	0	0	0	0	-0.03
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investors	1236142	0	1236142	0.26	2415038	0	2415038	0.51	0.25
h) Foreign Venture Capital Funds	94999938	0	94999938	19.95	94847777	0	94847777	19.92	-0.03
i) Others (specify)									
Sub-total(B)(1)	96377739	0	96377739	20.24	97262815	0	97262815	20.42	-
2. Non Institutions									
a) Bodies Corp.	83977771	25500	84003271	17.64	61168156	25500	61193656	12.85	-4.79
b) Individuals									
(i) Individual shareholders holding nominal share capital uptoRs. 2 lakh	36850274	260235	37110509	7.79	46913378	260235	47173613	9.91	2.12
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	19603307	0	19603307	4.12	53096842	0	53096842	11.15	7.03
c) Others(Specify)									
NBFCs Registered with RBI	26705	0	26705	0.01	100000	0	100000	0.02	0.01
Non Resident Individuals	4763839	1018800	5782639	0.53	14225349	509400	14734749	3.1	2.57
Overseas Corporate Bodies	39085639	0	39085639	8.21	0	0	0	0	-8.21
Trusts	3731000	0	3731000	0.78	1481000	0	1481000	0.31	-0.47
Employees	0	357000	357000	0.07	0	357000	357000	0.07	0
Clearing Members	3971625	0	3971625	0.83	14597299	0	14597299	3.07	2.24
Foreign Nationals									
Sub-total(B)(2)	192010160	1661535	193671695	40.67	191582024	1152135	192734159	40.47	-0.2
Total Public Shareholding (B)=(B)(1)+ (B)(2)	288387899	1661535	290049434	60.9	28,88,44,839	1152135	289996974	60.89	-0.01
C. Shares held by Custodian for GDRs &ADRs									
	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	474589964	1661535	476251499	100	475099364	1152135	476251499	100	-

(ii) Shareholding of Promoters

Sl. N o.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	%of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	%of total Shares of the company	%of Shares Pledged/ encumbered to total shares	% change in shareholding during the year
1.	M. Suresh Kumar Reddy	75042193	15.76	9095589	75084653	15.77	33273589	0.01
2.	Vijay Kancharla	65865510	13.83	2000000	3820946	0.8	3820946	-13.03
3.	Redmond Investments Ltd.	24766812	5.2	21032064	24766812	5.2	24766812	0
4.	Geetha Kancharla	6534000	1.37	0	6534000	1.37	0	0
5.	S.V. Rajyalaxmi Reddy	6534000	1.37	0	6534000	1.37	0	0
6.	Fingrowth Co. Ltd.	1414534	0.30	900000	1414534	0.30	900000	0
7.	Palle Suguna Reddy	1941000	0.41	0	1941000	0.41	0	0
8.	Probus Capital Ltd.	605000	0.13	600000	605000	0.13	600000	0
9.	M. Shashidhar Reddy	1341000	0.28	0	1341000	0.28	0	0
10.	M. Gangi Reddy	1146800	0.24	0	1156800	0.24	0	0
11.	Mundi Enterprise Ltd.	166953	0.04	109953	166953	0.04	109953	0
12.	Vijay Kumar Kancharla HUF	0	0	0	62044564	13.03	3426880	13.03
13.	Kadiyala Venkateswara Rao	713963	0.15	0	713963	0.15	0	0
14.	M. Subhadra Reddy	128500	0.03	0	128500	0.03	0	0
15.	K. Mohan Rao	1800	0	0	1800	0	0	0
	Total	186202065	39.1	33737606	186254525	39.11	66898180	0.01

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the company
1.	M. Suresh Kumar Reddy	75042193	15.76	42460	0	75084653	15.77
2.	Vijay Kancharla	65865510	13.83	0	62044564	3820946	0.8
3.	Redmond Investments Ltd.	24766812	5.2	0	0	24766812	5.2
4.	Geetha Kancharla	6534000	1.37	0	0	6534000	1.37
5.	S.V. Rajyalaxmi Reddy	6534000	1.37	0	0	6534000	1.37
6.	Fingrowth Co. Ltd.	1414534	0.30	0	0	1414534	0.30
7.	Palle Suguna Reddy	1941000	0.41	0	0	1941000	0.41
8.	Probus Capital Ltd.	605000	0.13	0	0	605000	0.13
9.	M. Shashidhar Reddy	1341000	0.28	0	0	1341000	0.28
10.	M. Gangi Reddy	1146800	0.24	10000	0	1156800	0.24
11.	Mundi Enterprise Ltd.	166953	0.04	0	0	166953	0.04
12.	Vijay Kumar Kancharla HUF	0	0	62044564	0	62044564	13.03
13.	Kadiyala Venkateswara Rao	713963	0.15	0	0	713963	0.15
14.	M. Subhadra Reddy	128500	0.03	0	0	128500	0.03
15.	K. Mohan Rao	1800	0	0	0	1800	0

(iv) Shareholding Pattern of top ten**Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Everest Capital (M) Ltd	61478864	12.91	0	0	61478864	12.91
2.	Oak India Investments	33521074	7.04	0	152161	33368913	7.01
3.	Uno Metals Ltd	23795000	5.00	0	4145000	19650000	4.13
4.	Akg Finvest Ltd	23795945	5.00	0	6765945	17030000	3.58
5.	Prabhudas Lilladher Pvt. Ltd.	820247	0.17	6493091	0	7313338	1.54
6.	Priya Prakash	16839	0.00	6241044	0	6257883	1.31
7.	Krishni Devi Goenka	1300000	0.27	4700000	0	6000000	1.26
8.	Ganpati Dealcom Private Ltd	550000	0.12	4830000	0	5380000	1.13
9.	Rajesh Goenka	1565000	0.33	2935000	0	4500000	0.94
10.	Ashok Kumar Goenka	2190000	0.46	2310000	0	4500000	0.94

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Director and KMP	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the Company
Directors							
1.	Mr. Subrato Saha	0	0	0	0	0	0
2.	Dr. K. Jayalakshmi Kumari*	0	0	0	0	0	0
3.	Mr. Raghunath Allamsetty*	0	0	0	0	0	0
4.	Mrs. S.V.Rajyalaxmi Reddy**	6534000	1.37	0	0	6534000	1.37
5.	Mr. Michael Loren Mauldin**	0	0	0	0	0	0
KMPs							
1.	Mr. M. Suresh Kumar Reddy, CMD	75042193	15.76	42460		75084653	15.77
2.	Mr. Vijay Kancharla, ED	65865510	13.83		-62044564	3820946	0.8
3.	Mr. Y. Ramesh Reddy***	0	0	0	0	0	0
4.	Mr. Y.Srinivasa Rao, CFO	0	0	0	0	0	0
5.	Mrs. V. Sri Lakshmi, CS	0	0	0	0	0	0

* Dr. K. Jayalakshmi Kumari appointed as Director of the Company w.e.f. May 17, 2016.

* Mr. Raghunath Allamsetty appointed as an Additional Director of the Company w.e.f. December 27, 2016.

** Mrs. S.V.Rajyalaxmi Reddy resigned as Director of the Company w.e.f. May 18, 2016.

** Mr. Michael Loren Mauldin ceased to be the Directors of the Company w.e.f. September 27, 2016.

***Mr. Y. Ramesh Reddy appointed as an Executive Director (F) & Group CFO w.e.f. May 9, 2016.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	81.17	87.43		168.60
ii) Interest due but not paid	3.47	0.00		3.47
iii) Interest accrued but not due	0.00	0.00		0.00
Total(i+ii+iii)	84.64	87.43		172.07
Change in Indebtedness during the financial year				
- Addition	6.95	0.00		6.95
- Reduction	0.00	1.96		1.96
Net Change	6.95	1.96		4.99
Indebtedness at the end of the financial year				
i) Principal Amount	79.18	85.47		164.65
ii) Interest due but not paid	12.41	0.00		12.41
iii) Interest accrued but not due	0.00	0.00		0.00
Total(i+ii+iii)	91.59	85.47		177.06

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

Sl. NO.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount (Rs)
		M. Suresh Kumar Reddy	Vijay Kancharla	*Y. Ramesh Reddy	
1.	Gross Salary	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961				
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil	Nil
	- As % of profit				
	- Others, specify				
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	Nil	Nil	Nil	Nil
	Ceiling as per the Act				

*Remuneration paid to Mr. Y. Ramesh Reddy for acting as Group CFO.

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
	SubratoSaha (Rs.)	Dr. K. Jayalakshmi Kumari (Rs.)	Raghunath Allamsetty (Rs.)	Michael Loren Mauldin (Rs.)	
<i>Independent Directors</i>					
Fee for attending board and committee meetings	-	110,000	20,000	-	130,000
Commission					
Others, please specify					
Total (1)	-	110,000	20,000	-	130,000
<i>Other Non-Executive Directors</i>	S.V. Rajyalaxmi Reddy				
Fee for attending board and committee meetings					
Commission					
Others, please specify					
Total (2)	NIL				
Total (B) = (1+2)	-	110,000	20,000		130,000
Total Managerial Remuneration	-	110,000	20,000		130,000
Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary	CFO	*Group CFO	Total Amount
1.	Gross Salary		5,34,576/-	20,20,682/-	25,43,122/-	50,98,380/-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961					
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-		-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-		-
2.	Stock Option	-	-	-		-
3.	Sweat Equity	-	-	-		-
4.	Commission	-	-	-		-
	- As % of profit	-	-	-		-
	- Others, specify	-	-	-		-
5.	Others, please specify	-	-	-		-
	Total	-	5,34,576/-	20,20,682/-	25,43,122/-	50,98,380/-

*Remuneration paid to Mr. Y. Ramesh Reddy for acting as Group CFO.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2017.

For and on behalf of the Board of Directors

(M. Suresh Kumar Reddy)
Chairman & Managing Director

Place: Hyderabad
Date: August 21, 2017

Management Discussion & Analysis

Business Environment

Digital advertising grew by 17% this year to reach \$178 billion, ahead of prior expectations of 15% growth. Digital continues to outperform all offline-based media sales, and will surpass linear television early next year to become the largest portion of advertising budgets.

The continued double-digit growth for a segment that's now more than a third of total ad dollars means it is contributing essentially all incremental advertising spend dollars. The global advertising economy is expected to increase by \$27 billion in 2016. Of that \$27 billion, \$26 billion is coming from increases in digital advertising. Digital will remain the driver of total advertising spending, with compound growth of +11% expected through 2021. This fast outpaces the expected growth rates for linear TV (+1%), newspapers (-8%), magazines (-11%), radio (-1%) and OOH (+3%). As a result, digital ad sales will grow to \$299 billion by 2021, and will represent 50% of total advertising sales. This average varies significantly across the globe, with digital reaching 56% by 2021 in the United States, 59% in China, 65% in Australia, and just 25% in India.

Within digital advertising, mobile-based impressions and sales are the primary growth driver. Globally, mobile advertising increased by 48% this year to reach \$80 billion, or 45% of total digital advertising dollars. Growth is expected to remain robust in 2017 (+31%), when mobile will become the majority of digital advertising dollars for the first time. By 2021, mobile advertising will have increased to \$215 billion, or 72% of total digital budgets. The fastest growing portions of the digital advertising economy are the formats that are most rapidly transitioning to mobile spend: social media, video, and search advertising. In fact, not only is mobile the largest contributor to digital advertising growth, but 2016 was the first time that there was no growth for desktop-based ad sales. One factor accelerating the shift to a mobile-centric digital market is the stagnation in desktop impressions caused by ad blockers while blockers are largely ineffective so far in the mobile, app-centric environment. Desktop ad sales

will begin to shrink in 2017, and will be in permanent decline thereafter.

Paid Search is the largest portion of digital advertising budgets, representing 50% of total digital spend globally in 2016. Growth has remained stronger than previous expectations, with an impressive performance from Google this year. Following 2016's 17% search advertising growth rate, we expect 13% growth in 2017, and a 10% CAGR through 2021 for search advertising. Increases in search spend are driven by new ad products and functionality, such as map search listings, expanded text ads, and custom audiences.

Social media is the second largest portion of digital budgets, and the fastest growing format. Advertising sales in social media (including video formats) increased by +46% globally in 2016 to \$33 billion, similar to last year's 50% growth rate. Growth will remain high (+29%) in 2017. Social is the format that has transitioned most aggressively to mobile devices and apps, following a rapid shift in consumer usage.

Display banner ad sales are expected to shrink by -3% this year, marking the first full-year of negative growth on a global scale. While we expect mobile display advertising to continue to show positive growth through 2021, total display will remain negative through the end of our forecast period. Display has fallen out of favor with brands compared to other more exciting advertising formats. In addition, not only is there less demand overall, but there is also less banner display inventory as in-banner video and rising concerns about negative advertising experiences for consumers have reduced the total volume of display ad slots for sale.

Across display-related formats (static banners, rich media and video ads), programmatic technologies and platforms remains a key driver of media-buying activity and innovation. The volume of programmatic and automated digital media transactions will grow from \$19 billion in 2016 to \$42 billion in 2020. Programmatic transactions will grow to represent 57% of display-related transactions by that time. Growth in programmatic ad sales reached +27% this year, slowing

down from 2015's +54% growth rate, as the industry continues to mature.

One final feature of the digital advertising economy to keep in mind is from where incremental spend is coming. In the past, digital spending growth was fueled by budget taken out of print and radio. Yet now, digital spend has grown to the point where there are not enough traditional media budgets left cannibalize and continue fueling today's robust digital growth rates. Therefore, it is increasingly clear that digital growth is not just being fueled by budgets taken from print, radio and TV budgets, but also, and perhaps mostly, from "below-the-line" marketing budgets such as SEO, in-store marketing, direct mail or promotional budgets.

Digital Marketing in India

India is in the midst of a digital revolution. This has resulted in a vibrant digital ecosystem, which includes digital agencies, technology companies, digital marketers, and others. The overall Ad industry is growing at a rate of CAGR 15 per cent and will reach INR 99,595 Cr by 2020. Digital stands at 12%. It's estimated that by 2020, these numbers will change to 24%, shrinking the share of traditional media from the current 88% to 76%.

India's low levels of ad spending drastically contrast with the population of the country. Even though the internet penetration is comparatively low, digital ad spending on a per-user basis is the lowest of anywhere in the world. While in the last three years, smartphone users have gone up around four times, mobile internet users have grown to around 391 million, which is the second highest number of users in the world. However, average data consumption per user of less than 1 GB per month remains low compared to other similar develop countries like Indonesia and Brazil who are between 2-3 GB per month, and developed countries Japan and USA who consume between 9-11 GB per month. Thus, even in the internet penetrated population there is considerable scope for growth of usage in India. This is bound to improve with improved

and greater penetration of high speed internet, which is still restricted to 56% of the users.

The digital sector today is considered to be an important platform that connects customers with product or service offerings and almost all industries are fast adopting digital platforms for their promotional activities. Currently, the top digital spenders are E-Commerce, Telecom, BFSI, Media & Entertainment, and Consumer Durables, with mobile devices becoming a predominant platform of accessing the Internet in India, this trend is expected to gain further momentum.

Business Review:

Our performance in all parameters improved. Revenue for this financial year 2016-2017 was Rs.2451.32 crores, an increase of 8.66% against the last year. The EBITDA for the year 2016-2017 was 729.99 crores, registering a growth of 8.37% year on year. PAT for the financial year 2016-2017 was Rs.428.6 crores, an increase of 7.46% year on year. When you come to the revenue from digital marketing segment for the financial year 2016-2017, it was 1996.92 crores, an increase of 9.78% year on year. Profit before tax from digital marketing segment for the financial year 2016-2017 was 623.58 crores, an increase of 3.05% on year on year. Revenue from the software development segment for the year 2016-2017 was 454 crores, an increase of 4% year on year.

Strategic Initiatives:

Brightcom (Powered by LYCOS)

- Brightcom tops Pivalate's Video Trust Index (International) as per March 2017 report.
- Brightcom Launched Compass to Combine Programmatic Video and Display Advertising into Yield Optimization & Ad Management Platform. Compass is Brightcom's technological "brain" designed and developed to offer an end-to-end solution which enables premium publishers to better monetize their entire inventory – optimally, programmatically and across display and video advertising demand. Compass offers:

- Ad server capabilities
 - Real-time bidding (RTB)
 - Tag integration
 - Header Bidding
 - Flexibility
- Following a long research period, Brightcom's Israeli Ad-Tech Map was launched, which effectively brought some order into a vibrant yet crowded and complicated space. The map was covered in Israeli Media and shared worldwide. It is also used as an entry point to the local industry by various other organizations.
- We integrated the top four ad quality tools into Brightcom's inventory and demand sources, a move which was also promoted extensively through the company's various marketing venues.
- Also launched post-bid.com landing page geared to potential Demand side partners <https://www.post-bid.com/>
- The Brightcom team moved into a new office in Israel.

Mobile and Video

- In February, the team participated in the Mobile World Congress in Barcelona.
- In April, we participated in the Israeli AdTech conference where two of our executives appeared on the discussion panels. • Our "Top 10 trends in digital advertising" was published in Nana10.

LYCOS Media

- We completed full colocation transition from our old facility to a new Verizon facility (recently acquired by Equinix).
- Working on a summer release of a new Web Publishing platform based on the Wordpress platform. This will provide more tools and functionality for our users. New equipment upgrade is in process as well in the new Equinix facility.
- Transitioned the majority of our domain reselling business to our partnership with

Tucows to offer a more efficient email and domains purchasing platform to our users.

- Launched a co-branded Lycos Sports app with a Canadian partner – Breaking Data.
- Signed an advertising agreement with Looksmart to help the supply demand needs to our inventory.
- Signed an agreement with Tinbu.com to expand our news content offerings in the following areas: Lottery, Horoscopes, Celebrity News, Sports, Gas Prices, Weather, Comics and Today in History.
- We re-launched the Lycos.com homepage for a cleaner look as can be seen by the US Memorial Day themed slides that was just launched. • Nextag.com: launched a shopping vertical with this partner at shopping.lycos.com

Risks

The Company has a well-structured and robust risk management mechanism, which includes a comprehensive register that lists the identified risks, its impact and the mitigation strategy. Broadly, there are some overriding risks that are listed below:

Data Security: Technical failure and breakdowns in servers could lead to interruptions of our websites and result in corruption of all data and/or security breaches. The Company has initiated a pilot project to establish a secondary site in India as a precautionary measure. **Obsolescence:** Being a technology driven company, it always faces the risk of an innovation or product development that can make one or more of Lycos Internet Limited's propositions redundant. The Company remains alert with technology developments to overcome this risk.

Financial Risks: Tax Issues: the Company has had a few income tax and service tax cases against it, which, if lost, may impact future cash flows. However, none of these is material.

Enhanced competition in the US market may reduce price and revenue margin. The Company is expanding globally, and penetrating into potential markets like Brazil and China. Going forward, it would focus more.

Consolidation of service providers may affect the Company

The Company has also ventured into strategic acquisitions and tie-ups to capitalize current market opportunities.

Business can be affected by privacy legislations and other regulations.

The Company discloses all its collection statements and dissemination practices in a published privacy statement in its website.

The new tie-ups may create problems of integration.

Lycos enters into an agreement after extensive research, both internally and externally.

Human Resources:

The Company firmly recognizes the importance of its human resources to achieve its vision. Lycos has significant policies to acquire and retain new and existing talent. It trains its people in a variety of ways to create an extensive talent pool. Apart from providing attractive remuneration to people, Lycos also focuses on providing a stimulating and multicultural work environment.

Internal Control System:

Lycos has a proper and adequate internal control system to ensure authorized business transactions. Internal audit function is an independent function, which is carried out by internal auditors through extensive audits. Regular internal audits determine the operational and financial efficiencies of the company.

Moreover, the Audit Committee of the Board of Directors conduct periodic reviews of pan-organizational effectiveness and recommends improvements whenever required. The internal control system also formulates well documented policies, guidelines, authorizations and approval procedures and ensures compliance with applicable policies and statutes.

REPORT ON CORPORATE GOVERNANCE

In compliance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company sets forth the report on the Corporate Governance on the matters as mentioned in the said schedule and practices followed by the Company.

Company's Philosophy on Corporate Governance:

The Company implements and practices the principles of Corporate Governance based on fairness, transparency, integrity, honesty and accountability consistently being followed in all its business practices and dealings.

The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit.

Board of Directors

(a) Composition of the Board

As on March 31, 2017 your Company has six directors, which include three executive directors and three non-executive and independent directors including a women director. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013 (Act).

The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and experience. The non-executive directors including Independent Directors bring statutory and wider perspective in the Board's deliberations and decisions.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration under Section 149(7) of the Act that he/she meets the criteria of independence as required under Section 149(6) of the Act and as per Regulation 16(1)(b) of the SEBI Listing Regulations..

The Composition of the Board of Directors as on March 31, 2017 with their attendance at the Board Meetings held during the year 2016-17 and at the last Annual General Meeting is given below:

Nine meetings of the Board of Directors were held during the year.

Name of the Director	Category	Number of Board meetings attended during the year 2016-17	Attendance at the last AGM held on December 27, 2016	Number of directorships in other public companies #		Number of committee Positions held in other public companies##	
				Director	Chairman	Member	Chairman
Mr. M. Suresh Kumar Reddy	Promoter & Executive	9	Yes	NIL	NIL	1	NIL
Mr. Vijay Kancharla	Promoter & Executive	2	No	NIL	NIL	1	NIL
Mr. Y. Ramesh Reddy*	Executive	8	Yes	NIL	NIL	1	NIL
Mr. Subrato Saha	Non-Executive & Independent	1	No	NIL	NIL	2	1
Mr. Raghunath Allamsetty***	Non-Executive & Independent	1	NA	NIL	NIL	1	1
Dr. K. Jayalakshmi Kumari***	Non-Executive & Independent	7	Yes	1	NIL	1	NIL
Mrs.S.V.Rajyalaxmi Reddy**	Promoter & Non Executive	2	NA	NIL	NIL	NIL	NIL
Mr. Michael Loren Mauldin**	Non-Executive & Independent	0	NA	NIL	NIL	NIL	NIL

#Excludes directorships in Indian private limited companies, foreign companies, companies under Section 8 of the Companies Act, 2013 and Alternate Directorships.

