



Date: March 16, 2017

**BSE Limited**  
P. J. Towers, Dalal Street,  
MUMBAI - 400 001.

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

**Scrip Code: BSE: 532368 & NSE: LYCOS**

Dear Sir,

**Sub: Update with regard to News Item.**

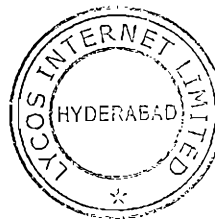
This letter is with reference to the filing done by the company on March 14, 2017 on a published article titled "It's that time when penny stocks surge and this year's no different". Taking our clarification into consideration, the publisher has updated the article by removing the name of LYCOS. We thank the exchanges and the publisher. The updated article is attached for your perusal.

Please take the above said information on your records.

Thanking you,

Yours truly,  
**for LYCOS INTERNET LIMITED**

**M. SURESH KUMAR REDDY**  
**CHAIRMAN & MANAGING DIRECTOR**



**LYCOS INTERNET LIMITED**

(Formerly Ybrant Digital Limited)

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## It's that time when penny stocks surge and this year's no different

By *Rajesh Mascarenhas*, FT Bureau | Updated: Mar 15, 2017, 01:58 PM IST

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MUMBAI: Several micro-cap stocks, which remained either dormant or thinly traded for several months, have suddenly sprung back to life since the beginning of March despite various government agencies keeping a close watch on possible manipulation of listed stocks and availing of tax exemption on them later.

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How to complete all tax work before March 31



Market participants said the sudden surge in volumes may be be cause of transfer, or shift of profits from one book to another, which is the usual practice towards the end of every financial year.

Nearly 300 micro-cap stocks have posted a sharp rise in volumes since March 1. For instance, the daily average volumes of Future Market Network have risen from 72,000 daily to 4.38 lakh in March. The share price of Future Market has risen 36% so far this month.

"In March every year, there's high activity in illiquid and smaller companies as people seek to transfer profits from one book to another," said G Chokkalingam, CEO, Equinomics Research and Advisory . "However, due to strict vigilance by regulators, this activity has been reduced over the past one or two years."

However, most of the illiquid micro-cap stocks continue to witness relentless activity since March 1, even as stock exchanges continue to monitor the movement in these small stocks. These penny stocks often come under the glare of the market regulator and stock exchanges for the sudden spike in their prices or volumes, which aren't in sync with the company fundamentals. Earlier this month, the BSE and the NSE have shifted 774 lesser-known companies under a graded surveillance measures framework, which is aimed at checking whether the recent surge in their stock prices or volumes was commensurate with their financial health and fundamentals. According to the exchanges, stocks whose prices rise abnormally without earnings, book value, fixed assets, net worth or price-to-earnings multiple justifying the movement, will be subject to heightened scrutiny .

"Smart investors generally book losses in these stocks, which are bought less than a year ago to reduce their tax," said Arun Kejriwal, CEO, Kris Research."Also, some of them use out-of-money call and put stock options to suppress their tax liability or legalise unaccounted money before this accounting year ends."

Short-term capital gains tax liability can be lowered by showing fake losses through derivatives trading, and unaccounted money can be shown as profits earned from the trades. For traders, money earned from trading shares is treated as business income, which is taxed at more than twice that of the shortterm capital gains tax.

Last year, the income tax tribunal had ruled that gains from penny stocks cannot be termed as bogus just because the Sebi is probing into possible irregularities in these stocks.

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