**VST Industries Limited**

September 11, 2014

**By courier**

The General Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
**Mumbai – 400 001**

STOCK CODE : 509966

Mr. Hari K.
Vice President
Listing Department
National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra Kurla Complex, Bandra (E)
**Mumbai – 400 051**
STOCK CODE : VSTIND

Dear Sir,

**Sub: Clause 31(d) – Annual General Meeting Proceedings**

Pursuant to Clause 31(d) of the Listing Agreement, please find enclosed herewith the Minutes of the 83rd Annual General Meeting of the Company held on 12th August, 2014.

We request you to take the above on record.

Thanking you,

Yours faithfully,
**For VST INDUSTRIES LIMITED**

**NITESH BAKSHI**
**COMPANY SECRETARY**

Encl: a/a

**VST INDUSTRIES LIMITED**

**MINUTES OF THE EIGHTY THIRD ANNUAL GENERAL MEETING OF VST INDUSTRIES LIMITED HELD AT HOTEL TRIDENT, HITEC CITY, NEAR CYBER TOWERS HYDERABAD – 500 081 ON TUESDAY, AUGUST 12, 2014 AT 9.30 A.M.**

| | | |
|---|---|---|
| **PRESENT**: | Directors : | Mr. Raymond S. Noronha<br>Mr. N. Sai Sankar<br>Mr. Devraj Lahiri<br>Prof. Mubeen Rafat<br>Mr. James Yamanaka<br>Mr. S. Thirumalai |
| | Company Secretary : | Mr. Nitesh Bakshi |
| | Statutory Auditors : | M/s. Lovelock & Lewes, Hyderabad<br>Represented by Mr. N.K.Varadarajan, Partner |
| | 349 Members (in person/through their representatives), 5 Proxies - As per admission slips | |
| **CHAIR :** | The Chairman of the Company, Mr. Raymond S. Noronha took the Chair. | |
| **QUORUM** : | The Chairman informed that requisite quorum was present and called the Meeting to order. | |
| **NOTICE** : | Notice dated 5th June, 2014, convening the Eighty Third Annual General Meeting was taken as read with the consent of the Members present. | |
| **REGISTER / DOCUMENTS** | The requisite registers were laid before the Meeting and kept open and accessible for inspection during the Meeting. | |
| **SUMMARY OF THE CHAIRMAN'S SPEECH** | The Chairman welcomed the Members to the Eighty Third Annual General Meeting of the Company.<br><br>He then introduced the Directors present and informed about the sad demise of Mr. T. Lakshmanan, Independent Director and expressed deep gratitude towards the departed soul and thereafter proceeded with his speech to the Members. | |

**Highlights of the Chairman's Speech**

The Chairman mentioned that the year 2013-14 had ended with the highest ever net profit recorded by the Company at Rs.150.15 crores compared to Rs.126.25 crores previous year, reflecting an increase of 18.9%. He mentioned that the net sales had been Rs.784.68 crores compared to Rs.663.70 crores previous year.

He mentioned that dividend payout of Rs.70 per equity share was another highest ever dividend recommended as compared to Rs.62.50 per equity share of previous year.

He informed that the performance of leaf sales continued to be stellar and had a record turnover.

He informed that the industry continued to face taxation challenges mainly due to increase in VAT and Excise duty.

He mentioned about the political changes both at the Centre and in the State and the statutory changes in the form of enactment of new Companies Act, changes in the listing agreement and the Company's compliance with new provisions.

He informed that the Company continued to collaborate with L V Prasad Eye Institute to support high quality comprehensive eye care to lower socio-economic segment of the society. The Company has also facilitated installation of solar lights in the tobacco growing villages in association with the village panchayats.

He mentioned that the Company continued to maintain high safety performance and has been presented with the following awards during the last financial year :

- President Award for the year 2013 by Royal Society for Prevention of Accidents (RoSPA), UK for maintaining highest standards in Occupational Health and Safety.
- Safety Innovation Award for the year 2013 by Institute of Engineers (India), New Delhi

He mentioned that the long term impact on the industry with the new Governments both at Centre and State will be evident only after a while. The industry has been severely impacted due to steep increase in the excise duty on cigarettes in the Union Budget and the Company is doing everything possible to mitigate the adverse effect.

He appreciated the performance of dedicated Management team, employees, workers and contractors and thanked the shareholders, business associates and other stakeholders for their support and encouragement.

**AUDITORS' REPORT**

The Chairman informed that the Auditors, M/s. Lovelock and Lewes, Chartered Accountants had given the unqualified report on the financials of the Company for the year ended 31st March, 2014.