Membership/ Chairmanship in Audit and Stakeholders Relationship Committees of public limited companies (including Lycos Internet Ltd.) have been considered.

* Mr. Y. Ramesh Reddy appointed as an Executive Director (Finance) & Group CFO on May 09, 2016.

**Mrs.S.V.Rajyalaxmi Reddy resigned as the Director of the Company w.e.f. May 18, 2016. Two meetings were held during her tenure.

**Mr. Michael Loren Mauldin ceased to be the Director of the Company w.e.f. September 27, 2016. Four meetings were held during his tenure.

***Dr. K. Jayalakshmi Kumari appointed as an Additional Director (Independent) on May 17, 2016.

***Mr. Raghunath Allamsetty appointed as an Additional Director (Independent) on December 27, 2016.

Mrs. S.V. Rajyalaxmi Reddy is the spouse of Mr. Suresh Kumar Reddy.

None of the other directors are related to any other director on the Board.

The company has formulated a policy to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. The details of such familiarization programme are disclosed on the website of the company www.lycos.com.

(b) Board Meetings

Nine meetings of the Board of Directors were held during the year, viz. on 09th May 2016, 17th May 2016, 28th May 2016, 12th September 2016, 25th October 2016, 21st November, 2016, 14th December 2016, 27th December 2016 and 14th February, 2017. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 was placed before the Board from time to time.

(c) Independent Directors Meeting

During the year, the Independent Directors of the Company without the presence of Non-Independent Directors and management team met on 27th December, 2016 to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

(d) Code of Conduct

The Board of Directors of the Company laid a Code of Conduct for Directors and senior management personnel. The Code of Conduct is posted on the Company's website www.lycos.com. All Directors and designated personnel in the senior management affirmed compliance with the Code for the year under review. The declaration to this effect furnished by Mr. M. Suresh Kumar Reddy, Chairman & Managing Director is annexed to this report.

BOARD COMMITTEES:

The Company has four Board level Committees, namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee.

I. Audit Committee:

The responsibilities of the Committee include review of the quarterly and annual financial statements before submission to Board, review and approval of related party transactions, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements, statement of deviations, if any, etc. The Committee also reviews the functioning of whistle blower & Vigil mechanism.

The Audit Committee looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Act.

The Audit Committee comprises of two non-executive independent directors and one executive director having financial management expertise. The Chairman of the committee is an independent director, elected by the Members of the Committee.

Five meetings of the Audit Committee were held during the year viz. on May 09, 2016, May 27, 2016, September 11, 2016, December 13, 2016 and February 14, 2017 respectively. The Company Secretary acts as the Secretary to the Audit Committee.

The composition of the Audit Committee and details of their attendance at the meetings as at March 31, 2017 are as follows:

Name	Position	Category	No of Meetings Attended
Mr. Raghunath Allamsetty *	Chairman	Non-Executive & Independent Director	1 of 1
Mr. Subrato Saha	Member	Non-Executive & Independent Director	1 of 5
Mr. Vijay Kancharla	Member	Executive Director	2 of 5
Dr. K. Jayalakshmi Kumari**	Member	Non-Executive & Independent Director	5 of 5

*Appointed as member w.e.f. December 27, 2016 & as Chairman w.e.f. February 14, 2017.

** Appointed as member w.e.f. May 17, 2016.

Mr. Y. Ramesh Reddy ceased to be the member w.e.f. May 09, 2016.

II. Nomination and Remuneration Committee:

The terms of references of the Nomination & Remuneration Committee includes recommendation to the Board about appointment of directors, remuneration to Managing Director(s) and Executive Director(s), approval of stock options to employees, evaluation of the performance of the Directors and such other functions as may be delegated by the Board, from time to time.

During the year two meeting of the Committee was held on May 09, 2016 and October 25, 2016.

The composition of the Committee and the attendance details of the members as at March 31, 2017 are given below:

Name	Status	Category	No of Meetings Attended
Mr. Subrato Saha	Chairman	Non-Executive & Independent Director	1
Dr. K. Jayalakshmi Kumari*	Member	Non-Executive & Independent Director	1
Mr. Raghunath Allamsetty **	Member	Non-Executive & Independent Director	NA
Mrs.S.V.Rajyalaxmi Reddy	Member	Non-Executive Director	1

*Appointed as member w.e.f. May 28, 2016.

** Appointed as member w.e.f. December 27, 2016.

Mr. Y. Ramesh Reddy ceased to be the member w.e.f. May 09, 2016, Mrs.S.V.Rajyalaxmi Reddy ceased to be the member w.e.f. May 18, 2016 and Mr. Michael Loren Mauldin ceased to be the member w.e.f. September 27, 2016.

Board Evaluation

Listing Regulations mandate the Board of listed companies to monitor and review the Board Evaluation framework. The Companies Act, 2013 read with the Rules issued thereunder further provides that a formal annual evaluation needs to be made by the Board of its own performance and that of Committees and Individual Directors. The Schedule IV of the Companies Act, 2013 read with the Rules issued thereunder states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

During the year, Board in concurrence with Nomination & Remuneration Committee has laid down the evaluation criteria for itself, Committees, Chairperson, Executive and Non- Executive Directors and Independent Directors. The criteria for Board Evaluation include *inter alia*, degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings, integrity, maintenance of high standard and confidentiality, Effective deployment of knowledge and expertise, Exercise of independent judgment in the best interest of Company and interpersonal relationships with other directors and management. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Board.

Criteria for evaluation of the Committees of the Board include degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

Remuneration of Directors

There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2016-2017.

The role of Non-Executive/Independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience

across the wide spectrum of functional areas such as marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science, technology, legal or Intellectual property from time to time.

Payment criteria of Non-Executive directors are given in the Nomination and Remuneration Policy. The same is displayed in the Investors' section of Company's website www.lycos.com.

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its Remuneration policy, the Company endeavors to attract, retain, develop and motivate a high performance workforce. Individual performance pay including Key Managerial Personnel's pay is determined by business performance and the performance of the individuals is measured through annual appraisal policy of the Company.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and Executive Directors. Annual increments, if any, within the salary scale approved by the members, will be decided by the Nomination & Remuneration Committee. The Nomination & Remuneration Committee decides the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 2013 based on the performance of the Company as well as that of the Managing Director and each Executive Director.

The Company does not pay any remuneration to Non-Executive Directors other than Sitting fee for attending the meetings of Board and Audit committee. There are no performance linked incentives payable to any directors of the Company. The Company reimburses the out-of pocket expenses incurred by the Directors for attending the meetings.

The Details of remuneration paid to Managing Director, Executive Directors, Non-Executive Non-Independent Directors & Independent Directors during year ended March 31, 2017 and shareholding of directors in the Company as on March 31, 2017 are as given below:

Name	Remuneration paid (Rs.)	Sitting fee paid during the period ended 31.03.2017 (Rs.)	No. of Shares held as on 31.03.2017
Mr. M. Suresh Kumar Reddy	NIL	NIL	7,50,84,653
Mr. Vijay Kancharla	NIL	NIL	38,20,946
Mr. Y. Ramesh Reddy*	NIL	NIL	NIL
Mr. Subrato Saha	NIL	NIL	NIL
Dr. K. Jayalakshmi Kumari**	NIL	1,10,000	NIL
Mr. Raghunath Allamsetty **	NIL	20,000	NIL
Mr. Michael Loren Mauldin***	NIL	NIL	NIL
Mrs. S. V. Rajyalaxmi Reddy***	NIL	NIL	65,34,000

* Mr. Y. Ramesh Reddy has been paid Rs. 25,43,122 /- as salary for acting as Group CFO of the Company w.e.f. May 09, 2016.

** Dr. K. Jayalakshmi Kumari appointed as an Additional Director (Independent) w.e.f. May 17, 2016.

** Mr. Raghunath Allamsetty appointed as an Additional Director (Independent) w.e.f. December 27, 2016.

*** Mrs.S.V.Rajyalaxmi Reddy ceased to be the Director of the Company w.e.f. May 18, 2016.

***Mr. Michael Loren Mauldin ceased to be the Director of the Company w.e.f. September 27, 2016.

III. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee looks into shareholders' and investors' grievances. The Board has designated Ms. V. Sri Lakshmi, Company Secretary as the Compliance Officer.

One meeting of the Stakeholders Relationship Committee was held during the year on June 06, 2016.

The composition of the Committee and the attendance details of the members as at March 31, 2017 are given below:

Name	Status	Category	No of Meetings Attended
Mr. Subrato Saha	Chairman	Non-Executive & Independent Director	0
Mr. Y. Ramesh Reddy	Member	Executive Director	1
Mr. M. Suresh Kumar Reddy	Member	Executive Director	1

During the year under review twenty (20) shareholders' complaints of general nature were received by the RTA/ Company and were solved to their satisfaction. Two complaints were pending at the close of the financial year.

IV. Corporate Social Responsibility Committee:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. The Committee has been constituted with the following terms of reference:

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR Policy periodically.
- Attend to such other matters and functions as may be prescribed from time to time.

The CSR policy of the Company is available on our website www.lycos.com.

The composition of the Committee as at March 31, 2017 is as below:

Name	Status	Category
Dr. Jayalakshmi Kumari*	Chairman	Non-Executive & Independent Director
Mr. Michael Loren Mauldin**	Member	Non-Executive & Independent Director
Mr. Vijay Kancharla	Member	Executive Director
Mr. M. Suresh Kumar Reddy	Member	Executive Director

*Appointed as member w.e.f. May 28, 2016 & as Chairman w.e.f. October 25, 2016.

** ceased to be the Chairman & Member w.e.f. September 27, 2016.

The CSR provisions are not applicable to the Company as it ceased to be a Company covered under subsection (1) of Section 135 of the Companies Act, 2013 in the reporting financial year.

General Body Meetings:

Location and time of last three Annual General Meetings

The details of location and time of last three Annual General Meetings are as detailed below:

Financial Year	Date & Time	Location	Special Resolution Passed
2015-16	December 27, 2016 10:00 A.M.	Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad – 500032.	1. Service of documents to members
2014-15	September 28, 2015 10:00 A.M.	Same location as above	1. To Re-appoint Mr. Y. Ramesh Reddy as an Independent Director 2. To Alter Articles of Association of the Company
2013-14	September 30, 2014 10:00 A.M.	Same location as above	1. To adopt new Articles of Association of the Company 2. To consider change in Name of the Company 3. To consider the Employees Stock Option Scheme 4. To consider Grant of options to the employees of subsidiaries of Ybrant Digital Limited and to grant options, during any one year, equal to or exceeding 1% of the issued capital of the company

All the special resolutions were passed with requisite majority by e-voting & poll.

No special resolution was passed through Postal Ballot during the Financial Year 2016-17.

Means of Communication:

The quarterly, half-yearly and annual financial results are sent to the Stock Exchanges immediately after the Board approves the same. These results are published in English newspaper and vernacular newspaper shortly after its submission to the Stock Exchanges. The results along with presentations made by the Company to Analysts are also posted on the website of the Company viz. www.lycos.com. The Company's website also displays all official news releases from time to time. The Company organizes investor conference calls to discuss its financial results every quarter where investor queries are answered by the Management of the Company. The transcripts of the conference calls are posted on our website.

The Company's website www.lycos.com contains a separate dedicated section 'Investors' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of the Listing Regulations.

General Shareholder Information:

i.	Annual General Meeting (Day, Date, Time and Venue):	18 th Annual General Meeting of the Company is scheduled to be held on Wednesday, 27 th September, 2017 at 11:30 a.m at Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad – 500032.
ii.	Financial Year:	April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Regulations.
iii.	Date of Book Closure:	September 21, 2017 to September 27, 2017 (Both days inclusive).
iv.	Listing on stock exchanges:	BSE Limited (Bombay Stock Exchange). National Stock Exchange of India Limited. Annual listing fee has been duly paid to the Stock Exchanges.
v.	Stock codes:	BSE – Scrip Code: 532368; Scrip Id: LYCOS NSE – Symbol: LYCOS
vi.	Company's ISIN:	INE425B01027

vii. Market price data

The monthly high and low stock quotations during the last financial year in BSE Limited and National Stock Exchange of India Limited are given below:

Month	BSE Limited		National Stock Exchange of India Ltd.	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2016	21.3	17.4	21.3	17.4
May 2016	20.45	15.2	20.5	15.3
June 2016	20.3	14.45	20.3	14.45
July 2016	16.4	11.45	16.35	11.45
August 2016	12.9	8.1	12.85	8
September 2016	12.69	7.35	12.75	7.35
October 2016	10	7.22	10	7.25
November 2016	9.7	7.01	9.5	7
December 2016	10.5	7.22	10.6	7.55
January 2017	8.61	7.66	8.65	7.7
February 2017	8.7	7	8.2	7.05
March 2017	10.7	7.25	10.4	7.2

viii. Registrars and Transfer Agents

AARTHI CONSULTANTS PRIVATE LIMITED, (Unit: LYCOS Internet Limited);

1-2-285, Domalguda, Hyderabad - 500 029.

Phone : +91-40-27634445, 27638111, 27642217, 66611921; Fax : +91-40-27632184,

Email : info@arthiconsultants.com; arthiconsultants@gmail.com

Website: www.arthiconsultants.com

ix. Share transfer system

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being found valid and complete in all respects. The Company appointed M/s. Aarthi Consultants Private Limited as common Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the Securities of the Company.

x. Distribution of Shareholding as on March 31, 2017

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	21800	79.76	13505026	2.84
5001 - 10000	2307	8.44	8772087	1.84
10001 - 20000	1361	4.98	10458254	2.2
20001 - 30000	502	1.84	6331151	1.33
30001 - 40000	314	1.15	5682663	1.19
40001 - 50000	166	0.61	3816574	0.8
50001 - 100000	390	1.43	14143696	2.97
100000 & Above	492	1.8	413542048	86.83
TOTAL	27332	100	476251499	100

Categories of Shareholding as on March 31, 2017:

Category		No. of Shares held	% of Shareholding
1	Company Promoter / Promoter	18,62,54,525	39.11
2	Foreign Portfolio Investors	24,15,038	0.51
3	Foreign Venture Capital Investors	9,48,47,777	19.92
4	Corporate Bodies	6,11,93,656	12.85
5	NBFCs Registered with RBI	1,00,000	0.02
6	Non Resident Individuals	1,47,34,749	3.09
7	Trusts	14,81,000	0.31
8	General Public	10,02,70,455	21.05
9	Employees - Trusts	3,57,000	0.07
10	Clearing Members	1,45,97,299	3.07
	TOTAL	47,62,51,499	100.00

xi. Dematerialization of shares:

The Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to handle dematerialization of shares.

As on March 31, 2017, a total of 475099364 equity shares which form 99.76% of the share capital stand dematerialized.

Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

The equity shares of the Company are regularly traded in BSE and NSE and hence have good liquidity.

xii. Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

xiii. Commodity Price Risk/ Foreign Exchange Risk and Hedging

The Company did not engage in hedging activities.

xiv. Plant Location :

In view of the nature of the Company's business viz. Digital Marketing, Information Technology (IT) Services and IT Enabled Services, the Company operates from various offices in India and Abroad and does not have any manufacturing plant.

xv. Address for Correspondence:

Company	Registrars and Transfer Agent
Investor Relations LYCOS Internet Limited Floor: 5, Holiday Inn Express & Suites, Road No: 2, Nanakramguda, Gachibowli, Hyderabad – 500032, Telangana, India. Tel: +91 40 67449910 fax: +91 22 66459677 Email: ir@lycoscorp.com ; Website: www.lycos.com	Aarthi Consultants Private Limited, (Unit: LYCOS Internet Limited) 1-2-285, Domalguda, Hyderabad - 500 029. Phone : +91-40-27634445, 27638111, 27642217, 66611921 Fax : +91-40-27632184, Email: info@arthiconsultants.com ; arthiconsultants@gmail.com

Disclosures

(i) During the financial year ended 31st March, 2017 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

(ii) Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.

(iii) The Company has Whistle Blower policy. All the personnel of the Company have the access to the Audit Committee.

(iv) The Company has framed a Material Subsidiary Policy and the same is placed on the Investors section of Company's website www.lycos.com.

(v) The company has framed Related Party Transaction Policy and is placed on the Investors section of Company's website www.lycos.com.

(vi) During the financial year ended 31st March, 2017 the company did not engage in commodity hedging activities.

(vii) The Company has followed the treatment laid down in the Accounting Standards prescribed by the Institute of Chartered Accountants of India which are notified by the MCA in the preparation of financial statements.

(viii) The Company has complied with all the applicable mandatory requirements of the Corporate Governance and also has complied with the following non-mandatory requirements as prescribed in the listing regulations:

- Since the Company does not have a Non-Executive Chairman, it does not maintain such office.
- During the year under review, there is no audit qualification in the Company's financial statements.

There has been no instance of non-compliance of any requirement of Corporate Governance Report.

The Company has fully complied with the applicable requirement specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46.

Declaration regarding compliance by Board members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that for the financial year ended March 31, 2017 all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

Place: Hyderabad
Date: August 21, 2017

(M. Suresh Kumar Reddy)
Chairman and Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Lycos Internet Limited.

I have examined the compliance of conditions of corporate governance by Lycos Internet Limited ("the Company") for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

CS A. SRIDHAR
Practicing Company Secretary
C P No.:12011

Place: Hyderabad
Date: August 21, 2017

COMPLIANCE CERTIFICATE

(Pursuant to Regulation 17 (8) of the SEBI (LODR) Regulations, 2015)

To

The Board of Directors

LYCOS INTERNET LIMITED

We, the undersigned, in our respective capacities as Chairman & Managing Director and Chief Financial Officer of **LYCOS INTERNET LIMITED** ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2017 and based on our knowledge and belief, we state that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For **LYCOS INTERNET LIMITED**

Y. SRINIVASA RAO
CHIEF FINANCIAL OFFICER

M. SURESH KUMAR REDDY
CHAIRMAN & MANAGING DIRECTOR

Place : Hyderabad

Date : 30.05.2017

STANDALONE FINANCIALS

INDEPENDENT AUDITOR'S REPORT

To the Members of Lycos Internet Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Lycos Internet Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), and Statement of Cash Flow and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial Statements).

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters

which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the company as at 31st March, 2017 and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in

the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we further report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .
- e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its notes to Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended 31st March 2017.

iv. The Company has provided requisite disclosures in its Ind AS Financial Statements (Note No. 49) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books maintained by the Company.

**For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S**

**P. Murali Mohana Rao
Partner
Member Ship No. 023412**

**Place: Hyderabad
Date:30-05-2017**

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of Lycos Internet Limited on the standalone Ind AS financial statements for the year ended 31st March 2017, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is a service company, primarily rendering Digital Marketing and software development services. Accordingly, it does not hold any physical inventories. Thus, this clause is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. The Company has not granted any loans or made any Investments, or provided any guarantee or security to the parties covered under section 185 and 186 of the Act. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the company.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(a) According to the information and explanations given to us and based on the records of the company examined by us, the company is not regular in depositing the undisputed statutory dues in respect of TDS, Dividend, Self Assessment Tax, Dividend Distribution Tax as applicable, with the appropriate authorities in India ;

(b) There was no undisputed amounts payable in respect of Employees State Insurance and other material statutory dues in arrears as at 31st March 2017, except provident fund amounting to Rs. 26,87,609/- for a period of more than 6 months from the date they became payable.

(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Wealth Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes except as given below in respect of Income Tax and Service Tax:

Name of the Statute	Year pertains to	Forum where dispute is pending	Amount involved
Income Tax	Various Assessment years	CIT(Appeals) /ITAT	Rs. 26,70,40,727
Service Tax	FY 2007-08 to FY 2012-13	CESTAT, Hyderabad	Rs. 18,73,28,280

In our opinion, and according to the information and explanations given to us with respect to repayment of dues to Banks/Financial Institutions (Canara Bank, Axis Bank and State Bank of India) the Company has defaulted in payment of principal amount to the extent of Rs 79.17crores and Rs.12.41 crores towards interest. All the loans were became Non Performing Assets and banks issued recall of credit facilities for payment of outstanding dues along with interest.

The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of this clause are not applicable to the Company.

- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has

been noticed or reported during the course of our Audit.

