VLS FINANCE LTD.
2nd Floor, 13, Sant Nagar,
East of Kailash,
New Delhi - 110 065, India
Tel. : + 91-11-46656666
Fax : + 91-11-46656699
E-mail :vls@vsnl.com

EXTRACTS FROM THE MINUTES OF THE 146[TH] MEETING OF THE BOARD OF DIRECTORS OF VLS FINANCE LTD. HELD ON TUESDAY, 10[TH] DAY OF DECEMBER, 2013 AT 11:15 A.M. AT 3[RD] FLOOR, C-561, DEFENCE COLONY, NEW DELHI – 110024.

"**RESOLVED THAT** pursuant to the provisions of Article 5(iv) and (v) of the Articles of Association of the Company, as amended and the provisions of Section 77A, 77AA, 77B and all other applicable provisions, if any, of the Companies Act, 1956 (to the extent applicable) and Section 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013 (to the extent notified) and in compliance with the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, including any statutory modifications or re-enactments thereof ("**SEBI Buyback Regulations**"), and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "**Board**" which expression shall include any committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), the Board hereby approves the buy back by the Company of its fully paid-up equity shares of Rs 10/- each not exceeding 99,48,750 (Ninety Nine Lacs forty Eight Thousand Seven Hundred Fifty) equity shares (representing 25% of the total paid-up equity capital of the Company) at a price of Rs. 14.50/- (Rupees Fourteen & Paise Fifty Only) per equity share (the "**Buy Back Offer Price**") payable in cash for an aggregate amount of Rs. 14,42,56,875/- (Rupees Fourteen Crores Forty Two Lacs Fifty Six Thousand Eight Hundred Seventy Five Only) (the "**Buyback Offer Size**") which is within 10% of the fully paid-up equity share capital and free reserves of the Company as per the audited accounts of the Company for the year ended March 31, 2013, from the shareholders of the Company on a proportionate basis, through the **Tender Offer** route as prescribed under the SEBI Buyback Regulations (hereinafter referred to as the "**Buyback**").

RESOLVED FURTHER THAT the buyback is being proposed in keeping with the Company's desire to enhance overall shareholders value and the buyback would lead to reduction in total number of equity shares.

RESOLVED FURTHER THAT the Company may implement the Buyback of up to 10% of its paid-up equity capital and free reserves of the Company as per the approval granted by way of this resolution thereby in compliance with proviso to section 77A (2)(b) of the Companies Act, 1956, and in accordance with the SEBI Buyback Regulations.

RESOLVED FURTHER THAT as required by Regulation 6 of the SEBI Buyback Regulations, the Company may buy back equity Shares from the existing shareholders on a proportionate basis through tender offer mechanism, provided 15% of the number of equity shares which the Company proposes to buyback or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders, as defined in the SEBI Buyback Regulations.

RESOLVED FURTHER THAT the Board of Directors hereby confirms that:

a) all equity shares of the Company are fully paid up;

b) the Company has noted that it shall not issue and allot any equity shares including by way of bonus, till the date of closure of this Buyback;

c) the Company shall not buy back its shares from any person through negotiated deal whether on or off the stock exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback;

d) that the aggregate amount of the Buyback i.e. Rs. 14,42,56,875 - (Rupees Fourteen Crores Forty Two Lacs Fifty Six Thousand Eight Hundred Seventy Five Only) does not exceed 10% of the total paid-up capital and free reserves as per the audited balance sheet as on March 31, 2013;

e) that the maximum number of equity shares proposed to be purchased under the Buyback i.e. 99,48,750 (Ninety Nine Lacs forty Eight Thousand Seven Hundred Fifty) equity shares, does not exceed 25% of the total number of shares in the paid-up equity capital as per the audited balance sheet as on March 31, 2013;

f) no default, has been made by the Company in the repayment of deposits accepted either before or after the commencement of the Companies Act, 2013, interest payment thereof, redemption of debentures or preference shares or payment of dividend to any shareholder, or repayment of any term loan or interest payable to thereon to any financial institution or banking company, in the last three years;

g) the debt equity ratio of the Company after the Buyback will be well within the limit of 2:1 as prescribed under the Companies Act, 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified), as the case may be.

RESOLVED FURTHER THAT as required by Clause (x) of Part A of Schedule II of the SEBI Buyback Regulations, 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:

a) that immediately following the date of this 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 this 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 this 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.

