



Date: 28th December, 2016

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.2015-16.

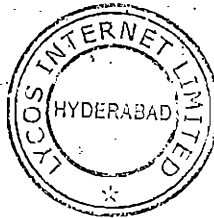
Pursuant to the provisions of Regulation 34 of the SEBI (LODR) Regulations 2015, Please find enclosed Annual Report of the Company for the F.Y.2015-16 which is approved and adopted by the members of the Company at 17th Annual General Meeting of the Company held on Tuesday, 27th December, 2016 at 10.00 am at Ellaa Hotels, Hill Ridge springs, Gachibowli, Hyderabad – 500032.

Kindly acknowledge the receipt of the same.

Thanking you.

Yours Truly,
For LYCOS Internet Limited


V. Sri Lakshmi
Company Secretary



LYCOS INTERNET LIMITED

(Formerly Ybrant Digital Limited)

Plot # 7A, MLA Colony, Road # 12, Banjara Hills, Hyderabad – 500034.

Tel: +91 (40) 45678999, efax : +91 (22) 66459677

CIN: L64203TG1999PLC030996



LYCOS INTERNET LIMITED

SIMPLIFY YOUR DIGITAL LIFE

17TH ANNUAL REPORT
FINANCIAL YEAR 2015-2016



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Forward-looking Statement

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

CORPORATE INFORMATION

Registered Office

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

Board of Directors

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

SUBSIDIARIES

Ybrant Media Acquisition Inc

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

International Expressions Inc (VoloMP)

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

Ybrant Digital Servicos De Publicidade LTDA

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

Ybrant Digital (Brasil) Limited

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

Dream ad S.A , Argentina

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

Get Media Mexico S.A. DE CV

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

Yreach Media Pvt Ltd

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

Max Interactive Pty Ltd

5 Kings Lane,
Darlinghurst, NSW 2010,
Australia

Bankers

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

Chief Financial Officer

CA Y. Srinivasa Rao

Company Secretary

CS V. Sri Lakshmi

Online Media Solutions Limited (Oridian)

Sapir 3 Herzlia 46733,
PO Box 12637, Israel.

Dream ad S.A, Panama

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

LGS Global FZE

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

Frontier Data Management Inc (MediosOne)

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

Dyomo Corporation

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.

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

Letter from the Chairman's Desk

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



Business Review:

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

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

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

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

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

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

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

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

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

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

Moving Forward:

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

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

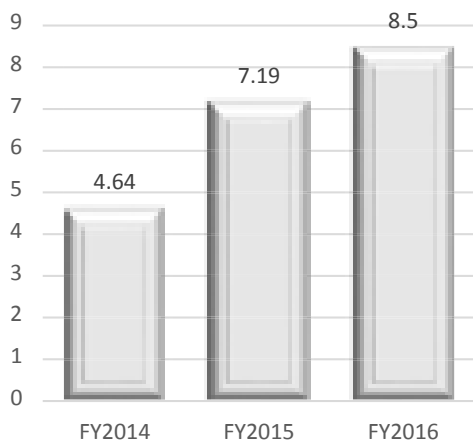
Warm Regards,

Suresh Reddy
Chairman and Managing Director

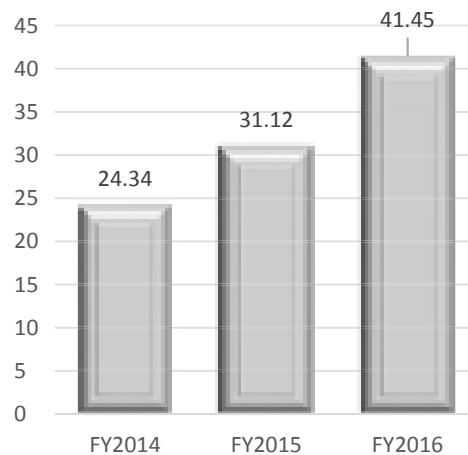
Handwriting practice lines consisting of 20 sets of three horizontal dashed lines.

Key Metrics

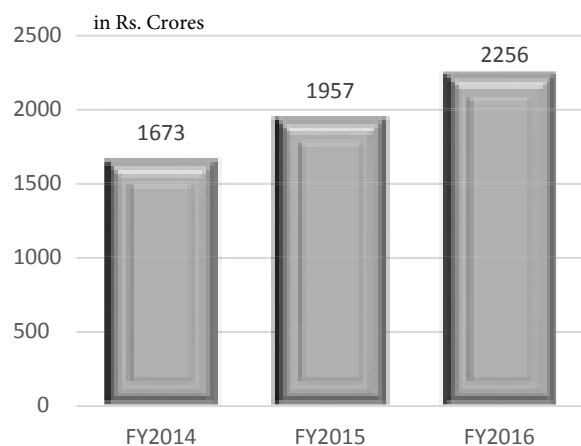
EPS



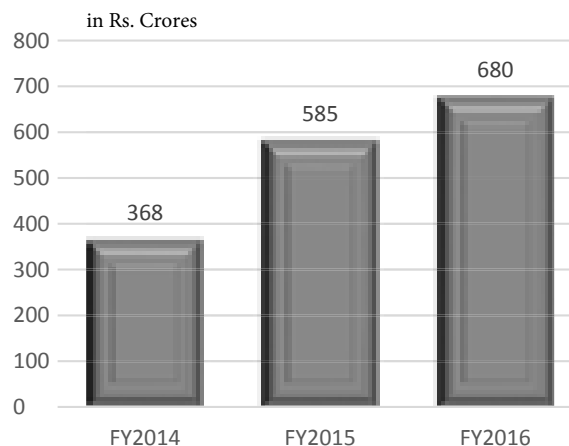
Book Value



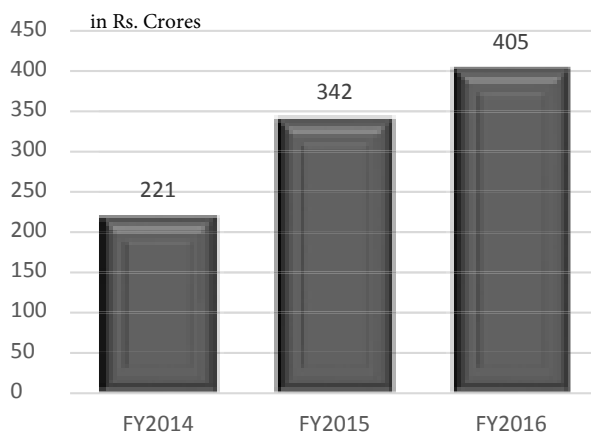
Revenue



EBIDTA



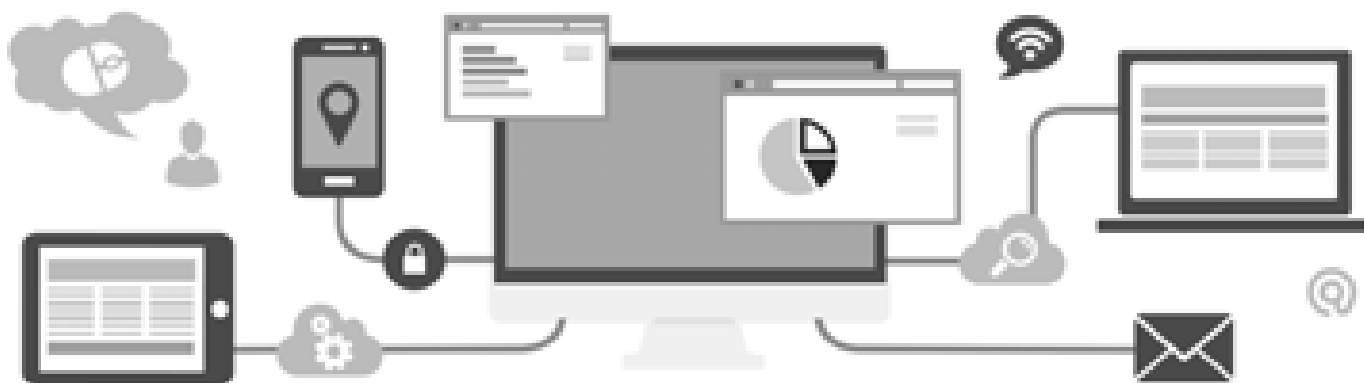
PAT



BUSINESS REVIEW

LYCOS ADVERTISING:

- ❖ **Media Buying (Publishers):** Leading global publishers from various verticals such as entertainment, life-style, gaming, news, travel and more were added.
- ❖ **Video Advertising:** New RTB integration with one of the leading demand partners in US and partnership with Google were added for our video solutions.
- ❖ We also sponsored the 'BrightRoll summit' that took place in New York during April and participated in 'Ad-tech San Francisco' in order to meet new customers and to capitalize on new opportunities.
- ❖ **Compass:** Investments on our in-house tool were focused on the deployment of the new Real Time Bidding technology as part of Compass Version 5. We added New VAST engine to Compass to sell video traffic to DSPs (Demand Side Platforms) via RTB (Ringback Tone Advertising).



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

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

LYCOS MEDIA:

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



LYCOS LIFE:

- ❖ The bands are now available on all leading online shopping portals – Amazon, Flipkart and Snapdeal.
- ❖ There has been a significant progress in the development of the marketing messaging for the brand 'LIFE' and the products.



APOLLO LYCOS NETCOMMERCE (APLY):

- ❖ A new company website was launched www.aplyindia.com
- ❖ A new product website was launched www.aplymart.com
- ❖ Demo of the platform for online stores is now open to all visitors.
- ❖ The first client is on board for cross-border commerce from the leather Apparels/accessories segment.
- ❖ Participated in the India Logistics Expo at Mumbai as a VIP partner.



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 USA Greetings 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

Y. RAMESH REDDY**Executive Director (Finance) & Group CFO**

Mr. Ramesh Reddy is the Executive Director (Finance) & Group CFO of LYCOS. His responsibilities include corporate finance, merges and acquisitions, corporate planning, risk management and investor relations. Prior to joining LYCOS, Mr. Ramesh was heading the Finance function at CTE.

Before joining CTE, he was with Virinchi Consultants, a Hyderabad based start up in e-Business and Web-based analytical solutions. He was SBU head for Malaysia operations with full accountability for all project deliverables through multiple project team's onsite and offshore. In the start-up phase of Virinchi, he played a key role as the Head of the Product Development and Chief Functional Architect, where he defined Virinchi's product scope for B2B Exchanges, and managed the entire development and release of its exchange product suite.

Ramesh Reddy is a Chemical Engineer from IIT, Chennai, and holds a Management Degree in Finance & Marketing from XLRI, Jamshedpur.

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. and 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.

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.

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of LYCOS Internet Limited will be held on Tuesday, December 27, 2016 at 10:00 A.M at Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad – 500032 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon and audited consolidated financial statements of the Company for the financial year ended March 31, 2016.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Vijay Kancharla (DIN: 02744217) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors of the Company and to fix their remuneration.

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 Section 139, 142 and all other applicable provisions, if any of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, consent of the Members of the Company be and is hereby accorded to re-appoint M/s. P.Murali & Co., Chartered Accountants (Registration Number 007257S) as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company for audit of financial statements for the financial year 2016-17 and that the Board be and is hereby authorised to fix such remuneration as may be recommended by the Audit Committee”.

SPECIAL BUSINESS

5. **To Appoint Dr. K. Jayalakshmi Kumari as an Independent Director.**

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 149, 152 & 160 read with Schedule IV and other applicable provisions if any of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. K. Jaya lakshmi Kumari (DIN: 03423518) who was appointed as an Additional Director (Independent) by the Board of Directors with effect from 17th May, 2016 and who holds office up to the date of the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years i.e. upto 16th May, 2021 and shall not be liable to retire by rotation.

6. **To Appoint Mr. Y. Ramesh Reddy as a Director.**

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 Section 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr.Y.Ramesh Reddy, (DIN: 01483626), Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.

7. **To Appoint Mr. Y. Ramesh Reddy as Executive Director (Finance) & Group CFO.**

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 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company, be and is hereby accorded to the appointment of Mr.Y. Ramesh Reddy,

(DIN: 01483626), as an Executive Director of the Company designated as "Executive Director-Finance & Group Chief Financial Officer" for a period of five years effective from 09th May, 2016, on the terms and conditions of appointment and remuneration as contained in his appointment letter and the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr.Y.Ramesh Reddy.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

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

"RESOLVED THAT pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any member by the company by sending it to him by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the company be and is hereby accorded to charge from the member the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the company at least one week in advance of the dispatch of document by the company and that no such request shall be entertained by the company post the dispatch of such document by the company to the shareholder."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, directors or key managerial personnel of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

By Order of the Board of Directors

(M Suresh Kumar Reddy)
Chairman and Managing Director

Date: 21-11-2016
Registered Office:
Plot No.7A, Road No.12,
MLA Colony, Banjara Hills, Hyderabad - 500034
Telangana, India.
CIN:L64203TG1999PLC030996
Email:ir@lycoscorp.com
www.lycos.com
Tel:+91 40 45678999 fax: +91 22 66459677

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE, THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF, AND THAT A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. 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 and such person, who shall not act as a proxy for any other member.
3. An explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting is annexed hereto.
4. 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.
5. The Register of Members and Share Transfer books will remain closed from December 21, 2016 to December 27, 2016 (both days inclusive).
6. The dividend on Equity Shares for the financial year ended 31 March, 2016 as recommended by the Board, if approved by the members will be paid within statutory time limit.
7. In order to enable us to register your attendance at the venue of the Annual General Meeting, we request you to please bring your folio number/demat account number/DPID-Client ID to enable us to give you a duly filled attendance slip for your signature and participation at the meeting.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

13. All documents referred to in the notice are available for inspection at the Registered Office of the Company during business hours between 11.00 am to 1.00 pm except on holidays.
14. 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 December 27, 2016.
15. 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.
16. 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.
17. Pursuant to Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company to be held on December 27, 2016 are provided in Annexure A of this Notice. The Company has received the consents / declarations for their appointments / re-appointments under the Companies Act, 2013 and the rules thereunder.

INSTRUCTIONS ON E-VOTING FACILITY:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on December 24, 2016 at 09:00 a.m. and ends on December 26, 2016 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 December 20, 2016 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 login 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. 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 favor 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 three days 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 results declared along with the consolidated scrutinizer’s report shall be placed on the website of the Company www.lycos.com and on the CDSL website www.evotingindia.com.

The results shall simultaneously be communicated to the Stock Exchanges where the shares of the Company are listed.

Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. December 27, 2016.

Annexure A

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting scheduled to be held on December 27, 2016.

[Pursuant to Regulation 36 (3) of the SEBI (LODR) Regulations, 2015]

Name of Director	Mr. Vijay Kancharla	Mr. Y. Ramesh Reddy	Dr. K. Jayalakshmi Kumari
Date of Birth	10.05.1967	24.10.1966	08.08.1968
Date of Joining the Board	26.06.2012	09.05.2016	17.05.2016
Category	Executive Director	Executive Director	Non Executive & Independent Director
Relationship with other Directors	None	None	None
Expertise in specific functional area	Online Advertising Technology	IT, Manufacturing and Investment Banking	Teaching experience in Social Sciences.
Qualification	Master of Science from University of Louisville & B.Tech., from JNTU, Hyderabad	Chemical Engineering from IIT, Chennai and Management Degree in Finance and Marketing from XLRI, Jamshedpur	Ph.D. in Social Sciences, M.A.,(Economics), M.A.,(Political Science), M.Phil., M.Ed.
List of other directorships held as on 31.03.2016 *	NIL	NIL	Cambridge Technology Enterprises Limited
Chairman / Member of the Committee of the Board of Directors of the Company	Member of Audit Committee and CSR Committee	Member of Stakeholders Relationship Committee	Member of Audit Committee, Nomination & Remuneration Committee and Chairman of CSR Committee
Chairman / Member of the Committees in other companies in which he/she is a Director	NIL	NIL	1
Number of shares held in the Company as on 31.03.2016	6,58,65,510	NIL	NIL

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

ITEM NO.5

The Board of Directors at their meeting held on 17th May, 2016 appointed Dr. K. Jayalakshmi Kumari (DIN: 03423518), as an Additional Director (Non-Executive Independent) of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013 Dr. K. Jayalakshmi Kumari, will hold office up to the date of ensuing AGM. The Company has received notice in writing under Section 160 of the Companies Act from a member proposing the appointment of Dr. K. Jayalakshmi Kumari as Independent Director, not liable to retire by rotation, under Section 149 of the Companies Act, 2013.

The Company has received declaration from Dr. K. Jayalakshmi Kumari that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, she fulfills the conditions for appointment as Independent Director, as specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is independent of the management.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of Independent Director is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days upto the date of the AGM.

No Director, Key Managerial Personnel or their relatives except Dr. K. Jayalakshmi Kumari, to whom the resolution relates are interested or concerned in the resolution.

The Board recommends the resolution for the approval of the members.

Item No.6 & 7

The Board of Directors at their meeting held on 9th May, 2016 appointed Mr.Y.Ramesh Reddy (DIN:01483626), as an Additional Director whose period of office is liable to determination by retirement of directors by rotation and as Executive Director designated as "Executive Director (Finance) & Group Chief Financial Officer" for a period of five years commencing from 9th May, 2016. A notice

has been received from a member proposing Mr.Y.Ramesh Reddy as a candidate for the office of Director of the Company.

Mr.Y.Ramesh Reddy has a B. Tech in Chemical Engineering from IIT, Chennai and MBA in Finance & Marketing from XLRI, Jamshedpur. He brings more than 25 years of experience to LYCOS, including an extensive background working with public companies, corporate finance, operations management, financial planning and analysis, mergers and acquisitions, and investor relations.

Mr. Y. Ramesh Reddy will report to the Chairman and Managing Director Mr. M. Suresh Kumar Reddy and will oversee corporate finance, financial strategy, investor relations and reporting for LYCOS. He will work closely with regional and global financial teams to raise the bar further on strengthening the financial foundation and fiscal discipline of the company

The approval of the members is being sought for the appointment of Mr.Y.Ramesh Reddy as "Executive Director (Finance) & Group Chief Financial Officer". Mr.Y.Ramesh Reddy as Group Chief Financial Officer will be paid a salary of Rs. 2,50,000/- per month. He shall not be paid any sitting fee for attending meetings of the Board or Committee thereof.