- xi. The Company has not paid/provided for managerial remuneration during the financial year. Hence this clause is not applicable.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the Provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting standard (Ind AS) 24, related party disclosures specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S

P. Murali Mohana Rao	Place: Hyderabad
Partner	Date:30-05-2017
Member Ship No. 023412	

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of Lycos Internet Limited ('the company') as of 31st March 2017 in conjunction with our audit of standalone Ind AS financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

**For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S**

P. Murali Mohana Rao	
Partner	Place: Hyderabad
Member Ship No. 023412	Date:30-05-2017

Standalone Balance Sheet as at 31st March, 2017, 2016 and 1st April ,2015

Particulars	Note	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
		Rupees	Rupees	Rupees
ASSETS				
Non-current assets				
Property, plant and equipment	4	3,50,61,590	4,73,90,700	6,82,08,934
Investment property	5	21,95,210	21,95,210	21,95,210
Other intangible assets	4	13,89,123	17,62,411	16,89,126
Financial assets				
- Investments	6	5,08,98,47,585	5,10,97,47,605	5,10,87,67,605
- Loans	7	20,44,574	10,57,704	10,57,704
- Others financial assets	8	1,64,44,873	1,64,44,873	1,97,64,873
Deferred tax assets (net)	9	3,01,47,441	2,44,68,786	1,32,88,453
Non- Current tax assets (net)	10	65,88,002	57,05,437	42,11,434
Other non-current assets	11	10,00,000	10,00,000	10,00,000
Total Non-current assets		5,18,47,18,398	5,20,97,72,726	5,22,01,83,339
Current assets				
Financial assets				
- Trade receivables	12	2,18,23,97,917	2,23,05,42,475	2,87,53,01,705
- Cash and cash equivalents	13	8,37,140	3,00,724	43,02,462
- Other bank balances	14	5,08,469	7,76,620	41,64,799
- Loans	15	1,18,20,27,668	1,10,75,91,707	1,24,04,57,914
- Other Financial Assets	16	45,94,308	42,90,308	42,43,808
Other current assets	17	13,99,87,512	15,02,41,363	14,08,92,346
Total Current assets		3,51,03,53,014	3,49,37,43,197	4,26,93,63,034
Total assets		8,69,50,71,412	8,70,35,15,923	9,48,95,46,373
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	18	95,25,02,998	95,25,02,998	95,25,02,998
Other equity	19	4,90,00,91,881	4,98,62,50,487	5,05,28,50,617
Total Equity		5,85,25,94,879	5,93,87,53,485	6,00,53,53,615
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	20	85,46,85,044	87,43,25,399	88,50,26,786
Provisions	21	4,25,60,089	4,37,33,711	4,72,72,228
Total Non-current liabilities		89,72,45,133	91,80,59,110	93,22,99,014
Current liabilities				
Financial liabilities				
- Borrowings	22	68,31,01,383	68,31,01,383	71,02,05,068
- Trade payables	23	31,07,74,373	37,95,07,504	87,36,66,119
- Others financial liabilities	24	24,53,50,870	16,33,28,030	21,29,48,661
Other current liabilities	25	62,93,37,207	52,71,03,822	55,81,32,511
Provisions	26	7,66,67,567	9,36,62,589	19,69,41,385
Total Current liabilities		1,94,52,31,400	1,84,67,03,328	2,55,18,93,744
Total equity and liabilities		8,69,50,71,412	8,70,35,15,923	9,48,95,46,373

Notes forming part of Standalone financial statements

For and on behalf of the Board

AS PER OUR REPORT OF EVEN DATE

Lycos Internet Limited

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

M.Suresh Kumar Reddy
Chairman & Managing Director

Vijay Kancharla
Executive Director

P.Murali Mohana Rao
Partner
M.No. 23412

V.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 30-05-2017

Statement of Profit and Loss for the year ended 31st March, 2017 & 2016

Particulars	Note	Year Ending	Year Ending
		31st March 2017	31st March 2016
		Rupees	Rupees
REVENUE			
I. Revenue from operations	27	4,66,41,07,205	4,57,94,68,724
II. Other income	28	(18,02,060)	1,45,93,503
III. Total revenue (I+II)		4,66,23,05,145	4,59,40,62,227
IV. EXPENSES			
Purchase / Cost of Revenue	29	3,58,17,72,401	3,56,54,40,629
Employee Benefit expenses	30	51,23,82,943	49,23,02,284
Other Operating Expenses	31	43,38,68,106	43,05,21,355
Financial costs	32	15,23,27,197	15,88,72,245
Depreciation and amortization expense	4	1,42,71,258	2,17,83,658
Total expenses (IV)		4,69,46,21,905	4,66,89,20,171
V. Profit/(loss) before tax (III-IV)		(3,23,16,760)	(7,48,57,944)
VI. Tax expense			
Current tax		11,01,751	11,18,634
Deferred tax		(53,39,352)	(1,06,22,933)
VII. Profit/(loss) for the period (V-VI)		(2,80,79,159)	(6,53,53,645)
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plan(net of tax)		(7,58,769)	(12,46,485)
Income tax relating to items that will not be reclassified to profit or loss			
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss			
IX. Total comprehensive income for the period (VII+VIII)		(2,88,37,928)	(6,66,00,130)
Earnings per share			
a) Basic (in Rs.)		(0.06)	(0.14)
b) Diluted (in Rs.)		(0.06)	(0.14)

Notes forming part of Standalone financial statements

For and on behalf of the Board
Lycos Internet Limited

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

M.Suresh Kumar Reddy
Chairman & Managing Director

Vijay Kancharla
Executive Director

P.Murali Mohana Rao
Partner
M.No. 23412

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 30-05-2017

Statement of Changes in Equity for the period ended 31st March 2017 and 2016

A. Equity Share Capital

Balance As at 1st April 2015	Changes in equity share capital during the year	Balance as at 31st March 2016
95,25,02,998	-	95,25,02,998

Balance As at 1st April 2016	Changes in equity share capital during the year	Balance as at 31st March 2017
95,25,02,998	-	95,25,02,998

B. Other Equity

	Reserves and Surplus				Total
	Capital Reserve	General reserve	Surplus in statement of P&L	Retained Earnings	Rupees
Balance at the beginning of the reporting period As at 1st April 2015	4,16,78,11,992	3,97,14,215		84,53,24,410	5,05,28,50,617
Changes in accounting policy or prior period errors					-
Restated balance at the beginning of the reporting period	4,16,78,11,992	3,97,14,215	-	84,53,24,410	5,05,28,50,617
Total Comprehensive Income for the year			(6,66,00,130)		(6,66,00,130)
Dividends(Including Dividend tax)					-
Transfer to General Reserve		1,02,945		(1,02,945)	-
Transfer to retained earnings			6,66,00,130	(6,66,00,130)	-
Any other change (to be specified)					-
Balance at the end of the reporting period 31st March 2016	4,16,78,11,992	3,98,17,160	-	77,86,21,335	4,98,62,50,487
Balance at the beginning of the reporting period As at 1st April 2016	4,16,78,11,992	3,98,17,160		77,86,21,335	4,98,62,50,487
Changes in accounting policy or prior period errors					
Restated balance at the beginning of the reporting period	4,16,78,11,992	3,98,17,160	-	77,86,21,335	4,98,62,50,487
Total Comprehensive Income for the year			(2,88,37,928)		(2,88,37,928)
Dividends(Including Dividend tax)				(5,73,20,678)	(5,73,20,678)
Transfer to General Reserve		-			-
Transfer to retained earnings			2,88,37,928	(2,88,37,928)	-
Any other change (to be specified)					-
Balance at the end of the reporting period 31st March 2017	4,16,78,11,992	3,98,17,160	-	69,24,62,729	4,90,00,91,881

Standalone cash flow statement for the year ended 31st March, 2017 & 2016

	Particulars	Year ended	Year ended
		31 st March 2017	31 st March 2016
		Rupees	Rupees
A.	Cash Flow from Operating Activities		
	Profit Before Tax	(3,23,16,760)	(7,48,57,944)
	Adjustment for :		
	Add: Depreciation and amortisation expense	1,42,71,258	2,17,83,658
	Interest Expense	1,89,91,042	2,74,74,083
	Allowance for doubtful trade receivables	1,69,80,368	3,08,11,002
	Investments-written off	2,00,00,000	
	Operating Profit before Working Capital Changes	3,79,25,908	52,10,799
	<u>Adjustment for Working Capital Changes:</u>		
	Increase/(Decrease) in Short term Borrowings	-	(2,71,03,685)
	Increase/(Decrease) in Trade Payables	(6,87,33,132)	(49,41,58,614)
	Increase/(Decrease) in other Current Liabilities	10,22,33,386	(3,10,28,689)
	Increase/(Decrease) in Others financial liabilities	8,20,22,840	(4,96,20,631)
	Increase/(Decrease) in Short-Term Provisions	(1,77,53,791)	(10,32,78,796)
	Decrease/(Increase) in Trade Receivables	3,11,64,190	61,39,48,227
	Decrease/(Increase) in Short-Term Loans and Advances	(7,44,35,961)	13,28,66,207
	(Increase)/Decrease in Other Financial Assets	(3,04,000)	(46,501)
	(Increase)/Decrease in other Current Assets	1,02,53,851	(93,49,018)
	Cash Flow from Operating Activities	10,23,73,291	3,74,39,299
	Taxes paid	-	-
	Net Cash Flow from Operating Activities(A)	10,23,73,291	3,74,39,299
B	Cash Flow from Investing Activities		
	Sale of Fixed assets		
	Purchase/(Increase) of Fixed Assets	(15,68,860)	(10,38,709)
	Investment in Subsidiary /Joint Venture	-	(9,80,000)
	(Increase)/Decrease in Non-Current Investments	(99,980)	-
	Net cash flow from investing activities(B)	(16,68,840)	(20,18,709)
C.	Cash Flows from Financing Activities		
	Interest Paid	(1,89,91,042)	(2,74,74,081)
	Increase/(Decrease) in Long Term Loans	(1,96,40,355)	(1,07,01,387)
	Dividend Paid (Inclusive of Dividend tax)	(5,73,20,678)	-
	Increase/(Decrease) in long term provision	(11,73,622)	(47,85,002)
	(Increase)/Decrease in Deferred tax Asset(Net)	(3,39,304)	(5,57,400)
	(Increase)/Decrease in Long term loans and advances	(9,86,870)	-
	(Increase)/Decrease in Non current Other Financial Assets	-	33,20,000
	(Increase)/Decrease in Other Non - Current tax Assets(Net)	(19,84,315)	(26,12,638)
	Net cash flow from financing activities C	(10,04,36,186)	(4,28,10,508)
	Cash and cash equivalents at beginning of year	10,77,344	84,67,261
	Net change in cash (A+B+C)	2,68,265	(73,89,917)
	Cash and cash equivalents at period ended 31st March, 2017	13,45,609	10,77,344

Notes forming part of Standalone financial statements

For and on behalf of the Board
Lycos Internet Limited

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

M.Suresh Kumar Reddy
Chairman & Managing Director

Vijay Kancharla
Executive Director

P.Murali Mohana Rao
Partner
M.No. 23412

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 30-05-2017

1. Corporate Information:

Lycos Internet Limited, offers digital marketing solutions to businesses, agencies and online publishers worldwide. Lycos Internet Limited connects Advertisers with their Audience across any form of Digital Media, using its massive local presence to deliver appropriate messages to the right audience, through the most relevant Digital channels. Lycos Internet Limited has a global presence, with offices in over 24 countries.

Lycos Internet Limited is also a Global Information Technology Implementation and Outsourcing Services Provider with an exceptional track record of providing high quality, on-budget, and on-time solutions to demanding clients. Our business knowledge in key verticals helps us provide solutions that are customized to address the specific needs while focusing on maximizing value of Information Technology investments such that clients can achieve their business objectives. We believe in fostering long-term relationships, and partner with our clients in their success. Lycos Provides End-to-end Enterprise Solution Offerings and Specializing in ERP Solutions, Microsoft and Open Source Systems development.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules,

2015 read with Section 133 of the Companies Act, 2013.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

Impairment of investments

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting

period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

Contingencies

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/ claims/litigations against the Company/by the Company as it is not possible to predict the outcome of pending matters with accuracy.

Defined Benefit Plans

The present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, rate of increment in salaries and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques i.e., the DCF model. The inputs to these models are taken from observable markets.

Intangibles

Internal technical or user team assess the useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

d) Current Vs Non-current classifications

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it satisfies the below mentioned criteria:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current assets.

A liability is classified as current when it satisfies the below mentioned criteria:

- i. Expected to settle the liability in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

e) Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

f) Revenue recognition

1) Digital Marketing Services:

- i) The Contracts between the Company and its Customers are either time or material contracts or fixed price contracts.
- ii) Revenue from fixed price contracts is recognized according to the milestones achieved as specified in the contracts on the proportionate-completion method based on the work completed. Any anticipated losses expected upon the contract completion are recognized immediately. Changes in job performance, conditions and estimated profitability may

result in revisions and corresponding revenues and costs are recognized in the period in which such changes are identified. Deferred revenue represents amounts billed in excess of revenue earned for which related services are expected to be performed in the next operating cycle.

- iii) In respect of time and material contract, revenue is recognized in the period in which the services are provided and related costs are incurred.
- iv) Revenue from product sale and licensing arrangements are recognized on delivery and installation.
- v) Revenue is reported net of discounts, indirect and service taxes.

2) Software Development:

- i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognized as and when the services are performed and related costs are incurred.
- iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognized as related services are performed.
- iv) Revenue from fixed price contracts is recognized according to the milestones achieved as specified in the contracts on the proportionate-completion method based on the work completed. Any anticipated losses expected upon the contract completion are recognized immediately. Changes in job performance, conditions and estimated profitability may result in revisions and corresponding revenues and costs are recognized in the period in which such changes are identified. Deferred revenue represents amounts billed in excess of revenue earned for which related services are expected to be performed in the next operating cycle.

v) Revenue is not recognized on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

vi) Revenue is reported net of discounts, indirect and service taxes.

g) Dividend income is recorded when the right to receive payment is established. Interest income is recorded using the effective interest method.

h) Leases

Operating Lease:

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The company charges Lease rentals in respect of assets taken under operating leases to statement profit and loss account on a straight line basis over the lease term.

Finance Lease:

A Finance lease is a lease that transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

i) Cost recognition

Costs and expenses are recognised as and when incurred and have been classified according to their nature.

The costs of the Company are broadly categorized in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, cost of running its facilities, travel expenses, cost of equipment and software licenses, communication costs, allowances for delinquent receivables and advances and other expenses.

Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment etc.

j) Foreign currency transactions

i. Functional and Presentation Currency:

The Company's functional and presentation currency is Indian National Rupee.

ii. Initial Recognition:

Foreign currency transactions are recorded in the presentation currency, by applying to the foreign currency amounts the exchange rate between the Presentation currency and the foreign currency at the date of the transaction.

iii. Conversion on reporting date:

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

iv. Exchange Differences:

Exchange difference arising on the settlement of monetary items or on Presenting monetary items of Company at rates different from those at which they were initially recorded during the year or presented in previous financial statements are recognised as income or as expenses in the year in which they arise.

k) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company, its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable on worldwide income.

The Current income tax payable by overseas branches of the Company is computed in

accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and

it is probable that the future economic benefit associated with the asset will be realised.

1) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Financial Assets.

i) Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

ii) Subsequent measurement:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

iii. Derecognition:

A financial asset or where applicable, a part of a financial asset is primarily derecognised when: a. The rights to receive cash flows from the asset have expired, or b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement.

iv. Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

2. Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

i) Initial recognition and measurement:

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement:

a. Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognised in the profit or loss.

b. Financial liabilities at amortised cost:

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate.

The effective interest rate amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liability with maturity of less than one year is shown at transaction value.

iii. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

m) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

n) Financial Guarantee Contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with original or modified terms of a debt instrument.

The Company measures any financial guarantee on initial recognition at their fair value.

Subsequently these contracts are measured at the higher of:

- a.** the amount of the loss allowance determined as per impairment requirements of Ind AS 109, and
- b.** the amount initially recognised, less where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 18.

o) Fair Value Measurement:

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

p) Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

q) Property, plant and equipment

Property, plant and equipment are stated at cost net of input tax credits, less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and all attributable cost, to bring the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

The Company adopted cost model as its accounting policy, in recognition of the property, plant and equipment and recognises transaction value as the cost.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from property, plant and equipment and the carrying amount net of scrap value, if any is charged to Statement of Profit and Loss.

The improvements/modifications carried on the lease hold land/property are recognised as lease hold improvements and are written off over the primary lease period or the life of such improvement whichever is lower.

The estimated useful lives are as mentioned below:

Type of asset	Method	Useful lives
Computer equipment	Straight line	3 years
Office equipments	Straight line	5 years
Furniture and fixtures	Straight line	10 years
Electrical installations	Straight line	10 years
Vehicles	Straight line	8 years

r) Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over license period which equates the useful life ranging between 5-6 years on a straight line basis.

s) Impairment of Non-financial assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer existing or have decreased.

t) Employee benefits

i. Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and deductions in future contributions to the scheme.

ii. Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

iii. Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date.

u) Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

v) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

w) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker ("CODM"). The board of directors of the company has identified the Chairman and Managing Director as the CODM.

x) Provisions:

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

y) Contingencies:

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent asset or contingent liability. Possible outcomes on obligations/rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent assets or contingent liabilities.

z) Prior period items:

In case prior period adjustments are material in nature the Company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

3) Explanation of transition to Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliation

Amount in Rs.

Particulars	Standalone	Standalone
	As at 31st March, 2016	As at 31st March, 2015
Equity under Previous GAAP attributable to:	5,95,49,07,691	6,05,80,95,496
Foreign Currency Translation Reserve Transferred to Retained Earnings	(34,43,270)	
Employee benefits -actuarial gain/loss	18,03,885	-
Expected credit loss on trade receivables and financial guarantees	(3,08,11,002)	(7,63,26,894)
Net gain/loss on foreign currency translation and transaction	(4,92,98,612)	
Deferred tax adjustments	95,20,600	2,35,85,013
Proposed dividend and related distribution tax	5,73,20,678	-
Other comprehensive income (net of tax)	(12,46,485)	-
Equity under Ind AS	5,93,87,53,485	6,00,53,53,615

(ii) Total comprehensive income reconciliation

Amount in Rs.

Particulars	Profit Reconciliation
	Standalone
	12 Months ended 31st March, 2016
Net income under Previous GAAP attributable to:	34,31,484
Effect of transition to Ind AS on statement of profit and loss:	
Provision for expected credit loss	3,08,11,002
Reversal of exchange gain/(loss) on foreign currency borrowings from FCTR	4,92,98,612
Actuarial gains/(loss) recognized in other comprehensive income	(18,03,885)
Deferred taxes on above Ind AS Adjustments	(95,20,600)
Total adjustments	6,87,85,129
Net profit for the period under Ind AS (A+B)	(6,53,53,645)
Total other comprehensive income (net of tax)	(12,46,485)
Total comprehensive income under Ind AS	(6,66,00,130)

NOTE NO 4: PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2017

Sl. No.	Particulars	Gross Block			Depreciation/Amortization				Amount in Rupees	
		As on 1st April, 2016	Additions during the year	Sale / Deletions during the year	As on 31st March, 2017	Dep. As on 1st April, 2016	Depreciation/Amortization for the year	Adjustments to Reserves as per New Act	Total Depreciation	Net Block as on 31st March, 2016
	PROPERTY, PLANT AND EQUIPMENT									
1	Electrical Equipment	2,35,07,019	2,83,251	-	2,37,90,270	1,77,44,595	25,10,350	-	2,02,54,945	35,35,325
2	Office Equipment	5,31,86,734	6,09,807	-	5,37,96,541	4,95,76,954	4,07,281	-	4,99,84,235	38,12,306
3	Air conditioners	73,32,274	1,59,440	-	74,91,714	36,20,283	5,23,407	-	41,43,690	33,48,024
4	Computers	35,86,80,534	5,16,362	-	35,91,96,896	35,30,35,695	2,90,872	-	35,33,26,567	58,70,329
5	Furniture	10,30,80,414	-	-	10,30,80,414	7,45,35,799	1,01,47,042	-	8,46,82,841	1,83,97,573
6	Vehicles	10,78,482	-	-	10,78,482	9,61,431	19,018	-	9,80,449	98,033
		54,66,65,457	15,68,860	-	54,84,34,317	49,94,74,757	1,38,97,970	-	51,33,72,727	3,50,61,590
	INTANGIBLE FIXED ASSETS									
1	Computer Products / Rights	22,32,374	-	-	22,32,374	4,69,963	3,73,288	-	8,43,251	13,89,123
		22,32,374	-	-	22,32,374	4,69,963	3,73,288	-	8,43,251	13,89,123
	TOTAL	54,90,97,831	15,68,860	-	55,06,66,691	49,99,44,720	1,42,71,258	-	51,42,15,978	3,64,50,713
										4,91,53,112

NOTE NO 4: PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2016

Sl. No.	Particulars	Gross Block			Depreciation/Amortization				Amount in Rupees	
		As on 1st April, 2015	Additions during the year	Sale / Deletions during the year	As on 31st March, 2016	Dep. As on 1st April, 2015	Depreciation/Amortization for the year	Total Depreciation	Net Block as on 31st March, 2016	Net Block as on 31st March, 2015
	PROPERTY, PLANT AND EQUIPMENT Electrical									
1	Equipment	2,33,11,870	1,95,149	-	2,35,07,019	1,39,82,336	37,62,238	-	57,62,425	93,29,534
2	Office Equipment	5,30,78,584	1,08,130	-	5,31,86,734	4,91,44,529	4,32,425	-	36,09,780	39,34,055
3	Air conditioners	72,64,719	67,555	-	73,32,274	31,07,002	5,13,281	-	37,11,991	41,57,717
4	Computers	35,84,77,458	2,03,076	-	35,86,80,534	34,93,14,521	37,21,174	-	56,44,839	91,62,937
5	Furniture	10,30,30,414	50,000	-	10,30,80,414	6,16,94,432	1,28,41,367	-	2,85,44,615	4,13,35,982
6	Vehicles	10,78,482	-	-	10,78,482	7,89,773	1,71,658	-	1,17,051	2,88,739
		54,62,41,527	6,23,930	-	54,68,65,457	47,80,32,593	2,14,42,163	-	4,73,90,700	6,82,08,934
	INTANGIBLE FIXED ASSETS									
1	Computer Products / Rights	18,17,595	4,14,779	-	22,32,374	1,28,469	3,41,494	-	17,62,411	16,89,126
2	Goodwill	15,86,17,906	-	-	15,86,17,906	15,86,17,906	-	-	-	-
		16,04,35,501	4,14,779	-	16,08,50,280	15,87,46,375	3,41,494	-	17,62,411	16,89,126
	TOTAL	70,66,77,028	10,38,789	-	70,77,15,737	63,67,78,968	2,17,83,658	-	4,91,53,111	6,98,98,060
Notes	The Gross Carrying value of the Property, plant and equipment and Intangible assets as on 1st April, 2015 is considered as the Deemed cost as on transition date i.e. 1st April, 2015.									

