

**VST INDUSTRIES LIMITED**

**MINUTES OF THE EIGHTY SECOND ANNUAL GENERAL MEETING  
OF VST INDUSTRIES LIMITED HELD AT  
HOTEL TAJ KRISHNA, ROAD NO.1, BANJARA HILLS,  
HYDERABAD – 500 034, ANDHRA PRADESH  
ON TUESDAY, JULY 30, 2013 AT 9.30 A.M.**

- PRESENT:** As per admission slips – 404 Members, 32 Proxies
- CHAIR :** The Chairman of the Company, Mr. Raymond S. Noronha took the Chair.
- QUORUM :** The Chairman declared that a quorum was present at the Meeting and called the Meeting to order.
- NOTICE :** Notice dated 18<sup>th</sup> April, 2013, convening the Eighty Second Annual General Meeting was taken as read with the consent of the Members present.
- REGISTER /  
DOCUMENTS** The Register of Directors' Shareholdings pursuant to Section 307 of the Companies Act, 1956, as also the Auditors' Report together with the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013 and Register of Proxies were produced at the commencement of the Meeting and kept open and accessible during the Meeting to the Members having a right to attend the Meeting.
- SUMMARY  
OF THE  
CHAIRMAN'S  
SPEECH** The Chairman welcomed the Members to the Eighty Second Annual General Meeting of the Company.  
He then introduced the Directors present and thereafter proceeded with his speech to the Members.

**Highlights of the Chairman's Speech**

The Chairman mentioned that the year 2012-13 had been comparatively challenging as against the last few years and the Company's performance had been impacted due to significance increase in excise and VAT rates. Despite these challenges, the Profit after Tax for the year ended March 2013 was Rs. 126.25 crores.

He mentioned that dividend payout of Rs.62.50 per share was recommended compared to Rs.65 per share of previous year.



The Chairman mentioned that there was slight aberration in the performance of the Company compared to previous year and that there had been a decline in the volume for the whole industry during the year 2012-13 on account of various reasons and the volumes of the Company had picked up in the second half of 2012-13 mainly on account of sharp recovery in the newly created value segment of 64mm cigarettes.

He enumerated a few of the challenges being faced by the Company and the industry in general and stated that the primary challenge was high taxation on account of constant revision in excise duty and steep hikes in VAT rates which varied from state to state.

The Chairman mentioned that the industry and especially the Company continued to face the challenges of significant differential state taxes in neighboring states and annual excise duty rate increased.

He informed that the performance of leaf sales continued to be encouraging as compared to previous year.

He mentioned that the Company continued to carry cash/cash equivalents and disputed tax liabilities with potential tax demands from time to time had been the main reasons for maintaining such surpluses.

He said that the Company continued to encourage education in operational areas by creating infrastructure for school buildings and spreading awareness in the villages. Water purifiers had been installed in major tobacco growing villages to improve health through supply of clean drinking water to the rural community.

He mentioned that the Company continued its collaborative program with the L.V. Prasad Eye Institute providing high quality comprehensive eye care to the lower socio-economic segment.

The Chairman highlighted the following areas where the Company's continued efforts on environment, health and safety were appreciated :

- Royal Society for Prevention of Accidents (RoSPA), UK awarded a Gold Medal.
- Safety and Quality Forum of Institute of Engineers (India) had given the Safety Innovation Award for 2012.



He mentioned that the new financial year had already brought in new pictorial warnings on the packs effective 1<sup>st</sup> April, 2013. He said that the new Companies Bill since passed by the Lok Sabha is expected to see the light of the day after its approval by the Raja Sabha in the year 2013-14. He further mentioned that the Company is well prepared to meet the expected changes and is also confident of overcoming the known and unknowns that the future might have in store for the Company.

He expressed his appreciation for the effort put in by the Management team, workers, contractors, partners and other stakeholders.