The terms and conditions set out for appointment and payment of remuneration specified herein may be altered and varied from time to time by the Board of Directors ("the Board" which term shall be deemed to include the Nomination & Remuneration Committee constituted by the Board of the Company), as it may, at its discretion deem fit. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Executive Director (Finance) & Group Chief Financial Officer of the Company at any time, such that the overall yearly remuneration payable to the said Whole-time Director shall not exceed the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification (s) or re-enactment thereof for the time being force) or any amendment made thereto.

The period of office of Mr.Y.Ramesh Reddy shall be liable to determination by retirement of directors by rotation. If Mr.Y.Ramesh Reddy is re-appointed as a director, immediately on retirement by rotation he shall continue to hold

office of Whole-time Director designated as “Executive Director (Finance) & Group Chief Financial Officer” and such re-appointment as director shall not be deemed to constitute break in his appointment as a Whole-time Director designated as “Executive Director (Finance) & Group Chief Financial Officer”.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Ordinary Resolution set out at item no. 6 & 7 of the accompanying Notice for the approval of the Members. The appointment of Mr.Y.Ramesh Reddy is appropriate and in the best interest of the Company.

Mr.Y.Ramesh Reddy being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at Item No. 6 & 7.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the SEBI (LODR) Regulations, 2015 with the Stock Exchange(s).

Place: Hyderabad

Date: 21-11-2016

ITEM NO. 8

As per the provisions of sections 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed. Further, a member may request for delivery of any document through a particular mode, for which he/she shall pay such fees in advance as may be determined by the company in its annual general meeting.

The Board recommends the Special Resolution set out at Item No.8 of the Notice for approval by the Share holders.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company is concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors

(M Suresh Kumar Reddy)

Chairman and Managing Director

BOARD'S REPORT

Dear Members,

We are pleased to present the 17th Annual Report of your Company on business and operations along with the Audited Financial Statements and the Auditor's Report for the Financial Year ended March 31, 2016.

1. Financial Highlights					Rs. in Lakhs
Particulars	Consolidated FY 2015-16	Consolidated FY 2014-15	Standalone FY 2015-16	Standalone FY 2014 -15	
Total Revenue	226078.56	197117.32	46433.61	50282.72	
Gross Profit before Interest, Depreciation & Tax	67966.93	58588.99	1841.04	2994.66	
Less: Interest	1589.69	2252.30	1588.72	1929.78	
Depreciation	6364.72	4137.70	217.84	1052.58	
Profit before Tax	60012.52	52198.99	34.48	12.30	
Less: Provision for Tax	19518.80	18038.60	11.19	3.99	
Less: Deferred Tax Liability	(11.02)	(61.38)	(11.02)	(166.13)	
Profit after Tax	40504.74	34221.77	34.31	174.44	
Balance Brought forward from the previous year	91675.27	59512.92	12872.47	13034.53	
Profit available for appropriations	132180.01	93734.69	12906.79	13208.98	
Less: Amount transferred to retained earnings as per Schedule II of Companies Act 2013	-	2054.18	-	331.27	
Less: Transferred to General Reserve	1.03	5.23	1.03	5.23	
Profit Carried to Balance Sheet	131605.78	91675.27	12332.55	12872.47	

Performance Review

During the year under review, your Company achieved a consolidated turnover of Rs. 226078.56 lakhs as against Rs. 197117.32 lakhs in the previous fiscal. Your Company has earned a consolidated gross profit of Rs. 67966.93 lakhs before interest, tax and depreciation as against Rs. 58588.99 lakhs in the previous year. After deducting financial charges of Rs. 1589.69 lakhs, providing for depreciation of Rs. 6364.72 lakhs and provision for tax of Rs. 19518.80 lakhs, the operations resulted in a net profit of Rs. 40504.74 lakhs as against Rs. 34221.77 lakhs in the previous year.

The digital segment revenues grew by 21.8% and overall revenue growth is 15.3% compared to last 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.

Dividend:

Your Directors have recommended a dividend of Rs.0.10 (i.e. 5%) per equity share of Rs.2 each for the financial year ended March 31, 2016, amounting to Rs.5,73,20,678/- (inclusive of tax of Rs.96,95,528). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

Transfer to General Reserve

The Company proposes to transfer an amount of Rs.1,02,945/- lakhs to the General Reserve out of the amount available for appropriations.

Deposits:

The Company has not accepted any fixed deposits from public.

Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to 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 Provision 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, 2016 is attached to Financial Statements of the Company.

During the year under review, the Company and Apollo International Limited formed a Joint Venture Company "Apollo Lycos Netcommerce 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, 2016, 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 Report.

Directors and key Managerial Personnel

In pursuance of Section 152 of the Companies Act, 2013 and the rules framed there under, Mr. Vijay Kancharla, Executive Director is liable to retire by rotation, at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

At the 16th Annual General Meeting of the Company held on 28th September, 2015 the Company has appointed Mr. Michael Loren Mauldin and Mr. Subrato Saha as Independent Directors under the Companies Act, 2013 for 5 years term which ends at conclusion of the 21st Annual General Meeting.

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.

During the year under review Mr. Raghunath Allamsetty and Mr. Vijaya Bhasker Reddy Maddi, ceased to be the Directors of the Company on completion of their tenure on September 29, 2015. 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.

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 appointed Mr. Y. Ramesh Reddy as an Additional Director and Executive Director (Finance) & Group CFO w.e.f. 09th May, 2016 and Dr. K. Jayalakshmi Kumari as an Independent Director of the Company w.e.f. 17th May, 2016.

The resolutions seeking approval of the Members for the appointment of Mr. Y. Ramesh Reddy as Executive Director (Finance) & Group CFO and Dr. K. Jayalakshmi Kumari as 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 notices under Section 160 of the Act along with the requisite deposit proposing the appointment of Mr. Y. Ramesh Reddy as Director and Dr. K. Jayalakshmi Kumari as Independent Director.

During financial year under review, Mrs. K Anusha has resigned from the position of Company Secretary w.e.f. September 08, 2015

and Mrs. V. Sri Lakshmi was appointed as Company Secretary w.e.f. September 09, 2015.

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

The Board during the financial year 2015-16 met five times. 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. Y. Ramesh Reddy, Mr. Subrato Saha, and Mr. Vijay Kancharla 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 transactions entered into with Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions entered by the Company during year under review.

The Company has formulated a policy on "materiality of related party transactions" and the process of dealing with such transaction, which are in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same is also available on the website of the Company www.lycos.com. Prior omnibus approval 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 the related party transactions were in ordinary course of business and were on Arm's length basis, disclosure in form AOC-2 as required under Section 134(3) (h) of the Act is not applicable.

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

The Company's Statutory auditors M/s. P. Murali & Co., (Registration Number 007257S) Chartered Accountants, Hyderabad, who retire at the ensuing Annual General Meeting, may continue as statutory auditors for the financial year ending March 31, 2017. M/s. P. Murali & Co., have confirmed their eligibility and willingness to accept office, if re-appointed.

Based on the recommendation of Audit Committee, the Board has approved the proposal for placing the matter of re-appointment of M/s. P. Murali & Co., as statutory auditors for the financial year ending March 31, 2017 at the 17th Annual General Meeting. A resolution to that effect forms part of notice of the 17th Annual General Meeting sent along with this Annual Report.

Secretarial Auditors

Mr. A. Sridhar was appointed to conduct the secretarial audit of the Company for FY 2015-16, as required under section 204 of the Companies Act, 2013 and rules there under. The Secretarial Audit Report for FY 2015-16 forms the part of the annual report as Annexure -A to the Board's report.

The Auditors' Report and the Secretarial Audit Report for the financial year ended 31st March, 2016 do not contain any qualification, reservation, adverse remark or disclaimer.

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

An extract of the Annual Return 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 behaviour, 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 brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the company on CSR activities during the year as required to be disclosed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure C to this Report.

Sexual Harassment

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition

and Redressal) Act, 2013 and the Rules there under.

Directors' Responsibility Statement:

In compliance with Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirm the following:

- (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:

The Board greatly appreciates the commitment and dedication of its employees across all levels who have contributed to the growth and sustained success of the Company. We would like to thank all our clients, partners, vendors, investors, bankers and other business associates for their continued support and encouragement during the year look forward to the same in the future.

For and on behalf of the Board of Directors

Place: Hyderabad

(M. Suresh Kumar Reddy)

Date: 21-11-2016

Chairman and Managing Director

Form No. MR - 3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH 2016

[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 here by report that in my opinion, the Company has, during the financial year ended on March 31, 2016 (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 (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);

- (f) 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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period);
- (h) 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 compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

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.

- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

Listing Agreements (till November 30, 2015) entered into by the Company with BSE Limited and National Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016)

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: 01.08.2016

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.

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: 01.08.2016

Form No. MGT-9**EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March, 2016****[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	Plot No. 7A, Road No. 12, MLA Colony, Banjara Hills, Hyderabad – 500034. Ph. +91 40 4567 8999 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.	Frontier Data Management Inc., USA	-	Subsidiary	100	2(87)
3.	International Expressions Inc., USA	-	Subsidiary	100	2(87)
4.	Online Media Solutions Limited, Israel	-	Subsidiary	100	2(87)
5.	Ybrant Media Acquisition Inc., USA	-	Subsidiary	100	2(87)
6.	Dyomo Corporation, USA	-	Subsidiary	100	2(87)
7.	Max Interactive Pty Ltd., Australia	-	Subsidiary	100	2(87)
8.	DreamAd, SA Argentina	-	Subsidiary	100	2(87)
9.	DreamAd, SA Chile	-	Subsidiary	100	2(87)
10.	Get Media Mexico Sociedad Anonima De Capital Variable, Mexico	-	Subsidiary	100	2(87)
11.	DreamAd, SA Panama	-	Subsidiary	100	2(87)
12.	DreamAd, SA Uruguay	-	Subsidiary	100	2(87)
13.	Ybrant Digital Services De Publicidade Ltd., Brasil	-	Subsidiary	100	2(87)
14.	Ybrant Digital (Brasil) Ltd, Singapore	-	Subsidiary	100	2(87)
15.	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	84343461	0	84343461	17.71	5273063	0	5273063	1.11	-16.6
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	84343461	0	84343461	17.71	5273063	0	5273063	1.11	-16.6
2) Foreign									
a) NRIs-Individuals	73740510	0	73740510	15.48	153975703	0	153975703	32.33	+16.85
b)Other-Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corp.	2186487	0	2186487	0.46	2186487	0	2186487	0.46	0
d) Banks / FI	-	-	-	-	-	-	-	-	-
e)Any Other									
Overseas corporate bodies	26397766	0	26397766	5.54	24766812	0	24766812	5.2	-0.34
Sub-total(A)(2):-	102324763	0	102324763	21.49	180929002	0	180929002	37.99	+16.5
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	186668224	0	186668224	39.20	186202065	0	186202065	39.1	-0.1
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	141659	0	141659	0.03	+0.03
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	78540	0	78540	0.02	-	-	-	-	-0.02
g) Foreign Portfolio Investors	2411030	0	2411030	0.51	1236142	0	1236142	0.26	-0.25
h) Foreign Venture Capital Funds	94999938	0	94999938	19.95	94999938	0	94999938	19.95	0
i) Others (specify)									
Sub-total(B)(1)	97489508	0	97489508	20.47	96377739	0	96377739	20.24	-0.23
2. Non Institutions									
a) Bodies Corp.	59116685	25500	59142185	12.42	83977771	25500	84003271	17.64	+5.22
Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	26566711	187040	26753751	5.62	36850274	260235	37110509	7.79	+2.17
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	43984597	75000	44059597	9.25	19603307	0	19603307	4.12	-5.13
c) Others(Specify)									
NBFCs Registered with RBI	-	-	-	-	26705	0	26705	0.01	+0.01
Non Resident Individuals	4783600	1125000	5908600	1.24	4763839	1018800	5782639	0.53	-0.71
Overseas Corporate Bodies	44320157	2826360	47146517	9.9	39085639	0	39085639	8.21	-1.69
Trusts	5962108	765000	6727108	1.41	3731000	0	3731000	0.78	-0.63
Employees	0	900000	900000	0.19	0	357000	357000	0.07	-0.11
Clearing Members	1456009	0	1456009	0.31	3971625	0	3971625	0.83	+0.53
Foreign Nationals	-	-	-	0	-	-	-	-	-
Sub-total(B)(2)	186189867	5903900	192093767	40.34	192010160	1661535	193671695	40.67	+0.33+
Total Public Shareholding (B)=(B)(1)+ (B)(2)	283679375	5903900	289583275	60.80	288387899	1661535	290049434	60.9	+0.1
C. Shares held by Custodian for GDRs &ADRs									
	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	470347599	5903900	476251499	100	474589964	1661535	476251499	100	

(ii) Shareholding of Promoters

Sl. No.	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	74777435	15.70	1.91	75042193	15.76	9095589	+0.06
2.	Vijay Kancharla	65865510	13.83	0	65865510	13.83	2000000	0
3.	Redmond Investments Ltd.,	26397766	5.54	4.72	24766812	5.2	21032064	-0.34
4.	Geetha Kancharla	6534000	1.37	0	6534000	1.37	0	0
5.	S.V. Rajyalaxmi Reddy	4834000	1.02	0	6534000	1.37	0	+0.35
6.	Fingrowth Co. Ltd.,	1414534	0.30	0.19	1414534	0.30	900000	0
7.	Palle Suguna Reddy	2027000	0.43	0	1941000	0.41	0	-0.02
8.	Probus Capital Ltd.,	605000	0.13	0.13	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	1146800	0.24	0	0
11.	Mundi Enterprise Ltd.,	166953	0.04	0	166953	0.04	109953	0
12.	Karusala Venkata Subba Rao	713963	0.15	0	0	0	0	-0.15
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	186668224	39.20	6.95	186202065	39.1	33737606	-0.1

(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	74777435	15.70	264758	-	75042193	15.76
2.	Vijay Kancharla	65865510	13.83	-	-	65865510	13.83
3.	Redmond Investments Ltd.,	26397766	5.54	-	1630954	24766812	5.2
4.	Geetha Kancharla	6534000	1.37	-	-	6534000	1.37
5.	S.V. Rajyalaxmi Reddy	4834000	1.02	1700000	-	6534000	1.37
6.	Fingrowth Co. Ltd.,	1414534	0.30	-	-	1414534	0.30
7.	Palle Suguna Reddy	2027000	0.43	-	86000	1941000	0.41
8.	Probus Capital Ltd.,	605000	0.13	-	-	605000	0.13
9.	M. Shashidhar Reddy	1341000	0.28	-	-	1341000	0.28
10.	M. Gangi Reddy	1146800	0.24	-	-	1146800	0.24
11.	Mundi Enterprise Ltd.,	166953	0.04	-	-	166953	0.04
12.	Karusala Venkata Subba Rao	713963	0.15	-	713963	0	0
13.	Kadiyala Venkateswara Rao	713963	0.15	-	-	713963	0.15
14.	M. Subhadra Reddy	128500	0.03	-	-	128500	0.03
15.	K. Mohan Rao	1800	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	-	-	61478864	12.91
2.	Oak India Investments	33521074	7.04	-	-	33521074	7.04
3.	Sansar Capital (Mauritius) Ltd.	29916240	6.28	-	3533302	26382938	5.54
4.	Sansar Special Opportunities (Mauritius) Ltd.	14403917	3.02	-	1701216	12702701	2.67
5.	UNO Metals Ltd	13337000	2.80	10458000	-	23795000	5
6.	AKG Finvest Ltd	11680000	2.45	12115945	-	23795945	5
7.	Nakshatra Foundation	5961108	1.25	-	2231108	3730000	0.78
8.	FE Securities Pvt Ltd	4950000	1.04	1139501	-	6089501	1.28
9.	Goenka Securities Pvt Ltd	4070000	0.85	-	60000	4010000	0.84
10.	Perfect Homfin Pvt Ltd	3015486	0.63	-	1899488	1115998	0.23

(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.Y. Ramesh Reddy	-	-	-	-	-	-
2.	Mrs. S.V.Rajyalaxmi Reddy	4834000	1.02	1700000	-	6534000	1.37
3.	Mr. Subrato Saha*	-	-	-	-	-	-
4.	Mr. Michael Loren Mauldin*	-	-	-	-	-	-
5.	Mr. Raghunath Allamsetty**	-	-	-	-	-	-
6.	Mr.Vijaya Bhasker Reddy Maddi**	74945	0.02	-	29945	45000	0.009
KMPs							
1.	Mr. M. Suresh Kumar Reddy,CMD	74777435	15.70	264758	-	75042193	15.76
2.	Mr. Vijay Kancharla, ED	65865510	13.83	-	-	65865510	13.83
3.	Mr. Y.Srinivasa Rao, CFO	-	-	-	-	-	-
4.	Mrs. V. Sri Lakshmi, CS	-	-	-	-	-	-

* Appointed as Directors of the Company w.e.f. August 24, 2015.

** ceased to be the Directors of the Company on completion of their tenure on September 29, 2015.

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	94.46	82.50		176.96
ii) Interest due but not paid	3.86	0.00		3.86
iii) Interest accrued but not due	0.0	0.00		0.00
Total(i+ii+iii)	98.32	82.50		180.82
Change in Indebtedness during the financial year				
- Addition	0.00	4.93		4.93
- Reduction	13.68	0.00		13.68
Net Change	13.68	4.93		8.75
Indebtedness at the end 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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(Amount in Rs.)