NOTE NO. 5 : INVESTMENT PROPERTY

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Land at cost	21,95,210	21,95,210	21,95,210
Total Investment Property	21,95,210	21,95,210	21,95,210

NOTE NO. 6 : INVESTMENTS - NON CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Investments - Non- Current			
(a) Investment in Equity Instruments at cost			
(i) Subsidiaries (Unquoted)			
Frontier Data Management Inc. USA	1,29,84,77,349	1,29,84,77,349	1,29,84,77,349
International Expressions Inc. USA	1,04,53,63,208	1,04,53,63,208	1,04,53,63,208
Ybrant Digital U.S . Inc, USA	-	-	-
Online Media Solutions Limited , Israel	51,78,81,121	51,78,81,121	51,78,81,121
Ybrant Media Acquisition Inc. USA	1,26,52,40,000	1,26,52,40,000	1,26,52,40,000
Dream Ad Group	54,32,40,000	54,32,40,000	54,32,40,000
Max Interactive Pty Ltd., Australia	41,74,90,000	41,74,90,000	41,74,90,000
Dyomo Corporation .USA	4,67,300	4,67,300	4,67,300
Ybrant Digital Services De Publicidade Ltda,Brazil	2,65,932	2,65,932	2,65,932
Ybrant Digital (Brasil) Ltd., Singapore	45	45	45
LGS Global FZE, UAE	2,43,650	2,43,650	2,43,650
LIL Projects Private Limited	99,980	-	-
Yreach Media Pvt.Ltd	99,000	99,000	99,000
(ii) Joint venture (Unquoted)	-	-	-
Apollo Lycos Netcommerce Ltd	9,80,000	9,80,000	
Lanco Net Ltd , 2000000 shares of Rs 10/- each	-	2,00,00,000	2,00,00,000
Total Investments Non- Current	5,08,98,47,585	5,10,97,47,605	5,10,87,67,605

NOTE NO. 7 : LOANS - NON CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Loans - Non- Current			
Unsecured, Considered Good			
(a) Security deposits	20,44,574	10,57,704	10,57,704
Total Loans - Non- Current	20,44,574	10,57,704	10,57,704

NOTE NO. 8 : OTHER FINANCIAL ASSETS - NON CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other financial assets - Non- Current			
Unsecured Considered Good			
Advances to related parties			
- Ybrant Employees Welfare Trust	1,07,50,000	1,07,50,000	1,37,50,000
- LGSL Foundation Trust	56,94,873	56,94,873	60,14,873
Total Other financial assets - Non- Current	1,64,44,873	1,64,44,873	1,97,64,873

NOTE NO. 9 : DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Deferred tax assets (net)			
Deferred tax liability	4,71,54,913	5,27,41,151	6,28,19,151
Deferred tax assets			
Opening Deferred tax assets	2,09,21,587	1,98,19,254	32,06,028
- Fixed Assets	1,98,754	5,24,235	1,51,95,961
- Provision for gratuity and compensated absences	(1,06,338)	5,78,098	14,17,265
MAT Credit	5,62,88,351	5,62,88,350	5,62,88,350
Deferred tax assets (net)	3,01,47,441	2,44,68,786	1,32,88,453

NOTE NO. 10 : NON- CURRENT TAX ASSETS (NET)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Non- Current tax assets (net)			
-TDS Receivables	65,88,002	57,05,437	42,11,434
Total Non- Current tax assets (net)	65,88,002	57,05,437	42,11,434

NOTE NO. 11 : OTHER NON CURRENT ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other non-current assets			
Others			
- Deposits with banks with maturity beyond 12 months	10,00,000	10,00,000	10,00,000
Total Other non-current assets	10,00,000	10,00,000	10,00,000

NOTE NO. 12 : TRADE RECEIVABLES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Trade receivables			
(i) Unsecured considered good	2,30,65,16,180	2,33,76,80,370	2,95,16,28,598
Less: Allowances for bad and doubtful debts	12,41,18,263	10,71,37,895	7,63,26,893
Total Trade receivables	2,18,23,97,917	2,23,05,42,475	2,87,53,01,705

Notes

In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

NOTE NO. 13 : CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Cash and cash equivalents			
Balances with banks			
(i) Current accounts	8,29,936	2,83,693	43,01,292
(ii) Cheques, drafts on hand	-		
(iii) Cash on hand	7,204	17,031	1,170
Total Cash and cash equivalents	8,37,140	3,00,724	43,02,462

NOTE NO. 14 : OTHER BANK BALANCES - CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other bank balances - Current			
(i) Earmarked balances with Banks			
- Unpaid Dividend	2,14,469	2,82,620	6,98,521
(ii) Balances with bank held as Margin Money	2,94,000	4,94,000	34,66,278
Total Other bank balances - Current	5,08,469	7,76,620	41,64,799

NOTE NO. 15 : LOANS - CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Loans -Current			
Unsecured Considered Good			
(a) Loans to related parties			
(b) Others			
- Advances to Employees	22,91,386	23,56,791	13,23,119
- Other Advances	1,17,97,36,282	1,10,52,34,916	1,23,91,34,795
Total Loans - Current	1,18,20,27,668	1,10,75,91,707	1,24,04,57,914

NOTE NO. 16 : OTHER FINANCIAL ASSETS - CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other financial asset-Current			
(a) Security deposits			
- Rental deposits	42,90,308	42,90,308	42,43,808
- Other deposits	3,04,000		
Total Other Financial Assets - Current	45,94,308	42,90,308	42,43,808

NOTE NO. 17 : OTHER CURRENT ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other Current Assets			
Others	13,99,87,512	15,02,41,363	14,08,92,346
Total Other Current Assets	13,99,87,512	15,02,41,363	14,08,92,346

Note No: 18 Equity share capital

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Equity share capital			
(i) Authorized			
(975,000,000 Equity Shares of Rs.2/- each)	1,95,00,00,000	1,95,00,00,000	1,95,00,00,000
(ii) Issued , Subscribed and Paid Up			
(476,251,499 Equity Shares of Rs.2/- each)	95,25,02,998	952502998	952502998
(iv) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:			
Number of Shares			
Shares outstanding at the beginning of the year	47,62,51,499	47,62,51,499	47,62,51,499
Add: Issued and allotted during the year	-	-	-
Shares outstanding at the end of the year	47,62,51,499	47,62,51,499	47,62,51,499
(v) Rights, Preferences and restrictions attached to the equity shares:			
(a) The Company has only one class of equity shares having par value of `2 each. Each shareholder is eligible for one vote per share held.			
(b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.			
(vi) Shares held by holding Company			
(vii) The details of shareholders holding more than 5% shares in the Company			
(a) Equity Shares			
M. Suresh Kumar Reddy			
Number of equity shares	7,50,84,653	7,50,42,193	7,47,77,435
% of holding	15.77%	15.76%	15.70%
Vijay Kumar Kancharla (HUF)			
Number of equity shares	6,20,44,564		
% of holding	13.03%		
Vijay Kancharla			
Number of equity shares	38,20,946	6,58,65,510	6,58,65,510
% of holding	0.80%	13.83%	13.83%
Oak India Investments			
Number of equity shares	33368913	33521074	33521074
% of holding	7.01%	7.04%	7.04%
Redmond Investments Ltd			
Number of equity shares	2,47,66,812	2,47,66,812	2,63,97,766
% of holding	5.20%	5.20%	5.54%
Sansar Capital (Mauritius) Ltd			
Number of equity shares	-	2,63,82,938	2,99,16,240
% of holding	0.00%	5.54%	6.28%
Everest Capital (M) Ltd			
Number of equity shares	6,14,78,864	6,14,78,864	6,14,78,864
% of holding	12.91%	12.91%	12.91%

Note No: 19 Other equity

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other equity			
(i) Reserves & Surplus			
(a) Capital reserve	4,16,78,11,992	4,16,78,11,992	4,16,78,11,992
(b) Retained earnings:			
Opening balance	77,86,21,335	84,53,24,410	84,53,24,410
Add: Total Other Comprehensive income for the period	(2,88,37,928)	(6,66,00,130)	
Less: Transfer to general reserve		1,02,945	
Less:Dividend	4,76,25,150		
Less:Dividend distribution tax	96,95,528		
Closing Balance	69,24,62,729	77,86,21,335	84,53,24,410
(c) Other reserves			
- General reserve			
Opening balance	3,98,17,160	3,97,14,215	3,97,14,215
Add: Additions during the year	-	1,02,945	-
Closing Balance	3,98,17,160	3,98,17,160	3,97,14,215
Total Reserves and Surplus	4,90,00,91,881	4,98,62,50,487	5,05,28,50,617

NOTE NO. 20 : BORROWINGS - NON CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Borrowings - Non-Current			
(i) From banks-Secured			
(a) SBI Term Loan	-	-	6,00,00,000
(ii) From other parties-Unsecured			
Loans from Related parties			
Dream Ad, Panama - Loan	7,13,24,000	7,29,63,000	6,88,49,000
Frontier Data Management -Loan	8,43,29,933	8,62,67,804	8,14,03,616
International Expressions	6,81,93,266	6,97,60,322	6,58,26,905
Online Media - Loan	10,22,52,680	10,46,02,410	9,87,04,430
Ybrant Media Inc - Loan	52,85,85,165	54,07,31,863	51,02,42,835
Notes:			
Note 20(i)(a) : Term Loan of Rs. 400 lakhs from State Bank of India are secured by current assets, Fixed Assets, Pledge of Promoters shares and personal guarantee of Promoter Directors			
Note 20(ii)(a): Working Capital Term Loan of Rs 3450 Lakhs, and Bank Guarantee of Rs 1000 lakhs from State Bank of India are secured by current assets, Fixed Assets, Pledge of Promoters shares and personal guarantee of Promoter Directors			
Total Long term Borrowings Non-Current	85,46,85,044	87,43,25,399	88,50,26,786

NOTE NO. 21 : PROVISIONS - NON CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Provisions- Non Current			
Provision for employee benefits	-		
(a) Gratuity	1,14,51,573	1,17,95,708	1,00,13,930
(b) Leave encashment	18,06,672	18,06,672	17,17,818
Other Provisions	2,93,01,844	3,01,31,331	3,55,40,480
Total provisions Non current	4,25,60,089	4,37,33,711	4,72,72,228

NOTE NO. 22 : BORROWINGS - CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Borrowings - Current-Secured			
Cash Credits and Working Capital from Banks			
(a) Axis Bank Ltd - Cash Credit Facility	36,02,05,068	36,02,05,068	36,02,05,068
(b) Canara Bank - OD Facility	32,28,96,315	32,28,96,315	35,00,00,000
Notes:			
Note No 22(a): Working Capital of Rs 4500 lakhs and Bank Guarantee of Rs 400 Lakhs from Axis Bank Ltd are secured by charge on current assets, Fixed Assets, Pledge of promoters shares and personal Guarantee of Promoter Directors.			
Note No 22(b): Working Capital of Rs 3500 lakhs and Bank Guarantee of Rs 1000 Lakhs from Canara Bank are secured by charge on current assets, Fixed Assets, Pledge of promoters shares and personal Guarantee of Promoter Directors.			
Total Borrowings Current	68,31,01,383	68,31,01,383	71,02,05,068

NOTE NO. 23 : TRADE PAYABLES - CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Trade payables	31,07,74,373	37,95,07,504	87,36,66,119
Total Trade payables - Current	31,07,74,373	37,95,07,504	87,36,66,119

NOTE NO. 24 : OTHER FINANCIAL LIABILITIES - CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other financial liabilities - Current			
Current maturities of long term debt	10,86,90,517	12,86,48,956	17,43,75,000
Interest accrued and due on borrowings	12,41,04,618	3,46,79,074	3,85,73,661
Others	1,25,55,735		
Total Other financial liabilities - Current	24,53,50,870	16,33,28,030	21,29,48,661

NOTE NO. 25 : OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Other current liabilities			
Unpaid dividend	12,85,44,918	9,58,95,628	9,58,95,628
Other Current Liabilities	50,07,92,289	43,12,08,194	46,22,36,883
Total Other current liabilities	62,93,37,207	52,71,03,822	55,81,32,511

NOTE NO. 26 : PROVISIONS - CURRENT

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	Rupees	Rupees	Rupees
Provisions - Current			
(i) Provision for employee benefits			
Employee benefit payable	1,59,26,071	3,07,96,773	2,79,45,249
(ii) Others			
(a) Provisions for expenses	7,41,798	6,31,798	4,13,365
(b) Other Provisions	5,99,99,698	6,22,34,018	16,85,82,771
Total Provisions - Current	7,66,67,567	9,36,62,589	19,69,41,385

NOTE NO. 27 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ending	Year Ending
		31st March 2017	31st March 2016
		Rupees	Rupees
	Sale of Services Domestic	1,52,45,212	1,81,54,377
I	Sale of Services Exports	10,48,85,083	19,21,31,706
	Sale of Software Exports	4,54,39,76,910	4,36,91,82,641
	Total Revenue from Operations	4,66,41,07,205	4,57,94,68,724

NOTE NO. 28 : OTHER INCOME

S.No.	Particulars	Year Ending	Year Ending
		31st March 2017	31st March 2016
		Rupees	Rupees
	Interest income	52,115	1,42,386
I	Net gain/loss on foreign currency translation and transaction	(18,54,175)	1,44,51,117
	Total Other Income	(18,02,060)	1,45,93,503

NOTE NO. 29 : PURCHASE/COST OF REVENUE

S.No.	Particulars	Year Ending	Year Ending
		31st March 2017	31st March 2016
		Rupees	Rupees
I	Software Purchase & Sub Contractors Cost	3,58,17,72,401	3,56,54,40,629
	Total Purchase/Cost of Revenue	3,58,17,72,401	3,56,54,40,629

NOTE NO. 30 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ending	Year Ending
		31st March 2017	31st March 2016
		Rupees	Rupees
	Salaries,wages and allowances	50,87,26,448	48,60,40,685
I	Contribution to provident and other fund	21,31,680	21,65,992
	Staff Welfare Expenses	15,24,815	40,95,607
	Total Employee Benefit Expenses	51,23,82,943	49,23,02,284

NOTE NO. 31 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ending	Year Ending
		31st March 2017	31st March 2016
		Rupees	Rupees
	Power & Fuel	37,26,089	36,96,942
	Rent	4,17,65,299	3,89,44,812
	Repairs & Maintenance	50,37,245	43,43,829
	Insurance	61,01,228	65,79,209
I	Rates & Taxes (excluding Income Tax)	10,500	86,780
	Miscellaneous Expenses	11,27,546	14,00,847
	Payment to Auditors:		
	(i) As Auditor fee	2,00,000	2,00,000
	(ii) For Tax Audit fee	1,00,000	1,00,000
	(iii) For Other Audit related Services	2,00,000	2,00,000
	Ins Fee	32,07,167	33,92,137
	Discount Expense	-	1,53,176
	Telephone, Postage and Others	1,62,23,804	1,79,46,921
	Business Promotion Expenses	6,06,48,328	4,29,42,462
	Travelling and Conveyance	1,81,33,505	2,47,07,581
	Office Maintenance	1,83,62,038	1,77,26,554
	Printing & Stationery Expenses	57,00,893	53,08,353
	Security Charges	9,46,170	9,23,182
	Consultancy Charges	2,06,97,533	1,82,30,916
	Event Sponsorship & Seminar Fee	1,48,19,197	1,53,31,961
	Web Development Expenses	5,37,62,954	5,10,72,710
	Professional Charges	1,69,95,775	1,89,81,417
	Sales and Marketing Expenses	8,87,20,289	10,32,75,903
	Books & Subscriptions	25,24,669	24,59,606
	Provision for Impairment of Debtors	1,69,80,368	3,08,11,002
	Other Expenses	1,78,77,509	2,17,05,055
	Investments-written off	2,00,00,000	-
	Total Other Operating Expenses	43,38,68,106	43,05,21,355

NOTE NO. 32 : FINANCE COSTS

S.No.	Particulars	Year Ending	Year Ending
		31st March 2017	31st March 2016
		Rupees	Rupees
	Interest on Working capital Loans	12,18,63,480	12,19,21,752
I	Interest on Term Loan	1,89,91,042	2,74,74,083
	Interest on Unsecured Loan	1,06,33,531	62,33,952
	Loan processing Charges & Bank Charges	8,39,144	32,42,458
	Total Finance Costs	15,23,27,197	15,88,72,245

33. Auditor's Remuneration:**(Amount in Rs.)**

Particulars	Year ended 31 st March,		
	2017	2016	2015
Statutory Audit Fees	2,00,000	2,00,000	2,00,000
Tax Audit Fee	1,00,000	1,00,000	1,00,000
Other Audit related Services	2,00,000	2,00,000	2,00,000
Total	5,00,000	5,00,000	5,00,000

34. Quantitative Details:

The Company is engaged in providing digital marketing services, development of Computer Software and services. The production and sale of such digital marketing services and software development services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under **Paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the companies Act,2013.**

35. Related Party Transactions:

During the financial year 2016-17 the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

(a) Related Parties:

S.No.	Particulars	Nature of Relationship
1	M.Suresh Kumar Reddy	Chairman and Managing Director
2	Vijay Kancharla	Executive Director
3	Y. Ramesh Reddy	Executive Director
4	K.Jaya Lakshmi kumari	Independent Director
5	Raghunath Allamsetty	Independent Director
6	Subrato saha	Independent Director
7	Yreach Media Private Limited, India	99% Owned Subsidiary
8	LIL Projects Private Limited, India	Wholly Owned Subsidiary
9	Frontier Data Management Inc, USA	Wholly Owned Subsidiary
10	International Expressions Inc, USA	Wholly Owned Subsidiary

11	Online Media Solutions Limited, Israel	Wholly Owned Subsidiary
12	Ybrant Media Acquisition Inc, USA	Wholly Owned Subsidiary
13	Dyomo Corporation, USA	Wholly Owned Subsidiary
14	Max Interactive Pty, Ltd., Australia	Wholly Owned Subsidiary
15	DreamAd, Argentina	Wholly Owned Subsidiary
16	DreamAd, Chile	Wholly Owned Subsidiary
17	Get Media Mexico Sociedad Anonima De Capital Variable, Mexico	Wholly Owned Subsidiary
18	DreamAd, Panama	Wholly Owned Subsidiary
19	DreamAd, Uruguay	Wholly Owned Subsidiary
20	Ybrant Digital Services De Publicidade Ltda, Brasil	Wholly Owned Subsidiary
21	Ybrant Digital (Brasil) Ltd., Singapore	Wholly Owned Subsidiary
22	LGS Global FZE, UAE	Wholly Owned Subsidiary
23	Lycos Inc.USA	Step down Subsidiary
24	Ybrant Employees welfare Trust	Directors acting as Trustees
25	LGSL Foundation Trust	Directors acting as Trustees
26	Apollo Lycos Netcommerce Ltd,India.	Joint Venture

Related Party Transactions during the year:

(I) Sales/ Revenue:

(Amount in Rs.)

Particulars	Year Ended 31 st March		
	2017	2016	2015
Online Media Solutions Limited, Israel	2,05,01,841	68,37,834	12,11,86,210
Dyomo Corporation, USA	1,21,26,506	17,39,92,476	15,51,39,627
Max Interactive Pty, Ltd., Australia	78,42,845	60,28,322	NIL
Ybrant Technologies Inc	22,24,319	NIL	NIL
Lycos Inc -USA	1,53,72,300	NIL	NIL

(II) Guarantee Commission (Income):**(Amount in Rs.)**

Particulars	Year ended 31 st March		
	2017	2016	2015
Ybrant Media Acquisition Inc, USA	NIL	NIL	1,52,87,500

(III) Repayment of Unsecured Loan taken from Subsidiaries:**(Amount in Rs.)**

Particulars	Year ended 31 st March		
	2017	2016	2015
Ybrant Media Acquisition Inc, USA	NIL	NIL	29,60,77,403

(IV) Receipt of Unsecured Loans given to Related Parties**(Amount in Rs.)**

Particulars	Year ended 31 st March		
	2017	2016	2015
Ybrant Employees Welfare Trust A/c	NIL	30,00,000	11,00,000

(b) Balances with related parties at the year end:**(i) Unsecured loans from Related Parties:****(Amount in Rs.)**

Particulars	Year ended 31 st March		
	2017	2016	2015
DreamAd, Panama	7,13,24,000	7,29,63,000	6,88,49,000
Frontier Data Management Inc, USA	8,43,29,933	8,62,67,804	8,14,03,616
International Expressions Inc, USA	6,81,93,266	6,97,60,322	6,58,26,905
Online Media Solutions Limited, Israel	10,22,52,680	10,46,02,410	9,87,04,430
Ybrant Media Acquisition Inc, USA	52,85,85,165	54,07,31,863	51,02,42,835

(ii) Investment in Subsidiaries and Joint Ventures:**(Amount in Rs.)**

Particulars	For the Year ended 31 st March		
	2017	2016	2015
DreamAd Companies	54,32,40,000	54,32,40,000	54,32,40,000
Frontier Data Management Inc., USA	1,29,84,77,349	1,29,84,77,349	1,29,84,77,349
International Expressions Inc., USA	1,04,53,63,208	1,04,53,63,208	1,04,53,63,208
Online Media Solutions Limited, Israel	51,78,81,121	51,78,81,121	51,78,81,121
Ybrant Media Acquisition Inc., USA	1,26,52,40,000	1,26,52,40,000	1,26,52,40,000
Max Interactive Pty Ltd, Australia	41,74,90,000	41,74,90,000	41,74,90,000
Dyomo Corporation, USA	4,67,300	4,67,300	4,67,300
Ybrant Digital Servicos De Publiciase Ltda, Brasil	2,65,932	2,65,932	2,65,932
Ybrant Digital (Brasil) Ltd., Singapore	45	45	45
LGS Global FZE, UAE	2,43,650	2,43,650	2,43,650
Yreach Media Pvt Ltd, India	99,000	99,000	99,000
LIL Projects private limited.	99,980	NIL	NIL
Apollo Lycos Net commerce Ltd	9,80,000	9,80,000	NIL

(iii) Unsecured loans to Related parties:**(Amount in Rs.)**

Particulars	For the year ended 31 st March		
	2017	2016	2015
Ybrant Employees welfare Trust	1,07,50,000	1,07,50,000	1,37,50,000
LGSL Foundation Trust	5,694,873	5,694,873	60,14,873

(iv) Account receivables**(Amount in Rs.)**

Particulars	Year Ended 31 st March		
	2017	2016	2015
Online Media Solutions Limited, Israel	2,52,04,100	3,61,30,562	3,73,55,441
Dyomo Corporation, USA	NIL	9,43,677	2,24,13,416
Max Interactive Pty, Ltd., Australia	NIL	9,28,628	NIL

36. Operating Lease:

The company has taken its office premises on lease under operating lease agreement that is renewable on a periodic basis at the option of the both the lessor and the lessee. Rental expenses under those leases were Rs.4,17,65,299/- and for the previous year Rs. 3,89,44,812/-

37. Foreign Currency Outflows:

Foreign Exchange outflows as reported by the Company to Government of India and as certified by Management.

(Amount in Rs.)			
Particulars	Year Ended 31st March,		
	2017	2016	2015
Foreign Travelling	68,050	3,10,195	5,36,692
Total	68,050	3,10,195	5,36,692

38. Foreign Currency Inflows:

Foreign Exchange inflows as reported by the Company to Government of India and as certified by Management.

