VLS FINANCE LIMITED

Registered Office: 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi – 110 065. Tel: 011-46656666; Fax: 011-46656699; Email: vls@vlsfinance.com; Website: www.vlsfinance.com

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF THE EQUITY SHARES OF VLS FINANCE LIMITED (HEREINAFTER REFERRED TO AS "COMPANY/VLS") FOR BUYBACK OF EQUITY SHARES THROUGH TENDER OFFER

This Public Announcement ("PA") is made pursuant to the provisions of Regulation 8(1) of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended ("Buyback Regulations") for the time being in force including any statutory modifications and amendments from time to time and contains the disclosures as specified in Part A of Schedule II to the Buyback Regulations.

OFFER FOR BUYBACK OF NOT EXCEEDING 99,48,750 FULLY PAID UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ 14.50 PER FULLY PAID UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS

1. DETAILS OF THE BUYBACK OFFER AND OFFER PRICE

1.1 Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on December 10, 2013 (**"Board Meeting")**, the Company hereby announces the buyback of not exceeding 99,48,750 fully paid up equity shares of face value of ₹ 10/- each (**"Shares"** or **"Equity Shares"**) from all the existing shareholders/ beneficial owners of Equity Shares of the Company except Promoter/Promoter group and persons acting in concert with them (hereinafter referred to as **"Public Shareholders"**), on a proportionate basis, through the "Tender Offer" process, (hereinafter referred to as the **"Buyback"**) in accordance with the provisions contained in Article 5(iv) and (v) of the Articles of Association of the Company, Section 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 and Section 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013 (both hereinafter referred to as the **"Acts"**) and the provisions contained in the Buyback Regulations subject to other applicable laws /approvals as may be necessary from statutory authorities including Securities and Exchange Board of India (**"SEBI"**), Stock Exchanges, Reserve Bank of India, etc., and further subject to such conditions as may be prescribed while granting such approvals which may be agreed to by the Board, at a price of ₹ 14.50 (Rupees Fourteen and Fifty Paisa only) per Equity Share (**"Buyback Price"**) payable in cash. Assuming full acceptance to the Buyback offer the aggregate amount to be expended for the Buyback is ₹ 14,42,56,875 (Rupees Fourteen Crores Forty Two Lacs Fifty Six Thousands Eight Hundred Seventy Five Only) (the **"Buyback Size"**).

1.2 The aggregate paid-up equity capital and free reserves of the Company as on March 31, 2013 (the date of the latest audited accounts) were ₹ 188.99 Crores and under the provisions of the Acts , the funds deployed for the Buyback with Board of Director's approval shall not exceed 10% of the aggregate of the Company's total paid-up equity capital and free reserves in a financial year. The proposed Buyback size is ₹ 14,42,56,875 (Rupees Fourteen Crores Forty Two Lacs Fifty Six Thousands Eight Hundred Seventy Five Only), which is 7.63% of the paid-up capital and free reserves of the Company as on March 31, 2013 and within the permissible limit. Further, as per the provisions of the Acts, the Buyback of equity shares in any financial year shall not exceed 25% of the total paid up equity capital in that financial year. In compliance with the above provisions, the Company proposes to buyback maximum of 25% of its total paid up equity capital as at March 31, 2013 i.e. 99,48,750 equity shares (Maximum Offer Shares).

1.3 The Buyback Price of ₹ 14.50 per share ("Buyback Price") has been arrived at after considering various factors inter alia, average price of the equity shares of the Company on the Stock Exchanges where the equity shares of the Company are listed and impact of the Buyback on the earnings per share of the Company.

1.4 The Buyback shall be on a proportionate basis from all the Public Shareholders of the Company, through the **"Tender Offer"** process, as prescribed under Regulation 4(1)(a) of the Buyback Regulations. Please refer paragraph 11 below for details regarding record date and share entitlement for tender in the Buyback.

2. NECESSITY FOR BUYBACK

2.1 The Buyback is being proposed in keeping with the Company's desire to enhance overall shareholders' value by returning cash to shareholders in an efficient and investor friendly manner.

2.2 Depending upon the number of equity shares actually bought back, the buyback will result in reduction in the number of outstanding equity shares and may consequently increase earnings per equity share and enhanced return on equity over a period of time.

