

VST INDUSTRIES LIMITED

ANNUAL REPORT 2001



VST Industries Limited

ANNEXURE INTIMATION TO SHAREHOLDERS

Dear Shareholders,

We wish to bring to your kind attention the following :

1. Dematerialisation of Shares

As a consequence of Securities and Exchange Board of India (SEBI) Circular No. SMDRP/POLICY/CIR-9/2000 dated 16-2-2000 trading of shares of VST Industries Limited has become compulsory in dematerialised form for all investors with effect from 26-6-2000. Stock Exchanges are dealing with Equity Shares of the Company only in Dematerialised Form from the aforesaid date. If you have not yet dematerialised your shares, you are advised to contact a depository participant for dematerialising the shares held by you in the Company.

The Company has established electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the shareholders to dematerialise their holdings in the Company. The relevant details are given hereunder :

International Securities Identification Number (ISIN) :
INE710A01016

Registrars for Dematerialised Shares :

Sathguru Management Consultants Private Limited,
Plot No. 15, Hindi Nagar, Near Sai Baba Temple,
Punjagutta, Hyderabad - 500 034.

In case you require any clarification on the subject, you may write to our registrars and share transfer agents M/s. Sathguru Management Consultants Private Limited.

2. Unpaid / Unclaimed Dividends

Members may please note that as a result of the Companies (Amendment) Act, 1999, dividends which remain unpaid / unclaimed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund which shall be constituted

by the Central Government under Sec. 205A (1) and 205C of the Companies Act, 1956. With effect from 31-10-1998 this shall replace the earlier provision requiring unpaid / unclaimed dividend over a period of 3 years to be transferred to the general revenue account of the Central Government. Hence the last transfer to the general revenue account of the Central Government of Rs. 6.65 Lakhs took place in 1998-99 for the year ended 31st March, 1995. Members who have not encashed their dividend warrants may approach the Company's Registrars and Share Transfer Agents, Sathguru Management Consultants Private Limited for revalidating the warrants or for obtaining duplicate warrants.

3. Particulars required for dividend warrants

Members who have not furnished the Bank Account details viz. Name of the Bank, Name of the Branch and S.B. A/c. or Current A/c. No. are requested to furnish the same to the Company's Registrars and Share Transfer Agents, Sathguru Management Consultants Private Limited, Plot No. 15, Hindi Nagar, Near Sai Baba Temple, Punjagutta, Hyderabad - 500 034 at the earliest, so that these details can be incorporated in your dividend warrants as a safeguard against fraud.

4. Listing at stock exchanges

Equity shares of the Company are listed on the following Stock Exchanges :

The Hyderabad Stock Exchange Limited
3-6-275, Himayathnagar
Hyderabad - 500 029

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 023

Madras Stock Exchange Limited
Exchange Building
Post Box No.183
11, Second Line Beach
Chennai - 600 001



VST Industries Limited

The Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road
New Delhi - 110 002

The Calcutta Stock Exchange Association Limited
7 Lyons Range
Kolkata - 700 001

The Stock Exchange, Ahmedabad
Kamadhenu Complex
Near Polytechnic
Panjara Pole
Ahmedabad - 380 015

Listing fees have been paid to all the aforesaid Stock Exchanges for the financial year 2001 - 2002.

5. Nomination Facility

The Companies (Amendment) Act, 1999 has introduced the facility for nomination of shares. For the purpose of making nomination, Form 2B has been prescribed by Rule 5D of Companies (Central Government's) General Rules and Forms (Amendment) Rules, 1999 and the same is enclosed for convenience of Shareholders. Nomination instructions are also given at the bottom of the form. According to this provision, every holder of shares or in the case of joint holders, all the joint holders may at any time nominate a person to whom all the rights in his/her/their shares of the Company shall vest in the event of his/her/their death.

Unless the nomination is varied or cancelled in the prescribed manner, the nominee shall become entitled on the death of shareholder (or all the joint share holders) to all the rights in the shares of the Company. This is notwithstanding anything contained in any other law for the time being in force or in any testamentary or other disposition.