(Amount in Rs.)			
Particulars	Year Ended 31st March,		
	2017	2016	2015
Sales & Services	5,78,14,619	18,27,03,004	15,50,32,287
Realization from Trade Receivables out of Opening Balance	1,23,03,824	3,30,03,527	1,36,96,878
Total	7,01,18,443	21,57,06,531	16,87,29,165

39. Employee Benefits (Gratuity)

The details of the Company's post – retirement benefit plans for its employees including whole-time directors are given below which are certified by an Independent Actuary.

a) Amounts recognized in the Balance Sheet as at**(Amount in Rs.)**

S.No	Particulars	31st March 2017	31st March 2016	31st March 2015
1	Present Value of Obligation as at the end of the year	1,21,67,583	1,30,83,743	1,15,66,260
2	Value of Fund as at the end of the year	7,16,010	12,88,035	15,52,331
3	Funded Status	(1,14,51,573)	(1,17,95,708)	(1,00,13,929)
4	Unrecognized Actuarial (gains) / losses	NIL	NIL	NIL
5	Net Asset / (Liability) Recognized in Balance Sheet	(1,14,51,573)	(1,17,95,708)	(1,00,13,929)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2017:

S.No	Particulars	31 st March 2017	31 st March 2016	31 st March 2015
1	Current Service Cost	14,99,255	22,88,079	19,54,081
2	Past Service cost	NIL	NIL	NIL
3	Interest Cost	10,33,616	9,02,168	7,66,963
4	Expected return on Plan Assets	NIL	(1,21,354)	(1,56,722)
5	Net actuarial (gain)/ loss recognized in the year	(25,83,315)	(12,87,114)	18,03,885
6	Expenses to be recognized in Profit & Loss Account	(1,19,493)	17,81,779	43,68,207

c) Present value of Obligation for the year ended 31-03-2017**(Amount in Rs.)**

S.No	Changes in Present Value of Obligations	31 st March 2017	31 st March 2016	31 st March 2015
1	Present Value of Obligation as at the beginning of the year	1,30,83,743	1,15,66,260	84,28,169
2	Interest Cost	10,33,616	9,02,168	7,66,963
3	Past Service Cost	NIL	NIL	NIL
4	Current Service Cost	14,99,255	22,88,079	19,54,081
5	Benefits paid	(8,65,716)	(3,85,650)	(13,86,838)
6	Actuarial (gain)/ loss on obligations	(25,83,315)	(12,87,114)	18,03,885
7	Present Value of Obligation as at the end of the year	1,21,67,583	1,30,83,743	1,15,66,260
	a. Current Liability	6,15,385	6,34,063	5,92,811
	b. Non-current Liability	1,15,52,198	1,24,49,680	1,09,73,449

d) Actuarial (Gain) / Loss recognized during the year :**(Amount in Rs.)**

S.No	Particulars	31 st March 2017	31 st March 2016	31 st March 2015
1	Actuarial (Gain)/Loss for the year – Obligation	25,83,315	12,87,114	(18,03,885)
2	Total (Gain) / Loss for the year	(25,83,315)	(12,87,114)	18,03,885
3	Actuarial (Gain) / Loss recognized in the year	(25,83,315)	(12,87,114)	18,03,885

e) Assumptions: Assumptions made for the purpose of Gratuity valuation

Particulars	31 st March 2017	31 st March 2016	31 st March 2015
Discount Rate	7.55%	7.9%	7.8%
Rate of increase in Compensation levels	6%	6%	6%
Rate of Return on Plan Assets	NIL	9%	9%
Expected Average remaining working lives of employees (years)	24 Years	26 Years	27 Years

(ii) Leave Encashment

The provision for Leave Encashment is calculated as per accrual method and included in current liability & provision.

40. Earnings Per Share:

(Amount in Rs.)

Particulars	Year Ended 31 st March,		
	2017	2016	2015
Profits Attributable to Equity Share Holders	(2,80,79,159)	(6,53,53,645)	1,74,44,453
Weighted Average No. of Shares Outstanding for the Year ended			
Basic	47,62,51,499	47,62,51,499	47,62,51,499
Diluted	47,62,51,499	47,62,51,499	47,62,51,499
Earnings per Share – Basic	(0.06)	(0.14)	0.04
Earnings per Share – Diluted	(0.06)	(0.14)	0.04

The EPS of Rs. (0.06) on a PAT(Loss) of Rs. (2,80,79,159/-) for the year ended 31 March 2017 for an Equity Capital i.e. Rs. 95,25,02,998 /- consisting of 47,62,51,499 Equity Shares of Rs.2/- each fully paid up and whereas the EPS of Rs.(0.14) on a PAT(Loss) of Rs. (6,53,53,645/-) for the year ended 31 March 2016.

41. As per Ind AS 21, the Foreign exchange fluctuation gain / (loss) on monetary items is recognized in statement of P & L a/c. The receivables have been considered at the actual rate at which the amount is realized, and on unrealized amount the rate prevailing at the reporting date. Accordingly gain/ (Loss) from Foreign Exchange fluctuation amount of Rs. (18,54,175)/- (net) has been recognised in statement Profit and Loss for the Year.

42. Segment Reporting:

The Company is mainly engaged in the area of Digital Marketing (& related) services and Software Development Services.

The company publishes standalone financial statements along with the consolidated financial statements in the annual report. Segment wise details are provided in consolidated financial statements.

43. Intra branch Transactions:

The Intra Branch transactions have been eliminated while preparing the financial statements.

44. Dues to Micro & Small Enterprises:

There are no overdue principle amounts and interest thereon payable to Micro Enterprises and Small Enterprises, as at 31-03-2017.

45. Confirmation of Closing Balances:

The Company has sought for confirmations in respect of Trade receivables, Trade Payables, loans and advances given and received. However, the confirmations from few parties are yet to be received in respect of the said items.

46. Contingent Liabilities & Guarantees:

(Amount in Rs.)		
Particulars	Name of the Bank / Party	Year ending 31th March, 2017
Disputed Service tax Liability for the period May 2008 to September 2011	Appeal made to Central Excise & Service Tax Appellate Tribunal, Hyderabad.	14,60,05,131
Disputed Service tax Liability for the period May 2008 to September 2011	Appeal made to Central Excise & Service Tax Appellate Tribunal, Hyderabad.	4,13,23,149
Disputed Income Tax Liability for the A.Y.2009-10	CIT(Appeals) / ITAT	3,87,72,490
Disputed Income Tax Liability for the A.Y.2012-13	CIT(Appeals)/ ITAT	7,37,36,850
Disputed Income Tax Liability for the A.Y.2014-2015	CIT(Appeals)/ ITAT	4,36,52,738
Corporate Guarantee for Acquiring Lycos Inc (USD 4 Mn) *	Daum Global Holdings Corp, Republic of Korea	25,93,60,000
SE Investments Loan	SE Investments Mumbai (Principal loan amount was repaid. SE Investments has issued notice to pay the penalty & delay charges. Negotiations are in process to reduce and settle the account).	1,01,23,233

* Assumption: 1 USD = Rs.64.84 (Closing rate as on 31st March 2017)

47. The Dividend related 2008-09 for an amount of Rs. 68,645/- has been transferred to Investors education and protection fund.

48. Dividend Payable is pending for various financial years amounting to Rs.12,85,44,918/-

Financial Year	Amount Due
2009-10	72,38,953
2010-11	95,656
2011-12	8,84,93,257
2015-16	3,27,17,052
Total	12,85,44,918

49. **Disclosure on Specified Bank Notes (SBNs):** Details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December 2016

Particulars	SBN's	Other Denomination notes	Total In Rs.
Closing cash in hand as on November 8, 2016	0	61	61
Add: Permitted receipts	0	5,35,300	5,35,300
Less: Permitted Payments	0	3,24,350	3,24,350
Less : Amount Deposited in Banks	0	2,10,000	2,10,000
Closing cash in hand as on December 30th, 2016	0	1,011	1,011

50. The figures of previous year have been regrouped wherever necessary.

51. The figures have been rounded off to the nearest rupee.

As per our report of even date
P.MURALI & CO.,
Firm Registration Number: 007257S
CHARTERED ACCOUNTANTS

For and on behalf of the Board of
LYCOS INTERNET LIMITED

P.MURALI MOHANA RAO
PARTNER
Membership Number: 023412

M.Suresh Kumar Reddy
Chairman & Managing Director

Vijay Kancharla
Executive Director

PLACE: HYDERABAD
DATE:30th May, 2017

Y.Srinivasa Rao
Chief Financial Officer

V.Srilakshmi
Company Secretary

CONSOLIDATED FINANCIALS

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**To the Members
Lycos Internet Limited**

Report on the consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of M/s. **Lycos Internet Limited** ("the Holding Company"), and its subsidiaries, its jointly controlled entities and associated companies; together referred to as "the Group" comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income) and Consolidated Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements')

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the respective company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made there under including the accounting and auditing standards and matters which are required to be included in audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view. In order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the consolidated financial position of the group, as at 31st March 2017, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the changes in equity for the year then ended.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company so far as appears from our examination of those books;
- c) the Consolidated Balance Sheet, the consolidated Statement of Profit and Loss including other comprehensive income, and the consolidated Cash Flow Statement and the Statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .
- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary/joint venture companies incorporated in India, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in ‘Annexure A’; and
- g) With respect to other matters to be included in the Auditor’s Report in accordance with

Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated Ind AS financial statement has disclosed the pending litigations which could have impact on its financial position.
- ii. The Holding company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary companies incorporated in India.
- iv. The Company has provided requisite disclosures in its Consolidated Ind AS Financial Statements (Note No. 50) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books maintained by the Company.

Other Matter

We did not audit the financial statements of below mentioned list of subsidiary Companies and Joint Venture except Yreach Media Pvt Ltd and LIL projects Private Limited included in the consolidated Ind AS financial results, whose Ind AS financial statements/financial information reflect total assets of Rs. 25,71,09,67,719/- as at 31st March, 2017, total revenue of Rs. 19,91,46,19,657/- for the year ended 31st March, 2017 which is not audited. These included financial statements of subsidiary Companies which are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The company management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company/s management and our opinion on the

consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of subsidiary Companies and Joint Venture and our report in terms of sub section (3) of section 143 of the Act insofar as it relates to the aforesaid subsidiary is based on solely on such unaudited financial statements and other financial information.

In our opinion and to the best of our information and according to the explanations given to us, these consolidated year-to-date financial results of the following entities:

- a) Yreach Media Pvt Ltd, India.
- b) Frontier Data Management Inc., USA
- c) International Expressions Inc., USA
- d) Online Media Solutions Limited, Israel
- e) Ybrant Media Acquisition Inc., USA
- f) Dyomo Corporation USA
- g) Max Interactive Pty Ltd., Australia
- h) DreamAD, SA Argentina
- i) DreamAD, SA Chile
- j) Get Media Mexico Sociedad Anonima de Capital Variable, Mexico
- k) DreamAD, SA Panama
- l) DreamAD, SA Uruguay
- m) Ybrant Digital Services De Publicidade Ltd. Brasil.
- n) Ybrant Digital (Brasil) Ltd, Singapore.
- o) LGS Global FZE, UAE
- p) Apollo Lycos Netcommerce Limited – Joint venture, India.
- q) LIL Projects Private Limited, India.

Further we report that, a subsidiary company M/s. Ybrant Media Acquisition Inc., has filed bankruptcy protection petition as per chapter 11 with United States Court towards dues settlement of \$ 16 Million Dollars to Daum Global Holdings Corp in respect acquisition of Lycos Inc.

In our opinion and according to the information and explanations given to us with respect to repayment of dues to Banks/Financial Institutions (Canara Bank, Axis Bank and State Bank of India) the Company has defaulted in payment of principal amount to the extent of Rs 79.17 crores and Rs.12.41 crores towards interest. All the loans were became Non Performing Assets and banks issued recall of credit facilities for payment of outstanding dues along with interest.

According to the information and explanations given to us, There was no undisputed amounts payable in respect of Employees State Insurance and other material statutory dues in arrears as at 31st March 2017, except provident fund amounting to Rs. 26,87,609/- for a period of more

than 6 months from the date they became payable.

According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Wealth Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes except as given below in respect of Income Tax and Service Tax:

Name of the Statute	Year pertains to	Forum where dispute is pending	Amount involved
Income Tax	Various Assessment years	CIT(Appeals) /ITAT	Rs. 26,70,40,727
Service Tax	FY 2007-08 to FY 2012-13	CESTAT, Hyderabad	Rs. 18,73,28,280

For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S

P. Murali Mohana Rao
Partner
Member Ship No. 023412

Place: Hyderabad
Date: 30-05-2017

Annexure A to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

In conjunction with our Audit of the consolidated Ind AS financial statements of the company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Lycos Internet Limited ('the Holding company') and its subsidiary companies which are incorporated in India, as of the date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary/joint venture companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and

maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management

override of controls, material misstatements due to error or fraud may occur and not be deducted. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, The Holding Company and its subsidiary/ joint venture companies, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

**For P. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S**

**P. Murali Mohana Rao
Partner
Member Ship No. 023412**

**Place: Hyderabad
Date:30-05-2017**

Consolidated Balance Sheet as at 31st March, 2017, 2016 and 1st April, 2015

Particulars	Note	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
ASSETS				
Non-current assets				
Property, plant and equipment	4	18,13,20,090	16,37,83,395	14,81,77,643
Capital work in Progress	4	-	70,32,91,983	1,04,86,56,769
Investment property	5	21,95,210	21,95,210	21,95,210
Goodwill on consolidation	4	1,49,46,95,340	1,49,46,95,340	1,49,46,95,340
Other intangible assets	4	3,99,51,02,922	3,16,69,20,576	93,40,85,718
Intangible assets under development	4	71,43,86,699	1,01,86,72,183	1,64,87,14,792
Financial assets				
- Investments	6	1,06,52,10,138	1,08,52,10,138	6,05,50,268
- Loans	7	1,54,72,67,847	1,69,45,12,352	1,69,10,88,387
- Others financial assets	8	12,70,27,390	1,65,65,193	1,97,64,873
Deferred tax assets (net)	9	3,48,38,246	2,82,61,864	1,96,52,092
Non- Current tax assets (net)	10	65,88,001	57,05,437	42,11,433
Other non-current assets	11	28,06,05,651	28,70,30,889	27,09,03,111
Total Non-current assets		9,44,92,37,534	9,66,68,44,560	7,34,26,95,636
Current assets				
Financial assets				
- Trade receivables	12	7,76,77,30,585	7,19,70,64,019	8,43,72,23,309
- Cash and cash equivalents	13	80,49,73,292	59,44,53,140	56,52,56,706
- Other bank balances	14	5,08,469	7,76,620	41,64,799
- Loans	15	5,71,90,07,914	3,57,17,77,233	2,80,11,46,818
- Other Financial Assets	16	45,94,308	44,10,100	43,71,304
Other current assets	17	4,77,89,90,329	3,40,62,90,549	2,02,51,59,710
Total Current assets		19,07,58,04,897	14,77,47,71,661	13,83,73,22,646
Total assets		28,52,50,42,431	24,44,16,16,221	21,18,00,18,282
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	18	95,25,02,998	95,25,02,998	95,25,02,998
Other equity	19	23,13,30,28,913	19,36,70,54,731	14,72,68,52,819
Total Equity		24,08,55,31,911	20,31,95,57,729	15,67,93,55,817
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	20	-	-	6,00,00,000
Provisions	21	8,87,22,927	9,09,57,354	9,18,33,178
Deferred tax liabilities (net)	22	3,07,51,134	3,22,99,306	3,13,73,724
Total Non-current liabilities		11,94,74,061	12,32,56,660	18,32,06,902
Current liabilities				
Financial liabilities				
- Borrowings	23	68,31,01,383	68,31,01,383	71,02,05,068
- Trade payables	24	87,01,18,510	89,71,42,654	1,76,22,20,839
- Others financial liabilities	25	24,53,50,870	16,33,28,030	21,29,48,661
Other current liabilities	26	1,79,66,94,794	1,62,65,99,298	1,97,50,65,958
Provisions	27	72,47,70,902	62,86,30,467	65,70,15,037
Total Current liabilities		4,32,00,36,459	3,99,88,01,832	5,31,74,55,563
Total equity and liabilities		28,52,50,42,431	24,44,16,16,221	21,18,00,18,282

Notes forming part of consolidated financial statements

For and on behalf of the Board
Lycos Internet Limited

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

M.Suresh Kumar Reddy
Chairman & Managing Director

Vijay Kancharla
Executive Director

P.Murali Mohana Rao
Partner
M.No. 23412

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 30-05-2017

Statement of Profit and Loss for the year ended 31st March, 2017 & 2016

Particulars	Note	Year Ending	Year Ending
		31-03-2017	31-03-2016
		Rupees	Rupees
REVENUE			
I. Revenue from operations	28	24,51,31,85,214	22,55,89,89,507
II. Other income	29	68,62,439	(4,32,001)
III. Total revenue (I+II)		24,52,00,47,653	22,55,85,57,506
IV. EXPENSES			
Purchase / Cost of Revenue	30	13,76,48,68,875	12,59,63,44,294
Employee Benefit expenses	31	1,45,41,84,961	1,36,63,07,587
Other Operating Expenses	32	2,00,10,03,474	1,85,97,50,735
Financial costs	33	15,24,12,710	15,89,68,686
Depreciation and amortization expense	4	95,74,25,118	63,64,72,359
Total expenses (IV)		18,32,98,95,138	16,61,78,43,661
V. Profit/(loss) before tax (III-IV)		6,19,01,52,515	5,94,07,13,845
VI. Tax expense			
Current tax		1,90,25,30,961	1,95,18,80,142
Deferred tax		(48,40,942)	(62,80,620)
VII. Profit/(loss) for the period (V-VI)		4,29,24,62,496	3,99,51,14,323
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plan (net of tax)		(60,53,930)	(62,30,729)
Income tax relating to items that will not be reclassified to profit or loss			
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss			
IX. Total comprehensive income for the period (VII+VIII)		4,28,64,08,566	3,98,88,83,594
Earnings per share			
(1) Basic (in Rs.)		9.01	8.39
(2) Diluted (in Rs.)		9.01	8.39

Notes forming part of consolidated financial statements

For and on behalf of the Board
Lycos Internet Limited

AS PER OUR REPORT OF EVEN DATE

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M.No. 23412

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 30-05-2017

Statement of Changes in Equity for the period ended 31st March 2017 and 2016

A. Equity Share Capital

Balance As at 1st April 2015	Changes in equity share capital during the year	Balance As at 31st March 2016
95,25,02,998	-	95,25,02,998
Balance As at 1st April 2016	Changes in equity share capital during the year	Balance As at 31st March 2017
95,25,02,998	-	95,25,02,998

B. Other Equity

	Reserves and Surplus				Exchange differences on trans- lating the financial state- ments of a foreign operation	Total Rupees
	Capital Reserve	General reserve	Surplus in statement of P&L	Retained Earnings		
Balance at the beginning of the reporting period As at 1st April 2015	4,16,78,11,992	3,97,14,215		9,53,56,39,885	98,36,86,727	14,72,68,52,819
Changes in accounting policy or prior period errors						-
Restated balance at the beginning of the reporting period	4,16,78,11,992	3,97,14,215	-	9,53,56,39,885	98,36,86,727	14,72,68,52,819
Total Comprehensive Income for the year			3,98,88,83,594			3,98,88,83,594
Dividends						-
Transfer to General Reserve		1,02,945		(1,02,945)		-
Transfer to retained earnings			(3,98,88,83,594)	3,98,88,83,594		-
Any other change (to be specified) -FCTR					65,13,18,318	65,13,18,318
Balance at the end of the reporting period 31st March 2016	4,16,78,11,992	3,98,17,160	-	13,52,44,20,534	1,63,50,05,045	19,36,70,54,731
Balance at the beginning of the reporting period As at 1st April 2016	4,16,78,11,992	3,98,17,160		13,52,44,20,534	1,63,50,05,045	19,36,70,54,731
Changes in accounting policy or prior period errors						-
Restated balance at the beginning of the reporting period	4,16,78,11,992	3,98,17,160	-	13,52,44,20,534	1,63,50,05,045	19,36,70,54,731
Total Comprehensive Income for the year			4,28,64,08,565			4,28,64,08,565
Dividends (Including Tax on Dividends)				(5,73,20,678)		(5,73,20,678)
Transfer to General Reserve						-
Transfer to retained earnings			(4,28,64,08,565)	4,28,64,08,565		-
Any other change (to be specified) - FCTR					(46,31,13,704)	(46,31,13,704)
Balance at the end of the reporting period 31st March 2017	4,16,78,11,992	3,98,17,160	-	17,75,35,08,421	1,17,18,91,341	23,13,30,28,913

Consolidated cash flow statement for the year ended 31st March, 2017 & 2016

	Particulars	Year ended	Year ended
		31 st March 2017	31 st March 2016
		Rupees	Rupees
A.	Cash Flow from Operating Activities		
	Profit Before Tax	6,19,01,52,515	5,94,07,13,845
	Adjustment for :		
	Add: Depreciation and amortisation expense	95,74,25,118	63,64,72,359
	Interest Expense	1,89,91,042	2,74,74,083
	Allowance for doubtful trade receivables	1,57,11,760	2,03,37,368
	Investments Write off	2,00,00,000	
	Operating Profit before Working Capital Changes	7,20,22,80,435	6,62,49,97,655
	Adjustment for Working Capital Changes:		
	Increase/(Decrease) in Short term Borrowings	-	(2,71,03,685)
	Increase/(Decrease) in Trade Payables	(2,70,24,145)	(86,50,78,186)
	Increase/(Decrease) in other Current Liabilities	17,00,95,491	(34,84,66,660)
	Increase/(Decrease) in Others financial liabilities	8,20,22,840	(4,96,20,632)
	Increase/(Decrease) in Short-Term Provisions	(4,61,80,180)	(16,19,50,616)
	Decrease/(Increase) in Trade Receivables	(58,63,78,327)	1,21,98,21,923
	Decrease/(Increase) in Short-Term Loans and Advances	(2,14,72,30,681)	(77,06,30,415)
	(Increase)/Decrease in Other Financial Assets	(1,84,208)	(38,796)
	(Increase)/Decrease in other Current Assets	(1,37,26,99,780)	(1,38,11,30,839)
	Cash Flow from Operating Activities	3,27,47,01,445	4,24,07,99,749
	Taxes paid	1,76,02,10,346	1,81,83,14,096
	Net Cash Flow from Operating Activities (A)	1,51,44,91,099	2,42,24,85,653
B	Cash Flow from Investing Activities		
	Sale of Fixed assets		
	Purchase/(Increase) of Fixed Assets	(8,11,79,986)	(18,75,41,408)
	(Increase)/Decrease in Non-Current Investments		(1,02,46,59,870)
	(Increase)/Decrease in Intangibles under development	(71,43,86,699)	(1,01,86,72,183)
	(Increase)/Decrease in Capital Work in Progress		(70,32,91,983)
	Net cash Flow from investing activities (B)	(79,55,66,685)	(2,93,41,65,444)
C.	Cash Flows from Financing Activities		
	Interest Paid	(1,89,91,042)	(2,74,74,083)
	Increase/(Decrease) in Long Term Loans	-	(6,00,00,000)
	Increase /(Decrease) in Foreign Currency Fluctuation Reserve	(46,31,13,705)	65,13,18,319
	Dividend Paid (Inclusive of Dividend tax)	(5,73,20,678)	-
	Increase/(Decrease) in long term provision	(82,88,357)	(71,06,553)
	(Increase)/Decrease in Deferred tax Asset(Net)	(17,35,441)	(23,29,152)
	Increase/(Decrease) in Deferred tax Liabilities(Net)	(15,48,172)	9,25,582
	(Increase)/Decrease in Long term loans and advances	14,72,44,505	(34,23,965)
	(Increase)/Decrease in other financial assets	(11,04,62,197)	31,99,680
	(Increase)/Decrease in Non- Current tax assets (net)	(8,82,563)	(14,94,004)
	(Increase)/Decrease in Other Non - Current Assets	64,25,237	(1,61,27,778)
	Net cash Flow from financing activities (C)	(50,86,72,413)	53,74,88,046
	Cash and cash equivalents at beginning of year	59,52,29,760	56,94,21,505
	Net change in cash (A+B+C)	21,02,52,001	2,58,08,255
	Cash and cash equivalents at period ended 31st March, 2017	80,54,81,761	59,52,29,760

Notes forming part of consolidated financial statements

For and on behalf of the Board
Lycos Internet Limited

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

M.Suresh Kumar Reddy
Chairman & Managing Director

Vijay Kancharla
Executive Director

P.Murali Mohana Rao
Partner
M.No. 23412

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 30-05-2017

1. Corporate Information:

Lycos Internet Limited, offers digital marketing solutions to businesses, agencies and online publishers worldwide. Lycos Internet Limited connects Advertisers with their Audience across any form of Digital Media, using its massive local presence to deliver appropriate messages to the right audience, through the most relevant Digital channels. Lycos Internet Limited has a global presence, with offices in over 24 countries.

