

Corporate Communication

November 24,2008

Prior to July 2005 some unconfirmed and biased information had been carried in the print media pertaining to your Company. Such information had actually been sponsored by some defaulters of the Company against whom court cases are filed.

In order that our stakeholders do not get carried away by such false media campaign and in the interest of all concerned, the factual position in this regard, is being provided herein:

- As of date no Income Tax or tax dues of any other nature are outstanding against your Company. All such payments are up to date. Income Tax assessments are completed up to the Year 2005-06. As a matter of fact your Company is entitled to a refund of over Rs. 5 crores inclusive of interest from the Income Tax Department and to receive the same Civil Writ Petition No.19774-75/2005 has been filed before the Hon'ble Delhi High Court, which is pending.

With respect to the search by the Income Tax Department in June 1998, the matter is pending before the Hon'ble Supreme Court. The Hon'ble Court has given stay against assessment proceedings based on the search. No penal action or prosecution has been initiated against the Company by the Income Tax Department.

- With respect to the so called allegations about price rigging by the promoters, in connection with the Company's public issue in December, 1994, SEBI had informed the Hon'ble Delhi High Court, in the matter relating to WP (C) 4297 & CM. 7388/2003, that after carrying out a preliminary enquiry, the enquiry has been closed and as such no action is pending on this account.
- The Securities and Appellate Tribunal, vide its Order dated 28th March, 2003 had set aside SEBI Order dated 20th September, 2002 passed in the matter of Optionally Convertible Non-tradable Warrants against the promoters of VLS. The Appeal filed by SEBI in this connection has been decided by the Hon'ble Supreme Court in favour of your Company 's promoter treating the Appeal as infructuous.
- A group of persons, claiming themselves to be representing shareholders of your Company, had floated following Forums, their main object being to lodge false complaints against your Company and create adverse media campaign:
 - VLS Finance Investors Forum
 - VLS Small Investors Forum

These forums have been found to be bogus and non-existent on investigation by the Delhi Police.

- Dr. S. H. Siddiqui, claiming himself to be the Chairperson of All India-Rajiv Krantikari Sangathan and naming Smt. Sonia Gandhi as its Chief Patron, had also lodged false complaints against your Company which had been dismissed at initial stage itself. He had also filed CrI. Writ Petition No 80/2005 before the Hon'ble Delhi High Court against your company, which was dismissed by the Hon'ble High Court on 10th December, 2007 as being not maintainable. The office of Smt Sonia Gandhi has clarified to your Company vide letter dated 22nd March, 2005 that she had nothing to do with Dr. S. H. Siddiqui or any of his organizations and has instructed the concerned authorities to take necessary action against him.

The Management of the Company is very much grateful to you for your full cooperation in discarding and disowning such allegations and complaints. The Management appreciates the contribution of each of its member to stand firm for the Company in times of turmoil.

Kindly note the Highlights of your Company:

- **KEY FINANCIAL INDICATORS**

(Rs. in crores)

| Audited Results | 31.03.2006 | 31.03.2007 | 31.03.2008 |
|------------------|------------|------------|------------|
| Net worth | 150.22 | 159.49 | 174.49 |
| Book Value (Rs.) | 37.75 | 40.08 | 43.85 |
| EPS (Rs.) | 1.89 | 2.27 | 3.79 |

- **OTHER HIGHLIGHTS**

- VLS is a debt-free company
- As on date there are no statutory dues or liabilities payable by the company
- The company is not having any public deposits
- The company is being managed by a Professional Board, comprising of eminent bureaucrats, bankers, industrialists, Chartered Accountants etc.
- The company has a Fair Practices code in place and follows the Corporate Governance norms as per the listing agreement.
- There are no pending investor complaints