RESOLVED FURTHER THAT the proposed Buyback be implemented from the existing shareholders other than those who are Promoters, Promoters Group and Persons Acting in concert (such shareholders herein after collectively as "**Persons in Control**") that persons in control will be such persons as have been disclosed under the filings made by the Company from time to time under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011 ("**SEBI Takeover Regulations**") as the Board may consider appropriate, from out of its free reserves and or Share Premium Account and/or cash balances and/or internal accruals and/or such other sources or by such mechanisms as may be permitted by Law, and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit;

RESOLVED FURTHER THAT Company shall not use borrowed funds, directly or indirectly, whether secured or unsecured, of any form and nature, from banks and financial institutions for paying the consideration to the equity shareholders who have tendered their equity shares in the Buyback.

RESOLVED FURTHER THAT the Company shall not Buyback the locked-in equity shares or other specified securities, if any and non-transferable equity shares or other specified securities, if any, till the pendency of the lock-in or till the equity shares or other specified securities become transferable;

RESOLVED FURTHER THAT Buyback from shareholders who are persons resident outside India including the Foreign Institutional Investors, Overseas Corporate Bodies, if any, shall be subject to such approvals, if, and to the extent necessary or required including approvals from Reserve Bank of India under Foreign Exchange Management Act, 1999 and the Rules and Regulations framed thereunder, if any.

RESOLVED FURTHER THAT as per the provisions of Section 77A (8) of the Companies Act, 1956, the Company will not issue same kind of shares or other specified securities shares within a period of 6 months after the completion of the Buyback except by way of bonus shares or equity shares issued in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.

RESOLVED FURTHER THAT as per the provisions of Regulation 19(f) of SEBI Buyback Regulations, the Company shall not raise any further capital for a period of one year from the date of closure of the buyback offer, except in discharge of its subsisting obligations.

RESOLVED FURTHER THAT the powers of the Board of Directors in respect of the buy-back be delegated to a committee ("Buy Back Committee") consisting of the following four directors of the company namely Shri S. K. Agarwal - Managing Director, Shri K. K. Soni-Director -Finance & CFO, Shri B. M. Oza and Shri B. B. Tandon - Directors.

RESOLVED FURTHER THAT that the Buy Back Committee is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper as the Buy Back Committee may consider to be in the best interests of the shareholders, including but not limited to finalizing the terms of the Buy Back, record date, entitlement ratio, the specific price for the Buy Back, the actual number of Equity Shares to be bought back, mechanism for the Buy Back, opening of Escrow Bank Account and Special Bank Account or Special Demat Account, authorizing the persons to operate the said accounts, appointment of intermediaries or agencies for the implementation of the Buy Back and sign and execute the incidental documentation as also to prefer applications to the appropriate authorities for their requisite approvals and to initiate all necessary actions for preparation and issue of various documents including but not limited to Public Announcement, Declaration of Solvency, Draft Letter of Offer, Letter of Offer, Corporate Actions with Depositories, extinguishment of Share Certificates and filing with appropriate authorities in connection with the Buy Back on behalf of Board of Directors.

RESOLVED FURTHER That the Buy Back Committee be and is hereby authorized to decide quorum and other issues to regulate its working, to delegate all or any of the authorities conferred upon it to the Company Secretary or any other Director or Officer or authorized representative of the Company.

RESOLVED FURTHER THAT Shri H. Consul, Company Secretary be and is hereby appointed as the Compliance Officer for compliance with the Buyback Regulations and to redress the grievances, if any, of the investors.

RESOLVED FURTHER THAT the buyback is subject to:

a) The equity shares that may be bought back do not exceed the maximum number of Shares permissible;

b) The aggregate consideration payable pursuant to the buyback not exceeding the Buyback Offer Size; and

c) Complying with the statutory and regulatory timelines in respect of the buyback, on the terms and conditions as may be decided by the Board and in such manner as prescribed under the Act and / or the Regulations and any other applicable Laws.

RESOLVED FURTHER THAT the Company should maintain a register of securities bought back wherein details of equity shares bought back, consideration paid for the equity shares bought back, date of cancellation of equity shares and date of extinguishing and physically destroying of equity shares and such other particulars as may be prescribed, shall be entered and that the Company Secretary of the Company be and is hereby authorized to authenticate the entries made in the said register.

RESOLVED FURTHER THAT the Company Secretary and any of the Directors except Shri M. P. Mehrotra and Shri Somesh Mehrotra being Promoter Director of the Company be and are hereby severally authorized to furnish a copy of this Resolution certified as true to the Appropriate Authorities."

Certified to be true copy

For V.L.S Finance Ltd.

10/12/13

H. Consul
Company Secretary