Where the nominee is a minor, it is lawful for the shareholder(s) to make the nomination to appoint in

the prescribed manner any person to become entitled to shares of the Company in the event of his death, during the minority.

Subject to production of such evidence as may be required by the Board, a nominee may elect either to be registered himself as a shareholder or to make such transfer of the shares as the deceased shareholder could have made.

If the nominee elects to be registered as holder of shares, he/she/they shall send a notice in writing to the Company stating that he/she/they so elects and such notice shall be accompanied with the death certificate of the deceased shareholder(s). All limitations, restrictions and provisions of the Companies Act, 1956 relating to the right to transfer and the registration of transfer of shares shall be applicable to such notice of transfer as if the death of member(s) has not occurred and the shareholder(s) himself/herself/themselves signed the notice of transfer.

A nominee shall not be entitled to exercise membership rights in relation to Company Meetings before being registered as member in respect of which he/she/they is/are nominated.

6. Communication to the Company

All communications should be marked to the Company's Registrar and Share Transfer Agents **M/s. Sathguru Management Consultants Private Limited, Plot No. 15, Hindi Nagar, Near Sai Baba Temple, Punjagutta, Hyderabad - 500 034** quoting your Folio Number.

We solicit your co-operation and compliance in this regard.

Yours faithfully,
VST INDUSTRIES LIMITED

(N. SAI SANKAR)
Secretary

FORM 2B

(See Rules 4CCC and 5D)

NOMINATION FORM

(to be filled in by individual applying singly or jointly)

(if jointly, only upto two persons)

I/We and the holders of Shares/Debentures/Deposit Receipt bearing number(s) of M/s. VST INDUSTRIES LIMITED wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares/debentures/deposits shall vest in the event of my/our death.

Name and Address of Nominee

Name

Address

Date of Birth (to be furnished in case the nominee is a minor)

* The nominee is a minor whose guardian is

Name and Address

(* To be deleted if not applicable)

