

REJOINDER given by Company for an article published in a website (point-by-point reply from the company is in BLUE Color listed below)

How Pentamedia Graphics Ltd fooled investors, sold assets

New Delhi: Pentamedia Graphics Limited was once one of India's largest information technology companies. But today, Pentamedia Graphics Limited is "limping" on, with combined revenues of Rs 19 crore, a fraction of the more than Rs 1,000 crore it generated during its heyday.

1. Pentamedia Graphics Maximum Turnover was only Rs. 500 crores plus in the year 2000

Pentamedia Graphics and its promoters fooled investors and stripped the company of its assets but still continue to hold on to prime land worth Rs 2500 crore.

2. Pentamedia had only six properties comprising of 3 Development Centres, 1 Training centre and 2 vacant land of 5 grounds and 3 grounds respectively valuing around around Rs. 150 crores Out of these 5 properties were taken over to clear dues (through DRT/SARFAESI) by Bank of India, HSBC, KSIDC & Pegasus ARC in 2004-06. The balance land & Building with Pentamedia Graphics Limited is its Kodambakkam property where it is has its corporate office and development t& training centre. Its value will be around 15 crores.

The company's stock hit a high of Rs2,130 in February 2010, but are now trading at around Re 1.

3. The Company share price might have been around Rs. 2130 during the year 2000 and not in Febuary 2010 as stated by you. Where its turnover was Rs.500 crore plus profit was around 25% and the dividend paid was 125% with 1:1 Bonus

Pentamedia Graphics was also barred from stock markets in 2005 for manipulation and its stock was part of tainted stock broker Ketan Parekh's 'K-10' stocks,

4. In 2005 the company was barred by SEBI on a complaint filed by the M/s. Oriental Bank of Commerce when they took over erstwhile Global Trust Bank due to a mis-communication, later they withdrew the complaint and after giving explanation to SEBI the order was revoked.

In 2001, when India's information technology boom was well and truly established, Pentamedia was the fourth largest software group in India.

5. Pentasoft Technologies Limited is a separate listed company deals with software and Pentamedia Graphics Limited deals with animation, special effects and multimedia. Pentasoft Technologies was one of the largest software companies in 2000 having consulting, projects , products especially in IBM mainframes, IBM AS 400, SAP, Banking and Insurance software having world over operations. Major customers were Ford, CSC, Johnson & Johnson, major banks, Sumitomo, NEC and also Dallalh Albaraka.

Pentamedia owner Dr V Chandrasekaran burst into the limelight from relative obscurity. The company's stock prices were booming on the stock exchanges and some mergers, de-mergers and acquisitions always kept Chandrasekaran and his Pentamedia group companies' stocks one of most watched ones on the Dalal Street. With Rs 1,188 crore revenues, he was even talking about taking over MGM Studios.

6. Pentamedia Graphics Limited revenues never touched Rs. 1188 crores it was hovering around Rs. 500 crores plus during the year 2000. The confusion is Pentasoft Technologies which is a separate listed company also had a turnover of around Rs. 500 plus crores.

But the hype came crashing down in 2005, after a Securities and Exchange Board of India (SEBI) investigation found Chandrasekaran in cahoots with Ketan Parekh in rigging up share prices and the market regulator barred Pentamedia from the capital market for two years.

7. Joint Parliamentary Repot in the early 2000 clearly ruled out any connection between Pentamedia Graphics Limited and Ketan Parekh. Neither the company nor the promoters were penalized.

Chandrashekharan moved on as there was no further investigation, but Pentamedia continued to be controversial.

"Pentamedia preceded Satyam. There are several certain similarities in forging balance sheet, non-factual reporting of income and acquisition of assets such as land etc.," said Paul de Souza, litigant against Pentamedia.

8. All the balance sheets so far were approved by shareholders, institutions and all other statutory authorities. Mr. Paul de Souza for Pentamedia has come into the picture only during 2008 perhaps might not know the total background

Documents procured by CNN-IBN establish a trail of money laundering by the promoters of Pentamedia. One classic case is the loans it took from Dallah Albaraka, one of Arab world's largest financiers.

In 1999, Pentamedia claimed that the company wanted funds to fulfil its contracts with two of the biggest Japanese multinational companies - NEC Corporation and Sumitomo Corporation.

