



VST Industries Limited

SCY/SEC/SE:329

July 31, 2012

STOCK CODE : VSTIND

Mr. Hari K.
Vice President
Listing Department
National Stock Exchange of India Limited
"Exchange Plaza"
Bandra Kurla Complex, Bandra (E)
MUMBAI - 400 051

Dear Sir,

Section 302 Abstract

Pursuant to Clause 31(c) of the Listing Agreement, we enclose herewith three copies of disclosure under Section 302 of the Companies Act, 1956 regarding appointment of Mr. N. Sai Sankar as Managing Director of the Company, which is mailed to our shareholders.

Please take the same on record.

Yours faithfully,
VST INDUSTRIES LIMITED


SECRETARY

Encl : a/a



VST INDUSTRIES LIMITED

Regd. Office : Azamabad, Hyderabad - 500 020
Tel. No. : +91 40-27610460, Fax : +91 40-27615336

July 12, 2012

TO THE MEMBERS OF THE COMPANY

Disclosure under Section 302 of the Companies Act, 1956

Abstract of terms of appointment of Mr. N. Sai Sankar as Managing Director of the Company

At the Seventy Ninth Annual General Meeting of the Company held on 16th July, 2010, the Members re-appointed Mr. Sai Sankar as Deputy Managing Director to hold office as Deputy Managing Director and Secretary of the Company for a period of five years with effect from 1st January, 2011 to 31st December, 2015 (both days inclusive).

The Board of Directors of the Company ("the Board") at its meeting held on 12th July, 2012 approved, the appointment of Mr. N. Sai Sankar as Managing Director of the Company, effective 3rd September, 2012 for a period from 3rd September, 2012 to 31st December, 2015 (both days inclusive), on the following terms, subject to the approval of the Members :

- I. **Consolidated Salary** : At the rate of ₹8,52,498 per month subject to such increases as the Board may determine in the consolidated salary during the tenure of office as Managing Director having regard to the annual performance of Mr. N. Sai Sankar and to cover the Consumer Price Index.

- II. **Performance Bonus** : Payable annually for each financial year ending March 31, 2013 and thereafter, not exceeding 150% of the Consolidated Salary per annum after approval of the accounts as may be determined by the Board of Directors of the Company.

In addition to the aforesaid Consolidated Salary and Performance Bonus, Mr. N. Sai Sankar shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the Rules of the Company, the monetary value of such perquisites being limited to ₹10,00,000 per annum, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit :-

- a. Rent free furnished accommodation owned/leased/rented by the Company or Housing Allowance in lieu thereof, as per the Rules of the Company.
- b. Contribution to Provident Fund and Superannuation Fund upto 27% of salary and contribution to Gratuity Fund upto 8.33% of salary as defined in the Rules of the respective Funds, or upto such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules thereunder for this purpose.
- c. Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- d. Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
- e. Long service award as per the Rules of the Company.
- f. Costs and expenses incurred by the Company in connection with joining/transfer from one location to another as per the Rules of the Company.

- III. **Minimum Remuneration** : Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. N. Sai Sankar, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites as laid down in Section II of Part II of Schedule XIII as Minimum Remuneration and subject to the provisions thereof.

The aggregate of the remuneration and perquisites/benefits including contribution towards Provident Fund, Superannuation Fund and Gratuity Fund, payable to Mr. N. Sai Sankar shall always be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956.

Within the above limits, the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the different components of the above stated remuneration as may be agreed to by the Board of Directors and Mr. N. Sai Sankar.

No Director of your Company other than Mr. N. Sai Sankar is concerned or interested in the aforesaid appointment.

By Order of the Board
VST INDUSTRIES LIMITED

R.V.K.M.Suryarau
CHAIRMAN