Signature

Name

Address

Date

Signature

Name

Address

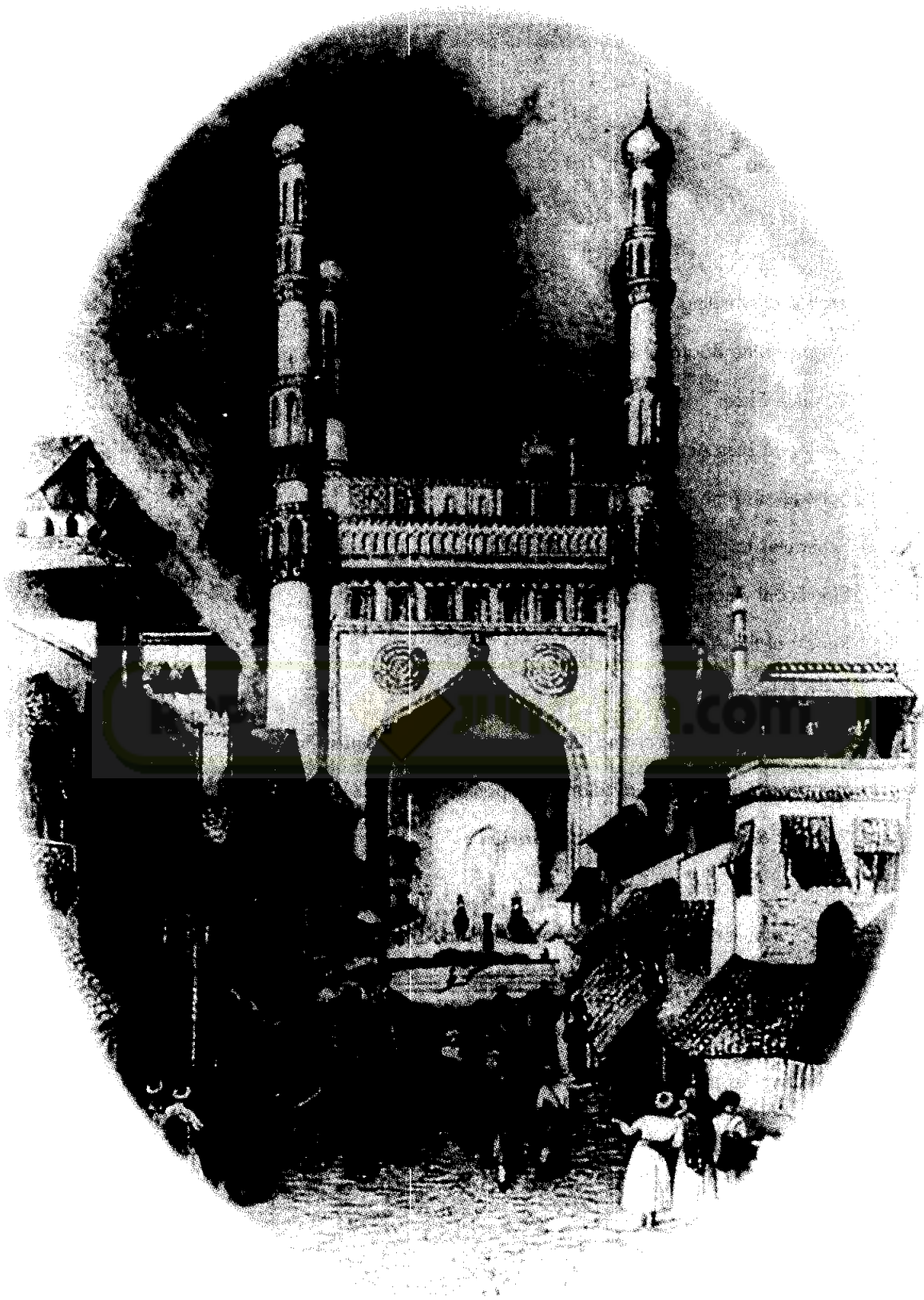
Date

Signature of two Witnesses :

Name and Address	Signature with date
1.	
2.	

INSTRUCTIONS :

- The Nomination can be made by individuals only applying / holding shares / debentures on their own behalf singly or jointly upto two persons. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominate. If the shares are held jointly all joint holders will sign the nomination form.
- A minor can be nominated by a holder of Shares/Debentures/Deposit Receipt and in that event the name and address of the Guardian shall be given by the holder.
- The nominee shall not be a Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A non-resident Indian can be a nominee on repatriable basis.
- Nomination stands rescinded upon transfer of Share/Debenture or repayment/renewal of Deposits made.
- Transfer of Share/Debenture in favour of a nominee and repayment of amount of deposit to nominee shall be valid discharge by the Company against the legal heir.





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VST Industries Limited

BOARD OF DIRECTORS

Chairman
ABHIJIT BASU

Managing Director
RAYMOND S. NORONHA

Finance Director & Secretary
N. SAI SANKAR

Directors
S.K. ARORA I.A.S.
MICHAEL SCOTT HAYES
AIR CHIEF MARSHAL IDRIS HASAN LATIF, P.V.S.M. (Retd.)
T. LAKSHMANAN
R.V.K.M. SURYARAU

Auditors
Lovelock & Lewes
Chartered Accountants
Hyderabad - 500 082

Registered Office
1-7-1063/1065, Azamabad
Hyderabad - 500 020
Andhra Pradesh

Registrars and Share Transfer Agents
Sathguru Management Consultants Private Limited
Plot No. 15, Hindi Nagar
Near Sai Baba Temple, Punjagutta
Hyderabad - 500 034

Public Deposits
Sathguru Management Consultants Private Limited
Plot No. 15, Hindi Nagar
Near Sai Baba Temple, Punjagutta
Hyderabad - 500 034



VST Industries Limited

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Seventieth Annual General Meeting of VST INDUSTRIES LIMITED will be held at Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-1105, Bashirbagh-King Kothi Road, Hyderabad - 500 001, Andhra Pradesh, on **Thursday, June 14, 2001 at 10.30 a.m.** for transaction of the following business :

1. To receive and consider the Audited Balance Sheet as at March 31, 2001, the Statement of Accounts, Auditors' Report and Directors' Report for the Company's year ended March 31, 2001.
2. To declare a Dividend on the Ordinary Share Capital.
3. To elect Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration. In this connection to consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution :

"RESOLVED that Messrs Lovelock & Lewes, Chartered Accountants, be and are hereby 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.7,50,000/- (Rupees Seven lakhs fifty thousand only) payable in two equal instalments plus out of pocket expenses incurred."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following Resolution which will be proposed as an Ordinary Resolution :

"RESOLVED that Mr. Michael Scott Hayes who was appointed a Director of the Company with effect from January 24, 2001, under Article 98 of the Articles of Association of the Company in the casual vacancy arising out of the resignation of Mr. Gary Armstrong and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received notice in writing from a shareholder proposing him as a candidate for the office of a director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500 and who is eligible for reappointment be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

6. To consider and, if thought fit, to pass with or without modification, the following Resolution which will be proposed as a Special Resolution :

"RESOLVED pursuant to the provisions of Sections 198, 262, 269, 309, 314 and other applicable provisions if

any, of the Companies Act, 1956, read with Article 98 of the Articles of Association of the Company, Mr. N. Sai Sankar be and is hereby appointed Director and Wholetime Director of the Company with effect from January 1, 2001 to hold office for a period of five years from January 1, 2001 to December 31, 2005 (both days inclusive), on such consolidated salary, performance bonus and perquisites as have been set out in the statement, a copy whereof initialled by the Chairman for the purposes of identification, is placed before this meeting, with liberty to the Board to alter and vary such consolidated salary, performance bonus and perquisites so as not to exceed the limits specified in Section I Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification or re-enactments thereof, as may be agreed to by the Board of Directors and Mr. N. Sai Sankar.

RESOLVED FURTHER that where in any financial year of the Company during the aforesaid period of Mr. N. Sai Sankar's office as a Wholetime Director of the Company, the Company has no profits or its profits are inadequate, the Company may pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down in Section II Part II of Schedule XIII to the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and Mr. N. Sai Sankar."

The Register of Members will remain closed from June 12, 2001 to June 14, 2001 (both days inclusive) for payment of Dividend, if approved.

Transfers of shares received in order by the Company's Registrars and Share Transfer Agents, Sathguru Management Consultants Private Limited, Plot No. 15, Hindi Nagar, Near Sai Baba Temple, Punjagutta, Hyderabad - 500 034, before the close of business on June 11, 2001, will be registered in time for the transferees to become eligible for Dividend, if approved.

Dividend, if approved, will be paid on or before July 13, 2001 to those shareholders whose names appear in the Register of Members of the Company on June 14, 2001 or to their Mandatees.

By Order of the Board,
N. SAI SANKAR
Secretary

Dated this 26th day of April, 2001.
Azamabad, Hyderabad - 500 020,
Andhra Pradesh.

**NOTES :**

1. **A Member entitled to attend and vote at the General Meeting may appoint a proxy, who need not be a Member, to attend and on a poll, to vote on his behalf. Such proxies should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
2. In accordance with Section 173 of the Companies Act, 1956, an Explanatory Statement in respect of items 5 and 6 being items of Special Business is annexed to the Notice of the Meeting.
3. In accordance with the provisions of Article 93 of the Articles of Association of the Company, Mr. A. Basu and Mr. R.V.K.M.Suryarau will retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.
4. Shareholders should inform the Company's Registrars and Share Transfer Agents, Sathguru Management Consultants Private Limited of any change in their registered address, before June 12, 2001.
5. Shareholders who have multiple folios in identical names or joint names in the same order are requested to intimate to the Registrars and Share Transfer Agents, Sathguru Management Consultants Private Limited, these folios to enable consolidate all such shareholdings into one folio.
6. Shareholders are requested to refer to the Annexure titled "Intimation to the Shareholders" which inter-alia contains intimation pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
7. Shareholders are requested to bring their copies of the Annual Reports to the Meeting.

EXPLANATORY STATEMENT

In accordance with Section 173 of the Companies Act, 1956, the following information is given in explanation of the items of Special Business set out in the attached Notice of the Seventieth Annual General Meeting of the Company to be held at Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-1105, Bashirbagh, King Kothi Road, Hyderabad - 500 001, Andhra Pradesh, on Thursday, June 14, 2001.