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

Sl. NO.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		M. Suresh Kumar Reddy	Vijay Kancharla	
1.	Gross Salary	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
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	As % of profit			
	Others, specify			
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	Nil	Nil	Nil
	Ceiling as per the Act			

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
		Y. Ramesh Reddy (Rs.)	Raghunath Allamsetty (Rs.)	M. Vijaya Bhasker Reddy (Rs.)	Subrato Saha (Rs.)	Michael Loren Mauldin (Rs.)	
1.	<i>Independent Directors</i>						
	Fee for attending board and committee meetings	25000	15000	10000	5000		55000
	Commission						
	Others, please specify						
	Total (1)	25000	15000	10000	5000		55000
2.	<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)	25000	15000	10000	5000		55000
	Total Managerial Remuneration	25000	15000	10000	5000		55000
	Overall Ceiling as per the Act						

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

S. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary*		CFO	Total Amount
			K Anusha	V. Sri Lakshmi	Y. Srinivasa Rao	
1.	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		1,86,128	2,73,226	20,04,672	24,64,026
	(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	-	1,86,128	2,73,226	20,04,672	24,64,026

*Mrs. K Anusha has resigned from the position of Company Secretary w.e.f. Sep 08, 2015 and Mrs. V. Sri Lakshmi was appointed as Company Secretary w.e.f. Sep 09, 2015.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2016.

For and on behalf of the Board of Directors

(M. Suresh Kumar Reddy)
Chairman & Managing Director

Place: Hyderabad

Date: 21-11-2016

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

LYCOS balances commerce and social responsibility in a way of giving to the world for a better place for 'You and for Me'. A brand like LYCOS that has defined itself and its core values, outlines social responsibility initiatives in alignment with its authentic brand story. In line with traditional financial metrics that businesses hold both compelling reasons to be responsible and perform better, LYCOS believes that social responsibility is a business imperative rather than anything else. For LYCOS, it makes good business sense not just to be socially responsible but to make a serious social mission intrinsic to our business. Towards this, respecting applicable laws and with the involvement of our global teams at large, we just don't stop with value creation for stakeholders but, help in activities like educating the poor within our limits etc. withholding our very purpose of business to social responsibility of simplifying the everyday life of people at large through our services. The Company's CSR Policy intends to strive for the economic development that positively impacts the society at large with minimum resource footprint. The Project undertaken by the Company is within the broad framework of Schedule VII of the Companies Act, 2013. The CSR Policy of the Company is available at the website of the Company www.lycos.com under investors Section.

2. **The Composition of CSR Committee:** The Company has a CSR Committee of Directors comprising of Dr. K. Jayalakshmi Kumari, Mr. Vijay Kancharla and Mr. M. Suresh Kumar Reddy
3. **Average of Net Profits of the company for last three financial years for the purpose of computation of CSR:** Not Applicable for the F.Y.2015-16.
4. **Prescribed CSR Expenditure (two per cent of the amount specified at point 3):** Not Applicable for the F.Y.2015-16.
5. **Details of the CSR spent during financial year: NA**
 - a. Total amount to be spent for the financial year :NA
 - b. Amount unspent: Rs.18,72,836/- (F.Y.2014-15)
 - c. Manner in which the amount spent during the financial year: The unspent amount of F.Y.2014-15 is being spent through an NGO.
 - d. **In case Company has failed to spend the two percent of the average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in Boards Report:** The Company is executing CSR activities for the unspent amount of F.Y.2014-15 through an NGO.
6. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the company.**

We hereby declare that implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the company.

Dr. K. Jayalakshmi Kumari
Chairman
CSR Committee

Management Discussions & Analysis

Overview:

The shift to digital: Redefining business models

Spending on media continues to shift from traditional to digital products and services at a rapid pace. By 2019, we believe digital spending will account for more than 50 percent of overall media spend. Within this, digital video spending will overtake physical spending by 2018, two years earlier than we had previously forecast. Digital, consisting of Internet and mobile advertising, will become the largest advertising category by 2017, surpassing TV one year earlier than forecast, and mobile will more than double its share of the digital ad market.

This rapid digital shift is being driven in part by the growing number of connected consumers, the expansion of mobile telephony, and elevated mobile broadband adoption. As it continues, it will not only expand the digital share of the media wallet, but have a structural effect on almost all media sub-sectors, redefining business models. For example, we see a growing move away from “bundled” media, such as that offered by traditional cable TV, to what might be termed “self-service re-bundling”—consumers picking and choosing from a variety of online streaming services to create their own, more streamlined personal programming bundles. As the number of direct-to-consumer services increases and the number of smart devices grows, the ability of consumers to self-serve the entertainment they desire will increase as well.

Overtaking TV advertising in 2016

According to the projections in the Outlook, these factors are set to see total global Internet advertising rise at a CAGR of 11.1% over the coming five years, from US\$153.65bn in 2015 to US\$260.36bn in 2020. And relatively early within this five-year forecast period – in 2016 – global Internet advertising will likely pass a major tipping-point, when it exceeds global TV advertising for the first time.

Within the overall global expansion in Internet advertising, mobile advertising – comprised of mobile display, search and video – will be one of the big growth stories through 2020, projected to rise at a CAGR of 19.6% to US\$84.8bn in 2020 as mobile Internet becomes increasingly

ubiquitous in consumers' lives. But while mobile Internet advertising will far outpace the rise in Internet advertising as whole, it won't come dominate the market during the forecast period, with mobile's share of total global Internet advertising still set to be just 32.6%, even in 2020.

Developing markets: Driving global growth

Developing markets are playing an increasingly critical role in global media growth, not only because traditional media in these regions remain strong, but because these markets, from Mexico and China to

India and Malaysia, anticipate healthy economic expansion and increasing household incomes—particularly in Asia Pacific (AP) and Central and Eastern Europe (CEE). This growth will boost both advertising and content spend across the region. In fact, the media market in AP will be the largest source of absolute growth for the global industry over the next five years.

Just as in developed markets, increasing mobile broadband growth is accelerating digital adoption in the developing world. Simultaneously, ongoing infrastructure build out and digitization in AP and CEE are driving global pay TV growth, although the slowdown of the Brazilian economy is beginning to dampen pay TV growth in Latin America.

Different markets – contrasting performances

The US accounted for 38.8% of global Internet advertising revenue in 2015, and while it will continue to be the largest region, and grow at a CAGR of 9.4%, it is projected to lose share by 2020, accounting for 35.9% of the global total in that year. Led by the booming Chinese market, Asia Pacific is positioned to claim most of the market share lost by the US, with our forecasts showing the region's Internet advertising revenues growing at a CAGR of 13.2% to account for 31.9% of total global revenue in 2020, up from 29.0% in 2015. And while the emerging regions of Middle East and Africa (20.2%) and Latin America (16.4%) are likely to see the highest growth rates in Internet advertising in the next five years, they will likely continue to generate significantly less revenue than the more mature markets.

SOURCE : McKinsey Global Media Report & PWC outlook

Ad-blocking may impede growth...

While the prospects for growth in Internet advertising revenues in the next five years look bright, there are clouds on the horizon – not least the rise of ad-blocking. Consumer adoption of ad-blocking technology on their devices has largely been driven by poor execution of ads, slowing down the loading times of webpages and increasing data consumption with little or no benefit to the end user. Ads on connected devices generally succeed when they are targeted, relevant and useful: hence the popularity of paid search. Ad formats that don't meet these requirements will struggle to deliver results for advertisers, so new formats – such as native advertising, which has the look and feel of content – will likely become more prevalent.

Programmatic ads create new opportunities for advertisers and publishers

Alongside ad-blocking, another major story has been the rise of programmatic buying, with more than half of digital advertising inventory in mature markets now traded programmatically. Some critics sought initially to associate programmatic trading with low-value inventory and argued that the spread of programmatic technology would depress the market. But going forward, its higher efficiency should allow for better targeting of premium ads as well, creating further value. The notion of programmatic now goes beyond real-time bidding, which is just one sub-component – and it is emerging as a way of doing business that utilizes technology and data to track, plan and trade digital ad inventory more effectively as well as more efficiently.

Video Internet advertising is likely to continue to surge

Video will be everywhere over the next five years, with consumers accessing video content across a range of devices beyond the TV, and multichannel/multiplatform networks (MCNs/MPNs) increasingly tapping into additional revenue streams beyond the cut they get from the video platforms, by expanding in areas like product placement and “unboxing” videos. But even as consumers spend less time with linear TV and more time watching on-demand video, TV advertising revenues will remain resilient, and continue to grow at a global level.

While video advertising – both wired and mobile – is projected to rise rapidly at the same time, it will still remain

a fraction of TV advertising revenue. Even by 2020, total video advertising revenue is likely to be just US\$39.94bn, compared with US\$200.42bn for total TV advertising. This partly reflects a degree of confusion and frustration during the transition to a more diverse video advertising landscape, reinforced by concerns over online measurability and the way many buying teams remain between digital and TV ads. The arrival of credible cross-platform measurement will be key to addressing these issues. And for incumbent broadcasters, video advertising is one area where they can take on the tech giants head-on, leveraging their strengths in long-form content.

Going Forward

We expect global pay TV growth to moderate as a result, with the rise of over-the-top (OTT) online options influencing consumer preferences and ultimately leading to cord-cutting—subscribers dropping their pay TV services altogether—and a higher degree of cord-shaving—subscribers signing up for smaller, cheaper self-selected bundles of services.

Another important change we find is the rise of global content intermediation and integration, as leading social-networking platforms, both personal and professional, provide videos, music, and news from outside sources directly to their users. They hope that aggregating and integrating additional content will boost their consumer interactions and change consumption patterns. These steps could mark a major shift for a sector that inherently struggles with monetization.

We also see a third key change: As digital media gain ground, advertisers are increasingly accepting the validity and persuasiveness of advertising on these media, moving away from the typically high cost-per thousand (CPM) traditional media to less expensive, low-CPM Internet and mobile advertising—further accelerating the shift of analog dollars to digital.

Business Review:

Your company's revenue grew over 15.3% YoY from earlier level to Rs. 2255 crores. The net profit grew 18% to 405 crores. The digital revenue grew by 22% in this period. The EPS grew from Rs.7.19 to Rs.8.50. Revenue and Net profit by 7.7% and 10.6% grew in terms of US dollars respectively.

The digital revenue has increased from earlier 76% to 81% now. The digital revenue growth revenue year on year has grown by 22%.

During the year your company has paid almost around Rs 29 crores to the bank for the outstanding debt, which includes the interest and the loan repayments. The interest cost has reduced almost 29%.

In terms of operational efficiency and the business parameters, the key parameters that company has been tracking are the receivables, which company has been trying to bring under control and also to reduce as much as possible. This year company managed to reduce the receivables from Rs 845 crores earlier to Rs 729 crores, which is almost 14% reduction across the two segments. But significantly the trade receivables from digital market has reduced from 106 days to 99 days, close to the 90 days target. On software side, we had 325 days of receivables last year which has been brought down to 193 days considering the kind of nature of business.

Strategic Initiatives:

Lycos Advertising:

- **Media Buying (Publishers):** Leading global publishers from various verticals such as entertainment, life-style, gaming, news, travel and more were added.
- **Video Advertising:** New RTB integration with one of the leading demand partners in US and partnership with Google were added for our video solutions.
- We also sponsored the 'BrightRoll summit' that took place in New York during April and participated in 'Ad-tech San Francisco' in order to meet new customers and to capitalize on new opportunities.
- **Compass:** Investments on our in-house tool were focused on the deployment of the new Real Time Bidding technology as part of Compass Version 5. We added New VAST engine to Compass to sell video traffic to DSPs (Demand Side Platforms) via RTB (Ringback Tone Advertising).
- Started Microsoft Ad operations for the Latin American Pan Regional Market.
- Started operating inventory of Medula, a 100% publisher owned and operated, and one of the largest editorial houses in Latin America.

- Two products were introduced to the publishers - anti-ad blockers solution and search in-site engaging solutions.
- A new product, 'Vid-In' was launched that helps publishers monetize their inventory in unique ways by providing them a customizable large video player and tailor-made content.
- A significant delegation participated in Dmexco, the biggest event in the ad-tech industry, This generated substantial new business opportunities and revitalized existing partnerships. Technology
- **Business Intelligence:** We completed the development and QA of 2 essential data platforms for the small player and Media Buyers dashboards.
- Started working together with a European SSP (Sell Side Platform) for European demand. In addition, one of our main and well-known demand partners approved our mobile supply.

LYCOS launches Brightcom:

Brightcom brings together the legacy of 'Ybrant Digital' alongside the 'Brightcom' Media initiative. This combines data-driven technology together with the company's strong bonds with advertisers and publishers, all in one consolidated platform.

Lycos Media:

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

Lycos Life:

- The bands are now available on all leading online shopping portals – Amazon, Flipkart and Snapdeal.
- There has been a significant progress in the development of the marketing messaging for the brand 'LIFE' and the products.

Apollo Lycos NetCommerce (APLY)

- A new company website was launched www.aplyindia.com
- A new product website was launched www.aplymart.com
- Demo of the platform for online stores is now open to all visitors.
- The first client is on board for cross-border commerce from the leather apparels/accessories segment.
- Participated in the India Logistics Expo at Mumbai as a VIP partner.

Appointments:

- LYCOS appoints Ramesh Reddy as the Group Chief Financial Officer and Executive Director (Finance) for the entire LYCOS group. Ramesh brings more than 25 years of experience to LYCOS, including an extensive background working with public companies, corporate finance, operations management, financial planning and analysis, mergers and acquisitions, and investor relations.
- Lycos appoints Dr. Jayalakshmi Kumari as independent director to its board with effect from May 17, 2016. While, Mrs. Rajyalaxmi Reddy, non-executive director, has resigned from the board (effective May 18, 2016) citing other obligations.
- Gali Arnon will take on the role of CEO of Brightcom. She will transition out of her current role as the General Manager of the Advertising Division of LYCOS.

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.

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 Info Edge'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.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015)

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

The Board comprises of six directors, which include two executive directors and four non-executive directors of which three are Independent Directors as on March 31, 2016. 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.

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet with the criteria of independence as provided under Companies Act, 2013 and Reg. 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The Composition of the Board of Directors as on March 31, 2016 with their attendance at the Board Meetings held during the year 2015-16 and at the last Annual General Meeting is given below:

Name of the Director	Category	Designation	No. of Board Meetings Attended	Attendance at the last AGM held on 28.09.2015	No. of other Directorships #	Committee membership#	Chairmanship in Committees##
Mr. M. Suresh Kumar Reddy	Promoter/ Executive	Chairman & Managing Director	5 of 5	yes	0	1	0
Mr. Vijay Kancharla	Promoter/ Executive	Executive Director	4 of 5	no	0	1	0
Mr. Y. Ramesh Reddy	Independent Non-Executive	Director	5 of 5	Yes	0	2	2
Mrs. S.V.Rajyalaxmi Reddy	Promoter/ Non-Executive	Director	4 of 5	yes	0	0	0
Mr. Subrato Saha*	Independent Non-Executive	Director	1 of 2	no	0	2	0
Mr. Michael Loren Mauldin*	Independent Non-Executive	Director	0 of 2	no	0	0	0
Mr. Raghunath Allamsetty**	Independent Non-Executive	Director	3 of 3	no	-	-	-
Mr. Vijaya Bhasker Reddy Maddi**	Independent Non-Executive	Director	2 of 3	yes	-	-	-

#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.

* Appointed as Directors of the Company w.e.f. August 24, 2015.

**ceased to be the Directors of the Company on completion of their tenure on September 29, 2015. Three meetings were held during their tenure.

Mrs. S.V. Rajyalaxmi Reddy is the spouse of Mr. M. 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

Five meetings of the Board of Directors were held during the year, viz. on May 25, 2015, August 10, 2015, August 24, 2015, November 14, 2015 and February 06, 2016. 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

The Independent Directors met on 14th November, 2015 without the presence of Non- Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company's 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 terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as well as Section 177 of the Companies Act, 2013.

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.

Mr. Y. Ramesh Reddy, Chairman of the Audit Committee was present at the last Annual General Meeting.

Four meetings of the Audit Committee were held during the year viz. on May 25, 2015, August 10, 2015, November 13, 2015 and February 05, 2016 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 at at March 31, 2016 are as follows:

Name	Position	Category	No of Meetings Attended
<i>Mr. Y. Ramesh Reddy</i>	Chairman	Non-Executive & Independent Director	4 of 4
<i>Mr. Subrato Saha*</i>	Member	Non-Executive & Independent Director	1 of 2
<i>Mr. Vijay Kancharla*</i>	Member	Executive Director	2 of 2
<i>Mr. A.Raghunath**</i>	Member	Non-Executive & Independent Director	2 of 2
<i>Mr. M.Vijaya Bhasker Reddy **</i>	Member	Non-Executive & Independent Director	1 of 2

*Appointed as members w.e.f. September 29, 2015.

** ceased to be the members w.e.f. September 29, 2015.

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, one meeting of the Committee was held on August 24, 2015.

The composition of the Committee and the attendance details of the members as at March 31, 2016 are given below:

Name	Status	Category	No of Meetings Attended
Mr. SubratoSaha*	Chairman	Non-Executive & Independent Director	--
Mr. Y. Ramesh Reddy	Member	Non-Executive & Independent Director	1
Mrs.S.V.Rajyalaxmi Reddy**	Member	Non-Executive Director	--
Mr. A.Raghunath***	Member	Non-Executive & Independent Director	1
Mr. M.Vijaya Bhasker Reddy ***	Member	Non-Executive & Independent Director	1

*Appointed as members w.e.f. September 29, 2015.

**Appointed as members w.e.f. November 14, 2015.

*** ceased to be the members w.e.f. September 29, 2015.

Board Evaluation

Pursuant to Section 134 of the Companies Act, 2013, the Board is responsible for the formal Annual Evaluation of its own performance, of its committee & Individual Directors. Further, as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, performance evaluation of the Independent Directors shall be done by entire Board of Directors, excluding directors 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 2015-2016.

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, Non-Executive Non-Independent Directors & Independent Directors during year ended March 31, 2016 and shareholding of directors in the Company as on March 31, 2016 are as given below:

Name	Remuneration paid (Rs.)	Sitting fee paid during the period ended 31.03.2016 (Rs.)	No. of Shares held as on 31.03.2016
Mr. M.Suresh Kumar Reddy	NIL	NIL	7,50,42,193
Mr. Vijay Kancharla	NIL	NIL	6,58,65,510
Mr. Y.Ramesh Reddy	NIL	25,000	NIL
Mr. Subrato Saha*	NIL	5,000	NIL
Mr. Michael Loren Mauldin*	NIL	NIL	NIL
Mrs. S. V. Rajyalaxmi Reddy	NIL	NIL	65,34,000
Mr. A.Raghunath**	NIL	15,000	NIL
Mr. M.Vijaya Bhasker Reddy**	NIL	10,000	45,000

*Appointed as Directors w.e.f. August 24, 2015.