Lycos Internet Limited is also a Global Information Technology Implementation and Outsourcing Services Provider with an exceptional track record of providing high quality, on-budget, and on-time solutions to demanding clients. Our business knowledge in key verticals helps us provide solutions that are customized to address the specific needs while focusing on maximizing value of Information Technology investments such that clients can achieve their business objectives. We believe in fostering long-term relationships, and partner with our clients in their success. Lycos Provides End-to-end Enterprise Solution Offerings and Specializing in ERP Solutions, Microsoft and Open Source Systems development.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of financial statements under

Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (" Previous GAAP") to Ind AS of shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

b) Basis of preparation

These Consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fairvalues at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date.

c) Basis of consolidation

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

d) Business Combinations

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognized at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognized as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders equity.

e) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

Impairment of Goodwill

The Group estimate the value in use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted- average cost of capital based on the historical market returns of comparable companies.

Impairment of investments

The Group reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period.

Contingencies

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/ claims/litigations against the Group/by the Group as it is not possible to predict the outcome of pending matters with accuracy.

Defined Benefit Plans

The present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, rate of increment in salaries and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques i.e., the DCF model. The inputs to these models are taken from observable markets.

Intangibles

Internal technical or user team assess the useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

f) Current Vs Non-current classifications

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it satisfies the below mentioned criteria:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current assets.

A liability is classified as current when it satisfies the below mentioned criteria:

- i. Expected to settle the liability in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

g) Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

h) Revenue recognition

1) Digital Marketing Services:

- i) The Contracts between the Group and its Customers are either time or material contracts or fixed price contracts.
- ii) Revenue from fixed price contracts is recognized according to the milestones achieved as specified in the contracts on the proportionate-completion method based on the work completed. Any anticipated losses expected upon the contract completion are recognized immediately. Changes in job performance, conditions and estimated profitability may result in revisions and corresponding revenues and costs are recognized in the period in which such changes are identified. Deferred revenue represents amounts billed in excess of revenue earned for which related services are expected to be performed in the next operating cycle.
- iii) In respect of time and material contract, revenue is recognized in the period in which the services are provided and related costs are incurred.
- iv) Revenue from product sale and licensing arrangements are recognized on delivery and installation.
- v) Revenue is reported net of discounts, indirect and service taxes.

2) Software Development:

- i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognized as and when the services are performed and related costs are incurred.
- iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognized as related services are performed.
- iv) Revenue from fixed price contracts is recognized according to the milestones achieved as specified in the contracts on the proportionate-completion method based on the work completed. Any anticipated losses expected upon the contract completion are recognized immediately. Changes in job performance, conditions and estimated profitability may result in revisions and corresponding revenues and costs are recognized in the period in which such changes are identified. Deferred revenue represents amounts billed in excess of revenue earned for which related services are expected to be performed in the next operating cycle.
- v) Revenue is not recognized on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.
- vi) Revenue is reported net of discounts, indirect and service taxes
- i) Dividend income is recorded when the right to receive payment is established. Interest income is recorded using the effective interest method.

j) Leases

Operating Lease:

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The Group charges Lease rentals in respect of assets taken under operating leases to statement of profit and loss account on a straight line basis over the lease term.

Finance Lease:

Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost. so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

k) Cost recognition

Costs and expenses are recognized as and when incurred and have been classified according to their nature.

The costs of the Group are broadly categorized in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, cost of running its facilities, travel expenses, cost of equipment and software licenses, communication costs, allowances for delinquent receivables and advances and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and

brokerage, recruitment and training, entertainment etc.

l) Foreign currency transactions

i. Functional and Presentation Currency:

The functional currency of the Company and its Indian subsidiaries is the Indian National Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

ii. Initial Recognition:

Foreign currency transactions are recorded in the Presentation currency, by applying to the foreign currency amounts the exchange rate between the Presentation currency and the foreign currency at the date of the transaction.

iii. Conversion on reporting date:

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

iv. Exchange Differences:

Exchange difference arising on the settlement of monetary items or on Presenting monetary items of Company at rates different from those at which they were initially recorded during the year or presented in previous financial statements are recognised as income or as expenses in the year in which they arise.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

m) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Group, its overseas branches and its subsidiaries in India and overseas. The current tax payable by the Company and its subsidiaries in India is Indian income tax payable on worldwide income.

The Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

The current income tax expense for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which it operates.

Advance taxes and provisions for current income taxes are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable

temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one Entity and a financial liability or equity instrument of another Entity.

1. Financial Assets.

i) Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

ii) Subsequent measurement:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are

held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

iii. Derecognition:

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement.

iv. Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables.

Expected credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the group expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

3. Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Entity after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

i) Initial recognition and measurement:

At initial recognition, all financial liabilities are recognised at fair value and in the case

of loans, borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement:

a. Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognised in the profit or loss.

b. Financial liabilities at amortised cost:

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate.

The effective interest rate amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liability with maturity of less than one year is shown at transaction value.

iii. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

o) Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an

insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

p) Financial Guarantee Contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with original or modified terms of a debt instrument.

The Group measures any financial guarantee on initial recognition at their fair value.

Subsequently these contracts are measured at the higher of:

- a. the amount of the loss allowance determined as per impairment requirements of Ind AS 109, and
- b. the amount initially recognised, less where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 18.

q) Fair Value Measurement:

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous

market which is accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

r) Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

s) Property, plant and equipment

Property, plant and equipment are stated at cost net of input tax credits, less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and all attributable cost, to bring the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

The Group adopted cost model as its accounting policy, in recognition of the property, plant and equipment and recognises transaction value as the cost.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from property, plant and equipment and the carrying amount net of scrap value, if any is charged to Statement of Profit and Loss.

The improvements/modifications carried on the lease hold land/property are recognised as lease hold improvements and are written off over the primary lease period or the life of such improvement whichever is lower.

The estimated useful lives are as mentioned below:

Type of asset	Method	Useful lives
Computer equipment	Straight line	3 years
Office equipment's	Straight line	5 years
Furniture and fixtures	Straight line	10 years
Electrical installations	Straight line	10 years
Vehicles	Straight line	8 years

t) Intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirers interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over license period which equates the useful life ranging between 5-6 years on a straight line basis.

u) Impairment of Non-financial assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the

weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

- ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer existing or have decreased.

v) Employee benefits

i. Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and deductions in future contributions to the scheme.

ii. Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

iii. Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services

are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date.

w) Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

x) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

y) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker ("CODM").

The board of directors of the company has identified the Chairman and Managing Director as the CODM.

z) Provisions:

Provisions are recognised when there is a present legal or constructive obligation that can be estimated

reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

aa) Contingencies:

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent asset or contingent liability. Possible outcomes on obligations/ rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent assets or contingent liabilities.

bb) Prior period items:

In case prior period adjustments are material in nature the Group prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

3) Explanation of transition to Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Group in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliation

Particulars	Amount in Rs.	
	Consolidated	Consolidated
	As at 31st March, 2016	As at 31st March, 2015
Equity under Previous GAAP attributable to:	19,73,83,58,704	15,29,91,18,079
Foreign Currency Translation Reserve Transferred to Retained Earnings	58,54,68,750	(38,91,80,928)
Employee benefits -actuarial gain/loss	90,98,048	
Expected credit loss on trade receivables and financial guarantees	(2,03,37,368)	(9,22,84,937)
Net gain/loss on foreign currency translation and transaction	(4,92,98,613)	83,17,41,991
Deffered tax adjustments	51,78,259	2,99,61,612
Proposed dividend and related distribution tax	5,73,20,678	
Other comprehensive income (net of tax)	(62,30,729)	
Equity under Ind AS	20,31,95,57,729	15,67,93,55,817

(ii) Total comprehensive income reconciliation

Particulars	Amount in Rs.	
	Consolidated	
	12 Months ended 31st March, 2016	
Net income under Previous GAAP attributable to:	4,05,04,73,997	
Effect of transition to Ind AS on statement of profit and loss:		
Provision for expected credit loss	2,03,37,368	
Reversal of exchange gain/(loss) on foreign currency borrowings from FCTR	4,92,98,613	
Actuarial gains/(loss) recognized in other comprehensive income	(90,98,048)	
Deferred taxes on above Ind AS Adjustments	(51,78,259)	
Total adjustments	5,53,59,674	
Net profit for the period under Ind AS (A+B)	3,99,51,14,323	
Total other comprehensive income (net of tax)	(62,30,729)	
Total comprehensive income under Ind AS	3,98,88,83,594	

NOTE NO 4 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2017											
Sl. No.	Particulars	Gross Block				Depreciation/ Amortization				Amount in Rupees	
		As on 1st April, 2016	Additions during the year	Sale / Deletions during the year	As on 31st March, 2017	Dep. As on 1st April, 2016	Depreciation/Amortisation for the year	Sale / Deletions during the year	Total Depreciation	Net Block as on 31st March, 2017	Net Block as on 31st March, 2016
I	PROPERTY, PLANT AND EQUIPMENT										
1	Electrical Equipment	2,35,07,019	2,83,251	-	2,37,90,270	1,77,44,594	25,10,350	-	2,02,54,944	35,35,326	57,62,425
2	Office Equipment	6,11,57,436	31,32,579	-	6,42,90,015	5,17,01,746	20,70,255	-	5,37,72,001	1,05,18,014	94,55,690
3	Air Conditioners	73,32,274	1,59,440	-	74,91,714	40,61,720	5,23,406	-	45,85,126	29,06,588	32,70,554
4	Computers	67,10,02,933	2,49,00,794	-	69,59,03,727	60,08,36,545	2,84,05,816	-	62,92,42,361	6,66,61,366	8,04,89,418
5	Furniture	12,37,89,147	45,13,080	-	12,83,02,227	7,54,95,446	1,24,70,975	-	8,79,66,421	4,03,35,806	4,82,93,701
6	Property & Equipment	19,07,07,567	4,81,90,842	-	23,88,98,409	17,43,13,010	73,20,447	-	18,16,33,457	5,72,64,952	1,63,94,557
7	Vehicles	10,78,482	-	-	10,78,482	9,61,432	19,019	-	9,80,451	98,038	1,17,050
	Total	1,07,85,74,858	8,11,79,986	-	1,15,97,54,844	92,51,14,493	5,33,20,268	-	97,84,34,761	18,13,20,090	16,37,83,395
II	Intangible Fixed Assets										
1	Intangible Assets	4,03,79,71,369	1,72,19,64,166	-	5,75,99,35,535	87,28,13,203	89,81,09,070	-	1,77,09,22,273	3,98,90,13,262	3,16,51,58,165
2	Computer Products / Rights	2,61,65,144	-	-	2,61,65,144	1,40,79,704	59,95,780	-	2,00,75,484	60,89,660	17,62,411
	Total	4,06,41,36,513	1,72,19,64,166	-	5,78,61,00,679	88,68,92,907	90,41,04,850	-	1,79,09,97,757	3,99,51,02,922	3,16,69,20,576
III	Good Will On Consolidation	1,49,46,95,340	-	-	1,49,46,95,340	-	-	-	-	1,49,46,95,340	1,49,46,95,340
IV	Capital Work In Progress	70,32,91,983	-	70,32,91,983	-	-	-	-	-	-	70,32,91,983
	Intangible Assets under development	1,01,86,72,183	71,43,86,699	1,01,86,72,183	71,43,86,699	-	-	-	-	71,43,86,699	1,01,86,72,183
	TOTAL	8,35,93,70,877	2,51,75,30,851	1,72,19,64,166	9,15,49,37,562	1,81,20,07,400	95,74,25,118	-	2,76,94,32,518	6,38,55,05,051	6,54,73,63,477

NOTE NO 4 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS AS AT 31-03-2016										Amount in Rupees	
Sl. No.	Particulars	Gross Block				Depreciation/ Amortisation				Net Block as on 31st March,2016	Net Block as on 31st March,2015
		As on 1st April, 2015	Additions during the year	Sale / Deletions/Transfers during the year	As on 31st March, 2016	Dep. As on 1st April, 2015	Depreciation/ Amortisation for the year	Sale / Deletions during the year	Total Depreciation		
I	PROPERTY, PLANT AND EQUIPMENT										
1	Electrical Equipment	2,33,11,870	1,95,149	-	2,35,07,019	1,39,82,336	37,62,258	-	1,77,44,594	57,62,425	93,29,534
2	Office Equipment	6,72,77,521	48,58,494	1,09,78,579	6,11,57,436	6,15,77,577	11,02,748	1,09,78,579	5,17,01,746	94,55,690	56,99,944
3	Air Conditioners	72,64,719	67,555	-	73,32,274	35,48,439	5,13,281	-	40,61,720	32,70,554	37,16,280
4	Computers	70,54,50,355	4,13,44,277	5,18,58,929	69,49,35,703	63,74,20,371	2,88,84,843	5,18,58,929	61,44,46,285	8,04,89,418	6,80,29,984
5	Furniture	10,31,06,852	2,06,82,295	-	12,37,89,147	6,16,97,139	1,37,98,307	-	7,54,95,446	4,82,93,701	4,14,09,713
6	Property & Equipment	18,49,08,767	57,98,800	-	19,07,07,567	16,52,05,287	91,07,723	-	17,43,13,010	1,63,94,557	1,97,03,480
7	Vehicles	89,78,942	-	79,00,460	10,78,482	86,90,234	1,71,658	79,00,460	9,61,432	1,17,050	2,88,708
	Total	1,10,02,99,026	7,29,46,570	7,07,37,968	1,10,25,07,628	95,21,21,383	5,73,40,818	7,07,37,968	93,87,24,233	16,37,83,395	14,81,77,643
II	Intangibe Fixed Assets										
1	Intangible Assets	1,28,72,06,986	2,81,15,51,620	6,07,87,238	4,03,79,71,368	35,48,10,394	57,87,90,047	6,07,87,238	87,28,13,203	3,16,51,58,165	93,23,96,592
2	Computer Products / Rights	18,17,595	4,14,779	-	22,32,374	1,28,469	3,41,494	-	4,69,963	17,62,411	16,89,126
	Total	1,28,90,24,581	2,81,19,66,399	6,07,87,238	4,04,02,03,742	35,49,38,863	57,91,31,541	6,07,87,238	87,32,83,166	3,16,69,20,576	93,40,85,718
	Good Will On Consolidation	1,49,46,95,340	-	-	1,49,46,95,340	-	-	-	-	1,49,46,95,340	1,49,46,95,340
	Capital Work In Progress	1,04,86,56,769	70,32,91,983	1,04,86,56,769	70,32,91,983	-	-	-	-	70,32,91,983	1,04,86,56,769
	Intangible Assets under development	1,64,87,14,792	1,01,86,72,183	1,64,87,14,792	1,01,86,72,183	-	-	-	-	1,01,86,72,183	1,64,87,14,792
	TOTAL	6,58,13,90,508	4,60,68,77,135	2,82,88,96,767	8,35,93,70,876	1,30,70,60,246	63,64,72,359	13,15,25,206	1,81,20,07,399	6,54,73,63,477	5,27,43,30,262
Notes	The Gross Carrying value of the Property ,plant and equipment and Intangible assets as on 1st April,2015 is considered as the Deemed cost as on transition date i.e. 1st April,2015.										

NOTE NO. 5 : INVESTMENT PROPERTY

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
I	Land at cost	21,95,210	21,95,210	21,95,210
	Total Investment Property	21,95,210	21,95,210	21,95,210

NOTE NO. 6 : INVESTMENTS - NON CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Investments - Non Current			
	Investment in Equity Instruments at cost			
	Equity Shares -Unquoted			
I	Affiliates	1,06,52,10,138	1,06,52,10,138	4,05,50,268
	Subsidiary-Unquoted			
	Lanco Net Ltd , 2000000 shares of Rs 10/- each	-	2,00,00,000	2,00,00,000
	Total Investments-Non - Current	1,06,52,10,138	1,08,52,10,138	6,05,50,268

NOTE NO. 7 : LOANS - NON CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Loans - Non- Current			
I	Unsecured, Considered Good			
	(a) Security deposits	5,47,17,607	5,40,67,345	3,40,67,345
	(b) Other Advances	1,49,25,50,240	1,64,04,45,007	1,65,70,21,042
	Total Loans - Non current	1,54,72,67,847	1,69,45,12,352	1,69,10,88,387

NOTE NO. 8 : OTHER FINANCIAL ASSETS - NON CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other financial assets - Non- Current			
	Unsecured, Considered Good			
	Advances other than Capital advances			
I	(a) Other advances	11,04,62,197	-	-
	(b) Advances to related parties			
	- Ybrant Employees Welfare Trust	1,07,50,000	1,07,50,000	1,37,50,000
	- LGSL Foundation Trust	56,94,873	56,94,873	60,14,873
	(c) Share of Joint Venture (Apollo Lycos Netcommerce)	1,20,320	1,20,320	-
	Total Other financial assets - Non Current	12,70,27,390	1,65,65,193	1,97,64,873

NOTE NO. 9 : DEFERRED TAXES ASSET (NET)

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Deferred tax assets (net)			
	Deferred tax liability	4,71,54,913	5,27,41,152	6,28,19,151
	Deferred tax assets			
I	Opening Deferred tax assets	2,56,12,393	2,36,12,332	32,06,028
	- Fixed Assets	1,98,754	5,24,235	1,51,95,961
	- Provision for gratuity and compensated absences	(1,06,338)	5,78,098	77,80,904
	MAT Credit	5,62,88,350	5,62,88,350	5,62,88,350
		-		
	Deferred Tax Asset Net	8,19,93,159	8,10,03,016	8,24,71,243
	Deferred Tax Asset(Net)	3,48,38,246	2,82,61,864	1,96,52,092

NOTE NO. 10 : NON- CURRENT TAX ASSETS (NET)

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Non- Current tax assets (net)			
I	-TDS Receivables	65,88,001	57,05,437	42,11,433
	Total Non- Current tax assets (net)	65,88,001	57,05,437	42,11,433

NOTE NO. 11 : OTHER NON CURRENT ASSETS

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other non-current assets			
	Others	27,96,05,651	28,60,30,889	26,99,03,111
I	Deposits with banks with maturity beyond 12 months	10,00,000	10,00,000	10,00,000
	Total Other Non Current Assets	28,06,05,651	28,70,30,889	27,09,03,111

NOTE NO. 12 : TRADE RECEIVABLES

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Trade receivables			
	(a)Unsecured Considered good	7,89,67,80,060	7,31,05,00,680	8,52,95,08,246
I	Less: Allowances for bad and doubtful debts	12,90,49,475	11,34,36,661	9,22,84,937
	<u>Notes</u>			
	<i>In determining the allowances for doubtful trade receivables the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.</i>			
	Total Trade Receivables	7,76,77,30,585	7,19,70,64,019	8,43,72,23,309

NOTE NO. 13 : CASH AND CASH EQUIVALENTS

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Cash and cash equivalents			
	Balances with banks			
	- Current Accounts	80,48,96,486	59,43,69,479	56,44,69,593
	- Cash on hand	10,174	17,029	7,87,113
	- Share of Joint Venture (Apollo Lycos Netcommerce)	66,632	66,632	-
	Total Cash and cash equivalents	80,49,73,292	59,44,53,140	56,52,56,706

NOTE NO. 14 : OTHER BANK BALANCES - CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other bank balances - Current			
	(i) Earmarked balances with Banks			
I	- Unpaid Dividend	2,14,469	2,82,620	6,98,521
	(ii) Balances with bank held as Margin Money	2,94,000	4,94,000	34,66,278
	Total Other bank balances - Current	5,08,469	7,76,620	41,64,799