3. DETAILS OF PROMOTER SHAREHOLDING

3.1 The aggregate shareholding of the promoters and of the directors of promoters, where the promoter is a Company and of persons who are in control of the Company and Promoter Group as on December 10, 2013, being the date of Board Meeting where the Buyback was approved was 1,60,83,242 equity shares of ₹ 10/- each which constituted 40.42% of the Company's equity share capital.

3.2 The aggregate number of shares or specified securities purchased or sold by the promoters during the period of last six months preceding the date of the Board Meeting held on December 10, 2013 is as under:

VLS Capital Limited

Date of Transaction	Purchase/Sold	No. of shares Purchased/Sold	Mode of Transaction	Rate (₹)
27.06.2013	Purchase	5900	Market	8.73
28.06.2013	Purchase	8392	Market	9.30
01.07.2013	Purchase	1596	Market	9.51

Details pertaining to maximum and minimum price at which the purchase transaction was made by VLS Capital Limited are as under:

Maximum Price (₹)*	Relevant Date	Minimum Price*	Relevant Date
9.51	01.07.2013	8.73	27.06.2013

** Including brokerage and other taxes*

Mr. Somesh Mehrotra

Date of Transaction	Purchase/Sold	No. of shares Purchased/Sold	Mode of Transaction	Average Rate (₹)
On Various dates (between 24/06/2013 to 11/09/2013	Purchase	480585	Market	9.60

Details pertaining to maximum and minimum price at which the purchase transaction was made by Mr. Somesh Mehrotra are as under:

Maximum Price (₹)*	Relevant Date	Minimum Price*	Relevant Date
10.81	06.09.2013	8.13	26.06.2013

** Including brokerage and other taxes*

3.3 The Promoters, Persons in Promoter Group and Persons acting in concert vide their letter dated December 10, 2013 have intimated to the Company that they will not participate in the Buyback offer.

4. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the Promoters in the Company may increase by more than 5% over the existing 40.42% holding in the total equity capital and voting rights of the Company. The Promoters of the Company are already in control over the Company and therefore such further increase in voting rights of the Promoters will not result in any change in control over the Company. As per Regulation 10(4)(c) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SAST Regulations"), an increase in voting rights beyond the permissible limit as mentioned in Regulation 3(2) of SAST Regulations would be exempt from making an open offer provided the shareholder in his capacity as a director has not voted in favour of the resolution of the board of directors authorizing the buy-back under section 77A of the Companies Act, 1956. The Promoter Directors have not voted in favour of the resolution for the Buyback. However, the Company and the Promoters have undertaken to comply with the Minimum public shareholding requirements even after the Buyback.

5. The Board of Directors of the Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institution or bank.

6. The Board hereby confirms that they have made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion that:

a) immediately following the date of the Board Meeting there will be no grounds on which the Company could be found unable to pay its debts;

b) as regards the Company's prospects for the year immediately following the date of the Board Meeting, and having regard to the Board's intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date of the Board Meeting; and

c) in forming an opinion for the above purposes, the Board has taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies Act, 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified), as the case may be, including prospective and contingent liabilities.

7. The text of the report dated December 10, 2013 received from M/s. Agiwal & Associates, Chartered Accountants, the Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below:-

"To,
The Board of Directors
VLS Finance Limited
Registered Office: 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi – 110 065

Dear Sir,

Subject: Proposed Buy back of Equity Shares of VLS Finance Limited ("the Company")

We have been informed that the Board of Directors of the Company in their meeting held on December 10, 2013, have decided to buy back Company's shares at a price of ₹ 14.50 per equity share in pursuance of provisions of Section 77A, 77AA and 77B of the Companies Act, 1956 and Section 69 and 70 of Companies Act, 2013 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (as amended). In terms of the requirements of Clause (xi) of Schedule II Part A of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, we confirm as under:

1. We have inquired into the state of affairs of the Company with reference to its audited financial statements for the year ended March 31, 2013, which was approved by the Board of Directors at their meeting held on May 28, 2013.

2. The amount of permissible capital payment (including premium) towards buy-back of equity shares, as computed below, has been properly determined in accordance with Section 77A(2)(b) of the Companies Act, 1956 and Section 68(2) of the Companies Act, 2013 based on Standalone financials:

Particulars as on 31st March, 2013 (Audited)	Amount (₹ in Lacs)
Paid Up Equity Share Capital (A)	3,991.72
Free Reserves	14,907.67
Total	**18,899.39**
Maximum amount permitted for the Buyback (i.e. 10% of the Total Paid-up Capital and Free Reserves)	**1889.94**

3. Based on the representation made by the Company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that:

(a) the Board of Directors in their meeting held on December 10, 2013 have formed the opinion as specified in clause (x) of Part A of Schedule II of the Buyback Regulations, on reasonable grounds and that the company will not, having regard to its state of affairs,be rendered insolvent within a period of one year from the date of their board meeting, and

(b) We are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration as approved by the Board of Directors in their meeting held on December 10, 2013 is unreasonable in the circumstances in the present context. However we owe no financial or other liability to any one in respect of this in present or future.