** ceased to be the Directors of the Company on completion of their tenure on September 29, 2015.

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.

Four meetings of the Stakeholders Relationship Committee were held during the year viz. on April 17, 2015; April 22, 2015; May 13, 2015 and February 06, 2016 respectively.

The composition of the Committee and the attendance details of the members as at March 31, 2016 are given below:

Name	Status	Category	No of Meetings Attended
Mr. Y. Ramesh Reddy**	Chairman	Non-Executive & Independent Director	1 of 1
Mr. Subrato Saha*	Member	Non-Executive & Independent Director	0 of 1
Mr. M. Suresh Kumar Reddy	Member	Executive Director	4 of 4
Mr. A.Raghunath***	Member	Non-Executive & Independent Director	3 of 3
Mr. M.Vijaya Bhasker Reddy***	Member	Non-Executive & Independent Director	3 of 3

*Appointed as members w.e.f. September 29, 2015. **Appointed as members w.e.f. November 14, 2015.

*** ceased to be the members w.e.f. September 29, 2015.

During the year under review thirteen (13) shareholders' complaints of general nature were received by the RTA/ Company and were solved to their satisfaction. There were no pending complaints 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, 2016 is as below:

Name	Status	Category
Mr. Michael Loren Mauldin*	Chairman	Non-Executive & Independent Director
Mr. Vijay Kancharla	Member	Executive Director
Mr. Y. Ramesh Reddy*	Member	Non-Executive & Independent Director
Mr. M.Vijaya Bhasker Reddy**	Member	Non-Executive & Independent Director
Mr. M.Suresh Kumar Reddy**	Member	Executive Director

*Appointed as members w.e.f. September 29, 2015.

** ceased to be the member w.e.f. September 29, 2015.

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
2014-15	September 28, 2015 10:00 A.M.	Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad – 500032.	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
2012-13	September 26, 2013 10:30 A.M.	K L N Prasad Auditorium, FAPCCI, Federation House, 11-6-841, Red Hills, Hyderabad – 500004.	NONE

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 2015-16.

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):	Tuesday December 27, 2016 10:00 A.M 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:	December 21, 2016 to December 27, 2016 (both days inclusive).
iv.	Listing on stock exchanges:	BSE Limited (Bombay Stock Exchange). National Stock Exchange of India Limited. The Listing Fees as applicable have been paid within prescribed time period.
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:

	BSE Limited		National Stock Exchange of India Ltd.	
Month	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2015	34.3	22.85		
May 2015	36.7	22.7	36.80	28.35
June 2015	47.25	33	47.20	32.80
July 2015	35.9	30.45	35.70	30.45
August 2015	39.9	24.8	39.65	24.80
September 2015	29.05	19.1	28.95	19.10
October 2015	29.15	25.2	29.10	24.70
November 2015	37.1	27	37.00	26.90
December 2015	34.3	27.05	33.90	26.50
January 2016	36.6	23	36.60	23.00
February 2016	31.5	22.3	31.45	22.25
March 2016	25.9	14.3	26.00	14.25

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

ix. Share transfer system

The Company's shares are in demat mode. The shares received for transfer in physical mode are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respect.

The Company appointed M/s. Aarthi Consultants Private Limited as the Registrar and Transfer Agents for physical transfer of securities as well as dematerialization/ rematerialization of securities.

x. Distribution of Shareholding as on March 31, 2016

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	16732	84.49	8745739	1.84
5001 - 10000	1279	6.46	4825496	1.01
10001 - 20000	706	3.56	5430455	1.14
20001 - 30000	263	1.33	3331068	0.7
30001 - 40000	174	0.88	3122727	0.66
40001 - 50000	105	0.53	2395773	0.5
50001 - 100000	214	1.08	7792888	1.64
100000 & Above	331	1.67	440607353	92.52
TOTAL	19804	100	476251499	100

Categories of Shareholding as on March 31, 2016:

Category		No. of Shares held	% of Shareholding
1	Company Promoter / Promoter Group	186202065	39.10
2	Foreign Portfolio Investors	1236142	0.26
3	Foreign Venture Capital Investors	94999938	19.95
4	Corporate Bodies	84003271	17.64
5	Corporate Bodies - Foreign	39085639	8.21
6	Financial Institutions / Banks	141659	0.03
7	NBFCs Registered with RBI	26705	0.01
8	Non Resident Individuals	5782639	1.21
9	Trusts	3731000	0.78
10	General Public	56713816	11.91
11	Employees - Trusts	357000	0.07
12	Clearing Members	3971625	0.83
	TOTAL	476251499	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, 2016, a total of 474589964 equity shares which form 99.65% of the share capital stand dematerialized.

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 Plot No. 7A, Road No. 12, MLA Colony, Banjara Hills, Hyderabad - 500 034. Phone No. +91 40 4567 8999 ; eFax No. +91 22 6645 9677 Email: ir@lycoscorp.com ; Website: www.lycos.com	Aarathi 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@aarthiconsultants.com ; aarthiconsultants@gmail.com

Disclosures

(i) During the financial year ended 31st March, 2016 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, 2016 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, 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.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 21-11-2016

(M. Suresh Kumar Reddy)
Chairman and Managing Director

Annual Compliance with the Code of Conduct for the Financial Year 2015-2016

Pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, I, M. Suresh Kumar Reddy, Chairman & Managing Director hereby declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct as applicable to them for the year ended 31st March, 2016.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 21-11-2016

(M. Suresh Kumar Reddy)
Chairman and Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Lycos Internet Limited.

We have examined the compliance of conditions of Corporate Governance by Lycos Internet Limited ("the Company"), for the year ended on March 31, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchange(s).

We 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 Number:12011

Place: Hyderabad
Date: 21.11.2016

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, 2016 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 violate 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 : 28.05.2016



STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Lycos Internet Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lycos Internet Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 of the state of affairs of the Company as at 31st March 2016, its profit and its cash flows 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone 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 as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 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 2016.

For P. Murali & Co.,
Chartered Accountants
Firm Registration Number: 007257S

M.V Joshi
Partner
Membership Number: 024784

Place: Hyderabad
Date: 28/05/2016

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of Lycos Internet Limited on the standalone financial statements for the year ended 31st March 2016, 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 software 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.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company in some cases is not regular in depositing the undisputed statutory dues in respect of TDS as applicable, with the appropriate authorities in India ;

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Service Tax and other material statutory dues in arrears as at 31st March 2016 for a period of more than 6 months for 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	AY 2009-10	CIT(Appeals) /ITAT	Rs. 3,87,72,490
Income Tax	AY 2012-13	CIT(Appeals) /ITAT	Rs. 7,37,36,850
Income Tax	AY 2014-15	CIT(Appeals) /ITAT	Rs. 4,36,52,738
Service Tax	FY 2007-08 to FY 2012-13	CESTAT, Bangalore	Rs. 18,73,28,280

- viii. In our opinion, and according to the information and explanations given to us with respect to repayment of dues to Banks/financial institutions their status is not standard and the Company has defaulted in payment to the extent of amounting to Rs. 3.92 crores towards Principle and amounting to Rs. 35.93 Lakhs towards interest.
- ix. 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 Accounting standard (AS) 18, 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 Number: 007257S

M.V Joshi
Partner
Membership Number: 024784

Place: Hyderabad
Date: 28/05/2016

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 2016 in conjunction with our audit of standalone 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 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 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, 2016, 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 Number: 007257S

M.V Joshi
Partner
Membership Number: 024784

Place: Hyderabad
Date: 28/05/2016

Balance Sheet as at 31st March, 2016

Particulars	Note No	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I. Equity & Liabilities:			
(1) Shareholder's Funds			
(a) Share Capital	1	95,25,02,998	95,25,02,998
(b) Reserves and Surplus	2	5,00,24,04,693	5,10,55,92,498
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	87,43,25,399	88,50,26,786
(b) Deferred Tax Liabilities (Net)	4	6,54,82,574	6,65,84,907
(c) Long Term Provisions	5	4,37,33,711	4,72,72,228
(3) Current Liabilities			
(a) Short-Term Borrowings	6	68,31,01,383	71,02,05,069
(b) Trade Payables	7	37,95,07,504	87,36,66,115
(c) Other Current Liabilities	8	69,04,31,852	77,10,81,177
(d) Short-Term Provisions	9	15,21,01,901	19,73,40,603
Total		8,84,35,92,015	9,60,92,72,381
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	4,95,85,910	7,04,04,144
(ii) Intangible assets	10	17,62,411	16,89,126
(b) Non-current investments	11	5,10,97,47,605	5,10,87,67,605
(c) Long Term Loans and advances	12	1,85,02,577	2,18,22,577
(2) Current assets			
(a) Trade receivables	13	2,33,76,80,371	2,95,16,28,599
(b) Cash and Cash Equivalents	14	5,83,342	50,00,983
(c) Short-Term Loans and Advances	15	1,32,57,29,799	1,44,99,59,347
Total		8,84,35,92,015	9,60,92,72,381

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Firm Registration Number: 007257S

Chartered Accountants

M V Joshi

Partner

Membership Number: 024784

Place : Hyderabad

Date : 28-05-2016

For Lycos Internet Limited

(Formerly Ybrant Digital Limited)

M.Suresh Kumar Reddy
Chairman & Managing Director

Y.Srinivasa Rao
Chief Financial Officer

Y.Ramesh Reddy
Executive Director
(Fin) & Group CFO

V.Sri Lakshmi
Company Secretary

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

Particulars	Note No	Year Ending 31-03-2016	Year Ending 31-03-2015
		Rupees	Rupees
Revenue from Operations	16	4,57,94,68,724	4,91,58,04,771
Other Income	17	6,38,92,117	11,24,67,241
Total Revenue		4,64,33,60,841	5,02,82,72,012
<u>Expenses:</u>			
Purchase / Cost of Revenue	18	3,76,08,73,245	3,97,56,02,748
Employee Benefit expenses	19	29,86,73,554	33,70,01,222
Other Operating Expenses	20	5,78,32,945	6,74,19,873
Administrative Expenses	21	34,18,77,410	34,87,82,067
Finance Costs	22	15,88,72,244	19,29,78,124
Depreciation and amortization expense	10	2,17,83,658	10,52,57,533
Total Expenses		4,63,99,13,056	5,02,70,41,567
Profit before Extraordinary items and tax		34,47,785	12,30,445
Extraordinary Items		-	-
Profit Before Tax		34,47,785	12,30,445
Tax Expense:			
(1) Current tax		11,18,634	3,99,218
(2) Deferred tax		(11,02,333)	(1,66,13,226)
Profit After Tax For The Period		34,31,484	1,74,44,453
Earning per equity share:			
(1) Basic		0.01	0.04
(2) Diluted		0.01	0.04

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Firm Registration Number: 007257S

Chartered Accountants

M V Joshi

Partner

Membership Number: 024784

Place : Hyderabad

Date : 28-05-2016

For Lycos Internet Limited

(Formerly Ybrant Digital Limited)

M.Suresh Kumar Reddy
Chairman & Managing Director

Y.Srinivasa Rao
Chief Financial Officer

Y.Ramesh Reddy
Executive Director
(Fin) & Group CFO

V.Sri Lakshmi
Company Secretary

Cash flow statement for the year ended 31st March, 2016
(Amount in Rs.)

	Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
A.	Cash Flow from Operating Activities		
	Net Profit Before Tax	34,47,785	12,30,445
	Adjustment for :		
	Add: Depreciation	2,17,83,658	10,52,57,533
	Interest Paid	2,74,74,083	5,45,88,259
	Operating Profit before Working Capital Changes	5,27,05,526	16,10,76,237
	<u>Adjustment for Working Capital Changes:</u>		
	Increase/(Decrease) in Short term Borrowings	(2,71,03,686)	(11,52,38,587)
	Increase/(Decrease) in Trade Payables	(49,41,58,611)	(40,70,25,429)
	Increase/(Decrease) other Current Liabilities	(8,06,49,325)	(6,88,63,713)
	Increase/(Decrease) Short-Term Provisions	(10,36,78,014)	(4,56,549)
	Decrease/(Increase) Trade Receivables	61,39,48,228	67,53,50,765
	Decrease/(Increase) Short-Term Loans and Advances	12,42,29,548	40,23,86,291
	Cash Flow from Operating Activities	8,52,93,666	64,72,29,015
	Taxes paid	-	-
	Net Cash Flow from Operating Activities A	8,52,93,666	64,72,29,015
B	Cash Flow from Investing Activities		
	Purchase/Increase of assets	(10,38,709)	(23,10,625)
	Investment in Subsidiary /Joint Venture	(9,80,000)	-
	Net cash from investing activities B	(20,18,709)	(23,10,625)
C.	Cash Flows from Financing Activities		
	Interest Paid	(2,74,74,083)	(5,45,88,259)
	Increase/(Decrease) in Long Term Loans	(1,07,01,387)	(51,43,36,943)
	Increase/(Decrease) in Capital Reserve	-	-
	Increase/(Decrease) in share warrants	-	-
	Increase/(Decrease) in Foreign Currency Fluctuation Reserve	(4,92,98,613)	(5,04,67,607)
	Increase/(Decrease) in long term provision	(35,38,517)	(2,68,49,170)
	Increase/(Decrease) in Other Long term Liabilities	-	-
	(Increase)/Decrease in Long term loans and advances	33,20,000	14,30,000
	Increase/(Decrease) in Other Non - Current Assets	-	-
	Net cash from financing activities C	(8,76,92,599)	(64,48,11,979)
	Cash and cash equivalents at beginning of year	50,00,983	48,94,573
	Net change in cash and cash equivalents (A+B+C)	(44,17,642)	1,06,410
	Cash and cash equivalents at year ended 31st March,2016	5,83,341	50,00,983

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Firm Registration Number: 007257S

Chartered Accountants

M V Joshi

Partner

Membership Number: 024784

Place : Hyderabad

Date : 28-05-2016

 For Lycos Internet Limited
(Formerly Ybrant Digital Limited)

 M.Suresh Kumar Reddy
Chairman & Managing Director

 Y.Ramesh Reddy
Executive Director
(Fin) & Group CFO

 Y.Srinivasa Rao
Chief Financial Officer

 V.Sri Lakshmi
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES TO STANDLONE FINANCIALS

Company Overview:

Lycos Internet Limited (Formerly known as Ybrant Digital 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.

Basis of Preparation:

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared as a going concern on accrual basis under the historical cost convention. The Accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation

Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for

bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

1. Revenue Recognition :

a) 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.
- iv) Revenue from product sale and licensing arrangements are recognized on delivery and installation.

b) 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.
- 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 on fixed price contracts is recognized in accordance with percentage of completion and method of account.
- 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.

2. Foreign Exchange Transaction :

Realized gains & loss in foreign exchange transactions are recognized in Profit & Loss Account. Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date and resultant gain or loss is recognized in the profit and loss account. Non-Monetary assets and liabilities are translated at the rate prevailing on the date of transaction and foreign exchange fluctuation gain or loss arising on account of translation of non-Monetary items like long term loans and advances are accumulated in a reserve account.

Revenue, expense and cash flow items denominated in foreign currency are translated into the relevant functional currencies using the exchange rate in effect on the date of transaction.

3. Investments :

Investments are either classified as current or long term, based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the value of each investment.

4. Fixed Assets :

Tangible assets

Tangible assets are stated at actual cost less accumulated depreciation and accumulated impairment losses. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Intangible assets

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

5. Depreciation and Amortization :

Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule II of the Companies Act, 2013 and there is no change in the method of Depreciation during the year.

Preliminary Expenses are amortized over the period of 5 years.

6. Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and asset can be measured reliably.

7. Earnings Per Share:

The earnings considered in ascertaining the companies earning per share comprise net profit after tax and includes the post-tax effect of any extra-ordinary/exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

8. Gratuity and Leave Encashment :

In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity, a defined benefit retirement plan covering eligible employees of the company. The Gratuity provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the group. The company has made a provision for gratuity to its employees on the basis of independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

The provision for Leave Encashment is calculated as per accrual method.

9. Borrowing Cost :

Borrowing cost relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that is attributable to the projects is charged to the respective projects. All other borrowing costs, not eligible for inventorisation/capitalisation, are charged to revenue.

10. Cash Flow Statement :

The Company has prepared Cash Flow Statement as per the **AS-3**.

Cash flows are reported using the Indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

11. Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event;
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;

b) A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

12. Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

13. Related Party Disclosures :

The Company furnishes the details of Related Party Disclosures as given in Para 23 and 26 as required by **AS-18**.

14. Lease Rentals

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 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.