Pentamedia applied for loan from Dallah Albaraka and wanted that its wholly owned subsidiary Pentasoft Singapore Ltd to get the loan.

Pentasoft Singapore Ltd initially took a series of loans worth \$30 million in three transactions from Dallah Albaraka and the money was deposited in two bank accounts of Pentasoft Singapore - A/C no: 4055535 of ABN Amro bank in Singapore and A/c No: 001-045020-111 of HSBC Bank in Mauritius.

9. Pentasoft Singapore is not a subsidiary of Pentamedia Graphics Limited India but it is a subsidiary of Pentasoft Technologies Limited which has signed the Muraba agreement with

Pentasoft Technologies as a guarantor in 2001. Finance was taken with a specific purpose to do various development for Financial and ERP products including of Dallah Albarak Islamic Banking system and other financial services system. A team was deputed to London for developing software for Dalah Albaraka and to spread it to its branches all over the world. Apart from all these Pentasoft Singapore has also handled projects in Japan to the companies like NEC, Sumitoma. All these projects were handled in co-ordination with Pentasoft Technologies India and not as stated as Pentamedia Graphics Limited. During that time we came to know that the group has been under investigation for funding terrorist organization including 9/11 in USA. All the officials who were dealing with us left Albarak and the present set of people who were came in TV came in during 2006. Without knowing much of these back ground they got an ex-parte winding up order from London Court on Pentasoft Technologies India since they have signed as guarantor. However the order of the London court was dismissed here in India by a Single judge and also by the bench when they went on appeal.

In October 2008 Pentasoft Technologies merged with Pentamedia Graphics Limited through a court order after getting the approval of Shareholders and institutions under court held EGM. Dallah Albaraka has again put a case on Pentamedia Graphics after the merger of Pentasoft Technologies Limited to attach the assets of the company Pentamedia. The case (EP 299 & 300 of 2010) is going on in Madras High Court and is coming up for hearing next week.

In September 2000, the final loan of another \$10 million was taken.

While Pentamedia slowly started returning the first three sets of loan, none suspected any foul play. In fact, the alarm bells started ringing when they refused to acknowledge the last \$10 million loan.

"Our investigation into the Pentamedia Group was started because of our desire to recover the substantial amounts of funds that the Pentamedia Group owed us. During the course of our investigation, we found evidence of substantial fraud by the Pentamedia Group and we leave it to the Indian authorities to follow up on this fraud," said Shezi Nackvi, CEO, Dallah Albaraka.

Pentamedia said it never took any loan, but refused to comment any further. The company told CNN-IBN that it lost money and skills after 9/11 in the USA and bankers sold the assets pledged.

In fact, none of the loans taken by the company or its wholly owned subsidiary in Singapore has never been reflected in the balance sheets of Pentamedia. Like the Satyam scam, the balance sheets of Pentamedia has alleged been cooked up.

But the balance sheets were not the only ones, which were fudged. Pentamedia had submitted six invoices, each of NEC Corporation and Sumitomo Corporation to apply for the loans from Dallah Albaraka.

10. Whatever loans taken by Pentasoft Singapore has been figuring in its books and not in Pentamedia Graphics Limited Balance sheets since Pentasoft Singapore was not a part of Pentamedia Graphics Limited. All these details are available in public documents.

In 2010, both the Japanese giants confirmed in the letters to Dallah Albaraka that the invoices submitted by Pentamedia were forged. In fact, both the companies never ever had any business dealings with Pentamedia.

11. Pentasoft has done orders for Sumitomo and NEC. Pentamedia has not done anything for Sumitomo and NEC.

Conclusion:

- a. Pentamedia Graphics Limited has not taken any loan from Albaraka*
- b. As per Muraba Agreement they have to realize the payment with 180 days. Since they waited for 5 years, that itself shows they were under investigation by US authorities for terrorist funding during 9/11.*
- c. The person who are now representing Dallah Alabarak are new and they are not aware of the back ground of this case including financing part to Pentasoft only and not to Pentamedia.*
- d. Pentasoft Technologies Limited had business relationship with Sumitoma, NEC in Japan which evident from the Annual reports of Pentasoft Technologies Limited of the year 1999 to 2001.*