

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 3 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.

Ref : Stock Exchange Update dated April 15, 2008

"Sub: vMoksha transaction – Pending judgement before the Arbitral Tribunal, presided by Hon'ble Justice Mr. K. Venkataswami, Judge, Supreme Court of India (Retd.)

The written arguments have been filed and the arbitral proceedings are complete.

Helios & Matheson is hopeful of receiving a favorable award from the Tribunal shortly."

Subject to the above, Helios & Matheson to evaluate offers for services from renowned Asset Recovery Companies

The whole transaction with vMoksha Bangalore was entered into by Helios & Matheson in a spirit of total goodwill and co-operation and all along Helios & Matheson has conducted itself with decorum and maintained norms of behavior including total legal compliance. Unfortunately there has been no

¹ 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".



reciprocation and ever since the power of attorney was wrested by another partner (from Pawan Kumar), the whole conduct has been prejudicial to amicable settlement.

To make matters worse there has been a continuous and vituperative series of calumnious actions, with an ulterior motive of arm twisting. **Helios & Matheson has steadfastly stuck to legal and decorous norms of action** in spite of the continued provocation and has at enormous opportunity cost of management time and other resources rebutted all extra-legal activities, however spurious and didactic, with patience and maturity.

There is a point where the most monumental patience runs out and Helios & Matheson has deferred to legal advice to the effect that there is no need for the company to waste precious resources on rebutting an extra-legal activity which does not bring much value to the company, which does not bring much value to the customers of the company, which does not bring much value to the investors of the company; and nobody is a winner.

Instead, rather than engaging in a contest where only one of the contestants goes by the rules of chivalry, taking a leaf out of vMoksha's own scheme of action, Helios & Matheson is evaluating offers, namely involving a more matched contestant.

Accordingly, to avoid unnecessary embarrassment to either the company or the other parties, Helios & Matheson is evaluating, as per advice of legal experts, engaging the services of one of the renowned Asset Recovery Companies, many of whom have offered their services after seeing allegations in the media.

Helios & Matheson has since further strengthened the company's processes and procedures to have better checks and balances in handling such situations in the future.

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

For Helios & Matheson Information Technology Limited.,

K.M. Kumar
Company Secretary and Compliance Officer