15. Claims:

Claims made by the company are recognized to the extent the Company deems them recoverable. Claims against the Company, including liquidated damages, are recognized only on acceptance basis. Claims which are contingent in nature are not recognized in the books but are disclosed separately in the Notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

Notes to Standalone Financial Statements for the year ended 31st March, 2016

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	Equity Share Capital		
	(a) Authorised		
	(975,000,000 Equity Shares of Rs.2/- each)	1,95,00,00,000	1,95,00,00,000
	(b) Issued, Subscribed & Fully Paid Up		
	(476,251,499 Equity Shares of Rs.2/- each)	95,25,02,998	95,25,02,998
	(c) Subscribed & not fully paid up		
	(Issue of Equity Shares in Current year - NIL-)	-	-
	(Issue of Equity Shares in Previous year - NIL-)	-	-
	(d) Par Value per share	2	2
	Total Equity Share capital	95,25,02,998	95,25,02,998
II	<u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u>		
	Equity Shares of Rs.2/- Each, Fully paid up		
	At the Beginning	47,62,51,499	47,62,51,499
	(Issued during the year - NIL-)	-	-
	At the end	47,62,51,499	47,62,51,499
III	<u>Details of Shareholder holding more than 5% shares of the company:*</u>	% of Share Holding	
	Equity Shares of Rs. 2/- each Held By		
	No. of Equity Shares		
	As on 31-03-2016 As on 31-03-2015		
	M. Suresh Kumar Reddy - 75,042,193 74,777,435	15.76%	15.70%
	Vijay Kancharla - 65,865,510 65,865,510	13.83%	13.83%
	Everest Capital (M) Ltd - 61,478,864 61,478,864	12.91%	12.91%
	Redmond Investments Ltd - 24,766,812 26,397,766	5.20%	5.54%
	Oak India Investments - 33,521,074 33,521,074	7.04%	7.04%
	Sansar Capital (Mauritius) Ltd - 26,382,938 29,916,240	5.54%	6.28%

NOTE NO. 2 : RESERVES AND SURPLUS

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	RESERVES AND SURPLUS		
	a) Capital reserve		
	As at the commencement of the year	4,16,78,11,992	4,16,78,11,992
	Add: Additions during the year	-	-
		4,16,78,11,992	4,16,78,11,992
	b) General Reserves		
	As at the commencement of the year	3,97,14,215	3,91,90,882
	Add: Additions during the year	1,02,945	5,23,334
		3,98,17,160	3,97,14,215
	c) Surplus :		
	Opening Balance - Profit and Loss Account	1,28,72,47,254	1,30,34,53,208
	Add: Transfer from Profit & Loss Account	34,31,484	1,74,44,453
	Add: Prior period Adjustment	-	-
	Less: Fixed Assets _Acc Depn Transfer to Reserves	-	3,31,27,074
	Less: Transfer To General Reserve	1,02,945	5,23,334
	Less: Bonus Shares Issued	-	-
	Less: Dividend	4,76,25,150	-
	Less: Dividend distribution tax	96,95,528	-
		1,23,32,55,116	1,28,72,47,254
	d) Foreign Currency Translation Reserve		
	Foreign Currency Translation Reserve	(43,84,79,575)	(38,91,80,963)
	Total Reserves and Surplus	5,00,24,04,693	5,10,55,92,498

NOTE NO. 3 : LONG TERM BORROWINGS

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I			
	Long Term borrowings		
	a) Term Loans		
	SBI Term Loan (Refere Note No. 3(a))	-	6,00,00,000
		-	6,00,00,000
	b) Loans and advances from related parties		
	Un Secured		
	Dream Ad, Panama - Loan	7,29,63,000	6,88,49,000
	Frontier Data Management Inc, USA - Loan	8,62,67,804	8,14,03,616
	International Expressions Inc, USA - Loan	6,97,60,322	6,58,26,905
	Online Media Solutions Limited , Israel - Loan	10,46,02,410	9,87,04,430
	Ybrant Media Acquisition Inc, USA - Loan	54,07,31,863	51,02,42,835
		87,43,25,399	82,50,26,786
	Notes:		
	<i>Note No. 3(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>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 Long Term Borrowings	87,43,25,399	88,50,26,786

NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	Opening Deferred tax Liability	8,64,04,161	8,64,04,161
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	-	-
	Gross Deferred tax Liability	8,64,04,161	8,64,04,161
	Opening Deferred tax Asset	1,98,19,254	32,06,028
	Deferred Tax Asset for the year (Due to SLM and WDV Difference)	5,24,235	1,51,95,961
	Provision for Gratuity and Compensated Absences	5,78,098	14,17,265
	Gross Deferred tax Asset	2,09,21,587	1,98,19,254
	Deferred Tax Liability/ (Asset) - Net	6,54,82,574	6,65,84,907

NOTE NO. 5 : LONG TERM PROVISIONS

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	a) Provisions for employee benefits		
	- Provision for Gratuity	1,17,95,708	1,00,13,930
	- Provision for Leave Encashment	18,06,672	17,17,818
	b) Other Provisions	3,01,31,331	3,55,40,480
	Total Long Term Provisions	4,37,33,711	4,72,72,228

NOTE NO. 6 : SHORT TERM BORROWINGS.

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	Short term borrowings		
	a) Cash Credits and Working Capital Demand Loan from Banks		
	- Secured		
	Axis Bank - Cash Credit Facility - (Refer Note No 6(a))	36,02,05,068	36,02,05,069
	Canara Bank - OD Facility - (Refer Note No 6(b))	32,28,96,315	35,00,00,000
	Notes:		
	<i>Note No 6(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.</i>		
	<i>Note No 6(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.</i>		
Total Short Term Borrowings		68,31,01,383	71,02,05,069

NOTE NO. 7 : TRADE PAYABLES

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	a) Trade Payables	37,95,07,504	87,36,66,115
	Total Trade Payables	37,95,07,504	87,36,66,115

NOTE NO. 8 : OTHER CURRENT LIABILITIES

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	a) Current maturities of long term debt	12,86,48,956	17,43,75,000
	b) Interest accrued and due on borrowings.	3,46,79,074	3,85,73,663
	c) Unpaid dividend.	9,58,95,628	9,58,95,628
	d) Other Current Liabilities	43,12,08,194	46,22,36,886
	Total Other Current Liabilities	69,04,31,852	77,10,81,177

NOTE NO. 9 : SHORT TERM PROVISIONS

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	a) Provisions for employee benefits		
	Employee Benefit Payable	3,07,96,773	2,79,45,249
	b) Others		
	Other Provisions	6,22,34,018	16,85,82,771
	c) Provision for Expenses		
	Provision for Dividend	4,76,25,150	-
	Provision for Dividend Distribution Tax	96,95,528	-
	Provision for Expenses	6,31,798	4,13,365
	Provision for Income Tax	11,18,634	3,99,218
	Total Short Term Provisions	15,21,01,901	19,73,40,603

NOTE NO 10 : TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2016

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2016	Net Block as on 31.03.2015
		As on 01.04.2015	Additions during the year	Sale / Deletion s during the year	As on 31.03.2016	Dep. As on 01.04.2015	Dep. For the year 2015-2016	Sale / Deletion s during the year	Total Depreciation		
	TANGIBLE FIXED ASSETS:										
1	Land	21,95,210	-	-	21,95,210	-	-	-	-	21,95,210	21,95,210
2	Building	31,69,609	-	31,69,609	-	31,69,609	-	31,69,609	-	-	-
3	Electrical Equipment	2,33,11,870	1,95,149	-	2,35,07,019	1,39,82,336	37,62,257.64	-	1,77,44,594	57,62,425	93,29,534
4	Office Equipment	5,30,78,584	1,08,150	-	5,31,86,734	4,91,44,529	4,32,425.22	-	4,95,76,954	36,09,780	39,34,055
5	Air conditioners	72,64,719	67,555	-	73,32,274	31,07,002	5,13,281.40	-	36,20,283	37,11,991	41,57,717
6	Computers	35,84,77,458	2,03,076	-	35,86,80,534	34,93,14,521	37,21,174.39	-	35,30,35,695	56,44,839	91,62,937
7	Furniture	10,30,30,414	50,000	-	10,30,80,414	6,16,94,432	1,28,41,366.79	-	7,45,35,799	2,85,44,615	4,13,35,982
8	Vehicles	10,78,482	-	-	10,78,482	7,89,773	1,71,657.95	-	9,61,431	1,17,051	2,88,709
		55,16,06,346	6,23,930	31,69,609	54,90,60,667	48,12,02,203	2,14,42,163.39	31,69,609	49,94,74,757	4,95,85,910	7,04,04,143
	INTANGIBLE FIXED ASSETS										
	Computer Products / Rights	18,17,595	4,14,779	-	22,32,374	1,28,469	3,41,494.50	-	4,69,963	17,62,411	16,89,126
		16,04,35,501	4,14,779	-	16,08,50,280	15,87,46,375	3,41,494	-	15,90,87,869	17,62,411	16,89,126
	TOTAL	71,20,41,847	10,38,709	31,69,609	70,99,10,947	63,99,48,578	2,17,83,658	31,69,609	65,85,62,627	5,13,48,320	7,20,93,269
	PREVIOUS YEAR	1,22,66,95,227	12,90,963	-	1,22,79,86,190	49,10,20,734	10,52,57,533	-	1,01,98,18,938	20,81,67,252	73,56,74,493

NOTE NO. 11 : NON- CURRENT INVESTMENTS

S.No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	Non- Current Investments		
	Investment in Subsidiaries		
	Equity Shares		
	Frontier Data Management Inc, USA	1,29,84,77,349	1,29,84,77,349
	International Expressions Inc, USA	1,04,53,63,208	1,04,53,63,208
	Online Media Solutions Limited , Israel	51,78,81,121	51,78,81,121
	Ybrant Media Acquisition Inc, USA	1,26,52,40,000	1,26,52,40,000
	Dream Ad Companies	54,32,40,000	54,32,40,000
	Max Interactive Pty Ltd., Australia	41,74,90,000	41,74,90,000
	Dyomo Corporation, USA	4,67,300	4,67,300
	Ybrant Digital Services De Publicidade Ltda,Brasil	2,65,932	2,65,932
	Ybrant Digital (Brasil) Ltd., Singapore	45	45
	Investments in Yreach Media Pvt.Ltd	99,000	99,000
	LGS Global FZE, UAE	2,43,650	2,43,650
	Investment in Joint Ventures		
	Equity Shares		
	Apollo Lycos Net commerce Ltd	9,80,000	-
	(98000 Equity shares of Rs.10/- each)		
II	Unquoted		
	Lanco Net Ltd , 2000000 shares of Rs 10/- each	2,00,00,000	2,00,00,000
	Total Non - Current Investments	5,10,97,47,605	5,10,87,67,605

NOTE NO. 12 : LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	Loans & Advances to Related Party		
	Unsecured Considered Good		
	Ybrant Employees Welfare Trust A/c	1,07,50,000	1,37,50,000
	LGSL Foundation Trust	56,94,873	60,14,873
	Sub Total	1,64,44,873	1,97,64,873
II	Unsecured, Considered Good		
	Security Deposit	20,57,704	20,57,704
	Sub Total	20,57,704	20,57,704
	Total Long Term Loans and Advances	1,85,02,577	2,18,22,577

NOTE NO. 13 : TRADE RECEIVABLES

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, Considered Good	1,07,39,39,125	1,05,42,54,082
II	Other Receivables:		
	Unsecured, Considered Good	1,26,37,41,246	1,89,73,74,517
	Less : Allowance for bad & doubtful debts	-	-
	Total Trade Receivables	2,33,76,80,371	2,95,16,28,599

NOTE NO. 14 : CASH AND CASH EQUIVALENTS

S. No.	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I			
	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	2,83,693	43,01,292
	2) Unpaid Dividend Account	2,82,620	6,98,521
	b) Cash on hand	17,029	1,170
	Total Cash and Cash Equivalents	5,83,342	50,00,983

NOTE NO : 15 SHORT TERM LOANS AND ADVANCES

	Particulars	As on 31-03-2016	As on 31-03-2015
		Rupees	Rupees
I	a) Secured, Considered Good		
	b) Unsecured, Considered Good		
	Rental Deposits - Unsecured	42,90,308	42,43,808
	Other Deposits - Unsecured	4,94,000	34,66,278
	Advances to Employees	23,56,791	13,23,119
	Other Advances	1,25,54,76,278	1,38,00,27,141
	TDS Receivables	68,24,072	46,10,651
	MAT Credit	5,62,88,350	5,62,88,350
	Total Short Term Loans and Advances	1,32,57,29,799	1,44,99,59,347

NOTE NO. 16 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		Rupees	Rupees
I	Revenue from operations		
	(a) Sale of Software Exports	4,36,91,82,641	4,63,07,82,454
	(b) Sale of Services Exports	19,21,31,706	27,63,25,830
	(c) Sale of Services Domestic	1,81,54,377	86,96,487
	Total Revenue from Operations	4,57,94,68,724	4,91,58,04,771

NOTE NO. 17 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		Rupees	Rupees
I	(a) Interest income	1,42,386	1,58,759
	(b) Other non-operating income	-	7,800
	(c) Net gain/loss on foreign currency translation and transaction	6,37,49,731	9,70,13,182
	(d) Guarantee Commission	-	1,52,87,500
	Total Other Income	6,38,92,117	11,24,67,241

NOTE NO. 18 : COST OF REVENUE

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		Rupees	Rupees
I			
	Cost of Revenue	3,76,08,73,245	3,97,56,02,748
	Total Cost Of Revenue	3,76,08,73,245	3,97,56,02,748

NOTE NO. 19 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		Rupees	Rupees
I	(a) Salaries & Wages	29,06,08,069	32,47,19,931
	(b) Contribution to Provident & Other Funds	39,69,877	84,44,629
	(c) Staff Welfare Expenses	40,95,608	38,36,662
	Total Employee Benefit Expenses	29,86,73,554	33,70,01,222

NOTE NO. 20 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		Rupees	Rupees
I			
	(a) Power & Fuel	36,96,942	42,39,870
	(b) Rent	3,89,44,812	3,88,11,587
	(c) Repairs & Maintenance	43,43,829	1,09,90,813
	(d) Insurance	65,79,209	74,85,161
	(e) Rates & Taxes (excluding Income Tax)	13,368	7,46,623
	(f) Miscellaneous Expenses	2,09,472	-
	(g) Payment to Auditors:	-	-
	(i) For Statutory 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
	(h) Ins Fee	33,92,137	38,67,309
	(i) Discount Expense	1,53,176	5,71,263
	(j) Prior Period Item	-	2,07,247
	Total Other Expenses	5,78,32,945	6,74,19,873

NOTE NO. 21 : ADMINSTRATIVE EXPENSES

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		Rupees	Rupees
I	(a) Telephone, Postage and Others (Internet)	1,79,46,921	1,85,54,251
	(b) Business Promotion Expenses	4,29,42,462	4,19,93,686
	(c) Travelling and Conveyance	2,47,07,581	2,43,20,872
	(d) Office Maintenance	1,77,26,554	1,82,86,524
	(e) Printing & Stationery Expenses	53,08,353	50,95,970
	(f) Security Charges	9,23,182	9,58,221
	(g) Rates & Taxes (excluding Income Tax)	73,412	1,57,271
	(h) Consultancy Charges	1,82,30,916	1,89,22,845
	(i) Event Sponsorship & Seminar Fee	1,53,31,961	1,59,13,865
	(j) Web Development Expenses	5,10,72,710	5,27,43,423
	(k) Professional Charges	1,89,81,417	1,51,43,142
	(l) Sales and Marketing Expenses	10,32,75,904	10,58,23,482
	(m) Miscellaneous Expenses	11,91,375	19,31,220
	(n) Books & Subscriptions	24,59,606	27,05,674
	(o) CSR Expenditure	-	18,72,836
	(p) Other Administrative Expenses	2,17,05,057	2,43,58,786
	Total Administrative Expenses	34,18,77,410	34,87,82,067

NOTE NO. 22 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
		Rupees	Rupees
I	(a) Interest Expenses		
	Interest on Working capital Loans	12,19,21,752	13,32,31,396
	Interest on Term Loan	2,74,74,083	5,45,88,259
	Other borrowing Costs	52,38,952	6,07,125
	Loan processing Charges & Bank Charges	42,37,457	45,51,344
	Total Finance Cost	15,88,72,244	19,29,78,124

23. AUDITOR'S REMUNERATION:

Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
Statutory Audit Fees	2,00,000	2,00,000
Tax Audit Fee	1,00,000	1,00,000
Other Audit related Services	2,00,000	2,00,000
Total	5,00,000	5,00,000

24. 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.**

25. Related Party Transactions:

During the financial year 2015-16 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	Yreach Media Private Limited, India	99% Owned Subsidiary
4	Frontier Data Management Inc, USA	Wholly Owned Subsidiary
5	International Expressions Inc, USA	Wholly Owned Subsidiary
6	Online Media Solutions Limited, Israel	Wholly Owned Subsidiary
7	Ybrant Media Acquisition Inc, USA	Wholly Owned Subsidiary
8	Dyomo Corporation, USA	Wholly Owned Subsidiary
9	Max Interactive Pty, Ltd., Australia	Wholly Owned Subsidiary
10	DreamAd, Argentina	Wholly Owned Subsidiary
11	DreamAd, Chile	Wholly Owned Subsidiary
12	Get Media Mexico Sociedad Anonima De Capital Variable, Mexico	Wholly Owned Subsidiary
13	DreamAd, Panama	Wholly Owned Subsidiary
14	DreamAd, Uruguay	Wholly Owned Subsidiary
15	Ybrant Digital Servicos De Publiciade Ltda, Brasil	Wholly Owned Subsidiary
16	Ybrant Digital (Brasil) Ltd., Singapore	Wholly Owned Subsidiary
17	LGS Global FZE, UAE	Wholly Owned Subsidiary
18	Lycos Inc.,	Step down Subsidiary
19	Ybrant Employees welfare Trust	Directors acting as Trustees
20	LGSL Foundation Trust	Directors acting as Trustees
21	Apollo Lycos Netcommerce Ltd	Joint Venture

(b) Related Party Transactions during the year:**(Amount in Rs.)**

(I) Sales/ Revenue: Particulars	Year Ended 31 March	
	2016	2015
Online Media Solutions Limited, Israel	68,37,834	12,11,86,210
Dyomo Corporation, USA	17,39,92,476	15,51,39,627
Max Interactive Pty, Ltd., Australia	60,28,322	NIL

(II) Guarantee Commission (Income):

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

(III) Repayment of Unsecured Loan taken from Subsidiaries:

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

(IV) Receipt of Unsecured Loans given to Related Parties

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

(V) Investments in Joint Venture

Particulars	Year ended 31 st March	
	2016	2015
Apollo Lycos Net Commerce Ltd	9,80,000	NIL

(c) Balances with related parties at the yearend:

(i) Unsecured loans from Related Parties:

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

(ii) Investment in Subsidiaries and Joint Ventures:

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

(iii) Unsecured loans to related parties:

Particulars	For the year ended	
	2016	2015
Ybrant Employees welfare Trust	1,07,50,000	1,37,50,000
LGSL Foundation Trust	56,94,873	60,14,873

(iv) Account receivables

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

26. 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.3,89,44,812/- and for the previous year Rs.3,88,11,587/-

27. 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 March 31,	
	2016	2015
Foreign Travelling	3,10,195	5,36,692
Total	3,10,195	5,36,692

28. 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 March 31,	
	2016	2015
Sales & Services	18,27,03,004	15,50,32,287
Realization from Trade Receivables out of Opening Balance	3,30,03,527	1,36,96,878
Total	21,57,06,531	16,87,29,165

29. 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 2016	31 st March 2015
1	Present Value of Obligation as at the end of the year	1,30,83,743	1,15,66,260
2	Value of Fund as at the end of the year	12,88,035	15,52,331
3	Funded Status	(1,17,95,708)	(1,00,13,929)
4	Unrecognized Actuarial (gains) / losses	NIL	NIL
5	Net Asset / (Liability) Recognized in Balance Sheet	(1,17,95,708)	(1,00,13,929)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2016:

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

c) Present value of Obligation for the year ended 31-03-2016

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

d) Actuarial (Gain) / Loss recognized during the year :

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

e) Assumptions:

Assumptions made for the purpose of Gratuity valuation

Particulars	31 st March 2016	31 st March 2015
Discount Rate	7.9%	7.8%
Rate of increase in Compensation levels	6%	6%
Rate of Return on Plan Assets	9%	9%
Expected Average remaining working lives of employees (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.

