



## STOCK EXCHANGES UPDATE

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Chennai, September 5, 2006

### **Arbitral Tribunal - Hon'ble Justice Mr. K. Venkataswami, Retd Judge, Supreme Court of India, appointed**

The decks have now been cleared for arbitration proceedings in the share purchase transaction with vMoksha.

This follows an undertaking given to the Madras High Court by all the parties concerned to participate and co-operate in the expeditious disposal of arbitration proceedings and to furnish their local Indian addresses for service of notices in order to avoid delays in arbitration proceedings.

A two-member bench of the Madras High Court comprising Hon'ble Chief Justice Mr. A P Shah and Hon'ble Justice Mr. D Murugesan has since ordered that pending arbitration, all the vMoksha shares would continue to be with the escrow agents, PricewaterhouseCoopers and Khaitan & Co.

The Hon'ble High Court further issued a directive to Mr. Pawan Kumar, one of the promoters of vMoksha, on soliciting/offering jobs and services. The company agreed not to show vMoksha group of companies as its firms in its website. The Hon'ble bench issued a directive to the parties not to issue / send any adverse statements to the press and / or media with respect to vMoksha group of companies and M/s. Helios & Matheson.

All the parties to the transaction have agreed and nominated Hon'ble Justice Mr. K. Venkataswami, Retd Judge, Supreme Court of India, as the sole arbitrator in the above matter.

As part of the arbitration proceedings, Helios & Matheson has filed a claim petition before the Arbitral Tribunal.

The reliefs claimed are *inter alia* as follows :

Specific performance of the provisions of the Share Purchase Agreement by the Sellers and delivery to Helios & Matheson of duly transferred share certificates and related documents.



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To ascertain the present valuation of vMoksha and issue directions to Helios & Matheson to allot redeemable preference shares to the Sellers - vMoksha Technologies Ltd., Mauritius, Mr. Tapan Garg and Mrs. Madhuri Garg on the basis of such ascertained valuation after adjusting the eroded value, if any, towards indemnification in terms of clause 15.4 of the Share Purchase Agreement in respect of the obligation of Helios & Matheson under the Share Subscription Agreement dated May 11, 2005 read with the SPA of even date.

To award an amount of 21 million US dollars towards loss of profit as reasonably expected and computed on the basis of the terms and conditions contained in the Share Purchase Agreement and the Representations and Warranties made by the Sellers and as projected by the Sellers towards the legitimately expected profit potential of vMoksha.

To award Rs.50 crores specifically against Mr. Pawan Kumar and Mr. Rajeev Sawhney towards the loss caused to Helios & Matheson directly and indirectly by their twisted statements made to the press causing irreparable loss (reputation / goodwill) to the company and its investors.

To award interest on the amounts awarded at the rate of 18% p.a. from September 7, 2005 till the date of claim, award interest @ 18% p.a. from the date of this claim till the date of award and 18% p.a. from the date of the award till the date of payment.

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

**Company Secretary**