



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 2 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 Bangalore¹ 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.

Summary:

1. Extortion campaign

- a. Letter of 17.02.2006 from one of the partners of vMoksha suddenly stating that he has taken 100% control of vMoksha Bangalore from Pawan Kumar (that has been expressly prohibited in the SPA² signed by him and therefore illegal and untenable) and that he was not willing to go ahead with the transaction as per the agreement unless the terms are revised
- b. Injunctions against and Unconditional apology affidavits filed by vMoksha partner before the Hon'ble division bench of the High Court of Judicature, Madras and the Hon'ble Arbitral Tribunal

¹ Reference to vMoksha Bangalore to be read as referring to vMoksha Bangalore, vMoksha USA and vMoksha Singapore

² Share Purchase Agreement

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



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

2. Commissioner of Police, Chennai directs Cyber Crime Cell of Central Crime Branch to investigate into culpability for the commission of extortion, cheating, tampering and forgery of Government documents

a. A Look Out Circular (LOC) has been issued to all airports, seaports and border posts to trace and detain the offender.

A detailed note on the above is attached.

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 II

Extortion campaign

On **17.02.2006**, one of the partners of vMoksha suddenly sent a letter to Helios & Matheson stating that he has taken 100% control of vMoksha Bangalore from Pawan Kumar. (Such an act is expressly prohibited in the SPA signed by him and Pawan Kumar and therefore illegal and untenable.) And, he also stated that he was not willing to go ahead with the transaction as per the agreement **unless the terms are revised**.

The above acts were understood clearly as acts of extortion. The campaign continued to defame Helios & Matheson to achieve the purpose of extorting more money (Postings in vMoksha website).

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 have ordered that the offender is restrained from any mode of communications/ propaganda (direct or indirect) so far as the issues that are pending before the Tribunal between the parties. He has also filed numerous unconditional apology affidavits before the Hon'ble division bench of the High Court of Judicature, Madras and the Hon'ble Arbitral Tribunal to condone and forgive him for any disrespect that may be construed on account of his communications on the matters pending before the Hon'ble Arbitral Tribunal. He has been directed to retract communications by him on the issues pending before the Hon'ble Arbitral Tribunal. He has filed undertakings before the Hon'ble High Court, Madras and Hon'ble Arbitral Tribunal that he will not make any observation on pending litigation without the leave of the Arbitral Tribunal.

Helios & Matheson was shocked to notice that defamatory contents now started appearing in a number of public websites including fabricated Government document against our company and they were posted anonymously or mass mailed through fictitious identities.

The publication and mass mailing of fabricated and forged documents are intended to achieve illegal gain by unlawful means.

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