30. Earnings Per Share:**(Amount in Rs.)**

Particulars	Year Ended 31,	
	2016	2015
Profits Attributable to Equity Share Holders	34,31,484	1,74,44,453
Weighted Average No. of Shares Outstanding for the Year ended		
Basic	47,62,51,499	47,62,51,499
Diluted	47,62,51,499	47,62,51,499
Earnings per Share – Basic	0.01	0.04
Earnings per Share – Diluted	0.01	0.04

The EPS of Rs. 0.01 on a PAT of Rs.34,31,484/- for the year ended 31 March 2016 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.0.04 on a PAT of Rs. 1,74,44,453/- for the year ended 31 March 2015.

31. In case of Foreign exchange fluctuation profit / loss as per **AS 11** the Branch and head office is having integral transactions and hence profit / loss transferred to P & L a/c. The receivables have been considered at the actual rate at which the amount is realized and accordingly Gain from Foreign Exchange fluctuation and Integral transactions of Rs. 6,37,49,730/- (net) has been reflected in Profit and Loss Account for the Year.

32. 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.

33. Intra branch Transactions:

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

34. Dues to Micro & Small Enterprises:

There are no overdue principle amounts and interest thereon payable to Micro Enterprises and Small Enterprises, as at 31-03-2016.

35. 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.

36. Contingent Liabilities & Guarantees:

(Amount in Rs.)		
Particulars	Name of the Bank / Party	Year ending 31st March, 2016
Corporate Guarantee for Acquiring Lycos Inc (USD 4 Mn) *	Daum Global Holdings Corp, Republic of Korea	26,53,20,000
Disputed Service tax Liability for the period May 2008 to September 2011	Appeal made to Central Excise & Service Tax Appellate Tribunal, Bangalore	14,60,05,131
Disputed Service tax Liability for the period May 2008 to September 2011	Company is going file an Appeal 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
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.66.33 (Closing rate as on 31st March 2016)

37. The Company has not incurred the amount provided for CSR purposes during the FY 2014-15 and the company is in the process of spending the same. Further the company is not required to spend any amount towards CSR for the FY 2015-16.

38. In our opinion, and according to the information and explanations given to us with respect to repayment of dues to Banks/financial institutions their status is not standard and the Company has defaulted in payment to the extent of amounting to Rs. 3.92 crores towards Principal and amounting to Rs. 35.93 Lakhs towards interest.

39. The Dividend related 2007-08 for an amount of Rs. 98307/- has been transferred to Investors education and protection fund.

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

41. 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
(Formerly Ybrant Digital Limited)

M. V Joshi
Partner
Membership Number: 024784

M.Suresh Kumar Reddy
Chairman & Managing Director

Y. Ramesh Reddy
Executive Director (Fin) & Group CFO

PLACE: HYDERABAD
DATE: 28-05-2016

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of

Lycos Internet Limited

Report on the consolidated Financial Statements We have audited the accompanying consolidated financial statements of 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, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement 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 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 Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the Company is responsible for 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 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 financial statements by the Directors of Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 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 financial statements:

Other Matter

We did not audit the financial statements of below mentioned list of subsidiary Companies and Joint Venture except Yreach Media Pvt Ltd included in the consolidated financial results, whose financial statements/financial information reflect total assets of Rs. 15,11,59,25,669/- as at 31st March, 2016, total revenue of Rs. 17,96,36,82,741/- for the year ended 31st March, 2016 which is not audited. These included financial statements of subsidiary Companies and other financial information of some of the subsidiaries whose audit reports are yet to be received and whose financial statements have been furnished to us by the management, and our opinion on the consolidated 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.

- a) LGS Global FZE,UAE
- b) Frontier Data Management Inc,USA
- c) International Expressions Inc,USA
- d) Online Media Solutions Ltd.,ISRAEL
- e) Ybrant Media Acquisition Inc,USA
- f) DyomoCorporation,USA
- g) Max Interactive Pty Ltd.,Australia
- h) DreamAd, SA Argentina
- i) DreamAd, SA Chile
- j) DreamAd, SA Panama
- k) DreamAd, SA Uruguay
- l) Get Media SociedadAnonima de Capital Variable,Mexico
- m) Ybrant Digital Servicios De PublicidadeLtda,Brasil
- n) Ybrant Digital (Brasil) Limited,Singapore
- o) Yreach Media Private Limited, India
- p) Apollo Lycos Netcommerce Limited – Joint Venture, 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 their status is not standard and the Company has defaulted in payment to the extent of amounting to Rs. 3.92 crores towards Principle and amounting to Rs. 35.93 Lakhs towards interest.

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 financial statements;
 - b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated 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, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for

the purpose of our audit of the aforesaid consolidated financial statements;

- d) in our opinion, the aforesaid consolidated 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, 2016, 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, 2016, 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 financial statements have disclosed the impact of 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/joint venture companies incorporated in India.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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, of the consolidated state of the Company, as at 31st March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

For P. Murali & Co.,
Chartered Accountants
Firm Registration Number: 007257S

M.V Joshi
Partner
Membership Number: 024784

Place: Hyderabad
Date: 28/05/2016

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 financial statements of the company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of Lycos Internet Limited ('the Holding company') and its subsidiary companies/ joint venture 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.

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.

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.

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 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, 2016, 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 Number: 007257S

M.V Joshi
Partner
Membership Number: 024784

Place: Hyderabad
Date: 28/05/2016

Consolidated Balance Sheet as at 31st March 2016

Particulars	Note No	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	95,25,02,998	95,25,02,998
(b) Reserves and Surplus	2	18,78,58,55,706	14,34,66,15,081
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	-	6,00,00,000
(b) Deferred Tax Liabilities (Net)	4	9,87,44,775	9,64,79,510
(c) Other Long Term Liabilities	5	4,72,23,643	4,45,60,951
(d) Long Term Provisions	6	4,37,33,711	4,72,72,228
(3) Current Liabilities			
(a) Short-Term Borrowings	7	68,31,01,383	71,02,05,069
(b) Trade Payables	8	89,48,78,720	1,76,06,66,044
(c) Other Current Liabilities	9	1,78,99,27,365	2,14,64,20,797
(d) Short-Term Provisions	10	67,10,35,878	68,47,16,407
Total		23,96,70,04,179	20,84,94,39,085
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	16,59,78,603	15,03,72,852
(ii) Intangible assets	11	4,66,16,15,917	2,42,87,81,058
(iii) Capital work-in-progress	11	70,32,91,983	1,04,86,56,769
(iv) Intangible assets under development	11	1,01,86,72,183	1,64,87,14,792
(b) Non-current investments	12	1,08,52,10,138	6,05,50,268
(c) Long Term Loans and advances	13	1,34,02,79,175	1,42,00,89,053
(d) Other Non-Current assets	14	28,61,51,208	42,62,38,791
(2) Current assets			
(a) Trade receivables	15	7,29,07,60,297	8,45,29,13,803
(b) Cash and Cash Equivalents	16	58,76,12,248	56,10,63,023
(c) Short-Term Loans and Advances	17	3,60,96,62,830	3,03,75,61,541
(d) Other Current Assets	18	3,21,77,69,597	1,61,44,97,135
Total		23,96,70,04,179	20,84,94,39,085

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Firm Registration Number: 007257S

Chartered Accountants

M V Joshi

Partner

Membership Number: 024784

Place : Hyderabad

Date : 28-05-2016

For Lycos Internet Limited

(Formerly Ybrant Digital Limited)

M.Suresh Kumar Reddy
Chairman & Managing Director

Y.Ramesh Reddy
Executive Director
(Fin) & Group CFO

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

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

Particulars	Note No	Year Ending 31st March, 2016	Year Ending 31st March, 2015
		Rupees	Rupees
Revenue from Operations	19	22,55,89,89,469	19,57,00,35,763
Other Income	20	4,88,66,613	14,16,96,124
Total Revenue		22,60,78,56,082	19,71,17,31,887
Expenses:			
Cost of Revenue	21	12,79,17,76,916	11,06,56,86,007
Employee Benefit expenses	22	1,17,99,73,000	99,42,12,793
Other Operating Expenses	23	44,37,19,832	42,86,28,690
Administrative Expenses	24	1,39,56,93,484	1,36,43,05,019
Finance Costs	25	15,89,68,685	22,52,30,346
Depreciation and amortization expense	11	63,64,72,359	41,37,70,282
Total Expenses		16,60,66,04,276	14,49,18,33,137
Profit before Extraordinary items and tax		6,00,12,51,806	5,21,98,98,750
Extraordinary Items		-	-
Profit Before Tax		6,00,12,51,806	5,21,98,98,750
Tax expense:			
(1) Current tax		1,95,18,80,142	1,80,38,59,892
(2) Deferred tax		(11,02,333)	(61,38,200)
Profit After Tax For The Period		4,05,04,73,997	3,42,21,77,058
Earning per equity share:			
(1) Basic		8.50	7.19
(2) Diluted		8.50	7.19

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Firm Registration Number: 007257S

Chartered Accountants

M V Joshi

Partner

Membership Number: 024784

Place : Hyderabad

Date : 28-05-2016

For Lycos Internet Limited

(Formerly Ybrant Digital Limited)

M.Suresh Kumar Reddy
Chairman & Managing Director

Y.Srinivasa Rao
Chief Financial Officer

Y.Ramesh Reddy
Executive Director
(Fin) & Group CFO

V.Sri Lakshmi
Company Secretary

Consolidated Cash flow Statement for the year ended 31st March,2016

	Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
A.	Cash Flow from Operating Activities		
	Net Profit Before Tax	6,00,12,51,806	5,21,98,98,750
	Adjustment for :		
	Add: Depreciation	63,64,72,359	41,37,70,282
	Interest Paid	2,74,74,083	7,51,75,507
	Operating Profit before Working Capital Changes	6,66,51,98,248	5,70,88,44,539
	<u>Adjustment for Working Capital Changes:</u>		
	Increase/(Decrease) in Short term Borrowings	(2,71,03,686)	(18,27,71,902)
	Increase/(Decrease) in Trade Payables	(86,57,87,324)	(69,44,09,704)
	Increase/(Decrease) in other Current Liabilities	(35,64,93,432)	(16,85,83,956)
	Increase/(Decrease) in Short-Term Provisions	(14,72,46,575)	(16,58,61,077)
	Decrease/(Increase) in Trade Receivables	1,16,21,53,506	(59,18,80,530)
	Decrease/(Increase) in Short-Term Loans and Advances	(57,21,01,289)	(54,05,870)
	Decrease/(Increase) in other Current Assets	(1,60,32,72,462)	1,47,15,125
	Cash Flow from Operating Activities	4,25,53,46,986	3,91,46,46,625
	Income Taxes paid	1,81,83,14,096	1,15,87,26,351
	Net Cash Flow from Operating Activities	A 2,43,70,32,890	2,75,59,20,274
B	Cash Flow from Investing Activities		
	Sale of Fixed assets	0	0
	Purchase/(Increase) of Fixed Assets	(18,75,41,408)	(45,96,55,305)
	(Increase)/Decrease in Non-Current Investments	(1,02,46,59,870)	2,68,61,068
	(Increase)/Decrease in Capital Work in Progress	(70,32,91,983)	(82,65,52,441)
	(Increase)/Decrease in Intangibles assets under development	(1,01,86,72,183)	(1,45,37,96,390)
	Net cash from investing activities	B (2,93,41,65,444)	(2,71,31,43,068)
C	Cash Flows from Financing Activities		
	Interest Paid	(2,74,74,083)	(7,51,75,507)
	Increase/(Decrease) in Long Term Loans	(6,00,00,000)	(34,77,66,929)
	Increase/(Decrease) in share capital	-	-
	Increase/(Decrease) in Deferred Tax Liabilities	33,67,598	6,61,67,246
	Increase/(Decrease) in Reserves	-	-
	Increase/(Decrease) in share warrants	-	-
	Increase /(Decrease) in Foreign Currency Fluctuation Reserve	38,87,66,628	49,03,52,670
	Increase/(Decrease) in long term provision	(35,38,517)	(2,68,49,170)
	Increase/(Decrease) in Other Long term Liabilities	26,62,692	(55,85,126)
	(Increase)/Decrease in Long term loans and advances	7,98,09,878	(9,06,951)
	(Increase)/Decrease in Other Non - Current Assets	14,00,87,583	(1,24,01,920)
	Net cash from financing activities	C 52,36,81,779	8,78,34,313
	Cash and cash equivalents at beginning of year	56,10,63,023	43,04,51,504
	Net change in cash and cash equivalents (A+B+C)	2,65,49,225	13,06,11,519
	Cash and cash equivalents at year ended 31st March, 2016	58,76,12,248	56,10,63,023

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,

Firm Registration Number: 007257S

Chartered Accountants

M V Joshi

Partner

Membership Number: 024784

Place : Hyderabad

Date : 28-05-2016

For Lycos Internet Limited
(Formerly Ybrant Digital Limited)

M.Suresh Kumar Reddy
Chairman & Managing Director

Y.Ramesh Reddy
Executive Director
(Fin) & Group CFO

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES TO CONSOLIDATED FINANCIALS

Company Overview:

Lycos Internet Limited offers digital marketing solutions to businesses, agencies and online publishers worldwide. Lycos Internet 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 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.

Basis of Preparation of Consolidated Financial Statements:

The consolidated financial statements relate to LYCOS INTERNET LIMITED (Formerly known as YBRANT DIGITAL LIMITED) ("the Company") has prepared the Consolidated Financial Statements, by consolidating its accounts with that of its wholly owned subsidiaries Yreach Media Private Limited, LGS Global FZE, UAE, Frontier Data Management Inc, USA , International Expressions Inc, USA, Online Media Solutions Ltd., Israel, Ybrant Media Acquisition Inc, USA, Dyomo Corporation, USA, Max Interactive Pty Ltd., Australia, DreamAd, Argentina, DreamAd, Chile, Get Media Sociedad Anonima de Capital Variable, Mexico, DreamAd, Panama, DreamAd, Uruguay, Ybrant Digital Servicios De Publicidad Ltd, Brasil, Ybrant Digital (Brasil) Limited, Singapore in accordance with the Statements of Accounting standards on " Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India (ICAI) The Consolidated Financial Statements have been prepared under the historical cost

convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the ICAI. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its' subsidiary companies are combined on a line by- line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 --"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) In case of foreign subsidiaries, Assets and Liabilities are consolidated at the Foreign Exchange rates prevailing at the end of the year.
- (iii) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill.
- (iv) Minority interests share is not there as the company is holding 100 % Equity Shares.
- (v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

1. Revenue Recognition :

a) 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.
- iv) Revenue from product sale and licensing arrangements are recognized on delivery and installation.

b) 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 recognised as and when the services are performed.
- iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.

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

2. Foreign Exchange Transaction :

Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account.

Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date and resultant gain or loss is recognized in the profit and loss account. Non-Monetary assets and liabilities are translated at the rate prevailing on the date of transaction and foreign exchange fluctuation gain or loss arising on account of translation of Non-Monetary items like long term loans and advances are accumulated in a reserve account.

Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of transaction.

For the purpose of consolidation, Income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such changes is accumulated under foreign currency translation reserve.

3. Investments :

Investments are either classified as current or long term, based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the value of each investment.

4. Fixed Assets :

Tangible assets

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Intangible assets

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

5. Depreciation and Amortization:

Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule II of the Companies Act, 2013 and there is no change in the method of Depreciation during the year.

Preliminary Expenses are amortised over the period of 5 years.

6. Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic

benefit associated with it will flow to the company and asset can be measured reliably.

7. Earnings Per Share:

The earnings considered in ascertaining the companies earning per share comprise net profit after tax and includes the post tax effect of any extra-ordinary/exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

8. Gratuity and Leave Encashment :

In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity, a defined benefit retirement plan covering eligible employees of the company. The Gratuity provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the group. The company has made a provision for gratuity to its employees on the basis of independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

The provision for Leave Encashment is calculated as per accrual method.

9. Borrowing Cost :

Borrowing cost relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that is attributable to the projects is charged to the

respective projects. All other borrowing costs, not eligible for inventorisation/capitalisation, are charged to revenue.

10. Cash Flow Statement :

The Company has prepared Cash Flow Statement as per the **AS-3**.

Cash flows are reported using the Indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

11. Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event;
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

12. Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired.

Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

13. Related Party Disclosures :

The Company furnishes the details of Related Party Disclosures as given in Para 23 and 26 as required by **AS-18**.

14. Lease Rentals

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 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.