Item No. 5

Your Board of Directors appointed Mr. Michael Scott Hayes as a Director with effect from January 24, 2001, pursuant to the provisions of Article 98 of the Articles of Association of the Company in the casual vacancy arising out of the resignation of Mr. Gary Armstrong from the Board.

Mr. Michael Scott Hayes, aged 38 years is a Commerce Graduate from University of Cape Town, Master of Business Administration from Macquarie University and Member of Institute of Chartered Accountants of Australia, Cape Society of Chartered Accountants in South Africa and Chartered Institute of Management Accountants. He is currently the Regional Finance Controller for Middle East, South & Central Asia, British American Tobacco plc.

In terms of Article 98, Mr. Michael Scott Hayes, holds office upto the date of the forthcoming Annual General Meeting and being eligible, offers himself for appointment as a Director whose period of office is liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956.

Notice, along with a deposit of five hundred rupees, as required under Section 257 of the Companies Act, 1956, has been received by the Company from a Member proposing the appointment of Mr. Michael Scott Hayes as a Director of the Company.

No Director of your Company other than Mr. Michael Scott Hayes is concerned or interested in this Resolution.

Your Directors commend the appointment of Mr. Michael Scott Hayes as a Director of the Company.

Item No. 6

At the meeting of the Board of Directors held on October 31, 2000, Mr. N. Sai Sankar was appointed as Director and Wholtime Director with effect from January 1, 2001 for a period of five years.

Mr. N. Sai Sankar, aged 43 years is a Commerce Graduate from St. Xavier's College, Calcutta and is a member of Institute of Chartered Accountants of India, Institute of Cost & Works Accountants of India and Institute of Company Secretaries of India. He has about 20 years experience in Finance and Accounting field. Mr. N. Sai Sankar joined VST Industries Limited in 1995 and has made significant contributions during his association with the Company.

As Director and Wholtime Director, Mr. N. Sai Sankar is entitled to the remuneration stated below which was approved by the Board in pursuance of Sections 198, 269, 309 and 314 of the Companies Act, 1956, read with Schedule XIII thereof :-

**I. Consolidated Salary :**

At the rate of Rs.1,15,000/- per month in the scale of Rs.1,15,000 - Rs.1,50,000.

II. Performance Bonus :

Payable annually for each financial year ending 31st March, 2001 and thereafter, not exceeding 25% 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 Rs. 4,50,000/- 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.

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 not exceed 10% of the profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

Minimum Remuneration

Notwithstanding anything herein, where in any financial year during the period of office of Mr. N. Sai Sankar as Wholetime Director, the Company has no profits or its profits are inadequate the Company may pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down in Section II Part II of Schedule XIII to the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof, as may be agreed to by the Board of Directors and Mr. N. Sai Sankar.

Power is also being taken in terms of this resolution for the Board to effect any variations, alterations or modifications in future in respect of the appointment and remuneration of Mr. N. Sai Sankar within the limits specified in Schedule XIII to the Companies Act, 1956, or statutory modifications, substitutions or re-enactments thereof, as may be agreed to by the Board of Directors and Mr. N. Sai Sankar.

Mr. N. Sai Sankar shall continue to hold office as Company Secretary. As appointment and remuneration are subject to compliance with the requirements of Section 314 and other applicable provisions of the Companies Act, 1956, your Directors commend passing of the Special Resolution set out in the Notice.

Notice, along with a deposit of five hundred rupees, as required under Section 257 of the Companies Act, 1956, has been received by the Company from a Member proposing the appointment of Mr. N. Sai Sankar as a Director of the Company.

No Director of your Company other than Mr. N. Sai Sankar is concerned or interested in this Resolution.

Your Directors commend passing of the Resolution set out in the notice convening the Annual General Meeting.

By Order of the Board,
N. SAI SANKAR
Secretary

Dated this 26th day of April, 2001.
Azamabad, Hyderabad - 500 020,
Andhra Pradesh.