NOTE NO. 15 : LOANS - CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Loans -Current			
	Unsecured Considered Good			
	(a) Loans to related parties			
	(b) Others			
	Advances to Employees	27,46,829	26,02,212	13,53,099
I	Other Advances	5,71,62,61,085	3,56,91,75,021	2,79,97,93,719
	Total Loans - Current	5,71,90,07,914	3,57,17,77,233	2,80,11,46,818

NOTE NO. 16 : OTHER FINANCIAL ASSETS - CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other financial asset-Current			
	(a) Security deposits			
I	- Rental deposits	42,90,308	44,10,100	43,71,304
	- Other deposits	3,04,000		
	Total Other financial assets - Current	45,94,308	44,10,100	43,71,304

NOTE NO. 17 : OTHER CURRENT ASSETS

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other Current Assets			
I	Other receivable	4,51,71,01,284	3,14,62,22,779	1,78,49,52,277
	Prepaid expenses	26,18,89,045	26,00,67,770	24,02,07,433
	Total Other Current Assets	4,77,89,90,329	3,40,62,90,549	2,02,51,59,710

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Equity share capital			
	(i) Authorized			
	(975,000,000 Equity Shares of Rs.2/- each)	1,95,00,00,000	1,95,00,00,000	1,95,00,00,000
		-	-	-
	(ii) Issued , Subscribed and Paid Up			
	(476,251,499 Equity Shares of Rs.2/- each)	95,25,02,998	95,25,02,998	95,25,02,998
		-	-	-
	(iv) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period			
	Number of Shares	47,62,51,499	47,62,51,499	47,62,51,499
	Shares outstanding at the beginning of the year	-	-	-
	Add: Issued and allotted during the year	47,62,51,499	47,62,51,499	47,62,51,499
	Shares outstanding at the end of the year	-	-	-
	(v) Rights, Preferences and restrictions attached to the equity shares:			
	(a) The Company has only one class of equity shares having par value of `2 each. Each shareholder is eligible for one vote per share held.			
	(b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.			
	(vi) Shares held by holding Company			
	(vii) The details of shareholders holding more than 5% shares in the Company			
	(a) Equity Shares			
	M. Suresh Kumar Reddy			
	Number of equity shares	7,50,84,653	7,50,42,193	7,47,77,435
	% of holding	15.77%	15.76%	15.70%
	Vijay Kumar Kancharla (HUF)			
	Number of equity shares	6,20,44,564		
	% of holding	13.03%		
	Vijay Kancharla			
	Number of equity shares	38,20,946	6,58,65,510	6,58,65,510
	% of holding	0.80%	13.83%	13.83%
	Oak India Investments			
	Number of equity shares	33368913	33521074	33521074
	% of holding	7.01%	7.04%	7.04%
	Redmond Investments Ltd			
	Number of equity shares	2,47,66,812	2,47,66,812	2,63,97,766
	% of holding	5.20%	5.20%	5.54%
	Sansar Capital (Mauritius) Ltd			
	Number of equity shares	-	2,63,82,938	2,99,16,240
	% of holding	0.00%	5.54%	6.28%
	Everest Capital (M) Ltd			
	Number of equity shares	6,14,78,864	6,14,78,864	6,14,78,864
	% of holding	12.91%	12.91%	12.91%

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other equity			
	(i) Reserves & Surplus			
	(a) Capital reserve	4,16,78,11,992	4,16,78,11,992	4,16,78,11,992
	(b) Retained earnings:			
	Opening balance	13,52,44,20,534	9,53,56,39,885	9,53,56,39,885
	Add: Total Other Comprehensive income for the period	4,28,64,08,565	3,98,88,83,594	
	Less: Transfer to general reserve		1,02,945	
	Less: Dividend	4,76,25,150		
	Less: Dividend distribution tax	96,95,528		
	Closing Balance	17,75,35,08,421	13,52,44,20,534	9,53,56,39,885
	(c) Other reserves	-		
	- General reserve	-		
	Opening balance	3,98,17,160	3,97,14,215	3,97,14,215
	Add: Additions during the year		1,02,945	
	Closing Balance	3,98,17,160	3,98,17,160	3,97,14,215
	- Foreign currency translation reserve	1,17,18,91,340	1,63,50,05,045	98,36,86,727
	Total Reserve & Surplus	23,13,30,28,913	19,36,70,54,731	14,72,68,52,819

NOTE NO. 20 : BORROWINGS - NON CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Borrowings - Non-Current			
I	(i) From banks-Secured			
	(a) SBI Term Loan	-	-	6,00,00,000
	Notes:			
	<i>Note 20(i)(a) : Term Loan of Rs. 400 lakhs from State Bank of India are secured by current assets, Fixed Assets, Pledge of Promoters shares and personal guarantee of Promoter Directors</i>			
	<i>Note 20(i)(a): Working Capital Term Loan of Rs 3450 Lakhs, and Bank Guarantee of Rs 1000 lakhs from State Bank of India are secured by current assets, Fixed Assets, Pledge of Promoters shares and personal guarantee of Promoter Directors</i>			
	Total Borrowings - Non Current	-	-	6,00,00,000

NOTE NO. 21 : PROVISIONS - NON CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Provisions - Non current			
	Provision for employee benefits			
I	(a) Gratuity	1,14,51,573	1,17,95,708	1,00,13,930
	(b) Leave encashment	18,06,672	18,06,672	17,17,818
	Accrued Severance Pay	4,61,62,838	4,72,23,643	4,45,60,950
	Other Provisions	2,93,01,844	3,01,31,331	3,55,40,480
	Total Provisions - Non Current	8,87,22,927	9,09,57,354	9,18,33,178

NOTE NO. 22 : DEFERRED TAX LIABILITIES (NET)

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	DEFERRED TAX LIABILITIES (NET)			
	Opening Deferred tax liability	3,25,14,991	2,98,94,603	4,22,79,166
	ADD:			
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)			
	Deferred Tax Liability due to others	-	33,67,598	
I	Gross Deferred tax liability	3,25,14,991	3,32,62,201	4,22,79,166
	Deferred tax assets			
	Opening Deferred tax	17,63,857	9,62,895	
	ADD: During th year			
	Deferred Tax Asset for the year (Due to SLM and WDV Difference)	-		1,09,05,442
	Provision for Gratuity and Compensated Absences	-		
	MAT Credit	-		
	Gross Deferred tax Asset	17,63,857	9,62,895	1,09,05,442
	Deferred Tax Liability - Net	3,07,51,134	3,22,99,306	3,13,73,724

NOTE NO. 23 : BORROWINGS - CURRENT - SECURED

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Borrowings - Current-Secured			
	Cash Credits and Working Capital from Banks			
	(a) Axis Bank Ltd - Cash Credit Facility	36,02,05,068	36,02,05,068	36,02,05,068
I	(b) Canara Bank - OD Facility	32,28,96,315	32,28,96,315	35,00,00,000
	Notes:			
	Note No 23(a): Working Capital of Rs 4500 lakhs and Bank Guarantee /LC of Rs 400 Lakhs, Rs.200 Lakhs Loan Equivalent Risk(LER) from Axis Bank Ltd are secured by charge on current assets, Fixed Assets, Pledge of promoters shares, immovable property and personal Guarantee of Promoter Directors.			
	Note No 23(b): Working Capital of Rs 3500 lakhs and Bank Guarantee of Rs 1000 Lakhs from Canara Bank are secured by charge on current assets, Fixed Assets, Pledge of promoters shares, immovable property and personal Guarantee of Promoter Directors.			
	Total borrowings - current	68,31,01,383	68,31,01,383	71,02,05,068

NOTE NO. 24 : TRADE PAYABLES - CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Trade payables	87,00,84,832	89,71,08,975	1,76,22,20,839
I	Share of Joint Venture (Apollo Lycos Netcommerce)	33,679	33,679	-
	Total Trade Payables - Current	87,01,18,511	89,71,42,654	1,76,22,20,839

NOTE NO. 25 : OTHER FINANCIAL LIABILITIES - CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other financial liabilities - Current			
I	Current maturities of long term debt	10,86,90,516	12,86,48,956	17,43,75,000
	Interest accrued and due on borrowings	12,35,87,725	3,46,79,074	3,85,73,661
	Others	1,30,72,628		
	Total Other financial liabilities - Current	24,53,50,869	16,33,28,030	21,29,48,661

NOTE NO. 26 : OTHER CURRENT LIABILITIES

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Other current liabilities			
	Unpaid dividend	12,85,44,918	9,58,95,628	9,58,95,628
I	Other Current Liabilities	63,05,69,888	46,92,83,682	87,77,30,330
	Acquisition Payables -Lycos Inc	1,03,74,40,000	1,06,12,80,000	1,00,14,40,000
	Share of Joint Venture (Apollo Lycos Netcommerce)	1,39,988	1,39,988	-
	Total Other current liabilities	1,79,66,94,794	1,62,65,99,298	1,97,50,65,958

NOTE NO. 27 : PROVISIONS - CURRENT

S.No.	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
		Rupees	Rupees	Rupees
	Provisions - Current			
	(i) Provision for employee benefits			
	Employee benefit payable	1,92,93,925	3,50,86,665	3,20,28,496
	(ii) Others			
	(a) Provisions for expenses	1,84,28,484	3,16,66,338	14,39,79,768
I	(b) Other Provisions	5,99,99,699	6,22,34,018	16,85,82,771
	(c) Tax	62,70,23,572	49,96,18,224	31,24,24,002
	(d) Share of Joint Venture (Apollo Lycos Netcommerce)	25,222	25,222	-
	Total Provisions - Current	72,47,70,902	62,86,30,467	65,70,15,037

NOTE NO. 28 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ending	Year Ending
		31-03-2017	31-03-2016
		Rupees	Rupees
I	(a)Sale of Services Domestic	1,52,45,213	1,81,54,377
	(b)Sale of Services Exports	19,95,39,63,091	18,17,08,39,911
	(c)Sale of Software Exports	4,54,39,76,910	4,36,99,95,219
	Total Revenue from Operations	24,51,31,85,214	22,55,89,89,507

NOTE NO. 29 : OTHER INCOME

S.No.	Particulars	Year Ending	Year Ending
		31-03-2017	31-03-2016
		Rupees	Rupees
	(a)Interest income	52,115	1,42,386
I	(b)Net gain/loss on foreign currency translation and transaction	68,10,324	(5,74,387)
	Total Other Income	68,62,439	(4,32,001)

NOTE NO. 30 : PURCHASE/COST OF REVENUE

S.No.	Particulars	Year Ending	Year Ending
		31-03-2017	31-03-2016
		Rupees	Rupees
	(a)Media Cost	8,42,26,08,014	7,23,01,27,988
I	(b)Internet,cloud and Infrastructure	1,36,16,18,461	77,08,23,360
	(c)Syndication Cost	48,53,17,297	71,15,64,301
	(d)Software Purchase & Sub Contractors Cost	3,49,53,25,103	3,88,38,28,645
	Total Purchase/Cost of Revenue	13,76,48,68,875	12,59,63,44,294

NOTE NO. 31 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ending	Year Ending
		31-03-2017	31-03-2016
		Rupees	Rupees
I	(a)Salaries,wages and allowances	1,44,36,55,725	1,35,27,67,221
	(b)Contribution to provident and other fund	87,58,681	84,44,357
	(c)Staff Welfare Expenses	17,70,555	42,42,651
	(d)Share of Joint Venture (Apollo Lycos Netcommerce)		8,53,358
	Total Employee Benefit Expenses	1,45,41,84,961	1,36,63,07,587

NOTE NO. 32 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ending	Year Ending
		31-03-2017	31-03-2016
		Rupees	Rupees
	(a)Power & Fuel	2,01,20,576	1,58,63,445
	(b)Rent	30,97,33,888	26,00,41,523
	(c)Repairs & Maintenance	4,30,43,167	2,44,84,069
	(d)Insurance	3,49,90,584	4,31,76,592
	(e)Rates & Taxes (excluding Income Tax)	3,87,70,758	3,56,71,580
I	(f)Miscellaneous Expenses	2,77,88,669	1,33,98,112
	(g)Payment to Auditors:		
	(i) As Auditor fee	50,46,579	13,60,183
	(ii) For Tax Audit fee	3,63,751	3,23,776
	(iii) For Other Audit related Services	27,25,302	24,81,025
	(h)Ins Fee	55,53,869	53,87,725
	(i)Discount Expense	-	6,30,37,042
	(j)Share of Joint Venture (Apollo Lycos Netcommerce)	-	1,30,488
	(k)Telephone, Postage and Others	5,76,09,097	6,75,45,166
	(l)Business Promotion Expenses	72,22,28,516	63,64,20,756
	(m)Travelling and Conveyance	10,73,58,551	10,76,87,135
	(n)Office Maintenance	9,81,37,918	9,36,14,132
	(o)Printing & Stationery Expenses	1,25,64,191	1,07,22,105
	(p)Security Charges	19,17,001	9,35,552
	(q)Consultancy Charges	5,80,77,066	4,67,10,911
	(r)Event Sponsorship & Seminar Fee	1,62,47,712	1,53,31,961
	(s)Web Development Expenses	6,39,71,502	5,74,35,422
	(t)Professional Charges	7,24,22,316	7,13,90,824
	(u)Sales and Marketing Expenses	16,38,36,793	17,14,52,738
	(v)Books & Subscriptions	41,29,845	34,62,467
	(w)Provision for Impairment of Debtors	1,57,11,760	2,03,37,368
	(x)Other Expenses	9,86,54,063	9,13,48,638
	(y)Investments Write off	2,00,00,000	-
	Total Other Operating Expenses	2,00,10,03,474	1,85,97,50,735

NOTE NO. 33 : FINANCE COSTS

S.No.	Particulars	Year Ending	Year Ending
		31-03-2017	31-03-2016
		Rupees	Rupees
	(a) Interest on Working capital Loans	12,18,63,480	12,19,21,752
I	(b) Interest on Term Loan	1,89,91,042	2,74,74,083
	(c)Interest on Unsecured Loan	1,06,33,531	52,38,952
	(d)Loan processing Charges & Bank Charges	9,24,657	43,33,899
	Total Finance Costs	15,24,12,710	15,89,68,686

34. Auditor's Remuneration:

Particulars	(Amount in Rs.) Year ended 31 st March,		
	2017	2016	2015
Statutory Audit Fees	50,46,579	13,60,183	20,93,992
Tax Audit Fee	3,63,751	3,23,776	1,00,000
Other Audit related Services	27,25,302	24,81,025	16,09,563
Total	81,35,632	41,64,984	38,03,555

35. Quantitative Details:

The Group is engaged in providing digital marketing services, development of Computer Software and services. The production and sale of such digital marketing services and software development services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under **Paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the companies Act,2013.**

36. Related Party Transactions:

During the financial year 2016-17 the Company has entered into some transactions, which can be deemed as related party transactions. All these matters have been approved by the Board and the Govt. of India, wherever necessary.

(a) Related Parties:

S.No.	Particulars	Nature of Relationship
1	M.Suresh Kumar Reddy	Chairman and Managing Director
2	Vijay Kancharla	Executive Director
3	Y. Ramesh Reddy	Executive Director
4	K.Jaya Lakshmi kumari	Independent Director
5	Raghunath Allamsetty	Independent Director
6	Subrato saha	Independent Director
7	Yreach Media Private Limited, India	99% Owned Subsidiary
8	LIL Projects Private Limited, India	Wholly Owned Subsidiary
9	Frontier Data Management Inc, USA	Wholly Owned Subsidiary
10	International Expressions Inc, USA	Wholly Owned Subsidiary
11	Online Media Solutions Limited, Israel	Wholly Owned Subsidiary

12	Ybrant Media Acquisition Inc, USA	Wholly Owned Subsidiary
13	Dyomo Corporation, USA	Wholly Owned Subsidiary
14	Max Interactive Pty, Ltd., Australia	Wholly Owned Subsidiary
15	DreamAd, Argentina	Wholly Owned Subsidiary
16	DreamAd, Chile	Wholly Owned Subsidiary
17	Get Media Mexico Sociedad Anonima De Capital Variable, Mexico	Wholly Owned Subsidiary
18	DreamAd, Panama	Wholly Owned Subsidiary
19	DreamAd, Uruguay	Wholly Owned Subsidiary
20	Ybrant Digital Servicios De Publiciade Ltda, Brasil	Wholly Owned Subsidiary
21	Ybrant Digital (Brasil) Ltd., Singapore	Wholly Owned Subsidiary
22	LGS Global FZE, UAE	Wholly Owned Subsidiary
23	Lycos Inc.,	Step down Subsidiary
24	Ybrant Employees welfare Trust	Directors acting as Trustees
25	LGSL Foundation Trust	Directors acting as Trustees
26	Apollo Lycos Netcommerce Ltd, India	Joint Venture

(b) Related Party Transactions during the year:

(Amount in Rs.)

(I) Sales/ Revenue:

Particulars	Year Ended 31 st March		
	2017	2016	2015
Online Media Solutions Limited, Israel	2,05,01,841	68,37,834	12,11,86,210
Dyomo Corporation, USA	1,21,26,506	17,39,92,476	15,51,39,627
Max Interactive Pty, Ltd., Australia	78,42,845	60,28,322	NIL
Ybrant Technologies Inc	22,24,319	NIL	NIL
Lycos Inc -USA	1,53,72,300	NIL	NIL

(II) Guarantee Commission (Income):

Particulars	Year ended 31 st March		
	2017	2016	2015
Ybrant Media Acquisition Inc, USA	NIL	NIL	1,52,87,500

(III) Repayment of Unsecured Loan taken from Subsidiaries:

Particulars	Year ended 31 st March		
	2017	2016	2015
Ybrant Media Acquisition Inc, USA	NIL	NIL	29,60,77,403

(IV) Receipt of Unsecured Loans given to Related Parties

Particulars	Year ended 31 st March		
	2017	2016	2015
Ybrant Employees Welfare Trust A/c	NIL	30,00,000	11,00,000

C) Balances with related parties at the yearend:**(i) Unsecured loans from Related Parties:**

Particulars	Year ended 31 st March		
	2017	2016	2015
DreamAd, Panama	7,13,24,000	7,29,63,000	6,88,49,000
Frontier Data Management Inc, USA	8,43,29,933	8,62,67,804	8,14,03,616
International Expressions Inc, USA	6,81,93,266	6,97,60,322	6,58,26,905
Online Media Solutions Limited, Israel	10,22,52,680	10,46,02,410	9,87,04,430
Ybrant Media Acquisition Inc, USA	52,85,85,165	54,07,31,863	51,02,42,835

(ii) Investment in Subsidiaries and Joint Ventures:

Particulars	For the Year 31 st March		
	2017	2016	2015
DreamAd Companies	54,32,40,000	54,32,40,000	54,32,40,000
Frontier Data Management Inc., USA	1,29,84,77,349	1,29,84,77,349	1,29,84,77,349
International Expressions Inc., USA	1,04,53,63,208	1,04,53,63,208	1,04,53,63,208

Online Media Solutions Limited, Israel	51,78,81,121	51,78,81,121	51,78,81,121
Ybrant Media Acquisition Inc.,USA	1,26,52,40,000	1,26,52,40,000	1,26,52,40,000
Max Interactive Pty Ltd,Australia	41,74,90,000	41,74,90,000	41,74,90,000
Dyomo Corporation,USA	4,67,300	4,67,300	4,67,300
Ybrant Digital Servicos De Publiciase Ltda,Brasil	2,65,932	2,65,932	2,65,932
Ybrant Digital (Brasil) Ltd., Singapore	45	45	45
LGS Global FZE,UAE	2,43,650	2,43,650	2,43,650
Yreach Media Pvt Ltd, India	99,000	99,000	99,000
LIL Projects Private Limited, India	99,980	NIL	NIL
Apollo Lycos Net commerce Ltd	9,80,000	9,80,000	NIL

(iii) Unsecured loans to Related parties:

Particulars	For the year ended 31 st March		
	2017	2016	2015
Ybrant Employees welfare Trust	1,07,50,000	1,07,50,000	1,37,50,000
LGSL Foundation Trust	5,694,873	5,694,873	60,14,873

(iv)Account receivables

Particulars	Year Ended 31 st March		
	2017	2016	2015
Online Media Solutions Limited, Israel	2,52,04,100	3,61,30,562	3,73,55,441
Dyomo Corporation, USA	NIL	9,43,677	2,24,13,416
Max Interactive Pty, Ltd., Australia	NIL	9,28,628	NIL

37. Operating Lease:

The Group has taken its office premises on lease under operating lease agreement that is renewable on a periodic basis at the option of the both the lessor and the lessee. Rental expenses under those leases were Rs.30,97,33,888/- and for the previous year Rs. 26,00,41,523/-

38. Foreign Currency Outflows:

Foreign Exchange outflows as reported by the Company to Government of India and as certified by Management.

Particulars	(Amount in Rs.) Year Ended 31 st March,		
	2017	2016	2015
Foreign Travelling	68,050	3,10,195	5,36,692
Total	68,050	3,10,195	5,36,692

39. Foreign Currency Inflows:

Foreign Exchange inflows as reported by the Company to Government of India and as certified by Management.