15. Claims:

Claims made by the company are recognized to the extent the Company deems them recoverable. Claims against the Company, including liquidated damages, are recognized only on acceptance basis. Claims which are contingent in nature are not recognized in the books but are disclosed separately in the Notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Equity Share Capital		
	(a) Authorised Capital		
	(975,000,000 Equity Shares of Rs.2/- each)	1,95,00,00,000	1,95,00,00,000
	(b) Issued, Subscribed & Fully Paid Up		
	(476,251,499 Equity Shares of Rs.2/- each)	95,25,02,998	95,25,02,998
	(c) Subscribed & not fully paid up		
	(Issue of Equity Shares in Current year - NIL-)	NIL	NIL
	(Issue of Equity Shares in Previous year - NIL-)	NIL	NIL
	(d) Par Value per share	2	2
	Total Equity Share capital	95,25,02,998	95,25,02,998
II	<u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u>		
	Equity Shares of Rs.2/- Each, Fully paid up		
	At the Beginning	47,62,51,499	47,62,51,499
	Issued during the year - NIL -	-	-
	At the end	47,62,51,499	47,62,51,499
III	<u>Details of Shareholder holding more than 5% shares of the company:*</u>	% of Share Holding	
	Equity Shares of Rs. 2/- each Held By		
	No.of Equity Shares		
	As on 31-03-2016	As on 31-03-2015	
	M. Suresh Kumar Reddy - 75,042,193	74,777,435	15.76%
	Vijay Kancharla - 65,865,510	65,865,510	13.83%
	Everest Capital (M) Ltd - 61,478,864	61,478,864	12.91%
	Redmond Investments Ltd - 24,766,812	26,397,766	5.20%
	Oak India Investments - 33,521,074	33,521,074	7.04%
	Sansar Capital (Mauritius) Ltd - 26,382,938	29,916,240	5.54%
			6.28%

NOTE NO. 2 : RESERVES AND SURPLUS

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	RESERVES AND SURPLUS		
	a) Capital reserve		
	As at the commencement of the year	5,08,36,71,652	5,08,36,71,652
	Add: Additions during the year	-	-
	Sub Total	5,08,36,71,652	5,08,36,71,652
	b) General Reserves		
	As at the commencement of the year	3,97,14,216	3,91,90,882
	Add: Additions during the year	1,02,945	5,23,334
	Sub Total	3,98,17,161	3,97,14,216
	c) Surplus :		
	Opening Balance - Profit and Loss Account	9,16,75,27,282	5,95,12,91,600
	Add: Transfer from Profit & Loss Account	4,05,04,73,995	3,42,21,77,058
	Add: Prior period Adjustment		
	Less: Amount transferred to retained earnings as per Schedule II of Companies Act 2013	-	20,54,18,042
	Less: Transfer To General Reserve	1,02,945	5,23,334
	Less: Bonus	-	-
	Less: Dividend	4,76,25,150	-
	Less: Dividend distribution tax	96,95,528	-
	Sub Total	13,16,05,77,654	9,16,75,27,282
	d) Foreign Currency Translation Reserve		
	Foreign Currency Translation Reserve	50,17,89,238	5,57,01,931
			-
	Total Reserves and Surplus	18,78,58,55,705	14,34,66,15,081

NOTE NO. 3 : LONG TERM BORROWINGS

S.No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Long Term borrowings		
	a) Term Loans		
	Secured		
	SBI Term Loan (Refer Note No: 3(a))	-	6,00,00,000
	Total	-	6,00,00,000
	Notes:		
	<i>Note No. 3(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 Long Term Borrowings	-	6,00,00,000

NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Opening Deferred tax Liability	27,87,46,362	20,21,04,090
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	-	1,09,05,442
	Deferred Tax Liability due to others	33,67,598	6,57,36,830
	Gross Deferred tax Liability	28,21,13,960	27,87,46,362
	Opening Deferred tax Asset	18,22,66,852	16,56,53,626
	Deferred Tax Assets for the year (Due to SLM and WDV Difference)	5,24,235	1,51,95,961
	Provision for Gratuity and Compensated Absences	5,78,098	14,17,265
	Gross Deferred tax Asset	18,33,69,185	18,22,66,852
	Deferred Tax Liability/ (Asset) - Net	9,87,44,775	9,64,79,510

NOTE NO. 5 : OTHER LONG TERM LIABILITIES

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Others		
	Accrued Severance Pay	4,72,23,643	4,45,60,951
	Total Long Term Liabilities	4,72,23,643	4,45,60,951

NOTE NO. 6 : LONG TERM PROVISIONS

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	a) Provisions for employee benefits		
	- Provision for Gratuity	1,17,95,708	1,00,13,930
	- Provision for Leave Encashment	18,06,672	17,17,818
	b) Other		
	- Super annuation and Post retirement benefits.	3,01,31,331	3,55,40,480
	Total Long Term Provisions	4,37,33,711	4,72,72,228

NOTE NO. 7 : SHORT TERM BORROWINGS.

S.No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Short term borrowings		
	a) Cash Credits and Working Capital Loan from Banks		
	- Secured		
	Axis Bank - Cash Credit Facility (Refer Note No:7(a))	36,02,05,068	36,02,05,069
	Canara Bank - OD Facility (Refer Note No:7(b))	32,28,96,315	35,00,00,000
	Notes:		
	Note No 7(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 7(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 Short Term Borrowings	68,31,01,383	71,02,05,069

NOTE NO. 8 : TRADE PAYABLES

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	a) Trade Payables	89,48,45,041	1,76,06,66,044
	Share of Joint Venture (Apollo Lycos Netcommerce)	33,678	-
	Total Trade Payables	89,48,78,719	1,76,06,66,044

NOTE NO. 9 : OTHER CURRENT LIABILITES

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	a) Current maturities of long term debt	12,86,48,956	17,43,75,000
	b) Interest accrued and due on borrowings	3,46,79,074	3,85,73,662
	c) Unpaid dividend	9,58,95,628	9,58,95,628
	d) Other Current liabilities	46,92,83,719	87,44,50,186
	e) Acquisition Payables -Lycos Inc	1,06,12,80,000	96,31,26,321
	Share of Joint Venture (Apollo Lycos Netcommerce)	1,39,988	-
	Total Other Current Liabilities	1,78,99,27,365	2,14,64,20,797

NOTE NO. 10 : SHORT TERM PROVISIONS

S.No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	a) Provisions for employee benefits		
	Employee Benefit Payable	3,50,86,665	3,20,28,496
	b) Others		
	Statutory Liabilities	3,10,34,540	7,24,47,404
	Other Provisions	6,22,34,018	16,89,96,136
	Share of Joint Venture (Apollo Lycos Netcommerce)	25,222	
	c) Provision for Expenses		
	Provision for Dividend	4,76,25,150	-
	Provision for Dividend Distribution Tax	96,95,528	-
	Provision for Expenses	6,31,798	6,01,07,460
	Provision for Income Tax	48,47,02,957	35,11,36,911
	Total Short Term Provisions	67,10,35,878	68,47,16,407

NOTE NO 11 : TANGIBLE & INTANGIBLE ASSETS AS AT 31st March, 2016

Sl. No.	Particulars	Gross Block				Depreciation					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 for the year 2015-16	Sale / Deletions during the year	Transferred to Retained Earnings	Total Depreciation		
I	TANGIBLE ASSETS											
1	Land	21,95,210	-	-	21,95,210	-	-	-	-	-	21,95,210	21,95,210
2	Lease Hold Building	31,69,609	-	31,69,609	-	31,69,609	-	31,69,609	-	-	-	-
3	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
4	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
5	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
6	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
7	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
8	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
9	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	1,10,56,63,845	7,29,46,570	7,39,07,577	1,10,47,02,838	95,52,90,992	5,73,40,818	7,39,07,577	-	93,87,24,233	16,59,78,605	15,03,72,853
II	Intangible Fixed Assets											
1	Intangible Assets	1,21,05,35,819	2,81,15,51,620	6,07,87,238	3,96,13,00,201	35,19,93,306	57,87,90,047	6,07,87,238	-	86,99,96,115	3,09,13,04,086	85,85,42,513
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
3	Good Will	1,57,13,66,507	-	-	1,57,13,66,507	28,17,088	-	-	-	28,17,088	1,56,85,49,419	1,56,85,49,419
	Total	2,78,37,19,921	2,81,19,66,399	6,07,87,238	5,53,48,99,082	35,49,38,863	57,91,31,541	6,07,87,238	-	87,32,83,167	4,66,16,15,915	2,42,87,81,058
III	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	6,58,67,55,327	4,60,68,77,135	2,83,20,66,376	8,36,15,66,086	1,31,02,29,855	63,64,72,359	13,46,94,815	-	1,81,20,07,400	6,54,95,58,686	5,27,65,25,472
	PREVIOUS YEAR	4,72,36,88,378	3,15,70,26,866	1,29,39,59,918	6,58,67,55,326	1,56,79,78,719	41,37,70,282	87,69,37,188	20,54,18,041	1,31,02,29,855	5,27,65,25,471	3,15,57,09,659

NOTE NO. 12 : NON- CURRENT INVESTMENTS

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

NOTE NO. 13 : LONG TERM LOANS AND ADVANCES

	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Loans & Advances to Related Party		
	unsecured, Considered Good		
	Ybrant Employees Welfare Trust A/c	1,07,50,000	1,37,50,000
	LGSL Foudation Trust	56,94,873	60,14,873
	Sub Total	1,64,44,873	1,97,64,873
II	Unsecured, Considered Good		
	Security Deposit	5,50,67,345	5,46,95,535
	Other Advances	1,26,87,66,955	1,34,56,28,645
	Sub Total	1,32,38,34,300	1,40,03,24,180
	Total Long Term Loans and Advances	1,34,02,79,173	1,42,00,89,053

NOTE NO. 14 : OTHER NON-CURRENT ASSETS

	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Others		
	Other non current Assets	28,60,30,889	42,62,38,791
	Share of Joint Venture (Apollo Lycos Netcommerce)	1,20,319	-
	Total Other Non- Current Assets	28,61,51,208	42,62,38,791

NOTE NO. 15 : TRADE RECEIVABLES

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, Considered Good	1,04,23,74,073	1,79,06,24,158
II	Other Receivables:		
	Unsecured, Considered Good	6,24,83,86,223	6,66,22,89,645
	Sub Total	7,29,07,60,296	8,45,29,13,803
	Less : Allowance for bad & doubtful debts	-	-
	Total Trade Receivables	7,29,07,60,296	8,45,29,13,803

NOTE NO. 16 : CASH AND CASH EQUIVALENTS

S. No.	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	58,72,45,967	56,00,26,330
	2) Unpaid Dividend Account	2,82,620	6,98,521
	Share of Joint Venture (Apollo Lycos Netcommerce)	66,632	-
	b) Cash on hand	17,029	3,38,172
	Total Cash and Bank Balances	58,76,12,248	56,10,63,023

NOTE NO : 17 SHORT TERM LOANS AND ADVANCES

	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	a) Secured, Considered Good	-	-
II	b) Unsecured, Considered Good		
	Rental Deposits	44,10,100	43,71,304
	Other Deposits	4,94,000	34,66,278
	Advances to Employees	26,02,219	13,53,099
	Other Advances	3,43,41,93,599	2,88,25,67,414
	TDS Receivables	11,16,66,472	8,95,15,096
	MAT Credit	5,62,88,350	5,62,88,350
	Share of Joint Venture (Apollo Lycos Netcommerce)	8,090	-
	Total Short Term Loans and Advances	3,60,96,62,831	3,03,75,61,541

NOTE NO. 18 : OTHER CURRENT ASSETS

	Particulars	As on 31st March, 2016	As on 31st March, 2015
		Rupees	Rupees
I	(a) Other Current Assets	2,95,77,01,856	1,37,42,89,702
	(b) Prepaid Expenses	26,00,67,741	24,02,07,433
	Total Other Current Assets	3,21,77,69,597	1,61,44,97,135

NOTE NO. 19 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
		Rupees	Rupees
I	Revenue from operations		
	(a) Sale of Software Exports	4,36,91,82,641	4,63,07,82,454
	(b) Sale of Services Exports	18,17,08,39,951	14,92,98,35,442
	(c) Sale of Services Domestic	1,89,66,877	94,17,867
	Total Revenue from Operations	22,55,89,89,469	19,57,00,35,763

NOTE NO. 20 : OTHER INCOME

S.No.	Particulars	Year Ended 31st March, 2016	Year 1st March, 2015
		Rupees	Rupees
I	(a) Interest income	1,42,386	1,58,759
	(b) Other non-operating income	-	3,18,38,799
	(c) Net gain/loss on foreign currency translation and transaction	4,87,24,227	10,96,98,566
		-	-
	Total Other Income	4,88,66,613	14,16,96,124

NOTE NO. 21 : COST OF REVENUE

S.No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
		Rupees	Rupees
I	Cost of Revenue		
	Media Cost	7,23,01,27,995	4,91,43,39,278
	Internet, cloud and Infrastructure	1,14,69,10,684	1,22,26,50,421
	Syndication Cost	71,15,64,301	1,08,19,34,087
	Software Purchase & Sub Contractors Cost	3,70,31,73,936	3,84,67,62,221
	Total Cost of Revenue	12,79,17,76,916	11,06,56,86,007

NOTE NO. 22 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
		Rupees	Rupees
I	(a) Salaries & Wages	1,17,09,07,114	98,11,18,759
	(b) Contribution to Provident & Other Funds	39,69,877	89,86,356
	(c) Staff Welfare Expenses	42,42,651	41,07,678
	Share of Joint Venture (Apollo Lycos Netcommerce)	8,53,358	
	Total Employee Benefit Expenses	1,17,99,73,000	99,42,12,793

NOTE NO. 23 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
		Rupees	Rupees
I	(a) Power & Fuel	1,58,63,445	1,50,35,010
	(b) Rent	26,00,41,525	23,81,71,098
	(c) Repairs & Maintenance	2,44,84,071	4,57,69,901
	(d) Insurance	4,31,76,592	4,21,59,850
	(e) Rates & Taxes (excluding Income Tax)	1,52,27,220	30,40,959
	(f) Miscellaneous Expenses	1,22,06,737	1,68,44,188
	(g) Payment to Auditors:		
	(i) As Auditor fee	13,60,183	20,93,992
	(ii) For Tax Audit fee	3,23,776	1,00,000
	(iii) For Other Audit related Services	24,81,025	16,09,563
	(h) Ins Fee	53,87,725	56,44,390
	(i) Discount Expense	6,30,37,042	5,79,52,492
	(j) Prior Period Item	-	2,07,247
	Share of Joint Venture (Apollo Lycos Netcommerce)	1,30,488	
	Total Other Operating Expenses	44,37,19,829	42,86,28,690

NOTE NO. 24 : ADMINSTRATIVE EXPENSES

S.No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
		Rupees	Rupees
I	(a) Telephone, Postage and Others	6,75,45,166	6,60,56,049
	(b) Business Promotion Expenses	63,64,20,756	62,11,72,097
	(c) Travelling and Conveyance	10,76,87,135	10,43,88,496
	(d) Office Maintenance	9,36,14,132	9,40,53,329
	(e) Printing & Stationery Expenses	1,07,22,105	89,52,255
	(f) Security Charges	9,35,552	9,58,221
	(g) Rates & Taxes (excluding Income Tax)	2,04,44,360	1,27,34,180
	(h) Consultancy Charges	4,67,10,911	4,45,67,673
	(i) Event Sponsorship & Seminar Fee	1,53,31,961	1,59,13,865
	(j) Web Development Expenses	5,74,35,422	5,71,46,223
	(k) Professional Charges	7,13,90,824	7,01,53,704
	(l) Sales and Marketing Expenses	17,14,52,738	16,98,04,659
	(m) Miscellaneous Expenses	11,91,375	19,31,220
	(n) Books and Subscriptions	34,62,467	37,05,958
	(o) CSR Expenditure	-	18,72,836
	(p) Other Administrative Expenses	9,13,48,581	9,08,79,216
	Total Administrative Expenses	1,39,56,93,485	1,36,43,05,019

NOTE NO. 25 : FINANCE COSTS

S.No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
		Rupees	Rupees
I	(a) Interest Expenses		
	Interest on Working capital Loans	12,19,21,752	13,32,31,396
	Interest on Term Loan	2,74,74,083	7,51,75,507
	Other borrowing Costs	52,38,952	6,07,125
	Loan processing Charges & Bank Charges	43,33,899	1,62,16,318
	Total Finance Costs	15,89,68,685	22,52,30,346

26. Auditor's Remuneration:

Particulars	(Amount in Rs.)	
	Year ended March 31,	
	2016	2015
Statutory Audit Fees	2,00,000	2,00,000
Tax Audit Fee	1,00,000	1,00,000
Other Audit related Services	2,00,000	2,00,000
Total	5,00,000	5,00,000

27. 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.**

28. Related Party Transactions:

During the financial year 2015-16 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	Yreach Media Private Limited, India	99% Owned Subsidiary
4	Frontier Data Management Inc, USA	Wholly Owned Subsidiary
5	International Expressions Inc, USA	Wholly Owned Subsidiary
6	Online Media Solutions Limited, Israel	Wholly Owned Subsidiary
7	Ybrant Media Acquisition Inc, USA	Wholly Owned Subsidiary
8	Dyomo Corporation, USA	Wholly Owned Subsidiary
9	Max Interactive Pty, Ltd., Australia	Wholly Owned Subsidiary
10	DreamAd, Argentina	Wholly Owned Subsidiary
11	DreamAd, Chile	Wholly Owned Subsidiary

12	Get Media Mexico Sociedad Anonima De Capital Variable, Mexico	Wholly Owned Subsidiary
13	DreamAd, Panama	Wholly Owned Subsidiary
14	DreamAd, Uruguay	Wholly Owned Subsidiary
15	Ybrant Digital Servicios De Publicidade Ltda, Brasil	Wholly Owned Subsidiary
16	Ybrant Digital (Brasil) Ltd., Singapore	Wholly Owned Subsidiary
17	LGS Global FZE, UAE	Wholly Owned Subsidiary
18	Lycos Inc.,	Step down Subsidiary
19	Ybrant Employees welfare Trust	Directors acting as Trustees
20	LGSL Foundation Trust	Directors acting as Trustees
21	Apollo Lycos Netcommerce Ltd	Joint Venture

(b) Related Party Transactions during the year:

(Amount in Rs.)