The Chairman read out the resolutions which required the approval of the Members either through e-voting or polling.

ORDINARY BUSINESS

**RESOLUTION No. 1**

**Adoption of Accounts and Reports of Directors and Auditors thereon – Ordinary Resolution**

'RESOLVED that the Report of the Directors to the Shareholders for the year ended 31st March, 2014, Audited Balance Sheet as at 31st March, 2014 and the Statement of 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.'

The Chairman then invited the Members to put forward any questions or make any observations on the aforesaid Report and Accounts for the financial year ended 31st March, 2014.

Mr. Mustafa Mazahir Khedwala, Mr. Kamal Kishore, Mr. Badri Vishal Bajaj, Mr.Praful Chavda, Mr. V.B. Shastry, Mr. A. Satyanarayana Sharma, Mr. Shantilal C. Shah, Mr. P.V.B. Sarma amongst others, inter alia made the following observations, comments and suggestions :-

- Thanked the Directors and the Management for growth of the Company and good dividend.

- Recommended issue of bonus shares, rights issue, stock split, buy back, holding Annual General Meeting near registered office.

- Enquired about impact on volumes due to increase in excise duty, margins for export of tobacco, details of investments, plans to overcome the uncertainties of future, ways to reduce tax related disputes.

- Suggested venturing into e-cigarettes segment, diversification, development of new products, doing innovation to come out with different types of cigarettes, tying up with foreign companies on contract manufacturing etc.

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

**RESOLUTION No. 2** **Declaration of Dividend – Ordinary Resolution**

'RESOLVED that in respect of the financial year ended 31st March, 2014 a Dividend of Rs.70.00 per share (700%) be and is hereby declared and the same be paid on 25th August, 2014 to the Ordinary Shareholders of the Company whose names appear in the Register of Members as on 7th August, 2014 or to their Mandatees.'

Since the next resolution related to the Chairman, the Chairman requested the Managing Director to take the Chair.

**RESOLUTION No. 3** **To re-elect Mr. Raymond S. Noronha as a Director - Ordinary Resolution**

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

The Managing Director requested the Chairman to take the Chair.

**RESOLUTION No. 4** **Appointment of Auditors – Ordinary Resolution**

'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 from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration of Rs. 30,00,000/- (Rupees Thirty Lakhs only) payable in two equal instalments exclusive of service tax as applicable, travelling and reimbursement of actual out-of-pocket expenses incurred.'

SPECIAL BUSINESS

**RESOLUTION No. 5** **Appointment of Mr. James Yamanaka as Director - Ordinary Resolution**

'RESOLVED THAT Mr. James Yamanaka, a nominee of the Raleigh Investment Company Limited, a British American Tobacco group Company who was appointed a Director of the Company with effect from 1st January, 2014 in place of Mr. Peter G. Henriques and who vacates office at the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 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 his candidature for the office of Director be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.'

**RESOLUTION No. 6** **Appointment of Prof. Mubeen Rafat as Independent Director - Ordinary Resolution**

'RESOLVED THAT notwithstanding anything to the contrary contained in the Articles of Association of the Company and in terms of Section 149(10) and other applicable provisions of the Companies Act, 2013, Prof. Mubeen Rafat be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from August 12, 2014 to August 11, 2019 (both days inclusive).'

**RESOLUTION No. 7** **Appointment of Mr. S. Thirumalai as Independent Director - Ordinary Resolution**

'RESOLVED THAT notwithstanding anything to the contrary contained in the Articles of Association of the Company and in terms of Section 149(10) and other applicable provisions of the Companies Act, 2013 and in supercession of earlier resolutions passed by the Members, Mr. S. Thirumalai be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from October 1, 2014 to September 30, 2019 (both days inclusive).'

The Chairman informed the Members that in terms of the provisions of Companies Act, 2013 and the listing agreement, the

Company had provided e-voting facility to the Members to enable them to cast their vote electronically. However, in order to ensure larger participation and also to provide opportunities to Members present at the meeting, arrangements have been made to conduct a physical poll on the items of the agenda. He informed that Mr.Tumuluru Krishna Murty, Practicing Company Secretary has been appointed as Scrutinizer for the poll process and handed over the poll process to the Scrutinizer and the Company Secretary. He further stated that the combined result of e-voting done earlier and the physical poll would be communicated to the stock exchanges and also displayed on the website of the Company within 48 hours.

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

Sd/-
CHAIRMAN

VST INDUSTRIES LIMITED P.O Box 1804 Azamabad HYDERABAD-20

CERTIFIED TRUE COPY

NITESH BAKSHI
COMPANY SECRETARY