**AUDITORS'**  
**REPORT**

At the request of the Chairman, Mr. Dheeraj Kumar of Lovelock and Lewes, Chartered Accountants, read the Auditors' Report to the Members on the Accounts for the year ended 31<sup>st</sup> March, 2013.

**RESOLUTION**  
**No. 1**

Proposed as an Ordinary Resolution by Mr. Kamal Kishore  
Seconded by Mr. Shujath Ali Khan.

‘RESOLVED that the Report of the Directors to the Shareholders for the year ended 31<sup>st</sup> March, 2013, Balance Sheet as at 31<sup>st</sup> March, 2013 and Profit and Loss Account for the year ended on that date and the Report of the Auditors thereon be and are hereby received, approved and adopted.’

Before putting the resolution to vote the Chairman invited the Members to put forward any questions or make any observations on the aforesaid Report and Accounts for the financial year ended 31<sup>st</sup> March, 2013.

Mr. Kamal Kishore, Mr. Praful Chavda, Mr. Shantilal C. Shah, Mr. Suresh Chand Jain, Mr. Ashok Chand, Mr. Paresh Sangani and Mr. Badri Vishal Bajaj inter alia made the following observations, comments and suggestions :-

- Congratulations to the Board of Directors for dividend payout of Rs.62.50 though lesser by Rs.2.50 compared to previous year.
- The Company should declare bonus by the next Annual General Meeting or at least before the 100<sup>th</sup> Annual General Meeting.



- The Shareholders welcomed Mrs. Asha Nair, first lady Director on the Board of the Company and also welcomed Mr. Nitesh Bakshi, Company Secretary.
- The Company should bring changes in the Annual Report by printing the products of the Company.
- The Company to decide on splitting of shares.
- High taxation, high VAT and decrease in volumes of cigarettes compared to previous year, how does the Company come out of these issues and what are the plans to improve margins in the volumes ?
- The Chairman mentioned that the focus of the Company would remain more on cigarettes. How would the Company grow if it focused only on cigarettes ?
- What is leaf export ?
- The Company should not diversify into other business and to focus only on cigarettes.
- Why the Company's volume has declined sharply as compared to industry volume ?
- Why there is increase in unsecured capital advances ?
- What are known and unknown challenges ?

The Chairman thanked the members and addressed all the major queries put forth by the Members.

There being no further questions, the resolution was put to vote and on a show of hands was carried unanimously.

**RESOLUTION**  
**No. 2**

Proposed as an Ordinary Resolution by Mr. Ramesh Shanker Golla and seconded by Mr. Shantilal C. Shah

'RESOLVED that in respect of the financial year ended 31<sup>st</sup> March, 2013 a Dividend of Rs.62.50 per share (625%) be and is hereby declared and the same be paid on 14<sup>th</sup> August, 2013 to the Ordinary Shareholders of the Company



whose names appear in the Register of Members as on 16<sup>th</sup> July, 2013 or to their Mandatees.'

There being no questions, the resolution was put to vote and on a show of hands was carried unanimously.

**RESOLUTION**  
**No. 3**

Proposed as an Ordinary Resolution by Mr. Tumuluru Krishna Murty and seconded by Mr. Syama Sankara Rao Nagam.

'RESOLVED that Mr. T. Lakshmanan who retires by rotation be and is hereby appointed a Director of the Company, liable to retire by rotation.'

There being no questions, the resolution was put to vote and on a show of hands was carried unanimously.

**RESOLUTION**  
**No. 4**

Proposed as an Ordinary Resolution by Mr. Venkata Satyanarayana Dunna and seconded by Mr. Koka Satyanarayana Rao

'RESOLVED that Mr. S. Thirumalai who retires by rotation be and is hereby appointed a Director of the Company, liable to retire by rotation.'

There being no questions, the resolution was put to vote and on a show of hands was carried by majority.