This report has been issued solely in connection with the proposed buyback of Equity Shares of the Company as approved at the meeting of Board of Directors held on December 10, 2013 and may not be suitable for any other purpose.

For Agiwal & Associates,
Chartered Accountants
Firm Registration Number: 000181N
Sd/-
P. C. Agiwal
(Partner)
Membership No. 080475
Place: New Delhi
Date: December 10, 2013"

8. The Buyback is open to all the Public Shareholders of the Company holding shares either in physical and / or electronic form on the Record Date.

9. As required under the Act, all the Equity Shares for Buyback are fully paid up.

10. The Buyback shall be implemented in the manner and in compliance with the procedure prescribed in the Acts and the Buyback Regulations and as may be determined by the Board of Directors (including the committee authorised to complete the formalities of the Buyback) and on such terms and conditions as legally permitted.

11. RECORD DATE AND SHAREHOLDER ENTITLEMENT

11.1 In Compliance with the Buyback Regulations, the Company has fixed December 27, 2013 as the record date (the "Record Date") for the purpose of determining the entitlement and the names of shareholders, holding equity shares (either in physical and/or electronic form), who are eligible to participate in the Buyback. The Equity Shares proposed to be bought back by the Company, shall be divided into two categories; (a) Reserved Category for Small Shareholders (As defined in the Buyback Regulations "Small Shareholder' means a shareholder of a listed company, who holds shares or other specified securities whose market value, on the basis of closing price of shares or other specified securities, on the recognized stock exchange in which highest trading volume in respect of such security, as on Record Date is not more than Two Lakh Rupees) and (b) the General Category for other shareholders, and the entitlement of a shareholder in each category shall be calculated accordingly.

11.2 In accordance with the Regulation 6 of the Buyback Regulations, fifteen percent of the number of securities which the Company proposes to buyback, or number of securities entitled as per their shareholding, whichever is higher shall be reserved for Small Shareholders.

11.3 The letter of offer containing detailed instructions along with the tender form will be dispatched to all the shareholders who are eligible to participate in the buyback. The Company will accept Equity Shares from the shareholders on the basis of their entitlement as on such Record Date.

12. COMPLIANCE OFFICER AND INVESTOR SERVICE CENTRE

In case of any query, clarification or redressal of any grievances, the shareholders can contact the following, during office hours i.e. 10:00 am to 5:00 pm from Monday to Friday except on public and national holidays.

Compliance Officer: Mr. H. Consul
2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi – 110 065
Tel: 011 – 46656666; Fax: 011 – 46656699; Email: complianceofficer@vlsfinance.com

Investor Service Centre and Registrar to the Buyback:
RCMC Share Registry Pvt. Ltd.
B-106, Sector-2, Noida, U.P. – 201301
Tel: 0120-4015884; Fax: 0120-2444346 Email: sectshares@rcmcdelhi.com

13. MANAGER TO THE BUYBACK

SMC Capitals Limited
SEBI Regn. No.: INM000011427*
302-303, Enterprise Centre, Near Orchid Hotel,
Nehru Road, Vile Parle (East), Mumbai- 400099
Tel. No.: +91- 22- 66481818; Fax: +91- 22- 66481850
Email: vlsbuyback@smccapitals.com
Contact Person: Mr. Sanjeev Barnwal

** SEBI Registration is valid until December 30, 2013. However, renewal application has been made to SEBI on September 25, 2013 and is in process.*

14. DIRECTORS RESPONSIBILITY

As per Regulation 19(1)(a) of the Buyback Regulations, the Board of Directors of the Company accepts full and final responsibility for the information contained in this Public Announcement.

For and on behalf of
the Board of Directors of VLS Finance Limited

Sd/-	Sd/-	Sd/-
S.K. Agarwal	K.K. Soni	H. Consul
Managing Director	Director - Finance & CFO	Company Secretary

Place : New Delhi
Date : December 11, 2013