Particulars	(Amount in Rs.) Year Ended 31 st March,		
	2017	2016	2015
Sales & Services	5,78,14,619	18,27,03,004	15,50,32,287
Realization from Trade Receivables out of Opening Balance	1,23,03,824	3,30,03,527	1,36,96,878
Total	7,01,18,443	21,57,06,531	16,87,29,165

40. Employee Benefits (Gratuity)

The details of the Company's post – retirement benefit plans for its employees including whole-time directors are given below which are certified by an Independent Actuary.

a) Amounts recognized in the Balance Sheet as at

S.No	Particulars	31 st March 2017	31 st March 2016	31 st March 2015
1	Present Value of Obligation as at the end of the year	1,21,67,583	1,30,83,743	1,15,66,260
2	Value of Fund as at the end of the year	7,16,010	12,88,035	15,52,331
3	Funded Status	(1,14,51,573)	(1,17,95,708)	(1,00,13,929)
4	Unrecognized Actuarial (gains) / losses	NIL	NIL	NIL
5	Net Asset / (Liability) Recognized in Balance Sheet	(1,14,51,573)	(1,17,95,708)	(1,00,13,929)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2017:

S.No	Particulars	31 st March 2017	31 st March 2016	31 st March 2015
1	Current Service Cost	14,99,255	22,88,079	19,54,081
2	Past Service cost	NIL	NIL	NIL
3	Interest Cost	10,33,616	9,02,168	7,66,963
4	Expected return on Plan Assets	NIL	(1,21,354)	(1,56,722)
5	Net actuarial (gain)/ loss recognized in the year	(25,83,315)	(12,87,114)	18,03,885
6	Expenses to be recognized in Profit & Loss Account	(1,19,493)	17,81,779	43,68,207

c) Present value of Obligation for the year ended 31-03-2017

S.No	Changes in Present Value of Obligations	31 st March 2017	31 st March 2016	31 st March 2015
1	Present Value of Obligation as at the beginning of the year	1,30,83,743	1,15,66,260	84,28,169
2	Interest Cost	10,33,616	9,02,168	7,66,963
3	Past Service Cost	NIL	NIL	NIL
4	Current Service Cost	14,99,255	22,88,079	19,54,081
5	Benefits paid	(8,65,716)	(3,85,650)	(13,86,838)

6	Actuarial (gain)/ loss on obligations	(25,83,315)	(12,87,114)	18,03,885
7	Present Value of Obligation as at the end of the year	1,21,67,583	1,30,83,743	1,15,66,260
	a. Current Liability	6,15,385	6,34,063	5,92,811
	b. Non-current Liability	1,15,52,198	1,24,49,680	1,09,73,449

d) Actuarial (Gain) / Loss recognized during the year :

S.No	Particulars	31 st March 2017	31 st March 2016	31 st March 2015
1	Actuarial (Gain)/Loss for the year – Obligation	25,83,315	12,87,114	(18,03,885)
2	Total (Gain) / Loss for the year	(25,83,315)	(12,87,114)	18,03,885
3	Actuarial (Gain) / Loss recognized in the year	(25,83,315)	(12,87,114)	18,03,885

e) Assumptions:

Assumptions made for the purpose of Gratuity valuation

Particulars	31 st March 2017	31 st March 2016	31 st March 2015
Discount Rate	7.55%	7.9%	7.8%
Rate of increase in Compensation levels	6%	6%	6%
Rate of Return on Plan Assets	NIL	9%	9%
Expected Average remaining working lives of employees (years)	24 Years	26 Years	27 Years

(ii) Leave Encashment

The provision for Leave Encashment is calculated as per accrual method and included in current liability & provision.

41. Earnings Per Share:

Particulars	(Amount in Rs.) Year Ended 31 st March,		
	2017	2016	2015
Profits Attributable to Equity Share Holders	4,29,24,62,496	3,99,51,14,323	3,42,21,77,058
Weighted Average No. of Shares Outstanding for the Year ended			
Basic	47,62,51,499	47,62,51,499	47,62,51,499
Diluted	47,62,51,499	47,62,51,499	47,62,51,499
Earnings per Share – Basic	9.01	8.39	7.19
Earnings per Share – Diluted	9.01	8.39	7.19

The EPS of Rs.9.01 on a PAT of Rs. 4,29,24,62,496 /- for the year ended 31 March 2017 for an Equity Capital i.e. Rs.95,25,02,998 /- consisting of 47,62,51,499 Equity Shares of Rs.2/- each fully paid up and whereas the EPS of Rs.8.39 on a PAT of Rs. 3,99,51,14,323/- for the year ended 31 March 2016.

42. As per Ind AS 21, the Foreign exchange fluctuation gain /(loss) on monetary items is recognized in statement of P & L a/c. The receivables have been considered at the actual rate at which the amount is realized, and on unrealized amount the rate prevailing at the reporting date. Accordingly gain/ (Loss) from Foreign Exchange fluctuation amount of Rs. 68,10,324/- (net) has been recognised in statement Profit and Loss for the Year.

43. Segment Reporting:

The group is mainly engaged in the area of Digital Marketing (& related) services and Software Development Services.

The segment report is given in Annexure A.

44. Intra branch Transactions:

The Intra Branch transactions have been eliminated while preparing the financial statements.

45. Dues to Micro & Small Enterprises:

There are no overdue principle amounts and interest thereon payable to Micro Enterprises and Small Enterprises, as at 31-03-2017.

46. Confirmation of Closing Balances:

The Group has sought for confirmations in respect of Trade receivables, Trade Payables, loans and advances given and received. However, the confirmations from few parties are yet to be received in respect of the said items.

47. Contingent Liabilities & Guarantees:

(Amount in Rs.)		
Particulars	Name of the Bank / Party	Year ending 31st March, 2017
Disputed Service tax Liability for the period May 2008 to September 2011	Appeal made to Central Excise & Service Tax Appellate Tribunal, Hyderabad.	14,60,05,131
Disputed Service tax Liability for the period May 2008 to September 2011	Appeal made to Central Excise & Service Tax Appellate Tribunal, Hyderabad.	4,13,23,149
Disputed Income Tax Liability for the A.Y.2009-10	CIT(Appeals)/ ITAT	3,87,72,490
Disputed Income Tax Liability for the A.Y.2012-13	CIT(Appeals) / ITAT	7,37,36,850
Disputed Income Tax Liability for the A.Y.2014-15	CIT(Appeals) / ITAT	4,36,52,738
Corporate Guarantee for Acquiring Lycos Inc (USD 4 Mn) *	Daum Global Holdings Corp, Republic of Korea	25,93,60,000
SE Investments Loan	SE Investments Mumbai (Principal loan amount was repaid. SE Investments has issued notice to pay the penalty & delay charges. Negotiations are in process to reduce and settle the account).	1,01,23,233

* Assumption: 1 USD = Rs.64.84 (Closing rate as on 31st March 2017)

48. The Dividend related 2008-09 for an amount of Rs. 68,645/- has been transferred to Investors education and protection fund.

49. Dividend Payable is pending for various financial years amounting to Rs.12,85,44,918/-

Financial Year	Amount Due
2009-10	72,38,953
2010-11	95,656
2011-12	8,84,93,257
2015-16	3,27,17,052
Total	12,85,44,918

50. Disclosure on Specified Bank Notes (SBNs):

Details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016.

Particulars	SBN's	Other Denomination notes	Total In Rs.
Closing cash in hand as on November 8, 2016	0	61	61
Add: Permitted receipts	0	5,35,300	5,35,300
Less: Permitted Payments	0	3,24,350	3,24,350
Less : Amount Deposited in Banks	0	2,10,000	2,10,000
Closing cash in hand as on December 30th, 2016	0	1,011	1,011

51. The figures of previous year have been regrouped wherever necessary.

52. The figures have been rounded off to the nearest rupee.

53. Statement of Net assets and profit or loss attributable to Owners and Minority Interest is attached in Annexure B.

As per our report of even date
P.MURALI & CO.,
Firm Registration Number: 007257S
CHARTERED ACCOUNTANTS

For and on behalf of the Board of
LYCOS INTERNET LIMITED

P.MURALI MOHANA RAO
PARTNER
Membership Number: 023412

M.Suresh Kumar Reddy
Chairman & Managing
Director

Vijay Kancharla
Executive Director

PLACE: HYDERABAD
DATE: 30th May, 2017

Y. Srinivasa Rao
Chief Financial Officer

V.Srilakshmi
Company Secretary

Annexure-A

SEGMENT REPORTING CONSOLIDATED

Sl.No.	Particulars	All amounts in Indian Rupees Lakhs	
		12 Months ended 31st March, 2017	12 Months ended 31st March, 2016
		Audited	Audited
1	Segment Revenue		
	(a) Digital Marketing Segment	1,99,692.08	1,81,898.06
	(b) Software Development Segment	45,439.77	43,691.83
	Total Sales/ Income from Operations	2,45,131.85	2,25,589.89
	Less: Inter Segment Revenue		
	Net Sales/ Income from Operations	2,45,131.85	2,25,589.89
2	Segment Results - Profit (+) / Loss (-) before tax and interest		
	(a) Digital Marketing Segment	62,358.57	60,511.94
	(b) Software Development Segment	1,067.08	484.89
	Total	63,425.65	60,996.83
	Less: Interest	1,524.13	1,589.69
	Total Profit (+) / Loss (-) before tax	61,901.52	59,407.14
3	Segment Assets		
	(a) Digital Marketing Segment	2,45,894.94	2,06,006.58
	(b) Software Development Segment	39,355.47	38,409.59
	Total segment assets	2,85,250.41	2,44,416.17
	Segment liabilities		
	(a) Digital Marketing Segment	20,963.68	18,855.08
	(b) Software Development Segment	23,431.43	22,365.49
	Total segment liabilities	44,395.11	41,220.57

Annexure B

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent	24.30%	5,85,25,94,879	-0.65%	(2,80,79,159)	12.53%	(7,58,769)	-0.67%	(2,88,37,928)
Parent Subsidiaries								
Indian								
Yreach Media Pvt Ltd	0.00%	(144)	0.00%	(5,693)	0.00%	-	0.00%	(5,693)
LIL Projects PVT LTD	0.00%	89,100	0.00%	(10,900)	0.00%	-	0.00%	(10,900)
Foreign								
Dream Ad-Argentina	3.97%	95,49,94,031	8.11%	34,79,99,878	11.77%	(7,12,467)	8.10%	34,72,87,410
Dream Ad-Chile	3.12%	75,02,89,483	4.35%	18,68,36,835	3.32%	(2,01,186)	4.35%	18,66,35,649
Dream Ad- Mexico	1.40%	33,69,41,746	2.14%	9,19,14,945	2.59%	(1,56,657)	2.14%	9,17,58,289
Dream Ad-Panama	1.93%	46,40,52,520	2.88%	12,38,17,893	5.59%	(3,38,402)	2.88%	12,34,79,491
Dream Ad-Uruguay	0.13%	3,07,11,843	-0.07%	(28,73,388)	1.36%	(82,276)	-0.07%	(29,55,664)
Dyomo Corporation, USA	7.08%	1,70,42,23,758	9.79%	42,02,04,805	7.53%	(4,55,795)	9.79%	41,97,49,010
Frontier Data Management Inc. USA	21.17%	5,09,89,56,363	15.10%	64,82,34,004	6.94%	(4,20,356)	15.11%	64,78,13,648
International Expressions Inc. USA	14.17%	3,41,30,80,208	5.59%	24,00,37,624	0.88%	(53,456)	5.60%	23,99,84,169
Max Interactive Pty Ltd., Australia	2.20%	53,01,58,201	3.53%	15,16,70,035	3.88%	(2,35,192)	3.53%	15,14,34,843
Online Media Solutions Limited , Israel	24.65%	5,93,70,91,679	43.75%	1,87,77,63,922	37.63%	(22,77,964)	43.75%	1,87,54,85,958
Ybrant Digital Services De Publicidade Ltda,Brazil	3.71%	89,34,44,072	4.20%	18,02,71,761	2.65%	(1,60,211)	4.20%	18,01,11,550
Ybrant Digital (Brasil) Ltd., Singapore	0.00%	45	0.00%	-	0.00%	-	0.00%	-
Ybrant Media Acquisition Inc. USA	13.32%	3,20,85,11,909	1.27%	5,46,79,933	3.32%	(2,01,199)	1.27%	5,44,78,734
LGS Global FZE, UAE	0.00%	2,43,650	0.00%	-	0.00%	-	0.00%	-
Joint Ventures(investment as per the equity method)								
Indian								
Apollo Lycos Netcommerce Ltd	0.00%	(3,847)	0.00%	-	0.00%	-	0.00%	-
Total	121.13%	29,17,53,79,496	100.00%	4,29,24,62,496	100.00%	(60,53,930)	100.00%	4,28,64,08,566
Less:								
Adjustments arising on account of Consolidation	21.13%	5,08,98,47,585	0.00%		0.00%		0.00%	
Total	100.00%	24,08,55,31,911	100.00%	4,29,24,62,496	100.00%	(60,53,930)	100.00%	4,28,64,08,566

(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

		Dream Ad-Argentina		Dream Ad-Chile		Get Media, Mexico	
S.No	Description	Amount In	Amount In	Amount In	Amount In	Amount In	Amount In
		INR	USD	INR	USD	INR	USD
a)	Share Capital	85,58,897	1,70,157	1,42,349	2,830	15,17,652	30,172
b)	Reserves and Surplus	94,64,35,134	1,45,83,178	75,01,47,134	1,15,71,530	33,54,24,093	51,67,513
c)	Total Assets	1,07,63,28,147	1,66,24,620	79,51,58,574	1,22,66,357	39,01,47,374	60,18,253
d)	Total Liabilities	1,07,63,28,147	1,66,24,620	79,51,58,574	1,22,66,357	39,01,47,374	60,18,253
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	1,74,11,10,084	2,59,51,857	64,60,88,642	96,30,178	37,55,05,145	55,97,036
g)	Profit before tax	52,53,27,435	78,30,190	24,31,81,699	36,24,709	12,93,55,182	19,28,085
h)	Provision for tax	17,73,27,558	27,34,848	5,63,44,864	8,68,983	3,74,40,237	5,77,425
i)	Profit After Tax	34,79,99,877	50,95,342	18,68,36,835	27,55,726	9,19,14,945	13,50,660
	Other comprehensive income	(7,12,467)	(10,620)	(2,01,186)	(2,999)	(1,56,657)	(2,335)
	Total comprehensive income for the period	34,72,87,410	50,84,722	18,66,35,649	27,52,727	9,17,58,288	13,48,325
j)	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL
k)	% of Share Holding	100%		100%		100%	
Reporting Currency			USD(\$)		USD(\$)		USD(\$)

		Dream Ad-Panama		Dream Ad.-Uruguay		Dyomo Corporation, USA	
S.No	Description	Amount In	Amount In	Amount In	Amount In	Amount In	Amount In
		INR	USD	INR	USD	INR	USD
a)	Share Capital	1,25,75,000	2,50,000	16,74,437	33,289	4,67,300	10,000
b)	Reserves and Surplus	45,14,77,520	69,06,679	2,90,37,406	4,40,367	1,70,37,56,458	2,63,83,308
c)	Total Assets	50,10,89,277	77,27,881	4,56,33,732	7,03,790	1,91,64,97,013	2,96,67,109
d)	Total Liabilities	50,10,89,277	77,27,881	4,56,33,732	7,03,790	1,91,64,97,013	2,96,67,109
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	45,72,58,537	68,15,599	18,81,66,384	28,04,686	1,68,97,80,756	2,51,86,775
g)	Profit before tax	16,31,21,640	24,31,385	(28,73,388)	(42,829)	68,11,43,442	1,00,72,190
h)	Provision for tax	3,93,03,747	6,06,165	-	-	26,09,38,637	40,24,347
i)	Profit After Tax	12,38,17,893	18,25,220	(28,73,388)	(42,829)	42,02,04,805	60,47,843
	Other comprehensive income for the period	(3,38,402)	(5,044)	(82,276)	(1,226)	(4,55,795)	(6,794)
	Total comprehensive income for the period	12,34,79,491	18,20,176	(29,55,664)	(44,055)	41,97,49,010	60,41,049
j)	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL
k)	% of Share Holding	100%		100%		100%	
Reporting Currency			USD(\$)		USD(\$)		USD(\$)

		Frontier Data Management Inc., USA		International Expresions Inc. USA		Max Interactive Pty Ltd., Australia	
S.No	Description	Amount In	Amount In	Amount In	Amount In	Amount In	Amount In
		INR	USD	INR	USD	INR	USD
a)	Share Capital	1,29,80,71,205	2,89,19,389	1,06,48,18,187	2,01,87,000	139	2
b)	Reserves and Surplus	3,80,08,85,158	5,24,23,144	2,34,82,62,021	3,19,27,056	53,01,58,063	81,76,454
c)	Total Assets	5,30,91,80,015	8,45,84,724	3,48,40,54,703	5,32,08,665	58,09,14,110	89,59,244
d)	Total Liabilities	5,30,91,80,015	8,45,84,724	3,48,40,54,703	5,32,08,665	58,09,14,110	89,59,244
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	2,54,38,80,373	3,79,17,430	1,02,21,80,504	1,52,35,959	66,58,29,673	99,24,425
g)	Profit before tax	1,04,96,70,287	1,54,88,399	37,79,80,954	53,19,933	21,34,64,241	31,81,759
h)	Provision for tax	40,14,36,283	61,91,183	13,79,43,329	21,27,442	6,17,94,206	9,53,026
i)	Profit After Tax	64,82,34,004	92,97,216	24,00,37,625	31,92,491	15,16,70,035	22,28,733
	Other comprehensive income for the period	(4,20,356)	(6,266)	(53,456)	(797)	(2,35,192)	(3,506)
	Total comprehensive income for the period	64,78,13,648	92,90,950	23,99,84,169	31,91,694	15,14,34,843	22,25,227
j)	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL
k)	% of Share Holding	100%		100%		100%	
Reporting Currency			USD(\$)		USD(\$)		USD(\$)

		Online Media Solutions Ltd, Israel		Ybrant Digital Servicos De Publicidade Ltda, Brasil		Ybrant Media Acquisition Inc USA	
S.No	Description	Amount In	Amount In	Amount In	Amount In	Amount In	Amount In
		INR	USD	INR	USD	INR	USD
a)	Share Capital	28,74,96,660	63,69,000	2,93,925	6,426	1,21,90,40,000	2,70,00,000
b)	Reserves and Surplus	5,64,95,95,025	8,48,52,705	89,31,50,147	1,37,72,786	1,98,94,71,909	3,31,78,808
c)	Total Assets	6,33,45,22,032	9,73,51,106	96,57,73,676	1,48,94,720	4,31,12,30,330	7,71,85,569
d)	Total Liabilities	6,33,45,22,032	9,73,51,106	96,57,73,676	1,48,94,720	4,31,12,30,330	7,71,85,569
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	8,87,27,46,531	13,22,51,402	58,21,30,269	86,76,856	1,12,99,42,760	1,68,42,193
g)	Profit before tax	2,52,03,93,994	3,74,46,244	23,76,37,006	35,42,063	8,40,83,372	11,38,690
h)	Provision for tax	64,26,30,075	99,11,013	5,73,65,245	8,84,720	2,94,03,439	4,53,477
i)	Profit After Tax	1,87,77,63,919	2,75,35,231	18,02,71,761	26,57,343	5,46,79,933	6,85,213
	Other comprehensive income for the period	(22,77,965)	(33,954)	(1,60,211)	(2,388)	(2,01,199)	(2,999)
	Total comprehensive income for the period	1,87,54,85,954	2,75,01,277	18,01,11,550	26,54,955	5,44,78,734	6,82,214
j)	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL
k)	% of Share Holding	100%		100%		100%	
Reporting Currency			USD(\$)		USD(\$)		USD(\$)

		Ybrant Digital (Brasil) Limited,Singapore		LGS Global FZE, UAE		Yreach Media Pvt Ltd, Hyderabad, India	LIL projects PVT LTD,Hyderabad, India
S.No	Description	Amount In	Amount In	Amount In	Amount In	Amount In	Amount In
		INR	USD	INR	USD	INR	INR
a)	Share Capital	45	1	2,43,650	5,000	1,00,000	1,00,000
b)	Reserves and Surplus	-	-	-	-	(1,00,144)	(10,900)
c)	Total Assets	45	1	2,43,650	5,000	26,14,259	6,09,21,674
d)	Total Liabilities	45	1	2,43,650	5,000	26,14,259	6,09,21,674
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	-	-	-	-	30,86,967	2,64,83,181
g)	Profit before tax	-	-	-	-	(5,693)	(10,900)
h)	Provision for tax	-	-	-	-	-	-
i)	Profit After Tax	-	-	-	-	(5,693)	(10,900)
	Other comprehensive income for the period					-	-
	Total comprehensive income for the period					(5,693)	(10,900)
j)	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL
k)	% of Share Holding	100%		100%		99%	
Reporting Currency			USD(\$)		USD(\$)	INR	INR

LYCOS INTERNET LIMITED

Registered Office: Floor: 5, Holiday Inn Express & Suites,
Road No: 2, Nanakramguda, Gachibowli,
Hyderabad – 500032, Telangana, India.
CIN: L64203TG1999PLC030996 Tel: 91 40 67449910 eFax: 91 22 66459677
Email: ir@lycoscorp.com Website: www.lycos.com

**ATTENDANCE SLIP**

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip at the venue of the meeting.

I/We hereby record my/our presence at the 18th Annual General Meeting of the Company at Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad - 500032 on Wednesday, September 27, 2017 at 11:30 a.m.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL	No. of shares
LF No.	DP ID	CLIENT ID

Name of the Member: _____ **Signature:** _____

Name of the Proxyholder: _____ **Signature:** _____

Only Member / Proxyholder can attend the meeting.

LYCOS INTERNET LIMITED

Registered Office: Floor: 5, Holiday Inn Express & Suites, Road No: 2, Nanakramguda,
Gachibowli, Hyderabad – 500032, Telangana, India.
CIN: L64203TG1999PLC030996 Tel: 91 40 67449910 eFax: 91 22 66459677
Email: ir@lycoscorp.com Website: www.lycos.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) Registered Address	Email ID Folio No./ *Client ID *DP ID	

I/We, being the member(s) of _____ shares of the Lycos Internet Limited, hereby appoint:

1) Name: _____ email id: _____
Address: _____
Signature: _____

or failing him

2) Name: _____ email id: _____
Address: _____
Signature: _____

or failing him

3) Name: _____ email id: _____
Address: _____
Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18th Annual General Meeting of the Company, to be held on Wednesday, September 27, 2017 at 11:30 a.m. at Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad – 500032 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.	Resolution
Ordinary Business	
1.	Adoption of the Audited Financial Statements (standalone & Consolidated) together with the reports of the Board of Directors and Auditors' thereon.
2.	To appoint a Director in place of Mr. M. Suresh Kumar Reddy (DIN: 00140515) who retires by rotation and being eligible, offers himself for reappointment.
3.	Appointment of Statutory Auditors of the Company
Special Business	
4.	To Appoint Mr. Raghunath Allamsetty as an Independent Director

Signed _____ this day _____ of 2017

Signature of member _____ : Signature of proxy holder: _____

Affix
Re.1/-
Revenue
Stamp

Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Proxy need not be a member of the Company.

* Applicable for investors holding shares in Electronic Form.



LYCOS INTERNET LIMITED

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