



May 15, 2008

The Secretary  
The Stock Exchange, Mumbai  
Jeejeebhoy Towers  
B S Marg,  
Mumbai  
Scrip Code - 532347

The Secretary  
National Stock Exchange, Mumbai  
"Exchange Plaza"  
Bandra - Kurla Complex,  
Bandra (E)  
Mumbai - 400051  
Scrip Code - HELIOSMATH

Subject: Anonymous postings in public websites and mass mailing using fictitious identities containing fabricated and forged documents intended to achieve illegal gain by unlawful means

Dear Sir,

Re: PART 1 Takeover of vMoksha Bangalore by Helios & Matheson - Response to allegations in the media

As stated in our stock exchange update dated 10.08.2006, we have been observing a quiet period with respect to the vMoksha Bangalore<sup>1</sup> transaction except for statutory disclosures.

However in view of recent allegations in the media in violation of the injunction orders of the Hon'ble division bench of the High Court of Judicature, Madras and the Hon'ble Arbitral Tribunal presided by former Supreme Court Judge, Hon'ble Justice Mr. K. Venkataswami, the Board considered it important to clarify Helios & Matheson's position by reiterating facts.

1. Proper, legal and orderly Takeover of vMoksha Bangalore by Helios & Matheson confirmed to Registrar of Companies, Bangalore. Refer Annual accounts, directors' and auditor's reports of vMoksha Bangalore for the year ended 31.03.2005 approved by:
  - a. vMoksha Bangalore's board and statutory auditors Deloitte on 28.10.2005;
  - b. Shareholders at AGM of vMoksha Bangalore on 28.10.2005; and
  - c. Above (a) and (b) filed with Registrar of Companies (RoC) Bangalore on December 16, 2005

vMoksha Bangalore's then statutory auditors Deloitte and board have signed the annual accounts, directors' and auditor's reports of vMoksha Bangalore for the year ended 31.03.2005 wherein the 'Takeover of vMoksha Bangalore by Helios & Matheson' is given in a detailed manner. This annual report was approved by vMoksha Bangalore's AGM on 28.10.2005. These documents have been filed by vMoksha Bangalore with RoC Bangalore on 16.12.2005.

<sup>1</sup> Reference to vMoksha Bangalore to be read as referring to vMoksha Bangalore, vMoksha USA and vMoksha Singapore

A handwritten signature in black ink, appearing to be "M. Matheson".

The said records are readily available for verification by anyone interested in this confirmation.

It is an authentic document **filed with RoC Bangalore as late as 16.12.2005** confirming that Rajeev Sawhney has approved (both as director and shareholder) the takeover of vMoksha Bangalore by Helios & Matheson.

**2. Transaction strictly in accordance with FIPB approval**

- a. Based on the recommendation of the Foreign Investment Promotion Board (FIPB) in its meeting held on June 9, 2005, Hon'ble Finance Minister, Shri P. Chidambaram has approved the application by Helios & Matheson (through PricewaterhouseCoopers).
- b. The press release by the Ministry of Finance, Department of Economic Affairs (FIPB Unit) can be viewed at [http://finmin.nic.in/the\\_ministry/dept\\_eco\\_affairs/fipb/pr200605.pdf](http://finmin.nic.in/the_ministry/dept_eco_affairs/fipb/pr200605.pdf).

A detailed note on the above is attached.

**3. Rajeev Sawhney's direct confirmation to Helios & Matheson, Deloitte, PricewaterhouseCoopers and many others expressing complete satisfaction and happiness on takeover of vMoksha Bangalore by Helios & Matheson**

There are numerous emails addressed to Helios & Matheson, Deloitte, PWC and many others during the period 11.05.2005 (date of signing SPA) to 9.01.2006.

Please do not hesitate to contact us if you need any further clarification.

**For Helios & Matheson Information Technology Limited.,**

A handwritten signature in black ink, appearing to read 'K.M. Kumar'.

**K.M. Kumar  
Company Secretary and Compliance Officer**



## Detailed note – Part I

### Transaction strictly in accordance with FIPB approval

PricewaterhouseCoopers Bangalore ('PWC Bangalore') had received a mandate from Pawan Kumar and Rajeev Sawhney, who were 50% partners in vMoksha Mauritius to sell vMoksha Bangalore. PWC Bangalore looked out in the market for buyers and approached Helios & Matheson and presented the proposal to ascertain if Helios & Matheson would be interested in the deal.

vMoksha Bangalore then had Deloitte as the statutory auditors. Helios & Matheson negotiated the deal with PWC, who were the advisors to the Sellers i.e. vMoksha Mauritius (represented by Pawan Kumar and Rajeev Sawhney). Khaitan & Co. Bangalore also advised the Sellers.

Helios & Matheson got the due diligence done by KPMG and valuation of vMoksha Bangalore for RBI done by Ernst & Young.

In other words, Helios & Matheson felt comfortable having PWC Bangalore and Khaitan & Co Bangalore, as transaction advisors to the Sellers; Deloitte as statutory auditor of vMoksha Bangalore. Further, Helios & Matheson had engaged KPMG for due diligence and Ernst & Young for valuation for RBI.

With such eminent advisors engaged for the transaction, Share Purchase Agreement (SPA) and other transaction documents were signed on 11.05.2005 wherein Pawan Kumar signed representing the Sellers, duly authorized (Rajeev Sawhney signed all the transaction agreements as 'Confirming Party').

Helios & Matheson has received copies of the resolutions passed at the Board meeting and approved by all directors including Rajeev Sawhney. Senior representatives of PWC were also present at the Board meeting.

In addition to the above comfort, Helios & Matheson was provided the comfort as per the SPA that PWC, the transaction advisors to Sellers would also obtain the approval of the FIPB<sup>2</sup> for the said transaction and prior to remitting the consideration.

The approval for the transaction was received from FIPB through PWC. Based on the recommendation of the Foreign Investment Promotion Board (FIPB) in its meeting held on June 9, 2005, Hon'ble Finance Minister, Shri P. Chidambaram has approved the application by Helios & Matheson (through PricewaterhouseCoopers). The press release by the Ministry of Finance, Department of Economic Affairs (FIPB Unit) can be viewed at [http://finmin.nic.in/the\\_ministry/dept\\_eco\\_affairs/fipb/pr200605.pdf](http://finmin.nic.in/the_ministry/dept_eco_affairs/fipb/pr200605.pdf).

As the Seller was "vMoksha Mauritius", it was considered convenient to designate RBI's Authorized Dealer, State Bank of Mauritius to be Banker to the Transaction. State Bank of Mauritius, as Authorized Dealer of RBI has filed all the documents - including FIPB approval, Form FC-TRS signed by the Sellers, valuation report from Ernst & Young for RBI - in accordance with A.P. (Dir Ser.) circular No. 16 of RBI regulations.

On completion of the transaction through RBI's Authorized Dealer, State Bank of Mauritius strictly in accordance with the FIPB approval of 20.06.2005, Helios & Matheson had to wait for the Sellers to complete certain formalities as specified in the SPA, say relating to inter-company balances and certifications for Representations & Warranties.

A handwritten signature in black ink, appearing to be "M. Kumar".

<sup>2</sup> Foreign Investment Promotion Board