**RESOLUTION**  
**No. 5**

Proposed as an Ordinary Resolution by Mr. Shantilal C. Shah and seconded by Mr. Ramesh Shanker Golla.

'RESOLVED THAT M/s. Lovelock & Lewes, Chartered Accountants (ICAI Registration No: 301056E), the retiring Auditors be and are hereby re-appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting at a remuneration of Rs.26,00,000 (Rupees Twenty Six Lakhs only) payable in two equal instalments exclusive of service tax as applicable, travelling and reimbursement of actual out-of-pocket expenses incurred.'

There being no questions, the resolution was put to vote and on a show of hands was carried unanimously.

**RESOLUTION**  
**No. 6**

Proposed as an Ordinary Resolution by Mr. Venkata Satyanarayana Dunna and seconded by Dr. Subba Rao Mannam.

'RESOLVED THAT Mrs. Asha Nair, a nominee of



General Insurers' (Public Sector) Association of India who was appointed a Director of the Company with effect from 1<sup>st</sup> October, 2012 in place of Mr. Milind A. Kharat and who vacates office at the ensuing Annual General Meeting pursuant to Section 262 of the Companies Act, 1956 and Article 98 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.'

There being no questions, the resolution was put to vote and on a show of hands was carried unanimously.

**RESOLUTION**  
**No. 7**

Proposed as an Ordinary Resolution by Mr. Shujath Ali Khan and seconded by Mr. Ramesh Shanker Golla.

'RESOLVED THAT pursuant to Sections 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof, approval be and is hereby granted to the appointment of Mr. N. Sai Sankar as Managing Director of the Company for a period from 3<sup>rd</sup> September, 2012 to 31<sup>st</sup> December, 2015 (both days inclusive) on such terms as set out in the Explanatory Statement annexed to the Notice convening this Meeting.'

There being no questions, the resolution was put to vote and on a show of hands was carried by majority.

**RESOLUTION**  
**No. 8**

Proposed as an Ordinary Resolution by Mr. Sanjay Khanna and seconded by Mr. Syama Sankara Rao Nagam

'RESOLVED THAT in partial modification of the resolution(s) passed by the Members at the Annual General Meeting held on 12<sup>th</sup> July, 2012 and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any amendment thereto or re-enactment thereof, consent be and is hereby accorded to the revised terms of appointment of Mr. Devraj Lahiri, Wholtime Director from and including the financial year 2012-13, as set out in the Explanatory Statement annexed to the Notice convening this Meeting.'



There being no questions, the resolution was put to vote and on a show of hands was carried unanimously.

Since the next resolution was regarding the payment of Commission to Non-Executive Directors, the Chairman requested the Managing Director to take the Chair.

**RESOLUTION**  
**No. 9**

Proposed as a Special Resolution by Mr. Tumuluru Krishna Murty and seconded by Mr. Shantilal C. Shah

“RESOLVED THAT in supersession of the resolution(s) passed by the Members at the Annual General Meeting held on 16<sup>th</sup> July, 2009 and pursuant to the provisions of Section 309(4) and other applicable provisions if any, of the Companies Act, 1956, the Directors of the Company other than the Managing Director and the Wholetime Director(s) be paid remuneration by way of commission not exceeding 1% of the Company’s net profits referred to in Section 198 of the Companies Act, 1956 or any amendment or re-enactment thereof, for each of the five financial years of the Company commencing from 1<sup>st</sup> April, 2013 for all such Directors aforesaid to be divided amongst the Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination, equally.

RESOLVED FURTHER THAT the payment of commission, as aforesaid, shall be exclusive of the fees payable to such Directors for attending the meetings of the Board and Committees thereof.”

There being no questions, the resolution was put to vote and on a show of hands was carried unanimously.

The Managing Director requested the Chairman to take the Chair.

The business of the meeting having been concluded, the Chairman thanked the Members and brought the Meeting to a close.

CHAIRMAN

CERTIFIED CORRECT

  
SECRETARY