(I) Sales/ Revenue:

Particulars	Year Ended 31 March	
	2016	2015
Online Media Solutions Limited, Israel	68,37,834	12,11,86,210
Dyomo Corporation, USA	17,39,92,476	15,51,39,627
Max Interactive Pty, Ltd., Australia	60,28,322	NIL

(II) Guarantee Commission (Income):

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

(III) Repayment of Unsecured Loan taken from Subsidiaries:

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

(IV) Receipt of Unsecured Loans given to Related Parties

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

(IV) Investments in Joint Venture

Particulars	Year ended 31 st March	
	2016	2015
Apollo Lycos Net Commerce Ltd	9,80,000	NIL

C) Balances with related parties at the yearend:**(i) Unsecured loans from Related Parties:**

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

(ii) Investment in Subsidiaries and Joint Ventures:

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

(iii) Unsecured loans to Related parties:

Particulars	For the year ended	
	2016	2015
Ybrant Employees welfare Trust	1,07,50,000	1,37,50,000
LGSL Foundation Trust	56,94,873	60,14,873

(iv) Account receivables

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

29. 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.26,00,41,525/- and for the previous year Rs. 23,81,71,098/-

30. 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 March 31,	
	2016	2015
Foreign Travelling	3,10,195	5,36,692
Total	3,10,195	5,36,692

31. 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 March 31,	
	2016	2015
Sales & Services	18,27,03,004	15,50,32,287
Realization from Trade Receivables out of Opening Balance	3,30,03,527	1,36,96,878
Total	21,57,06,531	16,87,29,165

32. 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 2016	31 st March 2015
1	Present Value of Obligation as at the end of the year	1,30,83,743	1,15,66,260
2	Value of Fund as at the end of the year	12,88,035	15,52,331
3	Funded Status	(1,17,95,708)	(1,00,13,929)
4	Unrecognized Actuarial (gains) / losses	NIL	NIL
5	Net Asset / (Liability) Recognized in Balance Sheet	(1,17,95,708)	(1,00,13,929)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2016:

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

c) Present value of Obligation for the year ended 31-03-2016

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

d) Actuarial (Gain) / Loss recognized during the year :

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

e) Assumptions:

Assumptions made for the purpose of Gratuity valuation

Particulars	31 st March 2016	31 st March 2015
Discount Rate	7.9%	7.8%
Rate of increase in Compensation levels	6%	6%
Rate of Return on Plan Assets	9%	9%
Expected Average remaining working lives of employees (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.

33. Earnings Per Share:

Particulars	(Amount in Rs.)	
	Year Ended 31,	
	2016	2015
Profits Attributable to Equity Share Holders	4,05,04,73,997	3,42,21,77,058
Weighted Average No. of Shares Outstanding for the Year ended		
Basic	47,62,51,499	47,62,51,499
Diluted	47,62,51,499	47,62,51,499
Earnings per Share – Basic	8.50	7.19
Earnings per Share – Diluted	8.50	7.19

The EPS of Rs.8.50 on a PAT of Rs.4,05,04,73,997/- for the year ended 31 March 2016 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.7.19 on a PAT of Rs. 3,42,21,77,058/- for the year ended 31 March 2015.

- 34.** In case of Foreign exchange fluctuation profit / loss as per **AS 11** the Branch and head office is having integral transactions and hence profit / loss debited to P & L a/c. The receivables have been considered at the actual rate at which the amount is realized and accordingly Gain from Foreign Exchange fluctuation and Integral transactions of Rs.4,87,24,226/- (net) has been reflected in Profit and Loss Account for the Year.

35. 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.

36. Intra branch Transactions:

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

37. Dues to Micro & Small Enterprises:

There are no overdue principle amounts and interest thereon payable to Micro Enterprises and Small Enterprises, as at 31-03-2016.

38. 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.

39. Contingent Liabilities & Guarantees:

(Amount in Rs.)

Particulars	Name of the Bank / Party	Year ending 31st March
		2016
Corporate Guarantee for Acquiring Lycos Inc (USD 4 Mn) *	Daum Global Holdings Corp, Republic of Korea	26,53,20,000
Disputed Service tax Liability for the period May 2008 to September 2011	Appeal made to Central Excise & Service Tax Appellate Tribunal, Bangalore	14,60,05,131
Disputed Service tax Liability for the period May 2008 to September 2011	Company is going file an Appeal 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
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.66.33 (Closing rate as on 31st March 2016)

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

Name of the Entity	Net Assets ie.,total assets minus total liabilities		Share in Profit or Loss	
	As % of Consolidated net assets	Amount in Rs.	As % of Consolidated Profit or Loss	Amount in Rs.
1	2	3	4	5
Parent	30.2%	5,95,49,07,691	0.00	34,31,485
Parent Subsidiaries				
Indian				
Yreach Media Pvt Ltd	0.00%	5,549	(0.00)	(9,792)
Foreign				
Dream Ad-Argentina	3.24%	63,94,36,480	7.16%	29,00,31,076
Dream Ad-Chile	2.96%	58,48,82,909	4.26%	17,24,98,543
Dream Ad- Mexico	1.29%	25,51,45,875	1.96%	7,95,12,556
Dream Ad-Panama	1.79%	35,39,06,406	2.25%	9,13,26,526
Dream Ad-Uruguay	0.17%	3,43,13,286	-0.07%	(28,54,136)
Dyomo Corporation, USA	6.72%	1,32,73,42,189	8.38%	33,95,57,360
Frontier Data Management Inc. USA	21.31%	4,20,61,54,800	14.23%	57,63,13,722

<i>International Expressions Inc. USA</i>	15.16%	2,99,31,30,996	5.68%	22,99,04,439
<i>Max Interactive Pty Ltd., Australia</i>	2.00%	39,46,53,579	2.43%	9,84,51,108
<i>Online Media Solutions Limited , Israel</i>	21.11%	4,16,65,37,417	40.82%	1,65,34,35,224
<i>Ybrant Digital Services De Publicidade Ltda, Brasil</i>	3.74%	73,78,22,781	3.65%	14,79,59,283
<i>Ybrant Media Acquisition Inc. USA</i>	16.11%	3,17,96,26,503	9.18%	37,19,00,450
<i>Ybrant Digital (Brasil) Ltd., Singapore</i>	0.00%	45	0.00%	-
<i>LGS Global FZE, UAE</i>	0.00%	2,43,650	0.00%	-
<i>Joint Venture</i>				
<i>Apollo Lycos Netcommerce Ltd</i>	0.00%	(3,847)	-0.02%	(9,83,847)
Total	126%	24,82,81,06,309	100%	4,05,04,73,997
<i>Less:</i>				
<i>Adjustments arising on account of Consolidation</i>	25.79%	5,08,97,47,605	0.00%	-
<i>Minority Interest in all Subsidiaries</i>	0.00%	-	0.00%	-
	25.79%	5,08,97,47,605	0.00%	-
Total	100%	19,73,83,58,704	100%	4,05,04,73,997

42. 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
(Formerly Ybrant Digital Limited)

M. V Joshi
Partner
Membership Number: 024784

M.Suresh Kumar Reddy
Chairman & Managing Director

Y. Ramesh Reddy
Executive Director (Fin) & Group CFO

PLACE: HYDERABAD
DATE: 28-05-2016

Y.Srinivasa Rao
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Annexure A			
SEGMENT REPORTING CONSOLIDATED		In Rupees Lakhs	
		31-Mar-2016	31-Mar-2015
1	Segment Revenue		
	(a) Digital Marketing Segment	1,81,898.06	1,49,392.54
	(b) Software Development Segment	43,691.83	46,307.82
	Total Sales/ Income from Operations	2,25,589.89	1,95,700.36
	Less: Inter Segment Revenue	-	-
	Net Sales/ Income from Operations	2,25,589.89	1,95,700.36
2	Segment Results - Profit (+) / Loss (-) before tax and interest		
	(a) Digital Marketing Segment	60,808.99	54,102.29
	(b) Software Development Segment	793.22	349.00
	Total	61,602.21	54,451.29
	Less: Interest	1,589.69	2,252.30
	Total Profit (+) / Loss (-) before tax	60,012.52	52,198.99
3	Segment Assets and Segment Liabilities		
	(a) Digital Marketing Segment		
	Total Assets	1,98,874.22	1,61,165.25
	Total Liabilities	23,795.08	31,351.29
	(b) Software Development Segment		
	Total Assets	40,795.82	47,329.14
	Total Liabilities	17,503.93	23,187.13

Statement containing salient features of the financial statement of subsidiaries							
(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	63,08,77,582	94,94,997	58,47,40,560	88,17,936	25,36,28,223	38,18,258
c)	Total Assets	72,64,30,155	1,09,76,682	62,39,83,589	94,10,253	29,63,37,815	44,69,445
d)	Total Liabilities	72,64,30,155	1,09,76,682	62,39,83,589	94,10,253	29,63,37,815	44,69,445
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	1,53,09,17,641	2,33,87,071	57,14,53,180	87,29,807	32,93,38,843	50,31,146
g)	Profit before tax	44,93,19,731	68,61,259	21,63,42,006	33,04,950	11,42,40,048	17,45,188
h)	Provision for tax	15,92,88,655	24,01,441	4,38,43,462	6,60,990	3,47,27,492	5,23,556
i)	Profit After Tax	29,00,31,076	44,59,818	17,24,98,543	26,43,960	7,95,12,556	12,21,631
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	34,13,31,406	50,85,402	3,26,38,849	4,84,023	1,32,68,74,889	2,03,38,755
c)	Total Assets	37,24,71,032	56,15,285	4,31,55,614	6,50,620	1,44,75,46,709	2,21,60,975
d)	Total Liabilities	37,24,71,032	56,15,285	4,31,55,614	6,50,620	1,44,75,46,709	2,21,60,975
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	26,76,67,357	40,89,022	16,13,08,687	24,64,233	1,36,66,22,074	2,08,77,209
g)	Profit before tax	9,13,26,524	13,95,150	(28,54,136)	(43,601)	56,89,68,569	86,46,586
h)	Provision for tax	-	-			22,94,11,209	34,58,634
i)	Profit After Tax	9,13,26,524	13,95,150	(28,54,136)	(43,601)	33,95,57,360	51,87,952
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 Expressions 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	2,90,80,83,593	4,31,44,876	1,92,83,12,823	2,87,55,072	39,46,53,460	59,50,151
c)	Total Assets	4,35,46,50,140	7,43,38,843	3,12,19,03,519	5,11,23,482	44,09,50,386	66,48,129
d)	Total Liabilities	4,35,46,50,140	7,43,38,843	3,12,19,03,519	5,11,23,482	44,09,50,386	66,48,129
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL	NIL
f)	Turnover	2,13,19,40,779	3,25,68,603	88,14,21,247	1,34,65,036	45,21,15,966	69,06,752
g)	Profit before tax	96,56,27,258	1,46,73,358	37,51,72,832	54,75,215	14,14,52,409	21,60,978
h)	Provision for tax	38,93,13,537	58,69,343	14,52,68,392	21,90,086	4,30,01,301	6,48,293
i)	Profit After Tax	57,63,13,722	88,04,015	22,99,04,439	32,85,129	9,84,51,108	15,12,685
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	3,87,90,40,755	5,73,47,572	73,75,28,856	1,11,17,089	1,96,05,86,503	3,25,03,388
c)	Total Assets	4,54,10,22,844	6,93,62,365	77,10,81,970	1,16,24,935	4,73,53,98,366	8,29,58,414
d)	Total Liabilities	4,54,10,22,844	6,93,62,365	77,10,81,970	1,16,24,935	4,73,53,98,366	8,29,58,414
e)	Details of Investments	74,51,93,094	1,14,91,519	NIL	NIL	NIL	NIL
f)	Turnover	7,88,50,70,309	12,04,56,314	49,01,58,033	74,87,902	2,08,78,00,329	3,18,94,292
g)	Profit before tax	2,25,90,97,683	3,44,56,788	19,81,56,916	30,27,145	62,19,47,817	94,28,694
h)	Provision for tax	60,56,62,460	91,31,049	5,01,97,633	7,56,786	25,00,47,367	37,69,748
i)	Profit After Tax	1,65,34,35,224	2,53,25,739	14,79,59,283	22,70,359	37,19,00,450	56,58,946
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
S.No	Description	Amount In	Amount In	Amount In	Amount In	Amount In
		INR	USD	INR	USD	INR
a)	Share Capital	45	1	2,43,650	5,000	1,00,000
b)	Reserves and Surplus	-	-	-	-	(94,451)
c)	Total Assets	45	1	2,43,650	5,000	74,86,496
d)	Total Liabilities	45	1	2,43,650	5,000	74,86,496
e)	Details of Investments	NIL	NIL	NIL	NIL	NIL
f)	Turnover	-	-	-	-	8,12,500
g)	Profit before tax	-	-	-	-	(9,792)
h)	Provision for tax	-	-	-	-	-
i)	Profit After Tax	-	-	-	-	(9,792)
j)	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
k)	% of Share Holding	100%		100%		99%
Reporting Currency			USD(\$)		USD(\$)	INR

LYCOS INTERNET LIMITED**Registered Office:** Plot No. 7A, Road No. 12, MLA Colony, Banjara Hills, Hyderabad – 500034.

CIN: L64203TG1999PLC030996 Tel: 91 40 45678999 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 17th Annual General Meeting of the Company at Ellaa Hotels, Hill Ridge Springs, Gachibowli, Hyderabad - 500032 on Tuesday, December 27, 2016 at 10:00 a.m.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of shares
LF No.	DP ID	CLIENT ID	
Name & Address of the registered Shareholder (IN BLOCK CAPITALS):			

SIGNATURE OF THE MEMBER/ JOINT MEMBER (S) / PROXY**LYCOS INTERNET LIMITED****Registered Office:** Plot No. 7A, Road No. 12, MLA Colony, Banjara Hills, Hyderabad – 500034.

CIN: L64203TG1999PLC030996 Tel: 91 40 45678999 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 17th Annual General Meeting of the Company, to be held on Tuesday, December 27, 2016 at 10:00 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 Statement together with the reports of the Board of Directors and Auditors' thereon.
2.	Declaration of Dividend on Equity Shares.
3.	Re-appointment of Director.
4.	Appointment of the Statutory Auditors.
	Special Business
5.	Appointment of Dr. K. Jayalakshmi Kumari as an Independent Director
6.	Appointment of Mr. Y. Ramesh Reddy as Director
7.	Appointment of Mr. Y. Ramesh Reddy as Executive Director (Finance) & Group CFO
8.	Service of documents to members

Signed _____ this day _____ of 2016

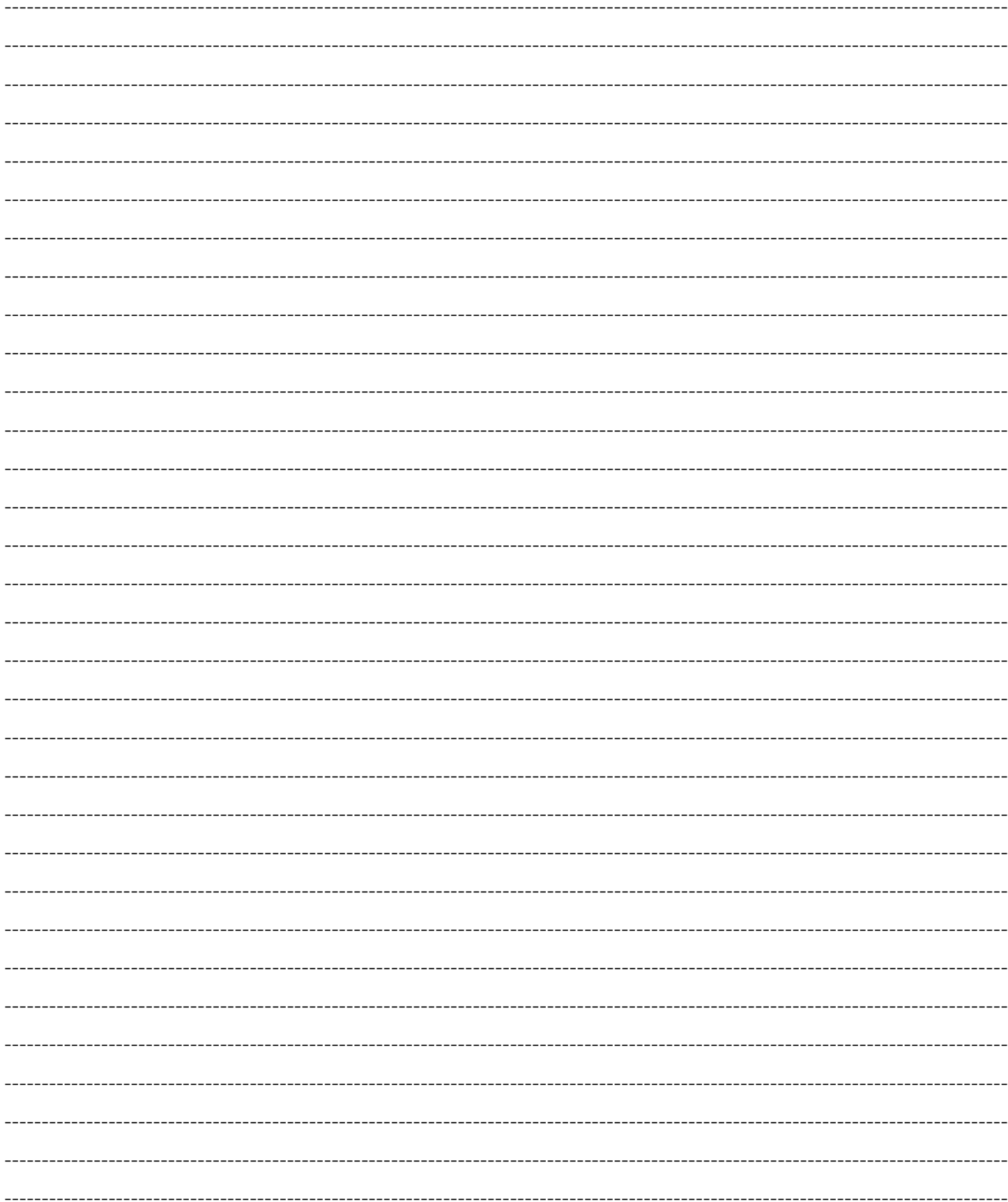
Signature of member _____ : Signature of proxy holder: _____

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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Registered Office

Plot no. 7A, Road No 12, MLA Colony,

Banjara Hills, Hyderabad - 500034,

Telangana

Phone: +91 45678999, eFax : +91 (22) 66459677

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Email: ir@lycoscorp.com www.lycos.com